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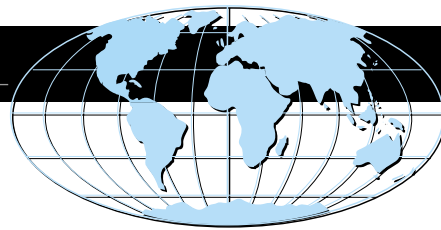
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STRATEGIC PARTNERS OF UKRAINE: DECLARATIONS AND REALITIES

Ukkraine has already established itself on the international stage as a sovereign state. Its foreign policy is well balanced and predictable. This policy aims to strengthen good-neighbourly relations and security in Europe and throughout the world.

The foreign policy of a transition country should facilitate resolution of internal problems wherever and whenever possible. For this reason, Ukraine's main foreign policy task at present is the inclusion of potential co-operation with foreign partners (their resources, influence, experience, and practical assistance) for the rehabilitation of the national economy and building of civil society in Ukraine.

The advance of Ukraine's relations with various countries has reached the level of strategic partnership. Relevant provisions are stipulated in bilateral documents, which is evidence of the priority of relations in the eyes of both parties. However, in certain cases, Ukraine uses the mechanism of strategic partnership in an inconsiderate manner.

As a result of unilateral declarations by Ukrainian politicians, the list of "strategic partners" encompasses nearly twenty states worldwide. Such a practice casts doubt as to the existence of a clearly defined foreign policy strategy in Ukraine.

Strategic partnership, once declared, should be effective and advantageous for both parties, meaning not only state and political elites but also business entities and rank-and-file citizens.

The purpose of our survey was to elaborate the list of countries proclaimed Ukraine's strategic partners; define the essence of strategic partnership and its main features; assess correspondence of the present status of bilateral relations to the level of strategic partnership; search for ways of raising the efficiency of interaction with strategic partners; and set down a list of countries with which future co-operation is important for Ukraine. The analytical report consists of three sections.

- Section one** examines the Ukrainian practice of proclaiming strategic partnership. Based on surveys of public opinion, as well as expert and MP assessments, the authors define the fundamental principals that should serve as a basis for strategic partner relations, and name key fields for co-operation.
- Section two** presents an analysis of Ukraine's relations with countries declared its strategic partners, in key areas — economy, energy, policy and the military sector. A list of countries with whom Ukraine needs to establish long-term cooperation is defined.
- Section three** contains general conclusions and puts forward proposals on filling relations between Ukraine and its strategic partners with practical substance.

1. UKRAINE'S STRATEGIC PARTNERSHIP WITH OTHER COUNTRIES: APPROACHES AND ASSESSMENTS

In the present world, not a single country, even the most powerful, can fully secure its national interests acting on its own. That's why foreign policy activity presents an important element of state policy, and prioritising relations with foreign partners is becoming an indispensable task.

Over the course of six years, Ukraine proclaimed strategic (special, key) relations with almost twenty countries of the world simultaneously. Such "strategic" partnership has turned from an effective instrument of foreign policy into abstract political rhetoric. Indiscriminate declaration of strategic partnership leads not only to devaluation of this idea but also to negative attitudes toward Ukraine on the part of the countries that maintain (or intend to establish) a truly high level of bilateral relations with it.

What are the countries, strategic interaction with which is of vital importance for Ukraine? Under what conditions, on what principles and in what domains are true strategic partner relations established? What measures need to be taken in order to impart Ukraine's relations with strategic partners a concrete content?

In order to answer these uneasy questions, UCEPS experts have analysed the assessment of practice of strategic partnership by the Ukrainian public, Ukraine's foreign policy practitioners, and leaders of parliamentary factions and groups of deputies of the Verkhovna Rada. The results are presented in this section.

1.1 UKRAINE'S PRACTICE OF PROCLAIMING STRATEGIC PARTNERSHIP

Proceeding from an analysis of official documents and declarations, we may state that Ukraine has at least 19 strategic (special, key) partners.

Strategic partner relations with a number of countries are fixed in official documents. In other cases, Ukraine's leadership has proclaimed the strategic nature of a partnership in the course of official meetings, and that was not supported by the sighting of official documents.

Countries with which strategic (special) partner relations are fixed in bilateral documents

The United States of America

On September 19, 1996, the term "strategic partnership" with respect to relations between Ukraine and the U.S. was first used on an official level — in the simultaneous declaration in Kyiv and Washington establishing the U.S.-Ukraine Binational Commission (The "Kuchma-Gore Commission").

On June 5, 2000, the Presidents of Ukraine and the U.S. in their Joint Declaration reaffirmed their "commitment to advance and deepen



strategic partnership between Ukraine and the United States into the 21st century".

Poland

On May 21, 1997, the Joint Declaration of the Presidents of Ukraine and the Republic of Poland "Towards Accord and Unity" stressed that "Ukraine and Poland are sovereign states, good neighbours, **strategic partners**".

