

WILL SEVASTOPOL SURVIVE?

THE TRIANGULAR POLITICS OF RUSSIA'S NAVAL BASE IN CRIMEA

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Introduction: The Emerging Politics of Sevastopol

The August 2008 Russian-Georgian conflict has drawn renewed political attention to other areas of the former Soviet Union where Russia may assert territorial claims. Chief among these has been Crimea, the autonomous republic within Ukraine that hosts the maritime city of Sevastopol. Sevastopol is currently home to the Russian Black Sea Fleet (BSF), comprised of 50 warships, patrol boats and support vessels, 80 aircraft, and about 14,000 troops, as well as hundreds of supporting installations.

Russia's naval presence in and around Sevastopol is principally governed by a series of bilateral accords signed between Ukraine and Russia in 1997. With Russia's current basing lease set to expire in May 2017, the future of Russia's naval presence in Sevastopol has become an increasingly pressing and politically charged issue. A number of factors have contributed to this escalating politicization, including Ukraine's competitive domestic political dynamics following the Orange Revolution, Russia's aggressive resurgence, Ukraine's candidacy for NATO expansion, and local and regional political agitation within Crimea and Sevastopol.

This memo seeks to make conceptual sense of the past and future politics of

the Sevastopol naval base and place them in a comparative analytical framework. In the first section we specify the key provisions of the 1997 Russia-Ukraine accords regarding the base, its sovereign rights, and quid pro quo arrangements. In the second part we assess the emerging triangular political dynamics of the naval base and outline the preferences of the various actors involved. We pay particular attention to how Ukraine's "big three" political elites are approaching the Sevastopol issue. We conclude with some comments about likely future scenarios.

The Terms and Provisions of Sevastopol's Governing Agreements

Form and Duration of the Black Sea Fleet Accords

From 1992 to 1997, Russia and Ukraine made sporadic progress on dividing the Fleet, as negotiations were periodically interrupted by unilateral decrees on both sides that appealed to nationalist constituents, including Russian Duma proclamations in 1992 and 1993 that claimed Russian sovereignty over the harbor city.

In May 1997, both sides signed three basic agreements governing the status of the BSF. Technically the agreements were signed by the prime ministers as executive agreements rather than as treaties requiring parliamentary ratification. The Treaty of Friendship, Cooperation, and Partnership between the Russian Federation and Ukraine was followed on May 28 by a second agreement that divided the fleet and set forth the conditions for its operations. The fleet was legally divided 50/50, but the Ukrainian side then transferred most of its 50 percent share back to Russia for a final overall 82/18 percent split. The agreements allowed the Russian BSF to use the Sevastopol facilities for another 20 years on a lease basis. The agreement will be automatically extended for an additional five years unless either of the parties informs the other, with one year's written advance notice, that it wishes to terminate the accord in 2017.

Equally important, however, the 1997 BSF agreements formally codified Russia's recognition of Sevastopol and its network of support facilities as Ukrainian sovereign territory and property. Indeed, for the Ukrainian side the agreement was considered to be a transitional accord as the 1996 Ukrainian Constitution forbids the stationing of foreign military forces except on a leased or temporary basis.

On other issues, however, the 1997 agreements remained incomplete and left a number of outstanding problems. Chief among them were the actual military purpose and operational parameters of the fleet's activities or the naval base's "use rights." In addition, the sides have yet to fully inventory the hundreds of scattered BSF facilities across the peninsula, which has led to recent disputes about the ownership of lighthouses and other supporting landmarks.

Issues of Sovereignty: Ownership, Use Rights, and Taxation

The actual sovereign status of foreign military bases can vary significantly. In some cases, such as U.S. bases in postwar Japan or the enduring British bases in Cyprus, the base territory legally has been the sovereign territory of the sending country, similar to the status of a foreign embassy. In other cases, the host country retains *de jure* sovereign rights over basing territory and installations but enters into an agreement that allows the sending country to use the base for a certain amount of time. Other bases, such as U.S. communications installations in Australia, are legally joint-use facilities, while still others belong to a common security organization, such as the NATO bases in Incirlik, Turkey and Naples, Italy.

