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Ukraine Holds Key to Putin's Dream of a New Union

By The Moscow Times

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Ukraine’s refusal to sign a trade pact drawing it into Europe’s orbit marked a victory for Vladimir Putin, winning him time to lure Kiev into a project for a trade and political bloc stretching from the frontiers of China to the edge of the European Union.

Putin sees his “Eurasian Union,” in which Ukraine would play a central role, as a future rival to China, the U.S. and the EU. Some say he sees it as his personal political legacy — a strong force emerging from the ashes of the old Soviet Union.

“The Eurasian Union is a very important project for Putin. Without Ukraine, he will lose all enthusiasm for it,” said Gleb Pavlovsky, a former Kremlin spin doctor who has also worked in Ukraine. “Without Ukraine, Putin’s project is impossible.”

Putin also hopes to woo several other former Soviet republics that were being courted by EU leaders at a summit in Lithuania on Friday. But none is more important to Putin than Ukraine,

a huge market and the cradle of Russian civilization. The opposition-minded newspaper Novaya Gazeta described the situation as a love triangle in which Ukraine was a cheating husband, the EU an attractive mistress and Russia an angry wife. Who would win out in the end was unclear.

For Putin it may be a question of exercising the kind of "soft power" that comes to a nation as vast as Russia.

Putin is widely thought to have offered Ukraine lower prices for gas supplies and threatened crippling trade sanctions if it signed the planned trade pact with the EU in Lithuania, although he denies this.

Ukrainian President Viktor Yanukovych may also have been "shopping around" for the best finance deal to rescue his country. Russia has clearly offered him better terms than the 600 million euros the EU has put on the table. He urgently needs money to meet scheduled debt repayments of more than 8 billion dollars next year if he is to secure re-election in 2015. Yanukovych, for whatever reason, may have backed away from signing a trade accord at the EU Vilnius summit; but there is no guarantee his country of 46 million will now follow Putin's declared will in joining a Moscow-led Customs Union with Belarus and Kazakhstan — a precursor of the Eurasian Union which Putin envisages.

Certainly, in Ukraine there have been protests against the turn away from the West. The Eurasian Union is intended to recoup the potential lost when the Soviet empire collapsed 22 years ago and to group like-minded states against any meddling by the West or China.

Putin showed his intent by adopting a decree on the first day of his new presidency last year making it a priority to develop ties with the former Soviet republics in the Commonwealth of Independent States, or CIS, the very loose association of states created after the Soviet collapse.

Putin has looked for ways to reunite former Soviet republics since becoming prime minister in 1999 and being elected president the following year. He touched a chord among many, mostly elderly Russians, in 2005 when he called the Soviet Union's demise "the greatest geopolitical catastrophe of the 20th century." He said "old ideals" had been destroyed, although he dismisses any idea that he is seeking any kind of resurrection of the Soviet Union.

Instead, he said, he wants to create a "powerful supra-national union" of sovereign states based on the EU model, connecting Europe and the Asia-Pacific, and on an equal footing with the U.S. and China. The aim is to unite economies, legal systems and customs services, as well as military coordination.

The Customs Union with Kazakhstan and Belarus, formed in 2010, was a first step to launching the Eurasian Union in 2015. It has a market of about 165 million and covers about three-quarters of the post-Soviet region — the Soviet Union minus the three Baltic states.

The combined gross domestic product of the three economies is about $2.3 trillion. Both Russia and Kazakhstan are oil producers. Kyrgyzstan and Armenia say they will join but other former Soviet republics such as Azerbaijan, Georgia and Moldova, which are being wooed by the EU, have reservations. So do Uzbekistan, a large market of 30 million, Turkmenistan and

Tajikistan.

Despite Putin's pledges, there are concerns in such states that Russia will reassert its control over its "near abroad."

Former U.S. Secretary of State Hillary Clinton described the planned Eurasian Union last year as "a move to re-Sovietize the region" and added: "We know what the goal is, and we are trying to figure out effective ways to slow down or prevent it."

Some Western states have also noted with concern that Russia is building up its military at the same time as constructing a trading and political bloc. Russia announced last year that its defense budget would rise by about 25 percent, pushing spending above that of France and Britain.

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