

Russia in Ukraine's Foreign Policy in 2010 as Seen in Political Discourse

SERGEY BOZHKO

Abstract: In this article, I attempt to answer this question: can Ukraine's recent foreign policy toward Russia be effectively understood by studying Ukrainian political discourse? I argue that during the studied period, the official Ukrainian discourse and rhetoric on Ukrainian–Russian relations was generally positive. Some of the most important details and decisions in the intergovernmental negotiations were not disclosed; the real discourse of politicians and power structures remained closed and sacral. I also identify some general tendencies in bilateral relations.

Keywords: bilateral relations, political discourse, Russia, Ukraine foreign policy

The overwhelming influence of Russia on the economic and political development of Ukraine, and the cultural and ethnic ties between the two peoples, make relations with Russia a key variable of Ukraine's foreign policy. For Ukraine, the centrality of these relations has not been undermined by officially declared changes in regional priorities, nor by attempts by former President Viktor Yushchenko to integrate Ukraine into European structures of cooperation at the expense of ties with Russia. From 2005–2009, Ukraine remained vulnerable to Russia's pressure, largely dependent on natural gas imports from the latter.

In this article, I will specifically analyze Ukrainian policy toward Russia in 2010. The year witnessed considerable changes in Ukraine's foreign policy, particularly in Ukrainian–Russian relations; the country's newly president, Viktor Yanukovich, made an effort to “normalize” ties with Ukraine's eastern neighbor. As more than a year has passed

Sergey Bozhko is a Research Fellow at the Institute of International Relations of Taras Shevchenko Kyiv National University. The author is grateful to two anonymous reviewers, Li Bennich-Björkman, Christofer Berglund, Anders Fogelklou, Alyona Khylyko, Andrei Rogatchevsky, Mykola Ryabchuk, and Greg Simons for their useful comments. This publication was part of his research work as a Post-Doctoral Fellow at the Uppsala Center for Russian and Eurasian Studies at Uppsala University (Sweden) during 2010–2011, thanks to a Swedish Institute scholarship. Copyright © 2011 World Affairs Institute

since President Viktor Yanukovych came into office, it now seems possible to study and describe Ukrainian-Russian relations in light of new Ukrainian foreign policy discourse. In particular, I will focus on whether Ukraine's policy toward Russia can be effectively understood through the analysis of Ukrainian political discourse.

The Analytical Framework

Here, I will rely on a discourse analysis approach. According to this approach, discourses "provide the basis on which policy preferences, interests and goals are constructed."¹ Discourses legitimize political institutions—including the state—along with the policies and actions of politicians and other political actors. Moreover, there is also widespread agreement that discourses are systems of signification; that is, that reality is socially constructed by people who give significance to objects in the material world.²

Usually, the dominant political discourse—that which is formed by a ruling power—is divided in to two types: public and closed. The public political discourse is reflected in official documents, the mass media, and through radio and television; the closed discourse (the more significant, influential type) is hidden from outside observers, and its content can be only partly revealed through leaks of information. Therefore, analyzing merely the public aspects of power discourse does not allow us to see what is happening behind the political scenes; one can only gather an idea about general problems and tendencies. In the given state of affairs, the analyst may benefit from studying alternative discourses (oppositional, expert, academic and so on), and this helps to partially resolve the problem. My choice of the sources for discourse analysis was determined by the above-mentioned circumstances. Thus, I intend not only to describe the dominant discourse, but to analyze the alternative discourses of those excluded from the policy area: opposition representatives, experts, and the public.

Both primary and secondary sources of information are utilized in this study: official statements and speeches, national and international legal and political documents, mass media reports and interviews, academic texts, expert reports, and public opinion polls. The analysis is focused on key statements regarding Russia made by the Ukrainian president, the prime minister and the foreign affairs minister in 2010. In the author's opinion, the choice of only three key political figures is sufficient for the purposes of this research; in the current political situation, in which the president controls the government and parliament, he and his administration have the exclusive right to determine the actual value and role of of Ukraine's foreign policy.

The alternative discourse on foreign policy topics in general is broadly represented in the Ukrainian mass media and in scholarly publications. This type of discourse is frequently cited in relation to Ukrainian-Russian relations, and issues of Ukrainian-Russian relations are a focal point within the Ukrainian academic community. Since the 1990s, relevant expert opinions have been regularly presented, dissertations have been defended, and monographs and research articles have been published. The alternative discourse has also been replenished via the input of the Ukrainian political opposition, and via public opinion polls. The discourse formed by these individuals, unsurprisingly, often deviates from the position of Ukrainian political leadership.

My analysis chronologically covers events and written work from 2010—specifically those produced since March 2010, when Yanukovych came into power. In my view, the given time period is sufficiently long to make conclusions about the issue in question.