In the case of Sevastopol, the 1997 BSF accords recognize Ukraine's sovereignty over the city and its harbor facilities, while Russia is granted operational access by the lease. The agreements also give Kyiv the right to jointly station its naval forces outside Russian areas. The most important of the actual harbor berths – Sevastopolskaya and Yuzhvanya (containing 512 berths) – are designated for exclusive Russian use, while the Ukrainian navy retains the use of Balaklavskaya, as well as a number of facilities in other parts of Crimea including Yalta, Feodosiya, and Gvardeyskoye. The two sides share Streletsкая Bay.

Under the accords, Russia has a duty to notify Ukraine of the fleet's movements in and out of Ukraine's waterways, but this does not rise to the level of an obligation to consult prior to specific missions. Nor does Ukraine have the authority to prohibit the BSF from being used for military operations that Kyiv opposes.

Unlike U.S. basing agreements, no formal overriding Status of Forces Agreement (SOFA) governs the legal status of Russian troops in Ukraine. Fourteen supplemental intergovernmental agreements have been negotiated to supplement the 1997 BSF accords and deal with outstanding legal and technical matters on an *ad hoc* basis. Economically, the Russian BSF does not enjoy a privileged tax status or payment system exemption; goods and capital transited through Sevastopol are subject to prevailing duties and excise taxes. On the matter of criminal jurisdiction, unlike the NATO system of concurrent jurisdiction codified in the NATO SOFA, Russia retains criminal jurisdiction over its troops.

Quid Pro Quo: Compensation Terms and Shortcomings

In the BSF case, the central quid pro quo element is Russia's agreement to pay an annual rental fee of \$97.75 million for the 20 year duration of its lease. Essentially, the rental payment functions as part of Ukraine's debt write-off to Russia; aggregated over 20 years these lease payments will total \$1.95 billion, nearly two-thirds of Ukraine's outstanding \$3.0 billion debt to Russia at the time of the agreement's signing. Part of the politics of the issue, however, is that there

is still considerable disagreement as to the actual size and composition of Ukraine's bilateral debt.

In comparative terms, the \$97.75 million and debt write-off is broadly consistent with other deals Russia has cut within and outside the post-Soviet space, including with Kazakhstan (\$115 million annually to lease the Baikonur cosmodrome) and Cuba (\$200 million a year from 1992 to 2002 to lease a communications installation at Lourdes). The \$100 million payment for Sevastopol is also comparable with the \$150 million annual base rights package that the United States unofficially provides to Kyrgyzstan for the use of Manas airbase.

However, none of the related facilities comes close to the scale and total area covered by Sevastopol's berths and installations. Indeed, by land value alone, the value of the total area of Sevastopol used by the Russian fleet is comfortably in the billions of dollars, a fact that Ukrainian critics of the compensation package consistently point out. In a controversial declaration in spring 2008, President Viktor Yushchenko proposed that Ukraine settle its outstanding \$1.3 billion gas debt to Russia and then begin charging Moscow an increased rent for Sevastopol. He and other Ukrainian officials and analysts now interpret Article I of the 1997 BSF division agreement, which obliges Ukraine to pay off its debt to Russia by 2007, and Article II, which allows for "direct payments" by the Russian side following the debt settlement, as legal cover for demanding increased direct payments from Moscow. However, Russian officials counter that any such direct payments still could not exceed the initially agreed upon annual rental fee of \$97.75 million.

Counterintuitively, the debt write-off structure of the lease payment has also had political drawbacks for Moscow. Not only can Ukrainian critics complain that Russia fails to pay "market value" for its facilities, but the lack of a substantial financial contribution to the regional and city budget also deprives Russia the opportunity of leveraging its rental payment into greater political support for its presence. Indeed, officials from Sevastopol's city government complain that few economic benefits from the BSF agreement actually accrue to Sevastopol or the Crimean republic (though they tend to blame Kyiv for this rather than Moscow).

