

‘THAW’ ON THE BLACK SEA

The signing of the Russian-Ukrainian agreements on the Black Sea Fleet (entailing a ‘fleet for gas’ formula) was undoubtedly an important landmark for both countries. This is proved by the furor in the Verkhovna Rada of the Ukraine when the opposition attempted, without success, to ruin the ratification and by the nearly unanimous vote in the State Duma of the Russian Federation. It passed without much debate there but a number of questions still arose. The Liberal Democratic Party of Russia and its leader put in their two cents worth by saying that the agreement is bad business for Russia and the price which Russia will pay in the form of the discount for gas is unreasonably high. However, as a prominent Russian expert said, ‘The national priority of the Black Sea Fleet remaining in the Crimea means the saving of national shrines and the national conscience. Holding true to these values is much more important than any concerns about profitability and diplomatic success’.

However, problems relating to the Black Sea go beyond the issue of the Russian fleet’s deployment in the Crimea. For example, what’s the actual value of the Russian-Ukrainian arrangements for a new military-

political alliance which, in the long run, will be capable of opposing the aggregate naval forces of the NATO countries? Should we talk about any strategic confrontation in the region at all or has the Black Sea lost the significance that it once had a century ago? In this case, who and what countries are the main players in this field and what interests have the highest priority for each of the parties? In particular, what would be the reaction of Turkey (the country that has complete control over the straights linking the Black Sea with the Mediterranean Sea) to the Russian-Ukrainian rapprochement?

In terms of bilateral relations between the Russian Federation and Ukraine, the ‘fleet-for-gas agreement’ does not seem to be secure either. What will happen if, by 2017 (which is the expiration date of the previous fleet agreement), political power in Ukraine happens to be held by today’s opposition, which seems willing to make the fleet question their key weapon in the struggle against the current President and government?

The Russian Institute edition offers a selection of articles conveying expert opinions on these very issues.

RUSSIA AND UKRAINE: IS EVERYONE HAPPY?

Mikhail Pogrebinsky

The determination and drive that the new Ukrainian leadership is demonstrating with respect to the Russian-Ukrainian relations has been quite unexpected for the Ukrainian pundits. The speed at which different issues are being resolved also comes as a surprise. The ratification of the agreement to extend the lease on the Black Sea Fleet base in the Crimea until 2042, signed by the President of the Russian Federation Dmitry Medvedev and President of Ukraine Victor Yanukovich in Kharkov was in line with this new approach. The new Ukrainian leadership has proven its effectiveness and confirmed that it has the situation in the political sphere under control.

At the same time, we are getting the impression that in spite of all its

loud statements, the opposition did not plan to ruin the ratification of the agreement at all. If they had really striven to do so, they would not have declared their intentions for everyone to hear. It is more likely that they would have, for instance, occupied the hall of the Rada (Parliament) on Friday night, which would have enabled them to physically control the halls of the Rada. The opposition leaders even look as though they are extremely happy with what is going on. First, they have a rallying point to use in opposing the current government to the effect that ‘we shall not give up the Crimea!’. After the presidential elections, they were demoralised and experienced conflict amongst themselves, but now they have grounds to unite, to act as the ‘only

patriots’ as a counter to the ‘criminal power’. Second, the opposition is back in the limelight, whereas just a month ago, they appeared to be irrelevant.

As an outcome, **everybody is happy, including the Russian and the Ukrainian governments, as well as the Ukrainian opposition.**

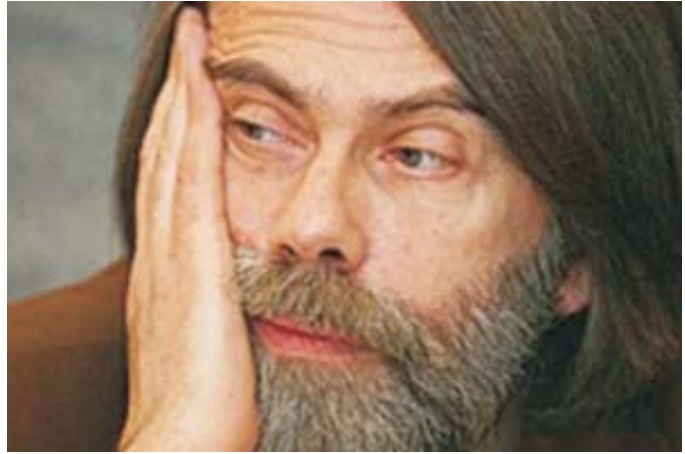
But the Russian interest seems somewhat strange. In consideration of how things work nowadays, thirty-two years is an unprecedented timeframe for any commitments. During his visit to Italy, Vladimir Putin himself spoke about the need to build the ‘South Stream’. This is because, in Ukraine, the power tends to shift and change and everyone understands perfectly well that, in the case that today’s agreements are eventually denounced, new