The main body of the article consists of three parts. The first section is dedicated to an outline of Ukraine's relations with Russia during Viktor Yushchenko's presidency (2005–2009); the second section involves the general aspects of Yankovych's foreign policy strategy; and the third section offers an analysis of Ukrainian discourse regarding Ukrainian–Russian political rapprochement and bilateral cooperation in energy issues.

Research Background

The representation of Russia in Ukrainian modern social and political discourses was analyzed by Andrey Okara,³ Mykola Ryabchuk⁴ and Galyna Yavorska.⁵ Andry Klepikov,⁶ Volodymyr Kulyk,⁷ Solomiya Onufriv,⁸ Kateryna Serazhym,⁹ and others substantively studied the particularities of Ukrainian political discourse during the post-Communist period. As regards publications on recent and current tendencies in Ukraine's foreign policy, I have used the work of Paul D'Anieri,¹⁰ Filippos Proedrou,¹¹ Stephen White,¹² Volodymyr Manzhola,¹³ Oleksandr Dergachov,¹⁴ and Dominic Fean.¹⁵ The studies by Hryhoriy Perepelytsia,¹⁶ Yuri Pakhomov,¹⁷ James Sherr,¹⁸ and Aleksandr Slin'ko¹⁹ provided an in-depth analysis of current Ukrainian–Russian relations; their historical retrospective was presented in the monograph by Mykola Biloblotskyi.²⁰

2005–2009: Quarrelsome Ukrainian–Russian Coexistence

During the presidency of the Western-oriented Viktor Yushchenko from 2005–2009, Ukraine was involved mainly in conflict relations with Russia. This can be explained by Russian irritation concerning Ukraine's attempts to leave the Russian sphere of influence and integrate itself into Western institutions. *The White Book of State Policy Ukraine in 2008: Processes, Results, Perspectives*, for instance, laid out the official Ukrainian view on Ukrainian–Russian relations and Russian foreign policy in particular: “the Russian Federation strives for recognition on the part of NATO states of its “special” zone of interests which security will be her responsibility (by her own guarantees, in the framework of Treaty of CSTO or in the format of future treaty on European security initiated by Russia)”; it was stressed in an alarmist tone that “Russia's aspirations to fix a zone of “special interests” in regions neighboring Russia ... pose not only a risk of permanent intervention in Ukraine's domestic affairs but directly threatens its national sovereignty and territorial integrity.”²¹ The document maintained that the settlement of bilateral issues was being hampered by Russia.

One of the ways in which Russia gained influence over Ukraine was through playing “pipeline politics.” Ukraine is heavily dependent on energy, especially gas, from Russia. This dependency has become an important strategic weakness for Ukraine, as Russia has increasingly used the state-owned gas giant Gazprom as a foreign policy tool. Russia has frequently used this control of gas and oil for political purposes, most notably in 2006 and 2009 when it twice stopped the supply of gas in order to force Ukraine's hand in paying increased prices and unpaid fees.²² However, Ukraine has also used its geostrategic position as a transit country for Russian gas to Europe (Russia relies on Ukraine to transit about 70 percent of its gas to Europe)²³ as a bargaining tool in order to gain concessions on cheaper gas from Russia. This has not stopped Russia from playing “pipeline politics” in recent years, however, as Moscow has often undermined its business interests with the EU in the pursuit of political leverage over Kyiv.²⁴

In the military sphere, bilateral relations have been complicated by the Russian Black Sea Fleet's remaining in Crimea, the deepening of Ukraine–NATO cooperation,

Ukraine's blaming of Russian policy in its military conflict with Georgia in 2008, and the stymied cultural needs of Ukrainians in Russia and Russians in Ukraine. Ukraine and Russia have not managed to substantially progress in the demarcation of a common land border or the delimitation of a common sea border. The two states have waged trade wars against one another, resorting to introducing administrative restrictions in bilateral trade.

When looking back at previous years, it now can be noted that Ukraine also lacked a weighed policy towards Russia; the Ukrainian powers-that-be have not made adequate steps toward build positive relations between the two countries. The objectively correct goal—the liberation from a multifaceted influence that negatively affects Ukrainian statehood—has not been supported tactically, by decreasing dependency on Russia, or by efforts aimed at forming national consensus on foreign policy priorities. The consequence was the complication of problems in within bilateral relations—a situation in which Ukraine's positions remained weak. They grew even weaker after internal contradictions had deepened and the level of manageability had decreased.²⁵ This simplified approach was widespread among the patriotic sector of the elite; this should understood as a lack of adequate understanding of the ways of ensuring national interests, and as an inability to maintain strong policies.²⁶

2009 marked the pinnacle of Ukraine–Russia tension; the presidents of the two countries hardly communicated with one another at all.