In comparison, the United States offered generous quid pro quo payments and base compensation packages to secure base rights in Cold War base hosts such as Philippines, Greece, Turkey, and Panama, while economic carrots continue to play a central, if unacknowledged, role in securing the support of new base hosting governments in Kyrgyzstan and Djibouti. On the island prefecture of Okinawa, host to 75 percent of U.S. military installations in Japan, the government of Japan ensures that a tacit majority of the residents of the island acquiesce to the U.S. military presence by granting an elaborate set of

public works programs to local authorities and providing selective base-related payments to important interest groups.

Russian officials seem to have intuitively grasped this point and have recently hinted that, in exchange for a lease extension, they would be inclined to significantly improve their economic contribution and increase their direct support of Sevastopol's city budget. On September 23, 2008, Russian Defense Minister Anatoly Serdyukov suggested that Russia "could offer a package of proposals which could be favorable to both sides, and which would cover both the rent for the base in Sevastopol and the development of social infrastructure, cooperation in the defense-industrial sphere, shipbuilding, and other sectors." Such economic inducements have certainly not gone unnoticed by Crimea's parliamentarians, industrialists, and shipbuilders.

Sevastopol's Emerging Triangular Base Politics

How, then, should scholars and analysts understand the emerging politics of the Sevastopol issue? Though we are accustomed to thinking of foreign military bases and their governing arrangements as strictly bilateral issues, military bases have often become intertwined with the internal political dynamics of a host country's central government and the regional government of the foreign military installation's location. In such cases, the status of the foreign military presence is subjected to the relations and bargaining of three distinct parties: the foreign military sending country, the central government of the host country, and local or regional authorities. In the case of the United States, for instance, the status of the U.S. military presence on certain foreign islands – Okinawa/Japan, Azores/Portugal, Greenland/Denmark and Sardinia/Italy – has become a central issue in local-central politics within these host countries and regional governmental demands for increased autonomy, fiscal transfers, and decentralization.

In a similar fashion, Sevastopol should be viewed as subject to three distinct sources of political influences and interests: the Ukrainian national government, the Russian Federation, and a set of local actors within Crimea. First, Sevastopol is clearly within the sovereign jurisdiction of independent Ukraine and, as we will describe below, Ukraine's three main political elites have developed different positions on the issue. In Russia, leading foreign policy officials have shown greater pragmatism of late on the issue, even as Russian military commanders and some outspoken nationalist politicians claim that the city and its naval facilities should remain Russian, either by lease or simply through territorial readjustment. Nationalists argue that the naval base has served as the main hub for the Russian Black Sea Fleet for 225 years and maintain that, legally, Sevastopol itself was directly administered by Moscow during Soviet times, even after Crimea was formally placed under the administrative jurisdiction of the Ukrainian Soviet Socialist Republic in 1954. The Russian navy in Sevastopol is

itself an interesting case as a political actor, as it can be considered both an implementer of the Kremlin's directives and a local player in its own right that has cultivated an extensive network of political and commercial ties within Crimea.

Within Crimea, the public (of which about 50 percent are ethnic Russian) and most political actors broadly support maintaining the base beyond 2017. Some local political authorities within the host city (which is close to 75% ethnic Russian) assert the more aggressive Russian nationalist position and regularly mobilize public demonstrations. For example, local authorities in summer 2006 disrupted an annual U.S.-Ukraine naval exercise in Feodosiya; shortly after, the autonomous Crimean parliament voted to declare the peninsula a "NATO-free zone." These three categories of political actors and their various triangular political relations are now central to the naval base's future.