problems with gas transit may arise. Everyone understands that, currently, the agreement is warranted by Victor Yanukovich in the office of the President and his majority in the Rada. Is it then possible that Russia will one day decide that it does not need the fleet in Novorossiysk and will cut off the funding? There is no definite answer. **In the case there should emerge a new power in the Ukraine, Russia may simply forget about its plans in regards to the Black Sea Fleet base.** When there is a will, there will be always a way to denounce the Kharkov agreements, even if it is problematic from a legal perspective.

We cannot disregard the fact that the signing of the agreement was made possible, to a large extent, thanks to the favourable position of the West on this matter. The opposition lost their allies in Europe and the USA. That was made very clear. The West is not likely to stick to this position forever. It is not apparent what the outcome of the 'rebooting' of USA-Russia relations will be. The West seeks to shield itself against the threat of energy pressure on the part of Russia and one only needs to recall the talks about shale gas in this context. No one can guarantee that, in seven or eight years, Russia's relationship with the West won't take a turn for the worse.

The final result is still doubtful and, meanwhile, Russia is losing an unspecified amount of money. Gas prices for France, Italy and other countries remain commercially classified information. The Ukrainian opposition claims that 230 dollars per 1000 cubic meters is not a discount and that this is the standard price for European countries minus transit costs. Could it be possible that Russia really thinks that Ukraine pays too much for gas?

Another nuance is also disturbing. In symbolic terms, Russia has won, but that part of Ukraine to which symbols matter has not received any symbolic compensation for this trade-off. It is surely worth thinking



MIKHAIL POGREBINSKY

is a Ukrainian political scientist and the Director of the Kiev Center for Political and Conflict Studies

about, though it is difficult to say what might be suitable as such compensation. Could Russian support for Ukrainian efforts to join the EU be a token acceptance of the right of Ukraine to become a member of the European Union at some point in time?

In any case, the **ratification of the Kharkov agreements is an important start in terms of a new set of agreements. It is a result of the drastic change in the level of trust existing between our countries.** We can count on co-production in the sphere of aircraft engineering, joint projects in the field of space, nuclear power engineering, etc. Of course, here we are talking about relatively short-term projects which could yield quick returns to both sides. Ukraine is interested in partners that it can potentially make money with. For example, it could construct and sell airplanes together with Russia or build nuclear power plant units in other countries.

It is important to understand that Ukraine is, by no means, going to turn away from the West and simply return into the orbital sphere of Russia. One should certainly not jump to such conclusions. A good example to prove the shakiness of this opinion is refusal of the new Ukrainian government to join the Customs union of Russia, Belorussia and Kazakhstan. On the contrary, we expect that a free trade zone between Ukraine and the EU will eventually be established. Joining a single customs space would essentially mean the abandonment of economic integration with Europe. Integration is a purely

pragmatic interest for the Ukrainian economy and business sector; it is a process of interaction and cooperation. It does not mean that the geopolitical decision is made in favour of integrating with the East rather than integrating with the West. It is more likely that we are looking for possibilities to use the advantages associated with cooperation in both directions.

In Russia, there exists the point of view that Ukraine needs to federalise and reform its political system and that President Yanukovich can be pushed to do this only as a result of the reaction of the opposition to the Kharkov agreements. However, this is not a reality yet. For the time being, Yanukovich is putting his hopes in the efforts he is making in non-symbolic directions, such as the economy, social policy, and granting regions the right to determine their own heroes. He probably reckons that these will be sufficient measures and that fundamental political reforms will not be required. His current steps might be a preliminary stage of a future regionalisation, which will inevitably have to go through all the steps toward constitutional entrenchment.■

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