Yanukovych's Foreign Policy Strategies

The results of the Ukrainian presidential election in January–February 2010 brought significant changes to Ukrainian foreign policy and its Russian vector in particular. The leader of the pro-Russian Party of Regions Viktor Yanukovych won the campaign, having defeated Prime Minister Yuliya Tymoshenko in the election's second round. During the campaign, Yanukovych claimed that his aim would be to improve Ukraine's cooperation with Russia; some practical steps (discussed below) in this regard were made immediately after the elections. Ukraine also declared itself to be a non-aligned country and refused to join any military blocks, including that of NATO. Ukrainian policy regarding the European Union didn't change; like his predecessors, Yanukovych discussed the country's aspirations to join the EU. On the whole, the EU, Russia, and and the US were deemed to be Kyiv's key partners.²⁷

In foreign economic activity during 2010, Ukraine finished negotiations on creating free trade area with the European Free Trade Association and on accession to the European Energy Community.²⁸ Throughout the year, Ukraine actively negotiated with the EU on establishing a free trade area. Despite the plans to liberalize its trade regime, the government occasionally resorted to administrative intervention in trade flows; for instance, the quoting of grain export was introduced in the autumn of 2010.²⁹

In practice, 2010 represented a major turn toward Russia in Ukrainian foreign policy. The main factors that caused Ukraine's drift toward Russia were the need for foreign economic assistance because of the poor economic situation in the country, the affinity of the new Ukrainian political ruling team and their counterparts in Moscow, and the need to keep pre-election promises. However, the economic self-interest of the new authorities set limits on Ukrainian–Russian rapprochement. The Kyiv government firmly supported the businesses of Ukrainian oligarchs whenever they competed with Russians. Moreover, the

government was unwilling to make concessions without being certain that it would receive adequate compensation. Finally, a gradual improvement of Ukraine's economic situation allowed Kyiv to be more assertive in its talks with Moscow.³⁰

Ukraine also strived to strengthen its position in negotiation with Russia by seeking the support of Europe, as became evident in Kyiv's attempts to reach a trilateral agreement on longterm use of Ukrainian gas-transit systems as the main means of bringing Russian gas to EU countries. Simultaneously, while developing economic ties with Russia, Ukraine also held negotiations on establishing a free trade area with the EU—which, if successful, would give Kyiv more room for maneuvering in its foreign economic activity. Thus, when engaging with Russia, Ukraine continued to play a delicate balancing act—a tactic similar to that used by former President Leonid Kuchma from 1994–2004.³¹

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Discourse of Ukrainian–Russian Rapprochement in Foreign Policy

At the Ukrainian-Russian summit in Kyiv on May 17, 2010, both sides issued three declarations concerning foreign policy issues. Those documents were the “Joint Statement of Presidents of Ukraine and Russia on European security,” the “Joint Statement of Presidents of Ukraine and Russia on Black Sea region security,” and the “Joint Statement of Presidents of Ukraine and Russia on Transnistrian problem settlement.”

The first statement notes:

Ukraine and the Russian Federation support building harmonious global order, based upon strong central coordinating role of the UN, as well as upon interdependence and cooperation aimed at solving common problems, the integral part of which should be single space of security and stability from Vancouver to Vladivostok with a global approach and objectives shared by all. ... Ukraine and the Russian Federation ... will actively promote the establishment of joint space of legal mandatory guarantees of equal and indivisible security for all the Euro-Atlantic states, including security guarantees to countries that voluntarily renounced nuclear weapons, and neutral states.³²

The parties also agreed:

.. to promote substantive consideration of the incentive of the President of Ukraine to form a new European system of collective counteraction to global threats and challenges of the XXI century and the incentive of the Russian President on signing the Treaty on European Security.³³

The first section contains a range of ideas that were also explored in Ukrainian foreign policy rhetoric before 2010. The innovation here is in the second section; by signing this joint document, Ukraine expressed its support for the idea of an all-European system of collective security—which has been actively advocated by Russia since 2008 in order to dilute the role of NATO in European security.

In the statement on Black Sea security, both parties considered “maintenance of peace, stability and development of cooperation in the Black Sea region an important part of collective efforts to create common equal and indivisible security space for all the states of Euro-Atlantic without exception,” noted “the need for joint efforts in fighting new challenges and threats, including terrorism, proliferation of weapons of mass destruction, their delivery systems and materials belonging to them, drug trafficking, transnational organized crime, illegal migration,” and agreed “to develop bilateral dialogue and consultations on security issues in the Black Sea region.”³⁴ The parties also stressed the importance of cooperation between their naval forces,—and interaction with the naval forces of other Black Sea-area countries—within the frameworks of the Black Sea Naval Cooperation Task Group BLACKSEAFOR and Operation Black Sea Harmony. Ukraine and Russia committed themselves to “work together to strengthen the environmental safety of the Black Sea.”³⁵

The third joint statement was devoted to the ongoing conflict in the Transnistrian region of Moldova; the local government and elites of the Transnistrian region have long campaigned for independence, while the Moldova government has resisted secession. For many years, Ukraine and Russia have been mediators and countries-guarantors of a fair and comprehensive solution to the Transnistrian problem. In the 2010 statement, both presidents stressed that