Ukrainian Domestic Politics and the Sevastopol Issue

As Ukraine moves toward its next parliamentary and presidential elections, scheduled for January 2010, Crimea and the issue of the Sevastopol naval base are likely to take on renewed political attention in Ukrainian national politics. Unfortunately, as is often the case in Ukrainian politics, these delicate and strategically important issues show signs of getting reduced to the level of tactical political maneuvering and petty opportunistic behavior. The all too familiar "big three" of Ukrainian politics – Viktor Yushchenko, Yulia Tymoshenko, and Viktor Yanukovich – have approached the issue in different manners consistent with their domestic political pressures and requirements.

President Yushchenko has, to his credit, at least consistently adhered to one position. He clearly sees the stationing of the Russian navy in Crimea as a problem for national interests and security. Moreover, he views (and for good reason) the Sevastopol issue as one with greater implications for the political future of the Crimean peninsula, relations with Russia, Ukraine's future accession towards NATO and the European Union, and the broader security of the Black Sea region. At the same time, the statements and actions of the president (and many on his team) have reflected his typically reflexive "revolutionary style" and a lack of understanding of the need for scrupulous work in this field and of adequate thinking through of the problem.

The most striking example of this were his statements in the wake of the August 2008 conflict in Georgia. Undoubtedly, the president accurately expressed the concern of many Ukrainians about having a Russian fleet based in Ukraine being used against Georgia, Ukraine's closest friend and ally. However, this concern about Russia's "use rights" in connection to Sevastopol was handled inappropriately and clumsily, as the Ukrainian president made the inflammatory statement that Ukraine might prevent Russian ships from returning to their place of stationing. Obviously, Ukraine neither has the legal pretext to do so, nor the

will and capacity to enforce this threat. Making hollow threats and escalating the rhetoric over Sevastopol heightened national tensions without contributing anything constructive by way of a solution.

Furthermore, President Yushchenko has reelection ambitions. His position on the war in Georgia and his critical stance on Crimea and the Russian navy not only reflect his personal views, but also help him drum up support among the more nationalistic segment of the country's population, mainly in western Ukraine. Such efforts probably will not work, however, primarily because of the widespread disillusion with Yushchenko that runs deep through this very base. Moreover, support in western Ukraine has never been sufficient, by itself, to win a national election.

For her part, Prime Minister Tymoshenko has remained true to her principle of not having any clear set of principles, values, or ideologies. She continues to produce a masterful mix of calculated populism and opportunism. Tymoshenko's political moves can also be assessed on the basis of her desire to become Ukraine's next president. With a gamble more sophisticated than Yushchenko's, Tymoshenko tries to "sit on two chairs": to attract some of the more nationalistic voters but also to increase her support in Ukraine's east and south. To do this, she simply needs to refrain from stating her position on most issues, with Sevastopol no exception. Typically, she uses the excuse that, as prime minister, she does not bear responsibility for matters of high politics but for running the economy.

On Sevastopol, the prime minister does not want to appear as a "traitor" to the Ukrainian cause (as President Yushchenko attempts to portray her) or as wanting to cede Crimea and Sevastopol to Russia or agree to a basing lease extension. However, Tymoshenko is also doing her best not to appear needlessly anti-Russian. This is positively received in Moscow and, presumably, appeals to some pro-Russian voters. While there is no evidence to suggest that Tymoshenko enjoys any major support from Moscow, the Russian leadership clearly welcomed her recent stance (or lack thereof) on the Georgia conflict and NATO membership. Ultimately, however, Tymoshenko's presidential prospects are also shaky. She continues to be a very polarizing figure. It is hard to see exactly where she might find the bulk of a winning vote.

Victor Yanukovych is the only one of Ukraine's three leading politicians who is the leader of a party in any real sense (the president does not really have a party and the prime minister's party is a "one woman show"). The Party of Regions has wings and factions that differ on issues. The so-called ideologues are clearly pro-Russian in most respects, including on the issue of Sevastopol and the Russian base. Their position is closely related to the anti-NATO campaign in Ukraine and also to the issue of Russian as a second language. The pragmatic wing of the party, which as of late is increasingly unhappy about Yanukovych's

leadership, is more open to compromise. These members have not carved their positions in stone and, significantly, remain open to cooperating with the president. As a result, they do not want to antagonize him on a number of delicate issues, including the Russian base in Crimea.