Russia

On May 31, 1997, the Ukrainian-Russian Treaty of Friendship, Co-operation and Partnership was signed. Article One of that document reads that Ukraine and Russia "as friendly, equal and sovereign states, base their relations on mutual respect and trust, **strategic partnership** and co-operation".

Uzbekistan

On February 19, 1998, the Preamble of the Peace and General Co-operation Agreement between Ukraine and the Republic of Uzbekistan mentioned "the achieved level of **strategic partnership** in the political sphere".

Bulgaria

On March 24, 1998, the Presidents of Ukraine and Bulgaria signed the Declaration of Further Development and Deepening of Co-operation between Ukraine and the Republic of Bulgaria. Clause 1 of the document declares, that "The parties are committed to strengthen and deepen mutual understanding, develop the relations of all-round co-operation and **strategic partnership**".

Azerbaijan

On March 16, 2000, the Preamble of the Agreement of Peace, Co-operation and Partnership between Ukraine and the Republic of Azerbaijan referred to the "achieved level of **strategic partnership**".

Canada

On March 31, 1994, the Joint Declaration on Special Partnership between Canada and

Ukraine proclaimed "their intent to develop their relations as friendly states based on **special partnership**".

Georgia

On October 2, 1999, the Declaration on Advancing Special Partner Relations Between Ukraine and Georgia announced that the parties "will deepen bilateral co-operation with the purpose of achieving a qualitatively new level of **special partnership**".

Therefore, the existing documents have established Ukraine's **strategic partner** relations with six countries: Azerbaijan, Bulgaria, Poland, Russia, USA, Uzbekistan. With another two countries: Canada, Georgia **special partner** relations have been officially fixed.

Countries with which strategic partner relations are fixed in "The Principle Directions of Ukraine's Foreign Policy"

According to this document approved by the Verkhovna Rada on July 2, 1993, "Foreign policy efforts should be constantly aimed at bordering countries forming a reliable zone of peace and stability around Ukraine. In this context, every border country is Ukraine's **strategic partner**". Therefore, the above list of six strategic partners of Ukraine should be extended to include another seven border countries: **Belarus, Georgia, Hungary, Moldova, Romania, Slovakia, and Turkey**.

Countries with which strategic partner relations were proclaimed in official statements of Ukrainian politicians

The strategic character of Ukraine's relations with some other countries was proclaimed not only in official documents but also in speeches and statements of some leaders in the course of official meetings held in Kyiv and outside Ukraine's borders. This particularly refers to relations with China¹, Israel², Finland³, Argentina⁴, Hungary⁵, Slovakia⁶ and Germany⁷. Proceeding from these statements, **the list of strategic partners includes another five countries: Argentina, China,**

¹ In March 1996, in the course of the meeting with the Head of the Permanent Committee of the All-Chinese Assembly of People's Representatives, Tsiao Schi the President of Ukraine said that "China was, is and will remain Ukraine's **strategic partner**". See: *Interfax-Ukraine*, March 29, 1996.

² In November, 1996, during his visit to Jerusalem, the President of Ukraine stressed the necessity of deepening relations with Israel to the level of the **strategic partnership** existing between Ukraine and the U.S. and between the U.S. and Israel. See: *Interfax-Ukraine*, November, 25, 1996.

³ In March, 1998, during the state visit to Ukraine of Finnish President Marti Ahtisaari the President of Ukraine called Finland Ukraine's "**key strategic political partner** in Western Europe". See: *Interfax-Ukraine*, March 31, 1998; *Uryadovi Kuryer*, April 2, 1998, p.1.

⁴ On June 29, 1998, during the meetings of the President of Argentina Carlos Menem with the President of Ukraine and First Vice-Prime Minister of Ukraine A. Holubchenko the **strategic nature** of the two countries' **partnership** was stressed. See: *UTN*, June 29, 1998; *TSN*, June 29, 1998.

⁵ In October, 1998, during his official visit to Budapest the President of Ukraine said: "In the political domain, Ukraine attaches **priority** significance to the development of partnership with Hungary and its raising to a **strategic level**". See: *Interfax-Ukraine*, October 27, 1998.

⁶ On December 10, 1998, at a meeting with students of the Ukrainian Academy of Public Administration the President of Ukraine stressed the importance of "establishing **strategic partnership** with neighbouring Hungary and Slovakia". See: *Interfax-Ukraine*, December 10, 1998.

⁷ On October 19, 2000, during a press-conference after the meeting of parliamentary delegations of Germany and Ukraine, First Deputy Chairman of the Verkhovna Rada V. Medvedchuk said that Ukraine and Germany "are **strategic partners**". See: Korol I. Strategic Partnership. — *Nasha Gazeta*, October 21, 2000, p.2.