They proceed from the need to resolve the Transnistrian problem exclusively by peaceful political means through equal dialogue aimed at determining the special, reliably guaranteed status of Transnistria, based upon the observance of sovereignty and territorial integrity of Moldova, constitutional neutrality and formation of common legal, economic and defense space. ... Ukraine and the Russian Federation emphasized the important stabilizing role of the current peacekeeping operation in the region and advocate constructive interaction of all its components. The Guarantor Countries note that in Moscow Declaration of 18 March 2009 the parties supported transforming the current operation into the peace guaranteeing under the auspices of the OSCE in the context of the Transnistrian conflict settlement, and confirm their readiness to take active part in that.³⁶

These statements received criticism from the opposition. According to Borys Tarasyuk, the vice prime minister and foreign minister of the shadow opposition government, the three policy statements signed by the presidents of Ukraine and Russia risked drastically changing Ukraine’s foreign policy course. “It’s clear that these documents ... contradict the Law on the fundamentals of Ukraine’s national security in terms of membership in NATO and the European Union,”³⁷ he noted during the meeting of the shadow government on May 18, 2010. The statements do not contain any mention of Ukraine’s aspiration to join NATO and the EU, which had been discussed at length during Yushchenko’s rule in 2005. “As for the statement on the new European security architecture, I believe what we’re seeing is an attempt by the Kremlin to change our country’s foreign policy course away from membership in NATO and the European Union to membership in the Collective Security Treaty Organization in order to tie Ukraine to Russia’s foreign policy machine,” said Tarasyuk. He also stressed that the statement on regulation of the Transnistrian conflict had raised concern among the international community: “the European Union offered its criticism of this draft statement. As a result of these demarches, the section on transforming the current peacekeeping operation was changed. It was on the insistence of the EU that it was determined that this peacekeeping mission should begin simultaneously with the search

for a peaceful resolution. And not like Russia was insisting —after a political solution of the conflict has been found.”³⁸

This joint declaration on the subject of Transnistria marks a significant change in Ukraine's shift toward the Russian position on the issue. The declaration contains two important elements of the Russian position that Ukraine had hitherto rejected. Firstly, it emphasizes the equality of Chisinau and Tiraspol in the negotiation process. Secondly, it accepts Moldova's neutral status as a condition for an agreement between parties to the conflict.³⁹

The positive tone on Russia was applied in the Address of the Ukrainian President Yanukovich to the Ukrainian People, published in June 2010. The document laid out in detail policy priorities of the new authorities in domestic and foreign spheres. Unsparing in his positivity toward Russia, Yanukovich stressed that “we have revived friendly and mutually beneficial relations with our strategic partner and closest neighbor, the Russian Federation.”⁴⁰ Russia was mentioned as one of the three key and reliable partners of Ukraine, others being the EU and USA. According to the address, “the strategic partnership of Ukraine with the Russian Federation is an important element of the European security.”⁴¹

Two points are interesting here. First, the phrase “mutually beneficial relations” was mentioned in both the address and at an earlier meeting with Medvedev in May 2010. Generally, the phrase is used quite often—it appears in almost every speech by President Yanukovich in which he discusses relations with Russia. It seems that by using this word combination, he protects his course toward Russia from critics who maintain that Ukraine makes asymmetrical concessions to Russia—and that these interactions are not mutually beneficial. Secondly, by connecting the strategic partnership of Ukraine and Russia to European security, the president perhaps (as no explanation was provided) implies that a good relationship between the two neighbors is in the interest of Europe—particularly for the European energy sector, since Ukraine is the main transit route for Russian gas exports to Europe.

In the summer of 2010, another notable input to the Ukrainian official discourse on relations with Russia appeared: an article entitled “Outside the Chessboard: the Pragmatic Agenda of Ukrainian Foreign Policy,” written Ukraine's foreign affairs minister Kostyantyn Gryshchenko for the weekly newspaper *Dzerkalo tyzhnya* and published on July 17, 2010. Metaphorically explaining Ukraine's drift toward Moscow, he said:

Ukraine has long-standing and closest historical ties with Russia. Ignoring them or considering them “heavy heritage” is counterproductive and simply senseless. If a country or a nation stands on two legs,⁴² it is senseless to consider only one of these legs strategically important. Moreover, specifically on the power of this second leg⁴³ that is objectively saturated with ‘muscles’ of industrial cooperation, trade, common research developments and multibillion transit projects depends how fast our state organism will reach European standards of health and stability.⁴⁴

For the first time, President Yanukovich publicly mentioned disagreements in relations with Russia during his visit to the US in September 2010. He made a speech at the Atlantic Council in which he touched upon Ukraine's relations with Russia. While stating that relations with Russia constitute one of the Ukrainian foreign policy priorities, the president however admitted that “not everything is smooth. We have contradictions too. We defend our interests in relations with Russia. Let me cite just one example: we have proposed our own plan as an alternative to Russia's South Stream⁴⁵ which is now offered to Europe. Therefore, the strategic task is to preserve and even strengthen the role of Ukraine as the

main transit party of Russian energy resources to Europe.”⁴⁶ Two weeks later, Yanukovych also discussed the real risk that a part of Ukraine’s economy could be easily swallowed up by Russia.⁴⁷

