

# Ukraine, Russia, and US Policy

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Although Ukraine was briefly independent at the end of World War I and was occupied by the Nazis during World War II, those were the only gaps in the roughly 350 years of control from Moscow or St. Petersburg. The disintegration of the Soviet Union at the end of 1991, and the emergence of Ukraine as an independent state, drastically changed the political complexion of Eastern Europe. For several years after 1991, the relationship between Ukraine and Russia was uneasy and at times acrimonious. By the end of the 1990s, however, the tensions and quarrels that once divided the two countries had largely subsided. Indeed, some observers have even begun to speculate that Ukraine will eventually emulate Belarus in seeking a tight political and military alliance--or even a union--with Russia. The political crisis that began in Ukraine in the fall of 2000 may well accelerate this trend.

For US policymakers, these developments pose a dilemma. On the one hand, the US government has supported the establishment of a strong, independent, and democratic Ukraine that will be a firm barrier against any attempt to restore the Soviet Union. Ukraine has been the third-largest recipient of US aid since 1992 (after Israel and Egypt), having obtained more than \$2 billion in total. On the other hand, the United States has sought to diminish and forestall tensions between Ukraine and Russia and to ensure that the two large, neighboring states live peacefully together.

The balance between these two objectives has not always been easy to strike. Early on, US officials were concerned that the Russian government had not genuinely accepted Ukrainian independence. The goal of a strong, independent Ukraine seemed to be at odds with Russia's desire to be a "great power." Over time, the independence of Ukraine came to be more widely accepted in Moscow, but the difficulty of balancing US relations with Ukraine and Russia persisted. Although US officials tried to discourage overt talk of the prospect of Ukrainian membership in the North Atlantic Treaty Organization (NATO), they went out of their way to involve Ukraine in NATO's activities, including Sea Breeze military exercises, which were viewed in Moscow in an unfavorable light. (Russia itself was invited to take part in the exercises, but declined to do so before 2001.) Thus, some of the steps taken by the US government to reinforce Ukrainian independence ended up causing frictions in Ukrainian-Russian (and US-Russian) relations.

The trends in Ukrainian-Russian relations since early 2000 are threatening once again to upset the delicate balance of US policy, but this time in a quite different direction. The problem now is Ukraine's growing dependence on Russia. A peaceful, friendly

relationship between Ukraine and Russia is highly desirable, but a relationship that compromises Ukrainian independence would be undesirable. Although the situation has not yet resulted in a stark tradeoff of this sort, tough choices for the US government may lie ahead.

### **Change of Political Mood**

During the first few years after the Soviet Union collapsed, relations between Ukraine and Russia often were extremely tense. The first Ukrainian president, Leonid Kravchuk, did his best to mitigate Russian influence in Ukraine. Issues such as the disposition of nuclear weapons based on Ukrainian territory, the fate of the Black Sea fleet, the political status of Crimea, the flow of oil and natural gas from Russia, and the reallocation of Soviet-era foreign debt sparked acute bilateral friction. Although ties between Kiev and Moscow gradually improved after Leonid Kuchma was elected president in mid-1994, the relationship was marked by chronic tensions throughout the 1990s. Russian officials reacted adversely to what they perceived as a growing "tilt" by Ukraine toward the West. Whenever Ukrainian leaders hinted that they might someday be interested in joining NATO, the Russian government sought, both publicly and privately, to deter such a move.

Sentiment in Ukraine remained broadly pro-Western until 1999, when the NATO operation in Kosovo changed many Ukrainians' perceptions of the Western alliance. Surveys conducted in Ukraine by the Kiev International Institute of Sociology (KMIS) in 1999 revealed that the favorable public attitudes toward NATO shifted, with surprising speed, in a distinctly anti-Western direction. As of mid-1999, a large majority (upward of 61 percent) of Ukrainians voiced a "lack of confidence" and "lack of trust" in NATO, and only about 15 percent expressed "confidence." Although the level of "confidence" and "trust" rose slightly in 2000, it remained far below the level of the early to mid-1990s. By the same token, Ukrainians' attitudes toward Russia became decidedly more positive, in part because the Russian government took a strong stance against NATO action in Kosovo.

