Ukraine's Geopolitical Choice, 2009

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Abstract: A noted specialist in international affairs and former U.S. ambassador to Ukraine reviews and analyzes the history of independent Ukraine's relations with Russia and the West following the disintegration of the Soviet Union. The author proceeds to examine the multi-faceted Western position toward Kyiv as it has evolved through June 2009, paying due attention to the European Union and NATO. He then discusses the factors contributing to the volatility of Ukrainian–Russian relations following the Orange Revolution of 2004, including a range of specific concerns as well as more general Russian desires for a compliant government that would pay deference to key Russian interests. Concluding sections focus on Ukraine's future geopolitical trajectory in the run-up to the country's presidential elections in early 2010 and on internal problems (constitutional, market, and energy reform) that will command urgent attention once the political situation stabilizes and the outlines of a constructive engagement that could be pursued by the West are at hand. *Journal of Economic Literature*, Classification Numbers: F500, F520, P200. 1 figure, 1 table, 39 references. Key words: Ukraine, European Union, NATO, Orange Revolution, Yushchenko, Tymoshenko, Yanukovych, Putin, Black Sea Fleet, gas pipelines, Tuzla, Crimea, Yatseniuk.

INTRODUCTION

Nearly 18 years after the collapse of the Soviet Union and the ensuing restoration of Ukraine's independence, the country has yet to make a clear, committed choice about its geopolitical future. Having established itself as a sovereign state in the 1990s, Ukraine's foreign policy sought to balance its drive to build links to Europe and the United States with its need to maintain stable relations with Russia.

Many believed the 2004 Orange Revolution and Viktor Yushchenko's subsequent election as president would lead to a concerted Ukrainian push to integrate fully into Europe and the Euro-Atlantic community. But political infighting within Kyiv and other problems have stymied the country's efforts to take advantage of its new opportunities. The upcoming presidential election hopefully will result in an executive branch that can execute more coherent policies than has been the case in the past four years.

The United States and European countries that would like to see Ukraine more closely linked to the West will have to decide the best way to pursue engagement with Ukraine after Ukrainians choose their next president. It is possible, for example, that the new president will adopt a more modest pace to efforts to integrate into institutions such as NATO, while showing greater sensitivity to Russian concerns. In such a case, the United States and Ukraine's supporters in Europe should maintain robust relations with Kyiv and press the country's

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government to implement needed constitutional and economic reforms, while keeping doors open and working with Ukraine to integrate it into Europe and the Euro-Atlantic community at a pace that Kyiv will choose.

UKRAINIAN FOREIGN POLICY IN THE KRAVCHUK AND
KUCHMA YEARS

Leonid Kravchuk, independent Ukraine's first president, faced an array of challenges when Ukraine regained its independence in 1991. The most critical of these was establishing Ukraine's statehood in the chaotic economic and political aftermath of the Soviet Union's break-up. Building an independent foreign policy and establishing an international presence and full set of diplomatic relations constituted a major part of this endeavor.

Kravchuk's effort to develop relations with the West, particularly the United States, was driven in large measure by his desire to find a counterweight to Russia and its influence. The problems of state divorce—including dealing with the Soviet nuclear weapons left on Ukrainian territory; dividing Soviet assets, including the Black Sea Fleet based in Crimea; and managing energy and other economic relationships that suddenly had to be conducted across an international border—plagued the relationship between Kyiv and Moscow. Concerns about an east–west political divide within Ukraine and separatist sympathies among ethnic Russians on the Crimean peninsula (which flared up in 1994) provoked additional anxieties in Kyiv (e.g., Garnett, 1977; Solchanyk, 2001).

On the issue of nuclear weapons, Kravchuk involved the United States in a trilateral process to secure more favorable terms in return for Kyiv's agreement to eliminate the strategic nuclear systems on Ukraine's territory. The Russians agreed to U.S. involvement, because they saw Washington as sharing their objective of getting the former Soviet strategic nuclear warheads out of Ukraine. The process produced the January 1994 trilateral agreement, but that success proved difficult to replicate. Ukraine welcomed U.S. readiness in spring 1994 to help mediate a solution on basing the Black Sea Fleet, but the Russians made clear they wanted no U.S. involvement on the issue.

U.S.–Ukrainian relations blossomed during the early years of the presidency of Leonid Kuchma. In September 1996, the sides agreed to establish a binational commission chaired by Kuchma and Vice President Al Gore, which "will build even closer ties between Ukraine and the United States and will deepen our strategic partnership" (Kuchma–Gore, 1996), whereupon Ukraine became the third-largest recipient of bilateral U.S. assistance. U.S. officials began discussions at NATO on establishing a special NATO–Ukraine relationship, and Alliance leaders and Kuchma signed a charter on a distinctive partnership in July 1997. Kyiv also broadened its relations with the European Union, concluding a partnership and cooperation agreement in June 1994 (e.g., Carter et al., 1999).