Nevertheless, the official discourse continued to be dominated by a positive tone toward Russia. In his speech at the French Institute of International Affairs (IFRI) on October 8, 2010, Yanukovych stated that “for the majority of the Ukrainians Russia is a friendly country and a natural partner. It would be a mistake to consider these feelings as a tribute to the past and only a sign of nostalgia for the Soviet Union. Yet a bigger mistake would be to pose a Ukrainian at the choice Russia or the EU, West or East.”⁴⁸ Resorting to abstract political vocabulary, he also mentioned that Ukraine was resolving “...problems in relations with Russia on the basis of mutual benefit and considering the balance of interests.”⁴⁹

Discourse on Energy Issues in Bilateral Relations

At the beginning of 2010, Ukraine’s national economy and finances, hit by the global financial crisis, were in a dire state. Obtaining cheaper gas from Russia was seen as one of the important means of bolstering the national economy. Thus, the new government initiated negotiations with its Russian counterpart, and several rounds of talks resulted in the signing of new deals.

Gas and Black Sea Fleet Deals

At an April 2010 meeting between Yanukovych and Medvedev in the city of Kharkiv (in eastern Ukraine), it was agreed to cut gas prices to Ukraine in exchange for a long extension of the Russian navy’s lease of a strategic Black Sea port in Sevastopol (the Crimean Peninsula, Southern Ukraine) until the year of 2042. Russian gas group Gazprom granted Ukraine a 10-year, 30 percent discount on gas, bringing down the price by about \$100 per 1000 cubic meters from a rate of just above \$300.⁵⁰ Yanukovych stated that the gas discount deal gave Ukraine a profit of \$40 billion over the ten year period—around \$4 billion per year.

The Ukrainian Government explained that the main reason that forced it to conclude the cross-sector agreements was a catastrophic situation in which Ukraine found itself: the consequence of the gas agreements with Russia, signed by Yuliya Tymoshenko in 2009, on “enslaving” and “deadly for Ukrainian economy” terms.⁵¹ According to Ukrainian authorities, new agreements with Moscow were “an issue of the country’s survival.”⁵² Reducing gas prices was the only way the government could prepare a budget with less than a 6 percent deficit. This allowed the government to resume cooperation with the IMF and receive the next tranche of the standby loan. And this, in turn, directly improved the situation of public finances and opened the way for Ukraine to apply for loans from other international institutions. Furthermore, the Ukrainian authorities referred to the results of social research done in March 2010: about 61 percent of Ukrainians supported the extension of the lease for the Black Sea Fleet in the Crimea.⁵³ The immediate beneficiary of the agreement to lower prices was Ukrainian business—the chemical industry in particular, and the metal-lurgy industry in part. This directly improved the situation of public finances and opened the way for Ukraine to apply for loans from other international institutions.⁵⁴

In the dominant discourse, the new deal was presented as a success. At a joint news conference following the meeting with Medvedev, Yanukovych stated that “today we have ...

turned a new page in relations between Ukraine and Russia. We have signed two agreements that are very important for our countries, our economies and the citizens of both Ukraine and Russia.”⁵⁵ However, the alternative political discourse differed from the official one. The agreements were heavily criticized by one of the key opposition leaders, Yuliya Tymoshenko. In a press release issued on April 26, 2010, using expressive vocabulary, Tymoshenko alleged that Ukraine's new government had placed the nation's fragile democracy at risk by reaching a landmark agreement with Russia on the Black Sea Fleet. She described this as a “shocking trade-off” and another “unconstitutional” move by her opponent. She added that “a united opposition front would try to block this agreement.”⁵⁶

The oppositional People's Movement of Ukraine (NRU) party reacted similarly in its own statement:

The present power headed by “non-Ukrainian” President Yanukovich has made an act of undermining basics of Ukraine's national security and, with no exaggeration, delivered a blow on Ukrainian statehood and its future... The Supreme Commander of the Armed Forces of Ukraine in contradiction with the Constitution allowed prolonging the dislocation of the foreign state's military base without having understood the responsibility which was put on him by the Ukrainian society. Instead, he assessed the state and its independence as a commodity and yet another instrument of enriching his entourage... The People's Movement of Ukraine is convinced that the only response to these anti-state steps must be impeachment of Yanukovich who has committed an act of state betrayal.⁵⁷

A group of journalists from the Ukrainian popular weekly newspaper *Dzerkalo tyzhnya* also presented their view on the Kharkiv accords:

When trying to remove RusUkrEnergo from the market Tymoshenko signed a cabal contract with Gazprom; when trying to save the budget, oligarchs and his rating Yanukovich settled accounts with Gazprom with the help of profits of the future generations and the humiliation of the present one. At that none of them has proposed to the country a real energy saving program, a program of transition to alternative sources, stimulation of technical reconstruction which would radically diminish Ukraine's dependency on the price of the Russian gas and ensure the technological development of economic priority spheres.⁵⁸

On April 27, 2010, the Ukrainian Parliament, in which pro-presidential forces held a majority, ratified the agreement on the Russian Black Sea Fleet; the opposition members voted against ratification. Tymoshenko called the ratification a “surrender of Ukraine, its self-identity and national values,” adding that “Ukraine has started the process of losing its independence.”⁵⁹ Some days later, the leading members of NRU, Tarasyuk and Hennady Udovenko (who had served as Ukraine's Minister for Foreign Affairs from 1994–1998), along with Kostyantyn Morozov (Ukraine's Minister of Defense from 1991–1993) made a joint appeal to the citizens of Ukraine, maintaining that

by linking the terms of the Black Sea Fleet deployment to prices on natural gas supplies, the Russian Federation defiantly breached the Memorandum on Security Assurances to Ukraine after accession to the Nuclear Non-Proliferation Treaty 1994. Among other things, the Memorandum enshrines the parties' commitment to “refrain from economic coercion designed to subordinate to their own interest the exercise by Ukraine of the rights inherent in its sovereignty, and thus to secure advantages of any kind.”⁶⁰

They also added that “Ukraine is pushed into a 30 years of foreign bondage.”

These examples of oppositional discourse, often partially and often fundamentally, are driven by emotions and contain expressive vocabulary. In contrast to this alarmist discourse, the expert discourse was based more on argumentative and pragmatic logic. One of the main themes addressed in expert texts was the economic and political consequence of the Kharkiv agreements.

The Director of Brussels-based Center for European Policy Studies, Michael Emerson, characterized the economics of the gas price deal as “not transparent.” He maintained that

What has been happening recently to world gas market, affecting the difference between Russian domestic and international prices? Again it is not precisely clear, but some fundamental trends suggest that this 30% gift may become in some degree at least a deceptive illusion. International gas prices have certainly been substantially eroded in the last year under three influences, weak demand resulting from the economic slump, but also increasing supplies coming from shale gas in the US, and liquified natural gas (LNG) supplies from diverse sources such as Qatar, Australia, Nigeria and elsewhere. In particular for Europe there is now an abundance of LNG supplies, as the US has become self-sufficient in gas. As a result, Gazprom had in February 2010 to concede to E.ON and ENI a large crack in the price-setting mechanism. These major European importers have themselves secured significant quantities at ‘discount’ prices linked to the spot market for gas, leaving other volumes subject to the ‘official’ oil-linked price. Which of these prices is the reference for Ukraine’s discounted price? Maybe Ukraine’s 30% discount price is not so different from the discount that E.ON and ENI have obtained, without giving a naval base in exchange. A relative decline in the world market price for gas, and given the massive expansion of LNG supplies to Europe leads to the emergence of a significant spot market in Europe. So even Ukraine’s 30% discount and annual \$4 billion benefit is in some degree being eroded.⁶¹

And according to James Sherr from London’s Royal Institute of International Affairs:

The accords are profoundly problematic for Ukraine. They provide the illusion of relief at a substantial economic and political cost. When so primary a commodity as energy is subsidized, economic decisions risk becoming divorced from commercial reality. ... When this subsidy is granted by a foreign power, a second cost is incurred: political dependency.⁶²

Ukrainian analyst Mykola Mykhalchenko from Kyiv’s Institute of Ethnical and Political agreed. He did not see the strategic perspective of obtaining cheaper gas by extending the lease for a military naval base in Crimea. However, he also did not express alarmism about the continuation of Russian military presence in Ukraine. In his view, “the base in Crimea is more a fragment of imperial thinking than a real threat to Ukraine. Russia needs this base for forming of Ukraine the image of enemy and consolidating the country. Ukraine also can use this base in the same way.”⁶³ The opinion of Yevhen Marchuk, a former minister of defense, state security service chairman and prime minister, was similar: “The argumentation put forward regarding both the economic and security parameters of this agreement is weak and incomprehensible.”⁶⁴

All in all, the deal can hardly be considered a success for Ukraine, as certain unfavorable provisions in the gas contract of 2009 have not been lifted. First of all, except for 2010, the volume of gas contracted remains unchanged (52 bcm, with the possibility to reduce it by 20 percent), with Ukraine not allowed to re-export the excess gas. Ukraine will hardly be able to use so much gas. Moreover, this will impede its attempts to introduce energy-saving technologies (Ukraine’s is one of the most energy-intensive economies in the world).