Germany, Israel and Finland. One cannot exclude other unilateral declarations of Ukraine's strategic partnership with different countries⁸.

Therefore, at least 19 European, Asian, North and South American countries have been proclaimed Ukraine's strategic (special, key) partners. Those include Argentina, Azerbaijan, Belarus, Bulgaria, Canada, China, Finland, Georgia, Germany, Hungary, Israel, Moldova, Poland, Romania, Russia, Slovakia, Turkey, USA, and Uzbekistan.

UCEPS experts believe that Ukrainian politicians are using the term "strategic partnership" too often, and not always with due substantiation. In most cases this reflects not the ascertainment of truly strategic bilateral relations between Ukraine and one or another state, but rather an attempt to emphasise their importance.

Unfortunately, such a practice causes misunderstanding among Ukraine's foreign partners and casts doubt on the consistency of its foreign policy line. An analysis of publications in the domestic and foreign mass media also confirms the generally negative perception of the excessive number of strategic partners declared by Ukraine, both inside and outside the country.

It is clear that Ukraine cannot have so many strategic partners. Further, even the strategic partnership of two countries fixed in official documents can remain a mere declaration of intentions, unless the political elite and the public support the efforts of the government. For this reason, we devoted the following three sections to analysing the attitude to this problem on the part of Ukraine's public, experts and politicians.

1.2 UKRAINE'S STRATEGIC PARTNERSHIP: POPULATION'S ATTITUDE

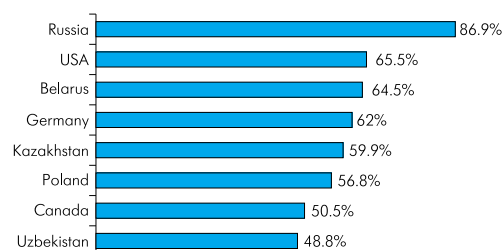
In order to assess public opinion with respect to defining Ukraine's strategic partners and priority spheres of co-operation, in October 2000, the sociological service of the Razumkov

Centre conducted a nation-wide poll. 2000 respondents aged over 18 were polled in all of Ukraine's 27 regions. The results of the poll are presented in this subsection.

The Diagram *"Ukraine's strategic partnership: the stance of the public"* shows that the Ukrainian populace is mostly sceptical about the present practice of proclaiming strategic partner relations. According to results of the poll, almost half (48%) of the citizenry is sure that "proclaiming strategic partnership generally bears a declarative character; equal friendly relations should be maintained with all countries of the world". Approximately one third (37%) of those polled believe that "strategic partnership is an indispensable element of Ukraine's foreign policy".

Respondents were requested to select (from a list of 22 countries), states with which relations are of priority significance for Ukraine (Diagram *"Priorities in the development of Ukraine's relations with foreign countries"*).

Priorities in the development of Ukraine's relations with foreign countries, % of the polled public

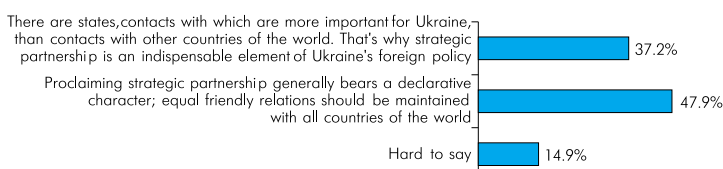


People believe that relations with eight countries of the world are particularly important for our state. The leading position is comfortably occupied by Russia, which is followed by the U.S., Belarus, Germany, Kazakhstan, Poland, Canada and Uzbekistan⁹.

Russia's first place in this overall rating (86.9%) is objective and well grounded, and relations with our northern neighbour will always be of a priority character for Ukraine.

Evidently, it is the absolute nature of this priority that can explain the third position occupied by Belarus, a country commonly viewed in the context of its union with Russia. The nostalgic feelings of part of the Ukrainian populace surely contribute to the high priority of Ukrainian-Belarusian relations in the public eye. Thus, despite uneasy relations between Ukraine and Belarus on the official level and the cool

Ukraine's strategic partnership: the stance of the public, % of the polled public



⁸ This thought is evoked by journalist V. Pikhovshek: "It's hard to support a country whose 'strategic partners', according to its leaders, include the U.S., Russia, China, Turkey and Poland, along with all of entire Europe and the entire CIS, and whose special partners are, among others, Canada and Germany". See: Pikhovshek V. Ukraine - U.S.: The Stagnant Partnership. — *Zerkalo Nedeli*, February 14, 1998, p.2.

⁹ The other countries produced much lower indicators in the overall rating, and are not shown on the Diagram.

