

UKRAINE: CAUGHT BETWEEN A ROCK AND A HARD PLACE

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Hundreds of thousands of Ukrainians have been taking the streets since November 21st, when President Viktor Yanukovich took the decision of not signing an association agreement with the European Union (EU) that would have enhanced cooperation between Kiev and Brussels. In an atmosphere of growing tension, Prime Minister Mykola Azarov stated that the situation is serious and the protests have «all the signs of a coup».

The protest, which is the greatest since the 2004 “Orange Revolution”, finds its roots not in the denial to sign the agreement, rather in the wider process of Ukraine’s geopolitical alignment. Similarly to Turkey with the Muslim world, Ukraine represents the gate between Europe and Russia in both cultural and geopolitical terms. Its population is split into two blocs: people from the central and western regions are usually pro-European, while those located in the east and southern ones are pro-Russian. With these ongoing demonstrations, the pro-European part of the Ukrainian society is claiming its affinity to the European social, economic and political values, hence refusing those of Russia. Nevertheless, Russia is such an important player in Ukraine’s economy that Kiev cannot afford to cut its ties with Moscow so easily. Russia, in fact, is still Ukraine’s most important trading partner; the country toward which Kiev exports the 23 percent of its production and imports the 19 percent of its goods. Russia is also the country from which Ukraine imports the

60 percent of its natural gas needs. The 2006 and 2009 gas disputes have already demonstrated how Russia is capable to use its leverage to keep Ukraine in its sphere of influence.

The association agreement with the EU is, therefore, the latest case in which Russia is using its “carrot and stick” tactic to recall the ally on the consequences of its actions. On the one hand, Russian officials have been very clear when stating that Ukraine could lose 400,000 jobs, access to cheap natural gas and other benefits if the agreement was signed. To make the threat even more real, Russian customs officers have been holding for 72 hours Ukrainian trucks arriving at the border, hence making perishable products go to waste and exporters losing orders.

On the other hand, Russia promised to reward Ukraine with cheaper gas and loans if Kiev refuses the agreement with the EU, said First Deputy Prime Minister Igor Shuvalov in an interview with Bloomberg News. Shuvalov also said that Ukraine’s difficult economic situation can be easily solves if it seeks a deeper integration with Russia than the EU. Shuvalov said that: «A gas agreement could help relieve Ukraine of a huge problem. We can also give them a loan, but we will not help them without commitments on their part». This would be in line with Russian President Vladimir Putin’s interest in creating a EU-like economic union of former Soviet states.

Having to chose between European aspirations and the necessity for Russia’s economic support, Ukraine is currently caught between a rock and a hard place. President Yanukovich knows it well and could try to take benefit from the situation by creating competition between Russia and the EU on who will offer the best conditions. However, such a strategy has not produced good results so far. Indeed, a first attempt was made on Monday when Yanukovich called the EU Commission President Barroso to discuss about the “some aspects” of the agreement. President Barroso replied that the EU is open to discuss but will not re-negotiate the agreement.

Taking into account that the protest is likely to grow day by day, President Yanukovich is running out of time and he will soon be called to take a side, either one or the other. If he will choose the Russian side, protests will become more and more

violent and the 2004 experience does not play on his favor. On the contrary, if he will choose to sign the association agreement, Russia's fury will fall down on Kiev. If this will be the case, Ukrainian people should start stockpiling alternative heating sources and get themselves ready for another cold winter.

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