This shift of mood in Ukraine was evident among ethnic Ukrainians as well as among other groups (not least those of Russian descent), and the trend continued in 2000, despite the start of Russia's second war against Chechnya in September 1999. A KMIS survey of 1,198 adult citizens in Ukraine in October 2000 found that 75% described their view of Russia as "favorable," 69% expressed a "favorable" view of Vladimir Putin, and 61% want Ukraine to join a "union" with Russia and Belarus. The precise nature of this "union" was somewhat ambiguous, but a substantial minority of respondents--40%--voiced support for the full re-merger of Russia and Ukraine into a single country. When Ukrainians were asked whether Ukraine should seek closer security relations with Russia and the Commonwealth of Independent States (CIS) or with the United States and NATO, 52% chose Russia and the CIS, whereas only 14% chose the United States and NATO. (Another 26 percent said that Ukraine should seek a balance between the two.) All of these findings, which have been repeated in subsequent polls, signaled a marked

shift from results compiled in the mid-1990s, when almost no Ukrainians expressed interest in rejoining Russia and when a substantial minority supported Ukrainian membership in (or at least affiliation with) NATO. Even among ethnic Russians in eastern Ukraine, only a very small minority in earlier years had hoped that Ukraine would be re-merged with Russia.

The new public mood in Ukraine is partly attributable to the country's huge economic problems and pervasive corruption, which make Russia seem relatively well off (and better poised to do well in the future) by comparison. The change may also reflect a growing public awareness that Ukraine's economic dependence on Russia has been rapidly increasing. The Ukrainian economy is one of the most energy-intensive in the world, but Ukraine lacks energy reserves of its own other than coal and a troubled nuclear power program. The vast bulk of Ukraine's natural gas and oil comes from Russia, and the remainder of the gas that comes from Turkmenistan is re-exported by the Itera company (an offshoot of Gazprom) through Russian pipelines. Payments to Russian suppliers lagged throughout the 1990s, but over the past year Itera/Gazprom and other Russian energy companies have demanded the settlement of long-standing debts and have cut off supplies if payments were not forthcoming. Russian officials have also insisted that the Ukrainian government halt its practice of illegally siphoning off gas from Russian-owned pipelines that pass through Ukraine. The prospect of a new pipeline that will run through Belarus and Poland or through Finland while bypassing Ukraine has been emphasized by the Russian government to convince Ukrainian leaders that such diversions of energy supplies will no longer be tolerated.

Exploiting this pressure, Russian companies have managed to buy large equity stakes in key sectors of the Ukrainian economy, including banks, oil refineries, and steel plants. Entire industries in Ukraine (notably aluminum smelting) have been transferred to Russian control--in some cases over the Ukrainian government's objections--in exchange for the cancellation of energy-related debts. The trend toward Russian ownership of Ukrainian companies shows no signs of abating.

### **Increased Official Cooperation**

At the governmental level, too, cooperation between Ukraine and Russia has increased conspicuously since late 2000. In mid-January 2001, Marshal Igor Sergeev, who was then Russian defense minister, visited Kiev and signed a 52-point military cooperation accord providing for the creation of a small (5-warship) joint naval force that will engage in bilateral maneuvers and training. Despite the limited size of the force, the political symbolism of it is unmistakable. The agreement also gives the Russian defense ministry a role in the planning of international military exercises held on Ukrainian territory. Although Russia will not have a veto on such exercises or on Ukraine's participation in maneuvers elsewhere, the sharing of responsibility for military planning is a major departure from Ukraine's earlier wariness of Russia.

In addition, Sergeyev reached agreement in principle on the establishment of a joint naval search-and-rescue unit and on the creation of a joint naval policing and navigation force for harbors around the Black Sea. Although American officials have claimed that the Russian-Ukrainian harbor police force, once established, will have "no authority to allow or prohibit [Western] ships from entering harbors," some Russian and Ukrainian officials have suggested otherwise.