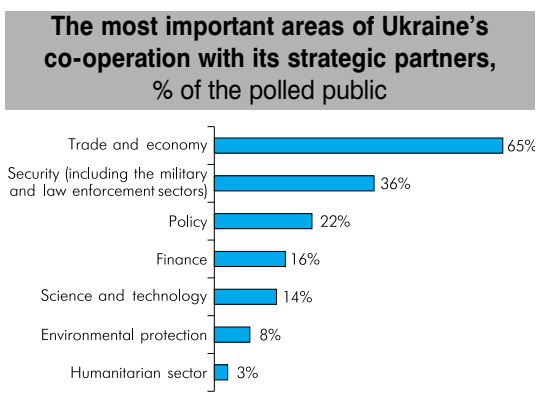
attitude of Ukraine's leadership toward the Russian-Belarusian union, two thirds of the populace (64.5%) consider relations with that country to be a priority¹⁰.

The Diagram shows **four CIS members on the list of priority partners**: apart from Russia and Belarus, priority places are occupied by Kazakhstan (59.9%) and Uzbekistan (48.8%). It is likely that people see the possibility of resolving Ukraine's pressing economic and energy problems through deeper co-operation with these two countries.

No less important for the populace is the "western vector" of Ukraine's strategic partnership. Besides the second position occupied by the U.S. (65.5%) and sixth — by Canada (50.5%), the leading positions occupied by Germany (62%) and Poland (56.8%) — countries important for Ukraine, given its course toward European integration — stimulate interest.

The poll revealed significant differences between the positions of the public and officialdom. Public opinion assigns priority significance to relations with states, which officialdom does not consider to be Ukraine's strategic partners (for instance, Kazakhstan occupied fifth place in the poll with 59.9%), and at the same time gives low marks as to the importance of relations with declared strategic partners (only 9.7% of citizens hold relations with Argentina to be a priority).

The next Diagram (*"The most important areas of Ukraine's co-operation with its strategic partners"*) reflects a **rather pragmatic approach** by



Ukraine's public in defining basic fields for co-operation with strategic partners. Ukraine's citizenry expects primarily an economic return from strategic partnership — the overwhelming majority (65%) of those polled gave preference to trade and economic relations.

Far fewer people (36%) emphasise their attention to joint resolution of security problems (including co-operation in the military and law-enforcement domains); only one out of five respondents (22%) points to the importance of interaction with strategic partners in the political field. Presently, science and technology (14%), environmental protection (8%) and humanitarian sphere (3%) are publicly viewed as secondary directions for co-operation.

The national poll results show that population of Ukraine is sceptical about proclaiming strategic partners. The list of eight countries (Russia, the USA, Belarus, Germany, Kazakhstan, Poland, Canada and Uzbekistan), relations with which are considered a priority by the public¹¹, is more than twice as short as the initial list of 19 countries declared as being strategic partners of Ukraine. Those polled believe that strategic partnership should advance in three priority domains: trade and economy, security, and policy.

1.3 UKRAINE'S STRATEGIC PARTNERSHIP: THE EXPERTS' ATTITUDE

This subsection analyses the results of the expert poll dealing with Ukraine's strategic partnership.

An analysis of mass media reports conducted by UCEPS experts showed that domestic specialists are divided in their perception of these problems. There is no unity even when naming countries officially proclaimed Ukraine's strategic partners: not only experts, but also diplomats gave different lists of this country's strategic partners¹².

Simultaneously with the public opinion poll, in October, 2000, the Razumkov Centre conducted an expert poll devoted to strategic partnership. 100 experts were polled, representing the Administration of the President of Ukraine, committees of the Verkhovna Rada, Secretariat of the Cabinet of Ministers, the

¹⁰ The next subsection shows that the experts' position as to the priority of Ukraine's relations with Belarus is diametrically opposite.

¹¹ Beyond doubt, the sphere of foreign policy is rather complex and specific, and the broad public is poorly informed about the state of Ukraine's relations with other countries. However, even in such a situation, public opinion may be viewed as an indicator of the effectiveness of the country's foreign policy.

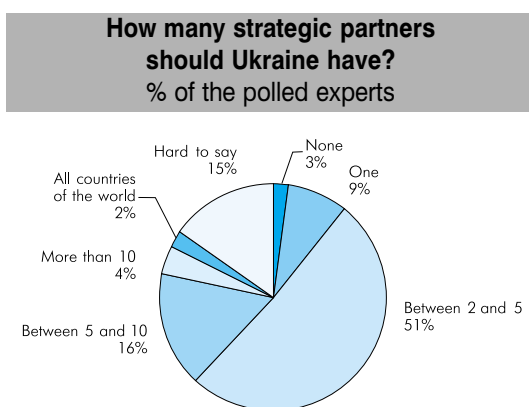
¹² Experts of the National Institute for Strategic Studies are sure that "as of today, apart from **the U.S.**, Ukraine's proclaimed strategic partners were **Israel, Germany and Poland**". See: *Ukraine - 2000 and Beyond: Geopolitical Priorities and Development Scenarios*. — Kyiv, 1999, p.73.

