

Ukraine Is Caught Between Russia and the West

By [Gilbert Doctorow](#)

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Ukrainian President Viktor Yanukovich's decision last week to suspend talks on signing a free trade agreement and a political association with the European Union was described by some commentators as a clear victory for Russia. Others, such as Yevgeny Kiselyov in Monday's *Moscow Times*, saw it as a "Pyrrhic victory."

But both positions miss the point of Ukraine's decade-long instability as it totters between pro-Russian and pro-European groups of roughly the same size. Both Russia and the EU have marched in headlong pursuit of their own geopolitical and economic objectives, exacerbating willy-nilly the local tensions.

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Western media primarily focus on Russian arm-twisting. Indeed, there is no denying that the Kremlin has deployed both sticks and carrots to prod the Ukrainian leadership into seeing where its interests lie. But from the very beginning of its Eastern Partnership program, the EU has been up to the same game, only with no sticks and a serious deficit in carrots. That deficit reflects the lack of unanimity on the Eastern Partnership among member states, and the opportunistic and superficial way that the whole program was launched in 2009.

The immediate context for initiating the Eastern Partnership program was the Russia-Georgia war of August 2008, after which the U.S. unleashed an anti-Russian information campaign that was picked up with alacrity by several EU member states. The second driver was the Russian-Ukrainian gas dispute of January 2009. The cutoff of supplies from Russia to several of the newer member states embarrassed the commission by highlighting what the U.S. had long criticized as Europe's overdependence on Russian gas.

The Eastern Partnership program was announced in May 2009 at the same time that a summit to promote the Southern Gas Corridor, a proposed pipeline that would bring Caspian basin natural gas to Europe by a route that would bypass Russia. Both the partnership and the Nabucco project, which was the core of the Southern Gas Corridor, have moved in sync ever since, straight up to Friday's EU summit in Vilnius. This explains the bouquets tossed to Azerbaijan at the summit despite its falling afoul of the EU's good governance and pro-democracy guidelines.

Both intertwined projects were intended to clip Russia's wings. The Eastern Partnership program for Ukraine was defined by its sponsors, Poland and Sweden. Both had their own tradition of competing with Russia for geopolitical control of East Central Europe going back to the 17th century. The initiative had only tepid support from the core member states. At the program's launch, four member states did not even send their heads of state or government. In line with this, the new money put up by the EU to win over the target countries of the partnership was paltry: 300 million euros (\$407 million) of new money spread over four years to 2013 and among six countries. Similarly, the EU only put up seed money for the Southern Gas Corridor and Nabucco projects. It assumed the markets would find the investment funds, an assumption that was dashed as Europe entered steep recession and commercial credits for large projects evaporated.

Since 2009, the EU has never put its money where its mouth was on the Eastern Partnership. Now, it can offer only aspirational political benefits to Ukrainians in the form of an eased visa regime. What the country really needs are loans and grants.

In the time since 2009, leadership of the Eastern Partnership program has changed hands among member states. Poland and Sweden found accommodation with Russia over the Nord Stream gas pipeline, the Katyn massacre of Polish officers in 1940, the forestry industry, and other issues that had separated them. The new shock troops of the Eastern Partnership became the Baltic states, meaning in particular Estonia and Lithuania, whose president, Dalia Grybauskaitė, hoped to bring in the biggest catch, Ukraine, during its six-month mandate at the head of the rotating council presidency. Other EU members remained less ardent.

One of the stock accusations against Russia made by its EU detractors is that it plays the member states off against one another by pursuing bilateral relations with its key trading partners, whom it grants enticing preferential deals in gas and natural resource exploitation. This is described as a tactic of divide and conquer. But with last week's steadfast refusal to countenance the appeal for trilateral EU-Ukraine-Russia talks put forward by Yanukovych with backing from President Vladimir Putin, the EU is playing exactly the same game in reverse.

One of the most contentious issues in relations among Russia, Ukraine and the EU, the ownership and control of the gas storage and transmission system in Ukraine through which the lion's share of Russian gas passed to Western Europe since Soviet times, found a tentative solution in precisely a three-way consortium that was approved shortly before the Orange Revolution. It was subsequently rejected by Ukrainian President Viktor Yushchenko, who was in power at the time, as violating the country's sovereign property.

Given the divisions in Ukrainian society, the only possible win-win situation today is for the interested parties — the EU, Russia and Ukraine — to sit together at the table and define how Ukraine can move forward on the issues of good-governance and economic reform that are so important for EU officials, while also moving forward on the close industrial cooperation and gas transmission issues that are at the center of the Kremlin's concerns. Such wise statesmanship can ensure that Ukraine gets the financial help it needs to stay solvent and that Ukrainians one day see rising, not falling, living standards.

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