Meanwhile, Ukrainian–Russian relations remained mired in difficulties. Kyiv and Moscow continued to quarrel over provisions for basing the Black Sea Fleet. The Russians dragged their feet on finalizing language that would explicitly recognize Ukraine's sovereignty and territorial integrity in a bilateral agreement that became known as the "big treaty." The sides only resolved the basing issue and signed the treaty in May 1997 during a visit to Kyiv by President Boris Yel'tsin, after Moscow modified its stance on key provisions. The Russians apparently did so out of concern that their intransigent line in the negotiations with Kyiv only pushed Ukraine more toward the West (e.g., Sherr, 1997).

In the second half of the 1990s, Kuchma articulated a "multi-vector policy," the expressed aim of which was to develop relations with Europe, the United States, and

Russia. By 1999, however, some of the luster began to come off of Kyiv's engagement with the West. Despite rhetorical commitments to deeper relations with NATO and the European Union, Ukraine proved frustratingly slow at implementing agreed actions. The partnership and cooperation agreement with the European Union only came into force in January 1998, more than three years after signature. NATO allies expressed exasperation that Ukraine set ambitious goals for cooperation with the Alliance but often proved to be weak on delivery.

The Kuchma administration's abuse of administrative resources and denial of media access to opponents in the fall 1999 presidential election campaign further complicated relations with the West. The September 2000 disappearance of independent journalist Grigoriy Gongadze and subsequent revelation of his murder fueled concerns about the Kuchma administration's commitment to democratic principles (e.g., Schemes, 2001; Tyler, 2001).

In the fall of 2002, revelations that Kuchma had approved the transfer of the Kolchuga anti-aircraft system to Iraq brought U.S.–Ukraine relations to a low point and provoked a major assessment of the relationship in Washington (e.g., Wines, 2002).[2] European concern also increased. That November, NATO decided not to hold a NATO–Ukraine heads-of-state meeting on the margins of the Alliance's summit in Prague, as had become usual practice. It instead downgraded the NATO–Ukraine meeting to a ministerial level, signaling support for continued engagement with Ukraine while expressing disapproval of Kuchma's actions (e.g., Hedenskog, 2006).

By the end of 2002, Kyiv appeared increasingly uneasy that its relationships with the United States and Europe had frayed so badly. Kuchma's desire to maintain leverage with Washington likely explains the Ukrainian government's decision in early 2003 to commit troops to the coalition stabilization force in Iraq following Baghdad's fall.

Russian President Vladimir Putin moved to take advantage of Kuchma's difficulties in getting meetings with Western leaders, by meeting Kuchma regularly. In a September 2003 turn away from Europe, Kuchma signed an agreement with Russia and other former Soviet states to create a single economic space, an apparent victory for Moscow's effort to promote reintegration in the former Soviet space. He praised the agreement and stated that "Under the present conditions, when the European markets are closed for us . . . it's better to have a real bird in the hand than two in the bush" (Ukrainian President, 2003).

The Russian–Ukrainian relationship, however, did not develop smoothly. Shortly thereafter, the Russians began construction of a causeway to Tuzla Island, a small (6.5 km long) piece of land in the Kerch Strait between Crimea and the Russian mainland that was legally part of Ukrainian territory (Fig. 1). A minor crisis ensued between Kyiv and Moscow. Kuchma told the Russian newspaper *Izvestiya* in October "the recent events will force us to reconsider our foreign policy once again . . . it will not make the Russian great power happy" and threatened to withdraw from the agreement on a single economic space (Boronowycz, 2003).[3] The episode highlighted for the Ukrainian leadership the dangers of isolation from the West. Kuchma made some progress in restoring relations with the United States, but that

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[2]The U.S. government was careful to express concern only about Kuchma's apparent agreement to the Kolchuga transfer, as reported on recordings made by a Ukrainian security officer. Washington did not assert that the Kolchuga system had actually been transferred.

[3]Tuzla was originally connected to a spit extending westward from the northern part of Russia's Taman' Peninsula (Fig. 1), but was isolated from it by a storm in 1925. Construction of the causeway to the island was ultimately abandoned by the Russian side, and a later agreement was concluded allowing for joint use of the Kerch Strait (for background, see Stepanenko and Dubnov, 2003).
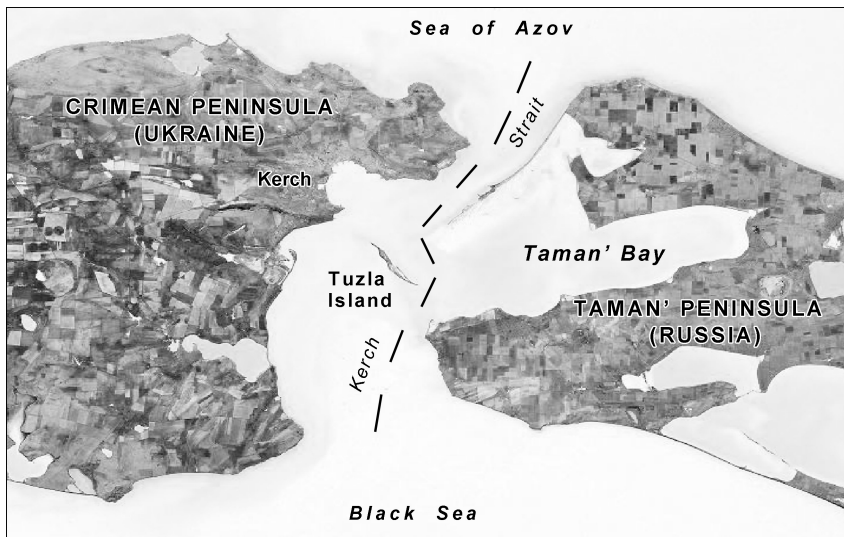
Fig. 1. 2006 Landsat image showing the Kerch Strait, Tuzla Island, and approximate boundary between Ukraine and Russia (dashed line). Scale is approximately 1:750,000.