Russian mass media report that Ukraine's Ambassador to Uzbekistan A.Kasyanenko "keeps on reminding that Kyiv has only three strategic allies — **the U.S., Poland and Uzbekistan**". See: Chernogayev Yu. Uzbekistan Welcomes Its Strategic Ally. — *Kommersant*, October 13, 2000, p.5.

Colonel S.Mokrenets, Director, Department of International Co-operation of the Ministry of Defence of Ukraine, said that "the main strategic partners of Ukraine in the military sphere are **the U.S. and Russia**". He believes that Ukraine's relations with **Poland and Azerbaijan** can be termed as "close co-operation". See: *UNIAN*, October 23, 2000.

National Security and Defence Council Staff, the Ministry of Foreign Affairs, the Ministry of Defence, the Ministry of Economy, other ministries and agencies, state research institutions, non-governmental analytical centres, and leading mass media. UCEPS polled a cross-section of representatives of the state establishment with influence on the process of foreign policy decision-making and the implementation of political decisions domestically and abroad.

The Diagram "How many strategic partners should Ukraine have?" gives the view of experts on the Ukrainian practice of proclaiming strategic partners.



The Diagram shows that **only 6% of experts believe that the present situation (Ukraine's proclaiming almost 20 strategic partners) is absolutely normal**: 4% of the polled is sure that our country should have "more than 10" strategic partners, another 2% sticks to the opinion that "all countries of the world" should be Ukraine's strategic partners. At the same time, **the majority (51%) of experts adhere to another, more realistic position — Ukraine should have "between two and five" strategic partners.**

Experts were asked to select (from a list of 19 strategic, special, and key strategic partners) those countries, relations with which they consider to be a true priority. The results of this poll are presented in the Diagram "The priorities in the development of Ukraine's relations with foreign countries". It appears that, on the one hand, expert assessments coincide partially with the stance of the public, but, on the other hand, these opinions also differ significantly.

While the public's foreign policy sympathies include as many as eight countries, the experts are more exacting in their assessments.

Experts distinguish only four states, relations with which, in their opinion, are of truly priority for Ukraine: Russia (80%), the U.S. (66%) Germany (62%) and Poland (52%). It is likely that experts do not attach strategic importance to Ukraine's relations with other countries.

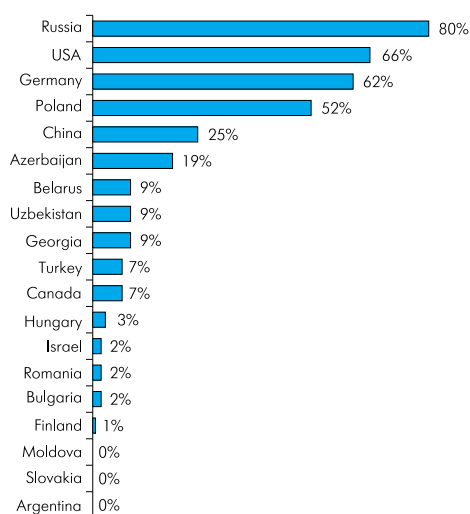
The assessments of the populace and experts (in 62%) of the importance of relations between Ukraine and Germany **completely coincided.**

Experts feature Poland within the list of 19 countries to be declared strategic partners. This can be explained, inter others, by active contacts between the state and political elites of Ukraine and Poland, and the support given to Ukraine's course of integration into European structures by the Polish leadership, which is a priority task for our national elite.

The assessments of the populace (50.5%) and experts (7%) of the priority of relations between Ukraine and Canada are also different. Specialists probably proceed from unjustified expectations for the attraction of significant Canadian investments into Ukraine's economy and for stepping up of domestic exports to Canada.

The difference between the experts' and the public's positions concerning Belarus is striking. Only 9% of the experts voted in favour of neighbouring Belarus, which (as a border country) was described as a strategic partner in the basic document "The Principle Directions of Ukraine's Foreign Policy".

The priorities in the development of Ukraine's relations with foreign countries,
% of the polled experts



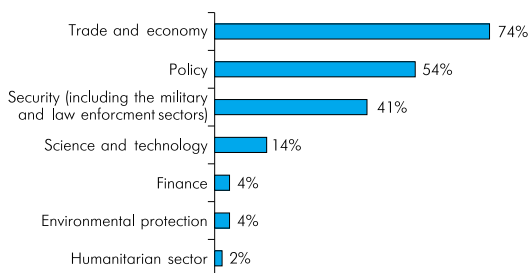
Neither do experts consider Ukraine's relations with other neighbouring countries to be a priority. This particularly refers to Georgia (9%), Turkey (7%), Hungary (3%), Bulgaria (2%), Moldova (0%) and Slovakia (0%). Hence, the relevant provision of the said document requires review and better substantiation.