Sergeyev's visit also paved the way for a large array of joint Russian-Ukrainian efforts to produce military technology. These efforts include some of the latest weapons deployed by the two countries as well as hardware produced for export. (Both countries have been eager to sell more weapons abroad for hard currency.) The agreement specifically provides for cooperation in missile technology and the production of space-launch vehicles. It also covers strategic air defense systems, tanks, multiple rocket launchers, radars, frigates, cruisers, destroyers, and military transport aircraft, including the An-70.

The importance of the agreements was underscored by the new Ukrainian foreign minister, Anatoly Zlenko, in an interview shortly after Sergeyev's visit: "For a certain period of time, our relations with Russia were not normal. Now our relations are being normalized. So, it may seem that we are sharply strengthening the eastern vector of our foreign policy." Zlenko's predecessor, Borys Tarasyuk, had incurred Russia's displeasure because of his staunchly pro-NATO leanings. Under pressure from Moscow, Kuchma had agreed in the fall of 2000 to bring in Zlenko, who promptly set about revising Ukraine's external policies. His comments about the new bilateral agreements were echoed by a high-ranking official in the Russian defense ministry, General Leonid Ivashov, who emphasized that the two countries could now "jointly parry foreign threats." Marshal Sergeyev himself also played up the anti-NATO thrust of the agreements, arguing that "Russia objects to NATO's eastward expansion... The danger is coming from the south, but NATO is expanding eastward. That is what worries Russia."

A month after Sergeyev's visit, Putin himself traveled to Ukraine for high-level consultations, including a summit meeting with Kuchma in Dnipropetrovsk. The two presidents signed numerous agreements, including one providing for further aerospace cooperation (in production of satellite boosters, etc.) and another authorizing United Energy System (UES), the giant Russian electricity company, to reunify the Russian and Ukrainian electricity grids and reintegrate the two countries' energy markets. Another agreement enabled Russian companies to take part in the destruction of ICBMs left on Ukrainian territory, as mandated by the Strategic Arms Reduction Treaties. The United States has been paying for the dismantling of these delivery vehicles through the Cooperative Threat Reduction program, which provides a tempting stream of revenue.

Although most of the agreements signed by Putin and Kuchma were important mainly for their symbolism rather than their substance, the meeting dramatically conveyed the new, much closer relationship that Russia has now forged with Ukraine. Although Ukrainian leaders would not necessarily agree with Putin's assertion that Ukraine is in Russia's "sphere of influence," they undoubtedly would concur with Ivashov's judgment that

"Russia and Ukraine can present a common front of stability and security in Europe to help cope with uncertainty about hostile powers."

### **Options for US Policy**

The Ukrainian-Russian relationship and the US-Ukrainian relationship have been complicated by the political scandal that has engulfed Ukraine for the past several months. In late November 2000, a Ukrainian parliamentarian obtained and made public tape recordings that show Kuchma in an extremely unfavorable light. The recordings disclose, in the president's own voice, that he and his staff engaged in systematic corruption and illegality, including murder and other violent attacks. Although Kuchma has denied the allegations, the evidence is heavily against him. The scandal has led to considerable ferment and unrest in Ukraine, and Kuchma has been increasingly isolated. The political opposition and many ordinary citizens have demanded that Kuchma resign, but he has refused.

One of the effects of the political crisis in Ukraine has been the incentive it has given to Kuchma to strengthen ties with Russia, not least because of the remarkably widespread popularity that Putin enjoys among Ukrainians. (Putin's favorable ratings among Ukrainians are roughly twelve times higher than those of his predecessor, Boris Yeltsin.) Although Kuchma's own popularity has plummeted at home, Putin's standing in Ukraine has remained as high as it was in October 2000, when the KMIS polling data (cited above) were gathered. The meeting in Dnipropetrovsk was driven in part by Kuchma's desire to seek a buffer against political criticism at home and to project himself as a vigorous leader on the world stage.