was largely undone by the government's manipulation of election results in the second round of the presidential election in November 2004 (e.g., for background, see Clem and Craumer, 2005). The fraudulent count triggered the Orange Revolution.

UKRAINIAN FOREIGN POLICY AFTER THE ORANGE REVOLUTION

President Viktor Yushchenko indicated from the beginning that he desired stable relations with Russia but that his foreign policy priority centered on bringing Ukraine into the West, including into institutions such as NATO and the European Union. In his January 24, 2005 inaugural speech, Yushchenko made this clear: "My goal is Ukraine in a United Europe. Ukraine has a historical chance to discover its potential in Europe. Our national strategy is to move toward our goal boldly, directly and persistently. European standards are to become the norm of our social life, economy, and politics" (Inauguration, 2005).

Yushchenko made early progress, with a celebratory visit to Washington in April 2005 followed a few days later by NATO's agreement to grant Ukraine an intensified dialogue, the preparatory step for a NATO membership action plan (MAP). The European Union evinced renewed interest in Ukraine, and the European Parliament in January called for consideration to "giving a clear European perspective for the country and responding to the demonstrated aspirations of the vast majority of the Ukrainian people, possibly leading ultimately to the country's accession to the EU" (European Parliament, 2005).

By April 2006, most major bilateral problems between Washington and Kyiv—Ukrainian protection of intellectual property rights for optical media, a bilateral agreement on Ukraine's accession to the World Trade Organization, and graduation of Ukraine from the

Jackson-Vanik amendment—had been resolved. Washington, Kyiv, and European capitals began to discuss the possibility of Ukraine receiving a NATO MAP by the end of the year, with some observers seeing the possibility as quite high (e.g., Yadukha and Ivzhenko, 2006). Looking back in 2008, former Ukrainian Foreign Minister Borys Tarasyuk said "as Ukraine's foreign minister at the time, I had an opportunity to participate in 2006 in the negotiations over the MAP. The main question then was not 'if' but 'when' Ukraine would receive the MAP—would it be during the foreign ministers meeting or during the NATO summit in Riga?" (Tarasyuk, 2008).

Political infighting in Kyiv, however, had a dampening effect on internal reform and on Ukraine's push toward the West. Already by May 2005, dissension between Yushchenko and then–Prime Minister Yulia Tymoshenko hindered the enactment of critical economic reforms. He fired her after just eight months in office. Following the March 2006 Rada (parliament) elections,[4] Viktor Yanukovych—whom Yushchenko had defeated in the Orange Revolution—re-emerged on the political scene as leader of the Party of Regions, the largest parliamentary faction (e.g., Ukraine's Election, 2006).

Months of backroom negotiating on a majority coalition for the Rada and the choice of the prime minister ensued. President George Bush canceled a planned June 2006 visit to Kyiv when it became apparent that he would arrive in a capital lacking a prime minister. In the end, a badly misplayed hand by Yushchenko resulted in Yanukovych becoming prime minister (Kramer, 2006b; Pifer, 2006). One of Yanukovych's first acts was to travel to NATO headquarters in September 2006 and tell Alliance representatives that, while he favored strong cooperation with the Alliance, he did not support a MAP. That effectively sidelined Ukraine's MAP prospects: while NATO did not require broad public support for NATO membership in order to grant a MAP (broad public support *would* be required for an invitation to join the Alliance), NATO did insist that at least the prime minister support Yushchenko's MAP desire.

Yushchenko and Yanukovych quickly fell into conflict on a wider range of issues. A full-fledged political crisis broke out the following spring, resulting in pre-term Rada elections in September 2007. Two months of negotiations returned Tymoshenko as prime minister (Return, 2007), but the Yushchenko–Tymoshenko relationship broke down within weeks, leading to a depressing pattern of confrontation between the cabinet of ministers and presidential administration even worse than the 2005 experience.

The Russians reacted mildly to the possibility of a MAP for Ukraine in 2006, as they did to Kyiv's May 2002 announcement that Ukraine would seek to join the Alliance. This was not the case following the January 2008 letter from Yushchenko, Tymoshenko, and Rada Speaker Arseniy Yatseniuk to the NATO Secretary General requesting a MAP at the April Bucharest NATO summit. Moscow this time expressed its opposition in loud, explicit, and strident terms. In February, with Yushchenko standing by his side, Putin threatened to target nuclear missiles on Ukraine (Kramer, 2008). Days after the Bucharest summit, Russian Foreign Minister Sergey Lavrov said Moscow would do "everything possible to prevent Ukraine from entering NATO" (Moscow, 2008). Other senior Russian officials echoed this sentiment.