In contrast to the citizenry, which named Uzbekistan among the priority partners (48.8%), in the experts' rating, that country, although in eighth place, obtained five times less votes (9%). Therefore, even the fixation of a strategic character of partnership with Uzbekistan in the fundamental bilateral treaty failed to influence the opinion of 91% of experts.

Proceeding from the data obtained, one can sense a certain doubt among experts regarding the prospects of co-operation within the framework of GUUAM, since the overwhelming majority of experts do not consider Ukraine's bilateral relations with any member country of this institution to be a priority: the importance of relations with Azerbaijan was pointed out by only 19% of the polled, with Georgia and Uzbekistan — in 9%, Moldova — 0%.

As far as the definition of the main areas of co-operation with strategic partners is concerned, the experts' position generally coincides with public opinion (see Diagram "The most important spheres of Ukraine's co-operation with strategic partners").

The most important spheres of Ukraine's co-operation with strategic partners, % of the polled experts

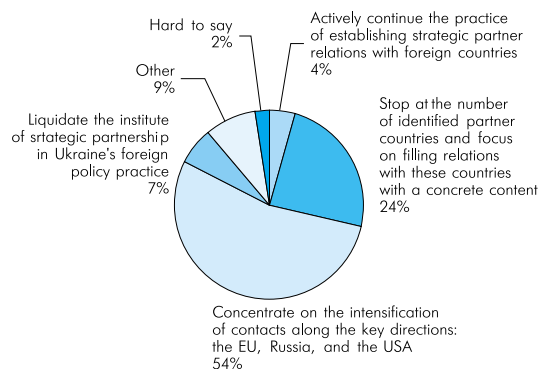


Both the public and experts named three main spheres of co-operation with strategic partners: trade and economy, policy and security. At the same time, experts pay much more attention to co-operation in the political sphere than citizens do.

As far as possible adjustment of the current practice of proclaiming strategic partners is concerned, relevant expert propositions obtained in

course of the poll are presented on the Diagram "Ukraine's strategic partnership policy — what shall it look like?"

Ukraine's strategic partnership policy — what shall it look like? % of the polled experts



The Diagram shows that 4% of experts believe Ukraine should "actively continue the practice of establishing strategic partner relations with foreign countries". Six times more experts (24%) proposed to "stop at the number of identified partner countries and focus on filling relations with these countries with a concrete content". More than half (54%) of the experts polled consider that Ukraine should concentrate efforts in three "key directions: the European Union, Russia and the United States".

In general, sociological survey results show that both the public and experts name just a few countries as warranting priority relations. The public and experts are in agreement with respect to four strategic partners — Russia, the U.S., Germany¹³ and Poland. According to the public and specialists, the key spheres of strategic partnership encompass areas of trade and economy, policy and security.

1.4 UKRAINE'S STRATEGIC PARTNERSHIP: MPs' ATTITUDE

This subsection analyses attitudes toward problems of strategic partnership on the part of leaders of parliamentary factions and groups of the Verkhovna Rada deputies.

According to Ukraine's Constitution, the Verkhovna Rada lays down the fundamentals of national foreign policy. Furthermore, Parliament votes on ratification of interstate legal acts that determine the principles, directions and mechanisms of Ukraine's co-operation with foreign partners, including strategic partners.

¹³ Strategic level of partner relations between Ukraine and Germany is not assigned to bilateral documents.

The Verkhovna Rada approved "The Principle Directions of Ukraine's Foreign Policy" on July 2, 1993. Since then, serious changes have taken place in the world, in Europe and in the countries bordering on Ukraine. Ukraine's neighbours have joined NATO, the Russian-Belarusian Union and the Eurasian Economic Community have been formed, and institutional formalisation of GUUAM is in the works. Ukraine itself has also changed significantly.

In the autumn of 1999, the Socialist Party of Ukraine initiated an attempt to submit for the Verkhovna Rada consideration a draft law that would lay down the fundamentals of Ukraine's domestic and foreign policy in a new environment. The proposal was voted down by Parliament, and the discussion of this issue became overly politicised.

Certain parliamentary factions consider it inexpedient to set down the fundamentals of foreign policy in one document. They suggest that laws already in effect, including those dealing with the ratification of basic treaties of Ukraine's partnership with other states, are sufficient for pursuing an effective foreign policy. Some experts believe that foreign policy fundamentals should be revised only after approval of the National Security Strategy of Ukraine.

However, the problem of incomplete correspondence of "The Principle Directions of Ukraine's Foreign Policy" in effect with new realities persists and requires resolution. Uncertainty as to the substantiated choice of Ukraine's strategic partners, and the mechanisms for establishing truly effective collaboration with them is only one of the reasons for adjusting the document in question¹⁴.

In order to determine the positions of political forces represented in the Verkhovna Rada regarding Ukraine's strategic partnership, experts of the Razumkov Centre turned to leaders of all parliamentary factions and groups with a request to present their views on current and prospective problems of Ukraine's strategic partnership.