Kyiv has also failed to make Russia guarantee a specific volume of gas transferred via Ukrainian territory and to include it in the contract.⁶⁵

Russian Proposal on Energy Cooperation

The 2010 agreement did not cover all the areas in which Russia sought to strengthen its position in Ukraine. During a visit to Kyiv on April 26, 2010, Prime Minister Putin announced that Russia was proposing broad cooperation in various energy sectors. The draft of the intergovernmental agreement proposed by Russia was subsequently published by web-based Ukrainian media outlets.⁶⁶ The signing and implementation of it would mean the acquisition of relevant assets in the energy sector on the Russian side, and would not leave room for Ukraine's independent energy cooperation with other partners. The proposed agreement is clearly asymmetric. The records of the project indicate that Russia intends to ensure its participation in energy production and distribution, restrict Ukraine's opportunities to export energy, take control of the trade in gas extracted in Ukraine, and secure the long-term 100 percent dependence of Ukraine on Russian nuclear power (Russian reactors, Russian fuel, Russia's participation in uranium exploitation). Combining energy networks and the operation of transmission systems would signal Ukraine's withdrawal from its intentions to join the European networks within the Union for the Coordination of Transmission of Electricity (UCTE). A number of undefined proposals requiring separate agreements would ensure favorable conditions for Russian businesses operating in the gas, oil and potential energy sectors. They would also impose numerous agreements covering the use of the industrial infrastructure of energy resources (oil and gas), petroleum products and electricity. In return, Ukraine could expect loans and probably investments within joint ventures—although this does not seem immediately obvious by looking at the draft contract.

Despite Putin's announcement about the possibility of building a broad base of energy cooperation, the signing of the agreement as proposed by the Russian side has not yet been cleared up. The fact that the Ukrainian media has revealed the draft has created an unfavorable atmosphere for the proposed solutions. An important—and as yet still unpublicized—reason for the hardened stance of Ukrainian negotiators is that the proposed agreement entered into the sphere of interests of Ukrainian business, including businessmen related to the Party of Regions (the main pro-presidential party). The interests of those groups had a much higher price for the new government than the price paid for stationing the Russian fleet in the Black Sea.⁶⁷

On April 30, 2010, Putin proposed merging Gazprom and its state-owned Ukrainian counterpart, Naftogaz Ukrainy, on terms which, according to prime ministerial spokesman Dmitry Peskov, would afford the latter a 5 percent stake in the merged entity. Kyiv pragmatically resisted Moscow's proposal. The Ukrainian opposition also heavily criticized the Russian plan. Yuliya Tymoshenko said that "the speed of Kremlin proposals for joint ventures in nuclear energy ... and the possible merger of Ukraine's gas company with the Russian energy giant Gazprom⁶⁸ had taken everyone by surprise,"⁶⁹ and added that "the Yanukovich government, in declaring the strengthening of friendly relations with Russia, cared only about their personal gain." She believed that cooperation between Ukraine and Russia should be on mutually beneficial terms. "Every politician who wisely wants to develop the country supports cooperation between Ukraine and Russia, but cooperation on mutually beneficial and equal terms, that brings both countries additional opportunities,

and not additional opportunities for one country and loss for the other of even those opportunities that remained after the previous ten years of rule by Kuchma's gang and Yanukovich," said Tymoshenko.⁷⁰ Nevertheless, Moscow kept its proposal on the agenda.

The Ukrainian Gas Transportation System (GTS) and the Russian Proposal to Merge Naftogaz and Gazprom

The bilateral energy dialogue was also connected to the possibility of reaching a trilateral agreement on the long-term use of GTS as the main route for transporting Russian gas to EU countries. The Ukrainian government petitioned the European Commission to begin trilateral negotiations with Russian participation on the terms and volumes of gas transit. Kyiv was motivated by the desire to get firm commitments from EU leadership on the use of the Ukrainian route, and to coordinate the project on GTS modernization as it was envisioned in the Brussels declaration of March 23, 2009. It was considered that EU participation in the trilateral agreement on transit could provide the Ukrainian side with certain advantages while allowing it to avoid excessive concessions to Russia. But Ukraine's position was, and remains, weak without the supply of assets for economy modernization and infrastructure renewal. At present, Gazprom openly warns its Ukrainian counterpart that after the construction of circumventing gas transportation routes, the main volume of transit gas will go by sea and through Belarus—and that this will render the Ukrainian GTS useless, or at least unprofitable.⁷¹

The position of the Ukrainian officials has been characterized by delicate balancing with the expectation of support from the EU. The adoption of new legislation on internal energy markets⁷² and on joining the European Energy Community has become a serious gesture reflecting the readiness of Ukraine to meet the requirements of the EU energy market. A protocol on Ukraine's accession to this organization—considered an auxiliary mechanism supplementing the European Neighborhood Policy in the form of common regulated space around the EU—was signed on September 24, 2010. The participation in the Energy Community requires meeting a range of the EU terms, and complicates the absorption of Naftogaz by Gazprom; however, it does not prohibit establishing a joint venture. But Russia remains the biggest supplier of gas to the EU, and NATO substantially depends on Moscow in the issues of cargo transit to Afghanistan. In these circumstances, without an agreement from the Russian government, it will be difficult for Kyiv to rely on a positive answer from the EU regarding the creation of a consortium, plans of GTS modernization, and other Ukrainian proposals—although representatives of the European Commission publicly recognize the economic expediency of the Ukrainian transit route.⁷³