The Russian reaction raised concern in Berlin and Paris. The reluctance of those governments to provoke Russia, combined with Washington's curiously slow decision to support Ukraine's bid diplomatically in the run-up to Bucharest, meant that NATO failed to achieve

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[4]For a useful analysis of 2006 and 2007 elections to the Rada, see Clem and Craumer (2008).

consensus on a MAP for Kyiv.[5] Allied leaders agreed instead to have their foreign ministers review the question in December 2008 while proclaiming that Ukraine (and Georgia) would eventually become NATO members.[6]

After three years of episodic high-level engagement, the Bush administration rushed in 2008 to bolster relations with Yushchenko, with Bush and Vice President Dick Cheney visiting Kyiv in April (e.g., Myers, 2008) and September, respectively, and Yushchenko traveling to Washington in September. But the Ukrainian president paid little attention to American urgings that he end the infighting with Tymoshenko and try to produce coherent policies.

Moscow happily exploited those divisions. When Yushchenko and Tymoshenko fell out over a gas contract with Russia, and Moscow's subsequent cut-off of gas supplies to Ukraine (and to Europe via Ukraine) triggered the January 2009 "gas war," Putin and President Dmitriy Medvedev dealt with Tymoshenko and essentially ignored Yushchenko.

European governments divided further over what to do about Ukraine. Central European states, such as Poland and the Baltic republics, and the United Kingdom called for tightening relations with Kyiv, while others, such as Germany and France, hesitated. NATO foreign ministers at the end of 2008 met and stated that "without prejudice to further decisions which must be taken about MAP, we have agreed that under the NATO-Georgia Commission and NATO-Ukraine Commission, Annual National Programs will be developed to help Georgia and Ukraine advance their reforms" (NATO, 2008).

Although the European Union agreed to negotiate a European association agreement and free trade arrangement with Ukraine in September 2008, key EU member states steadfastly held out against granting Ukraine a perspective of membership. During a July 2008 visit to Kyiv, German Chancellor Angela Merkel stated that the association agreement "would mean that progress had been achieved, but there is no automatic mechanism concerning membership of the European Union. This question is not on the agenda" (Merkel, 2008).

The Obama administration took office in January 2009 facing major challenges: Iraq, Afghanistan, Iran, North Korea, the Middle East peace process, and a badly stressed relationship with Russia. The administration set about tackling these priorities, while a divided Ukrainian government hardly offered an attractive target for engagement. Ukrainians began to wonder about U.S. policy and to question whether the administration's intention to "reset" relations with Russia would come at Ukraine's expense.

THE WEST'S APPROACH TO KYIV

The United States has since the Clinton administration in the early 1990s supported a robust bilateral relationship with Ukraine. Washington's vision for Ukraine has been a stable, independent, democratic country with a strong market economy and increasingly close links to Europe and the Euro-Atlantic community.

The Clinton administration took this position believing that such a Ukraine would advance the concept of a broader, more stable, and secure Europe, which is in the U.S. interest. Such a Ukraine could exercise a stabilizing influence on two neighboring regions with

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[5]Twenty of the 26 allies reportedly supported or could concur in a MAP for Ukraine, while six opposed it. Although Washington had learned of the Yushchenko/Tymoshenko/Yatseniuk letter requesting a NATO MAP in the middle of January, U.S. officials did not begin lobbying European Alliance members to support a MAP until well into March—just weeks before the Bucharest summit.

[6]The August 2008 conflict between Russia and Georgia, however, increased European reluctance to provoke Moscow with MAP decisions.

histories of instability: the Balkans and Caucasus. Further, given Kyiv's decisions in 1994 to eliminate all strategic nuclear arms on its territory and abide by the provisions of the Missile Technology Control Regime, Washington saw Kyiv as an important partner in combating the threats of nuclear and missile proliferation.

Beyond this, a successful, democratic, prosperous Ukraine fully integrated into Europe could serve as a model that might encourage Russia to democratize. As Zbigniew Brzezinski (2007) observed:

> I am deeply convinced, truly convinced, strategically convinced, that as Ukraine moves toward Europe, the imperial option for Russia closes forever and Russia then only has one option—to follow suit in the lead of [Ukraine toward Europe]. . . . So Ukraine, in a way, offers not only a lesson, but a hopeful avenue for Russia . . . Because it would be in the interest of the larger West if Russia, in time, became more closely and more genuinely associated with the West.

Such considerations led the Clinton administration to announce a strategic partnership with Ukraine, establish the binational commission, and lead the building of a distinctive partnership between NATO and Ukraine. These considerations led the Bush administration to continue the main lines of the Clinton policy toward Ukraine.