We obtained answers from representatives of all the associations of MPs: **O.Bilorus** ("Batkivshchyna" faction), **I.Bohoslovsk**a ("Labour Ukraine" group), **N.Vitrenko** (Progressive Socialist Party of Ukraine), **O.Volkov** ("Revival of the Regions" group), **O.Yemets** ("Reforms-Congress faction), **O.Zarubinskyi** (faction of the People's Democratic Party), **O.Zinchenko** (faction of the Social Democratic Party of Ukraine (United)), **Y.Kostenko** (faction of Ukraine's People's Rukh), **S.Kurykin** (faction of the Green Party of Ukraine), **O.Moroz** (faction of the Socialist Party



of Ukraine), **P.Symonenko** (faction of the Communist Party of Ukraine), **M.Syrota** ("Solidarity" group), **H.Udovenko** (faction of the People's Rukh of Ukraine), **A.Charodieiev** ("Yabluko" faction). Materials presented by People's Deputies are given on the following pages.

An analysis of positions of leaders of deputy groups regarding the problems of Ukraine's strategic partnership permits us to draw the following conclusions.

Despite understandable differences in approaches and assessments conditioned by the different political positions of MPs, Ukraine's People's Deputies are virtually united: in defining the circle of countries, relations with which are of vital importance for our state; in the assessment of the present status of its international contacts; in formulating the principles of Ukraine's strategic partnership, its decisive and limiting factors.

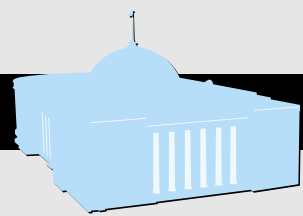
The overwhelming majority of the leaders of People's Deputy associations are sure that the present status of Ukraine's relations with any country of the world cannot be termed as true strategic partnership.

The majority of MPs name the following countries as priorities for Ukraine: Russia, Belarus, the USA, Poland and the EU countries (namely Germany, France and Great Britain).

Hence, it may be said that the assessments of the present practice of Ukraine's strategic partnership and the importance of relations with separate countries (Russia, the U.S., Poland, Germany) by the public, the state and political elite and People's Deputies practically coincide.

At the same time, there are substantial differences in ranking of strategic partners in terms of their importance for Ukraine, with the public, experts and leaders of deputy groups and factions expressing somewhat divergent views.

¹⁴ Given the present division of forces in the Verkhovna Rada, it is unlikely that People's Deputies will be able to work out an agreed draft of "The Principle Directions of Ukraine's Foreign Policy" on their own. However, there are reasons to hope that Parliament would support a corresponding bill if it were well grounded and submitted by the President.



Faction
"Batkivshchyna"

Oleh BILORUS

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

Ukraine should enter the new 21st century with clear global and geopolitical orientations. Today, the problem of forecasting both domestic and international developments as a basis for executive branch activities is as important as ever. Subordination of Ukraine's interests either to the West or to the East is not a foreign policy but a manifestation of an "elastic conscience" and inconsistency. Foreign policy of Ukraine should be neither pro-American nor pro-Russian. It should simply be Ukrainian, not "pro-Ukrainian", as some politicians put it. The main principle of our strategic partnership should be effective protection of our own national interests.

The strategic goals of Ukraine's foreign policy are derived from fundamental national interests and geopolitical priorities. The fundamental national interest, geopolitical priority and strategic task of Ukraine's foreign policy course are not only survival and development as an independent sovereign state, but also the achievement of a high level of competitiveness by the state and society.

The effectiveness, potency, and profitability of Ukraine's foreign policy should become the basic principles for building strategic partner relations. Equality and mutual benefit must be included as well.

Ukraine cannot allow itself to become critically dependent on any strategic partner, as this endangers state sovereignty. For this reason, uncontrolled foreign economic, information, cultural and political expansion must be resolutely opposed. Ukraine should not become either a Russian or U.S. protectorate.

2. With what countries Ukraine has true strategic partner relations?

On the global level, Ukraine's strategic partnership options are very limited. Its inevitable main strategic partners are **Russia and the U.S.** Other countries, including neighbours and friendly states, cannot be treated as strategic partners. Ukraine cannot have twenty or thirty strategic partners. The European Union as a whole may become Ukraine's strategic partner, but this is not likely at the present time.

There are great differences in how we may define the principles of strategic partnership between Ukraine and Russia, Ukraine and the U.S., and Ukraine and the EU. They can all be termed "pragmatic

partnership", but in no way are they equal or democratic. It is premature to speak about the effectiveness and the balance of interests in these relationships.