It would be a mistake to perceive Yanukovych as a helpless puppet in the hands of Kremlin manipulators. He too has been trying to use Russia for his own political gain. However, he has mostly adhered to a pro-Russian line and is thus constrained in some of his positions. Besides, the pro-Russian agenda has been dictated to him not so much by Moscow as by his electorate. He has no one else to rely on but voters in the east and south, who are predominantly pro-Russian and have proved to be a very loyal voting bloc. All this explains Yanukovych's position on the issue of the Black Sea Fleet. He says that the base is good for both Ukraine and Russia; points to the alleged economic benefits of Russian stationing; and indicates that he is in favor of the Russian navy remaining there after 2017. At the same time, he knows that he needs to appear to be a pro-Ukrainian politician. He thus also mentions that any new agreement for a lease extension should be in line with Ukrainian national interests and even hints at the possibility of increasing the lease payment amount.

Concluding Thoughts: Will Sevastopol Survive?

We have argued that the triangular relationship among Ukrainian elite politics, Russian foreign policy, and Crimean regional politics holds the key to understanding the political future of Sevastopol and its likely political resolution. Although strategic factors will also play a part in Kyiv and Moscow's calculations, comparative analysis suggests that the issue will become embroiled in different facets of these changing political dynamics. Moreover, the issue of NATO expansion will also have an acute effect on the issue, as Russia and many Crimeans will vehemently object to Moscow ceding its most important naval base for the likely future use of the United States, Turkey, or any other members of the transatlantic alliance.

Comparative analysis also suggests that time is currently on the side of Kyiv, not Moscow. As the deadline for the 2017 expiration draws closer, Kyiv's bargaining leverage will increase, while Moscow's threats to find a suitable alternative will become less credible. From this perspective, Moscow's new agreement with the Abkhazian *de facto* government to allow Russian naval basing rights in Ochamchire can be understood as an attempt to lend greater strength to the Russian bargaining position vis-à-vis Ukraine as well as to consolidate its military position within the Georgian breakaway territory. Even in combination with an upgraded Novorossisk base, the Abkhazian deepwater harbor offers a poor substitute for the Sevastopol facilities. Russia is running out of time to complete the necessary upgrades that would be required of these alternative home-porting sites in time for a complete BSF evacuation in 2017.

With these factors in mind, we can speculate about three future scenarios for the Sevastopol issue:

First, if Kyiv holds firm to a lease non-renewal and Russia agrees to peacefully withdraw, Moscow will have to find a suitable set of alternatives; we should become aware of such a relocation plan relatively soon. Such a move has the potential to ignite local nationalist opposition in Crimea against the government in Kyiv. It will also signal a major concession on the part of Moscow, something that seems increasingly unlikely given the current geopolitical climate.

Second, Russia may not accept Kyiv's notice of eviction and could inflame pro-BSF nationalism within Crimea and pressure the Ukrainian government from within. This is the most dangerous scenario. Moscow may well link its refusal to withdraw to the NATO expansion process and other factors that it will label as threatening to its national interests. Although some sort of conflict over the legal status of the Crimean peninsula is not likely at this point, after the August events in Georgia, it cannot be ruled out either.

Third, there is the possibility that the two sides will reach a new "bridging" agreement that will be more favorable to Ukraine financially, shorter in duration (say five to seven years), and will offer Russian planners more time to make the necessary adjustments for a future withdrawal. Such a renegotiated agreement could be presented by the sides as either an extension or as an "extension prior to withdrawal." However, such a bridging agreement, while likely to avert the worst of the conflict scenarios, will only delay the resolution of the matter for a few more years.

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