For its part, the Obama administration also sought a robust relationship with Ukraine. Vice President Joe Biden traveled to Kyiv in July, despite the complications caused by the infighting between Yushchenko and Tymoshenko and looming presidential election. The Vice President's visit signaled continued U.S. support for Ukraine at a time of Ukrainians' anxiety about the more assertive foreign policy of their Russian neighbor, and offered some balance to President Barack Obama's earlier July visit to Moscow.

Although the United States has long had a clear strategic vision for Ukraine, that has been less the case in Europe. The 1994 partnership and cooperation agreement provided the initial foundation for EU–Ukrainian relations. Shortly thereafter, Kyiv began agitating for something more—an association agreement and ultimate EU membership; these proposals were turned aside. In part this was due to frustration over Ukraine's slow implementation of the partnership and cooperation agreement. EU capitals worried that an association agreement would imply that Ukraine one day would become a member of the Union, a prospect on which EU member states could not reach consensus.

Several reasons underlie the EU's reluctance to offer Ukraine a membership perspective. First, Ukraine would have to implement even more political and economic reforms than did its neighbors to the west, because of the country's lower starting point. Second, due to its size and population, and its relatively low per capita income, Ukraine as an EU member would consume much of that body's internal assistance funding. Third, some EU members fear the impact of Ukraine's large agricultural sector on the Union's common agricultural policy. Fourth, fully integrating the 12 new members that joined in 2004–2006 proved more difficult than anticipated, and many EU members are wary of further enlargement, at least over the near term.

Given these impediments, the European Union has offered different ways to broaden its engagement with Ukraine. It developed a "neighborhood policy" in May 2004 that included Ukraine, but Ukrainian officials worried that this was tantamount to putting the country on a side path that would stop short of full membership. In September 2008, the European Union announced that it would negotiate an association agreement with Ukraine, but without a membership perspective. And in May 2009, the Czech EU presidency launched the "eastern

partnership" program to reach out to Ukraine, Armenia, Azerbaijan, Belarus, Georgia, and Moldova. Kyiv welcomed this, but again worried that the objective was to put Ukraine on a track that would not include membership (e.g., Chekalenko et al., 2008).

As has been demonstrated in Central Europe, the prospect of membership can be a powerful incentive for reform. Therefore, EU reluctance to offer Ukraine a membership perspective has meant forgoing leverage that could encourage Kyiv to reform more deeply and rapidly.

The European Union is by no means of a single view regarding Ukraine. Countries such as Poland, the Czech Republic, Slovakia, the Baltic states, Sweden, and the United Kingdom have advocated closer relations with Ukraine. Some have even argued, unsuccessfully, for giving Kyiv a membership perspective. Other members, including Germany and France, have shown more hesitancy about drawing Ukraine closer.

In large part due to U.S. influence, NATO has held out a prospect of membership for Ukraine by way of its "open door" policy, announced in July 1997, which states that "NATO remains open to new members under Article 10 of the North Atlantic Treaty. The Alliance will continue to welcome new members in a position to further the principles of the Treaty and contribute to security in the Euro-Atlantic area" (NATO, 1997). By virtue of its contributions to Balkan peacekeeping, the Iraq coalition, and other NATO operations, Ukraine has demonstrated the capacity and will to contribute in serious ways to Alliance security. As discussed previously, however, in 2008 doubts emerged among some NATO members about the pace of Ukraine's integration into the Alliance.

The Ukrainian government views NATO as offering the prospect that the European Union does not. Some in Kyiv, noting that all the countries acceding to the European Union in 2004–2006 (except for Malta and Cyprus) first joined the Alliance in 1999–2004, regard NATO as a possible stepping-stone to the European Union. This may partially explain why some European states have become more hesitant about rapid development of NATO–Ukraine relations.

PRESSURE FROM THE EAST

Ukraine has had a thorny history with Russia, reflecting the latter's difficulty in coming to terms with the separation of two countries that shared historical, cultural, and economic ties. Russia has proven a problematic neighbor, particularly over the past several years as it has tried to assert a sphere of influence. Russian success in establishing primacy in the post-Soviet space would diminish the sovereignty of Ukraine and other post-Soviet states and hinder the ability of the West to engage with those countries. Under these circumstances, Russia would be a less easy country with which to deal; it might return to its imperial past and feel emboldened to challenge the West elsewhere.

The Ukraine–Russia relationship has become particularly troubled since the Orange Revolution. First, as energy prices climbed from 2004, Moscow in parallel pursued an increasingly assertive foreign policy in the post-Soviet space. Part of this reflected the Kremlin's effort to reassert great power status, which many in Moscow defined as requiring that Russia's neighbors defer to Russia's interests on key foreign and security policy issues.

Second, many in the Kremlin appeared to worry that the Orange Revolution, following the November 2003 Rose Revolution in Georgia, could be a precursor to revolution in Russia. Russian commentator Andrey Vladimirov captured the mood with his article "The Day Before Yesterday: Belgrade. Yesterday: Tbilisi. Today: Kyiv. Tomorrow: Moscow" (as cited in Herd, 2005). Instead of seeing a peaceful popular uprising by a population

determined not to let an election be stolen, Russian officials and many in the elite regarded the Orange protest as a Western-inspired coup aimed at hemming in Russia. The Kremlin responded by increasing pressure on civil society domestically and encouraging groups such as Nashi as a pro-government counterweight to possible demonstrations in Russia.