In the meantime, Kyiv has made it clear that it will not even discuss the idea of merging Gazprom with Naftogaz, and will not begin serious talks over any privatization plan of its GTS until the Kremlin drops the South Stream project. On September 8, 2010, Kiev reiterated its opposition to a Russian proposal to merge state firm Naftogaz with Gazprom. As Energy Minister Yuri Boyko stated,⁷⁴ Kyiv would find it politically impossible to establish any joint venture with Gazprom that would give Moscow partial control over its GTS if Moscow decides to build its proposed South Stream gas pipeline.

Over time, the Ukrainian government abandoned even this rhetoric of bargaining: on October 25, 2010, Ukraine's Prime Minister Mykola Azarov stated that Kiev had ruled out any chance of merging the two national state companies because such a merger would inadvertently result in the absorption of Naftogaz by the Russian giant. As the Ukrainian

premier put it, “the merger in conditions when the companies have an incompatible capitalization or, to be more exact, incomparable with each other, is called a take over rather than a merger. No country possessing such a prize[d] asset as its gas transportation system, its gas and oil refining capacities would agree to such a merger.”⁷⁵

Revision of Gas Contracts

Another problematic issue was Ukraine's wish to revise the gas contracts signed in 2009 and 2010. The issue was presented in both alternative and power discourses in the last months of 2010. According to the head of the oppositional People's Movement of Ukraine's Tarasyuk, “today Yanukovich team tries to correct the Kharkiv mistake when it was deceived by the illusion of gas price discount. It was suddenly found out that it was necessary to bargain not for nominal discount but for a more understandable and clear price formula which Azarov government tries to revise now.”⁷⁶ Indeed, on December 27, 2010, the prime minister restated the need to amend gas agreements with Russia. According to him:

Russia should realize that in spite of the fact that it managed once under certain circumstances to get a beneficial treaty it does not at all mean that it [Russia] can hold on to it until it expires ... This is not quite right from the perspective of our long-term relations, strategic partnership. I am deeply convinced that the Russian leadership is a wise and experienced leadership and we will come to an agreement sooner or later.⁷⁷

As for public opinion, the majority of Ukrainians began to increasingly doubt the expediency of the Kharkiv accords. According to a poll conducted by the Razumkov Center from September 30–October 5, 2010, 44.8 percent of Ukrainians were convinced that the agreements on extending the stay of the Black Sea Fleet should not have been signed if the gas prices for the population had risen anyway.⁷⁸

This range of unresolved issues, along with other problems in bilateral relations, influenced the expert discourse by the end of the year of 2010: such phrases as “the hindered rapprochement”⁷⁹ and “the end of honeymoon in the Ukrainian-Russian relations”⁸⁰ were used; the English scholar Andrew Wilson expressed the opinion that Yanukovich had leaned toward Russia in the short term, but had already reached the point at which he needed other powers to balance out Russia's influence.⁸¹

Conclusion

This article has shown that the official Ukrainian discourse and rhetoric on Russia and Ukrainian–Russian relations in 2010 was generally positive and that only some remarks were made in connection with the problems of bilateral cooperation. The common point in the statements of the Ukrainian president was the description of the relations as mutually beneficial, friendly and strategic. Russia was termed exclusively as a “strategic,” “natural,” “key” partner and “closest neighbor.” The relevant discourse of the opposition was critical, alarming and often based on emotions rather than on argumentative logic. The expert discourse was mainly pragmatic and essentially used argumentative logic.

Another question that I first proposed was that of whether Ukraine's policy toward Russia can be effectively understood by analyzing Ukrainian political discourse. I would answer that the policy can be understood only partially. Some of the main details and decisions in the intergovernmental negotiations have not been disclosed. The culture and

methods of intergovernmental Ukrainian–Russian discourse remained unchanged; the most important decisions have not been subject to public discussion, and the most critical processes have been concealed. The real discourse of politicians and power structures remains closed and sacral. The analysis of the alternative discourse can be helpful in making better sense of Ukrainian–Russian relations.

NOTES

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By late 2009, the presidential election contest was stimulating a search for revisions, which duly appeared in a second agreement between Putin and Tymoshenko concluded in Yalta on November 19. The revisions brought the Ukraine–Russia gas trade one step closer to international best practice. They suspended (but did not eliminate) the take-or-pay clauses, and they provided for a 60 percent rise in Ukraine’s transit fee. But these concessions by Putin came at a price, widely rumoured to have included a promise to extend the lease of the Black Sea Fleet: a promise that Yanukovich has not only made but signed into law. See James Sherr, *The Mortgaging of Ukraine’s Independence*, 6–7.

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