For the United States, the political uncertainty in Ukraine has magnified the dilemma posed by recent trends in Ukrainian-Russian relations. Critics of the Clinton administration have charged, quite rightly, that the administration turned a blind eye to corruption and criminality in Ukraine throughout the 1990s to avoid causing difficulty for the huge US aid program. Perceived geopolitical needs outweighed concerns about wrongdoing. The current scandal in Ukraine is testing whether the Bush administration is inclined to act any differently. So far, the United States and most other Western countries have been reluctant to condemn Kuchma in public, for fear that even mild criticism will push the Ukrainian leader even more firmly into Russia's embrace. Although US officials have expressed "disappointment" with the pace of the Ukrainian government's investigation (an investigation widely regarded as a sham), they have eschewed any harsher comments. The administration also has avoided any suggestion that it will link the continuation of US aid with a satisfactory resolution of the crisis. (By contrast, all US aid programs for Russia are under review, as indeed they should be. At least some of these programs should be terminated.)

Important as the recent trends in Ukrainian-Russian relations may be, the US government would be well advised to take a stronger stance on behalf of democracy in Ukraine. Although the United States must not try to dictate what the Ukrainian people ought to do,

American leaders should not hesitate to condemn, as openly and forcefully as possible, the egregious abuses committed by Kuchma, including his jailing of a prominent member of the opposition, Yulia Tymoshenko. Although the criticism may give Kuchma a pretext to seek even closer ties with Russia, the effect is likely to be only temporary. A "union" between Russia and Ukraine would be very troubling, but it will be far less likely to occur if a more democratic and less corrupt government comes to power in Kiev.

By siding with the forces of democracy in Ukraine rather than sticking by the corrupt and increasingly autocratic Kuchma, the United States will pave the way for a more salutary relationship with the post-Kuchma government. A forthright stance by the United States will also give ordinary Ukrainians, including young people, a clearer sense that Western countries want to encourage genuine democracy and prosperity in Ukraine. By altering elite and public perceptions in Ukraine, the United States will facilitate the restoration of a more balanced Ukrainian-Russian relationship.

### **Implications for Russia**

The situation in Ukraine poses challenges for Russia as well as for the United States. Putin's efforts to increase Ukraine's dependence on Russia at a time of great domestic uncertainty in Ukraine may backfire after Kuchma is gone. Although the domestic climate in Ukraine is more conducive to close ties with Russia now than at any time in the past, the friendlier atmosphere is likely to deteriorate once Ukrainians realize how great a role Russia has come to play in their country's affairs. Some Russian commentators have predicted, rather disingenuously, that Ukraine will divide along ethnic and territorial lines. There is little reason to believe that a "worst-case" scenario will actually occur, but there is ample reason to be concerned about an adverse reaction in some parts of Ukraine (especially in the western provinces) if Ukraine's dependence on Russia continues to increase.

Hence, the Russian government would be better off in the long run if it distanced itself from Kuchma and refrained from exploiting the situation for short-term benefit. Although the tactics used by Kuchma have been commonly used in Russia, the evidence of Kuchma's involvement in extralegal violence and corruption is too blatant to disregard. Many observers are understandably skeptical about Putin's proclaimed desire to establish law and order at home; and their doubts will merely be confirmed if the current policy toward Ukraine continues. By contrast, a forthright condemnation of the abuses in Ukraine might signal a shift--perhaps only a small and tenuous shift, but a positive one nonetheless--in Putin's priorities.

Rather than seeking to bring Ukraine into a united front against NATO, the Russian government would be better off seeking improved ties with NATO and a more equitable relationship with Ukraine. Relations between NATO and Russia have remained frigid since the Kosovo conflict, despite the resumption of formal ties. If Russia worked with the alliance via the triangular NATO-Russia-Ukraine relationship, the prospects for a durable improvement in relations with both parts of the triangle would be much greater.

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