Third, following the Orange Revolution, Ukraine had a president determined to move the country into the European and Euro-Atlantic communities. Moscow watched with alarm as the European Union and NATO welcomed the reinvigoration of democracy in Ukraine and tightened their relations with Kyiv.

A final factor appears to have been personal. Putin clearly does not like Yushchenko. Part of the Russian public affairs effort during the January 2009 "gas war" between Russia and Ukraine appeared to be aimed at discrediting Yushchenko personally. Why this was necessary is unclear: by then Yushchenko's approval ratings had fallen to the low single digits, and virtually every analyst had written off his prospects of re-election.

The Russian–Ukrainian agenda came increasingly to be dominated by difficult issues. The sorest point of contention was Ukraine's request for a MAP,[7] although NATO–Ukraine relations amounted to only one of many hard issues on the Kyiv-Moscow agenda. Another was the future of Russia's Black Sea Fleet (BSF). In July 2008 Yushchenko told a press conference that "the subject of beginning talks on future withdrawal of the Black Sea Fleet from Ukrainian territory should be put on the agenda of our bilateral relations" (For-UA, 2008). Tensions over the fleet spiked one month later during the conflict between Russia and Georgia. Yushchenko decreed that those BSF warships that had participated in operations off the Georgian coast would not be allowed to return to Sevastopol'. Russian navy officials responded that the vessels would return upon completion of their assignments, which they did.

The energy question has also aggravated Russian–Ukrainian relations. In January 2006, with no warning, Gazprom shut off the flow of gas to Ukraine, citing the lack of a sales contract (Kramer, 2006a). That dispute was resolved within a few days, with Ukraine agreeing to a significant price increase. Persisting threats of a new gas cut-off did not become a reality until January 2009. When Ukrainian and Russian negotiators failed to conclude a new contract on December 31, Gazprom ended the sale of gas to Ukraine. Charging that Ukraine was siphoning off transit gas, Gazprom days later shut off gas destined for transit to other European countries (Kramer, 2009). Kremlin posturing created a strong impression of an effort to use the crisis to discredit Ukraine in the eyes of European countries, both as a reliable energy transit country and as a reliable partner in general.[8]

Moscow also has complained regularly about the status of the Russian language in Ukraine (only Ukrainian has status as the state language). The Kremlin regards Kyiv's effort to secure recognition of the Holodomor—the 1930s famine that killed millions of Ukrainians—as an act of genocide to be an anti-Russian political act. And the two continue to bicker over demarcation of the maritime border in the Sea of Azov and Kerch Strait.

By all appearances, Moscow desires to keep Ukraine off balance. The Kremlin seems to accept that Ukraine is an independent state, though Putin reportedly challenged Ukraine's territorial integrity in comments to NATO leaders in April 2008:

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[7]The Russians appeared to draw no distinction between a MAP and a decision to invite Ukraine to join NATO, when in fact there is a significant difference. While many NATO members felt Ukraine qualified for a MAP in 2008, few if any would have argued that it was anywhere near ready for a membership invitation—if for no other reason than a majority of Ukrainians opposed joining the Alliance.

[8]For their part, officials in Kyiv sought to use the incident to portray Russia as a bullying neighbor.

Ukraine is a very complicated state. Ukraine, in the form it currently exists, was created in the Soviet times, it received its territories from Poland—after the Second World War, from Czechoslovakia, from Romania . . . Then, it received huge territories from Russia in the east and south of the country. It is a complicated state formation. If we introduce into it NATO problems, other problems, it may put the state on the verge of its existence. . . . The Crimea was merely received by Ukraine with the decision of the KPCC [Communist Party Central Committee] Political Bureau. There were not even any state procedures on transferring this territory. (Unian, 2008)

Russia has not acted to seek reunification with Ukraine, although Crimea—because of its large ethnic Russian population and historical association with Russia and the Black Sea Fleet—may be a different story for many Russians.

Moscow desires a "friendly" government in Kyiv, one that pays deference to what Russia indicates are its key interests. From Moscow's perspective, this means that Ukraine should not draw closer to NATO. As senior Russian officials made clear in 2009, Moscow does not want its neighbor to get too close to the European Union either. Speaking after the EU–Ukraine summit in May 2009, Medvedev even questioned the EU's "eastern partnership," saying, "We would not want the Eastern Partnership to turn into partnership against Russia. . . . I would simply not want this partnership to consolidate certain individual states, which are of an anti-Russian bent, with other European states" (Russia Alarmed, 2008). Russian antipathy to Ukrainian membership in the European Union or NATO stems from the fact that membership in either institution would move Ukraine irretrievably out of Moscow's geopolitical orbit.

Russia wants freedom for Russian businesses to invest in Ukraine, thereby strengthening the economic links between the two (and possibly Moscow's leverage over Kyiv). The Kremlin in particular wants a say in how Ukraine runs the natural gas transit pipelines that currently move some 80 percent of the natural gas that Gazprom sells to Europe (e.g., see Ericson, 2009 for background). This was illustrated by the angry Russian reaction to the March 23 EU–Ukraine declaration on gas transit, when a clearly miffed Putin threatened "if Russia's interests are going to be ignored, we will be compelled to begin reviewing the principles of our relations with our partners" (Pannier, 2009).

Moscow further wants to maintain the Black Sea Fleet in Ukraine beyond 2017, when the current lease expires. Foreign Minister Lavrov in October 2008 suggested that Russia would attempt to negotiate this at a future point, noting, "When the time has come, we will be ready to offer the Ukrainian side to discuss the conditions for an extenuation [of the lease]" (Russia Wants, 2008). Finally, there are elements in Moscow who would prefer not to see stable democratic politics in Ukraine: a chaotic, messy political scene hardly offers an attractive alternative to the model that the Kremlin has imposed on Russia's populace.

To advance these goals, Russia relies on various levers. One is Ukraine's dependence on Russian gas and oil to meet its energy needs. The presence of the Black Sea Fleet in Crimea offers additional leverage, as do pro-Russian non-governmental organizations and the access of Russian broadcast media to numerous viewers in eastern and southern Ukraine. Many in Kyiv also suspect that Russian special services work actively in their country. Finally, Moscow courts key Ukrainian political leaders. Both Tymoshenko and Yanukovych travel regularly to Moscow, where they meet one-on-one with senior Russians.

Russian efforts to weaken Ukraine's independence and sovereignty could provoke a crisis between the two countries, which could have serious implications for U.S.–Russian

Table 1. Regional Preferences Regarding Ukraine's Accession to NATO in September 2008 (percent)

Region	For accession	Against accession
West	49.7	37.4
Center	33.5	49.3
East	10.0	77.9
Donbas and Crimea	2.8	94.3

relations as well.[9] If Moscow were seen to be the instigator of the crisis and actively undermining Ukraine's independence, the Obama administration would come under considerable pressure to adopt a tougher policy toward Russia.

WHERE TO, UKRAINE?

The difficult political (and economic) situation at home and complex international environment gave rise to a widespread degree of unease in Kyiv in the first half of 2009. Political infighting and posturing for the fall 2009 presidential election campaign and January 2010 ballot have meant continuing disunity, including between the president and prime minister, at a time when Ukraine is facing the severe consequences of the global financial and economic crisis.

Looking abroad, many Ukrainians worried about Russia's designs, particularly when they saw Europe divided over how closely to embrace their country. As one Ukrainian observer remarked: "we look at Europe, and Europe does not know what to do with us; we look at Russia, and they do."[10] Ukrainians also fretted that Washington's desire to "reset" relations with Russia would somehow come at Ukraine's expense.

In this uneasy situation, the question becomes: where will Ukraine go? As Ukraine's political leaders prepare for the coming presidential election, it is unrealistic to expect geopolitical clarity from Kyiv. All major decisions or policy pronouncements in the run-up to the presidential election will be made with an eye to their impact on the electorate. Such clarity likely can emerge only after the presidential election. Hopefully, Ukraine's executive branch will be able to move past the discord of the past four years and achieve greater coherence between the president and cabinet of ministers.

Even after the election, foreign policy clarity may be difficult to achieve given the divided views within the Ukrainian elite and public on key issues, particularly NATO.[11] For example, a September 2008 poll showed that 63 percent of Ukrainians oppose joining NATO, whereas only 24.8 percent support doing so (Democratic Initiatives Foundation, 2008). And although Ukraine has made considerable progress over the past 18 years in blurring its east–west political divide, regional preferences remain stark on the NATO question, as shown in Table 1 (ibid.).

As he or she develops Ukraine's foreign policy course in 2010, the new president will still face the question of how he or she wishes to align the country geopolitically. Ukraine is

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[9]For a discussion of possible Ukraine-Russia crisis scenarios, see Pifer (2009).

[10]Conversation with author, June 2009.

[11]For a more comprehensive discussion of the internal divisions within Ukraine over its geopolitical orientation, see Simon (2009).

a European state, but will it wish to integrate fully into "institutional Europe," following the example of Poland, the Czech Republic, the Baltic states, and others? Will Ukraine wish to turn back to a closer political and economic relationship with Moscow? Or will Ukraine wish to strike a position midway between the West and Russia?

The answer during the Kuchma years was to strike a balance among relationships with Europe, Russia, and the United States, whereas Yushchenko's policy put primary emphasis on integrating into the West. It will be up to the next president to articulate, and secure support for, a coherent vision for Ukraine to pursue.

Polling conducted in the first half of 2009 indicated Yanukovych, Tymoshenko, and Yatseniuk as best positioned to win the election and become Ukraine's next president. As president, each would likely pursue a foreign policy that would have some consistency with Yushchenko's, but also differences. All three have expressed support for Ukraine drawing closer to and ultimately joining the European Union. Most of the Ukrainian elite, the business community and, polls show, a majority of the population support the idea of Ukraine's membership in the European Union.

The three candidates differ on the question of relations with NATO. Yanukovych favors cooperation with NATO, and Ukraine accomplished considerable practical cooperation with the Alliance when he headed the cabinet in 2006–2007, but he does not support membership and opposes a MAP. Tymoshenko and Yatseniuk, on the other hand, have expressed support for Ukraine ultimately joining NATO, although not with the same vigor as Yushchenko. One might expect that either one as president would retain the goal but adopt a more modest pace of integration, in large part due to the ambivalence of the Ukrainian population concerning NATO.

Any of the three as president would likely seek less troubled relations with Russia, with Yanukovych perhaps attempting to do more in this regard than Tymoshenko or Yatseniuk.[12] This does not mean retreating on issues of key Ukrainian national interest. All three likely recognize that drawing too close to Russia could have negative implications for Ukraine and Kyiv's freedom of maneuver, as well as for their own personal power interests.

Regardless of who wins the next election, he or she will seek good relations with the United States. Each would want some counterweight to Russia, which Europe cannot provide. So the U.S. government will still have considerable influence in Kyiv.

Irrespective of the geopolitical direction Ukraine sets for itself, it should focus on several key internal reforms following the presidential election. First, the country urgently needs constitutional reform. The constitutional amendments agreed in December 2004 moved Ukraine from a strong presidential model to a more balanced distribution of authority between the executive branch and the Rada, and within the executive branch between the president and the prime minister. While this balance of power seemed like a sensible idea at the time, the result has been governmental stalemate and prolonged political crisis. Ukraine needs constitutional changes that remove ambiguity, clearly delineate powers, and help extract the country from perpetual political gridlock.

Second, Ukraine needs to implement economic reforms to strengthen the country's market institutions. These include simplifying and modernizing the regulatory regime governing business and investment, improving the tax code, cleaning up the country's chaotic judicial system, and at long last allowing the free sale and transfer of agricultural land, which would

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[12]Yanukovych has regularly advocated policies that would be less troubling for Moscow, siding, for example, with Russia following the August 2008 conflict with Georgia.

make possible a land market that would draw significant private financing into the agricultural sector (e.g., see Åslund, 2008).

Third, Ukraine desperately needs to reform its domestic energy sector. Utilities and residences currently pay prices for natural gas that fall well below the price Ukraine pays to import gas from Russia. Meanwhile, Ukraine suppresses the price paid to domestic producers of natural gas. The result is that Ukrainian consumers have few incentives to conserve energy, Ukraine produces significantly less gas than it could, and Naftohaz, the state gas company, finds itself perpetually on the verge of bankruptcy. All this increases Ukraine's vulnerability to Russia's energy leverage (e.g., Chow and Elkind, 2009).

Ukraine should implement these reform steps regardless of what geopolitical course it pursues. They will improve the coherence of government policymaking and empower the domestic economy, reduce vulnerabilities that leave Ukraine open to Russian pressure tactics, make Ukraine a stronger and more modern European state, and will position it—should it decide to do so at a later point—to make a stronger bid for EU and NATO membership.

A FINAL WORD FOR THE WEST

Many in the West have been frustrated by Ukraine's apparent lack of geopolitical direction during the Kuchma years and its inability to advance the Euro-Atlantic vision of Yushchenko. That frustration is understandable. What Ukraine apparently needs is more time to decide where it wants to go, and how rapidly it wishes to get there.

To many in the West, and in particular the United States, the answer is obvious: a strong, independent, democratic, market economy, firmly linked to European and Euro-Atlantic institutions. But it appears that the Ukrainian elite and public are still making up their minds. The West should give them the space to do so. Ultimately, the United States and Europe cannot want Ukraine to anchor itself in the West more than Ukrainians do, just as they cannot want Ukraine to reform its internal political and economic institutions more than Ukrainians do. Actually, perhaps the United States and Europe can want these more than Ukrainians do, but they cannot make Euro-Atlantic integration or domestic reform happen if the Ukrainians do not commit to those goals and take the sometimes painful decisions necessary to achieve them.

Should Ukraine alter its geopolitical choice or pursue a more modest engagement of NATO and the European Union, that might be unfortunate from the perspective of the West's vision for Ukraine, but it is Ukraine's choice. The West should pursue a policy combining persistence and patience. Washington and Europe should continue to hold the way open for Ukraine. NATO should maintain its "open door" policy and continue to cooperate as much as Kyiv desires. The European Union should work expeditiously to complete the Ukraine association agreement and free trade arrangement, and should give Ukraine a membership perspective (with appropriate caveats). While not seeking to hinder the development of Ukrainian–Russian relations, the West should be prepared to back Ukraine in the event of unreasonable Russian pressure tactics. The United States and individual European countries should continue to pursue friendly, robust bilateral relationships with Kyiv. And as Ukraine makes up its mind and clarifies its geopolitical choice, the West can fine-tune its approach accordingly.

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