Due to great economic interdependence and unresolved energy security issues, Ukraine soon will be forced to either follow **Russia's** demands and abide by **Moscow's** understanding of strategic partnership, or Ukraine will have to build relations on a fundamentally new basis. The near future will show what effect this will have on Ukraine's Euro-Atlantic future and its participation in such organisations as GUUAM and the Black Sea Economic Cooperation Council.

Ukraine's future will to a large extent depend on the progress of its relations with **the U.S.** Despite declarations of strategic partnership by both sides, present relations between our countries are uncertain.

It is enough to mention that the position of the Bush administration after the proclamation of Ukraine's independence actually was confined to a policy of complete and unconditional nuclear disarmament by Ukraine, in coordination with the Russian Federation.

The Clinton administration first supported Ukraine and declared a strategic partnership, but then gradually considerably changed its course and began openly manipulating Ukraine and using our country in its strategic game with Russia.

It was **the U.S.** that first supported the idea of a Charter of Distinctive Partnership between Ukraine and NATO, but afterwards did much to ensure that the format of the document signed did not best suit Ukraine's interests.

The U.S. has played the leading role in establishing very tough terms for Ukraine obtaining foreign funds from international financial institutions (unlike Russia). Many of those terms violate the framework of our national security.

The double standards expressed in **U.S.** policies toward Ukraine and the **Russian Federation** were clearly demonstrated during the drafting and signing of the Agreement on Conventional Forces in Europe, on the issue of Ukrainian-Iranian co-operation, and so on. It is clear that **the U.S.** has not yet defined its attitude toward Ukraine and has no full-fledged Ukrainian policy.

Nevertheless, today, **the U.S.** is the only country in the world that actually can exert (and does exert) comprehensive direct and indirect influence on Ukraine. **The U.S.** is the main mover behind and guarantor of the process of Ukraine's integration into the Euro-Atlantic community.

The level and intensity of Ukraine's co-operation with **the U.S.** and West European countries is an integral indicator of the presence (or absence) of political will in Ukraine to continue its course toward European integration, economic and political reform, and the implementation of democratic norms and principles.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

Domestic progress should be so evident that neither Europe nor the North Atlantic community will feel that they could afford to do without Ukraine. First and foremost, consistency and predictability in Ukraine's foreign policy course are a must. There should be a dynamic balance in relations with the **Russian Federation, the U.S.** and the EU countries.

There is great potential for the development of Ukrainian-Russian relations. These countries are culturally kindred, have common economic interests and are capable of pursuing a co-ordinated policy toward other countries. It would be erroneous to believe that we facing a zero-sum alternative: either complete political, economic and military integration, or confrontation. **There should be a policy of relations between two equal sovereign states, working to expand co-operation and simultaneously narrow spheres of competition and confrontation on the basis of international legal norms.** These are relations whereby both countries would pursue independent domestic and foreign policies, choose neutral or non-aligned status, join economic, political or defence alliances, and establish alliances and blocs proceeding from their national interests and national security.

As far as the prospects for co-operation with the West are concerned, the final target that can be set by Ukraine is gradual, stage-by-stage integration into European and Euro-Atlantic structures on the basis of real competitiveness. The European choice of our country is deeply pragmatic, but it places substantial obligations upon us. **Ukraine should establish itself as a country that implements European democratic norms, deepens economic reforms and effectively fights corruption. Only then will the policy of our state be trusted.**

I have been and remain an adherent of a national strategy of relying on our own strengths, potential and resources. That's why we should first adequately develop the domestic potential of our country, and only then attempt to establish parity relations with the "high and mighty", based on common, global corporate interests, and not on the need to support one or another party.

At this time, it is hard to predict what action by relevant foreign and domestic forces will put Ukraine before its "final choice".

In order to work out an effective national strategy with clear priorities and predicted feasible results, Ukraine should concentrate national resources on the solution of urgent tasks. For each of those tasks, a mini-strategy should be worked out, that would secure the attainment of the set goal, instead of mere declarations, typical of the present moment. ■



Group

"Labour Ukraine"

Inna BOHOSLOVSKA

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

These principles directly depend on the meaning that we impart to the term "strategic partnership". During the Cold War period, strategic partnership meant primarily close military-technical co-operation (keep in mind that the word "strategy" has a military origin). The notions of "strategic partner" and "military ally" were actually synonymous. Ukraine as a neutral and non-aligned state does not have and cannot have military allies.

However, today, the term "strategic partner" cannot be interpreted as unambiguously as in previous times. The word "strategic" often means simply "important". And "partnership" is evermore frequently understood as a readiness to pursue similar policies. Presently, this often means common participation in a certain political, economic or military process. Such common participation does not commit parties to anything with the exception of sitting at the same negotiating table: where there is dialogue — there is partnership; no dialogue — no partnership. NATO, while declaring strategic partnership with Russia, was bombing Yugoslavia in defiance of numerous strong protests from Moscow...

Proceeding from the principle of the "golden mean", **strategic partners are those countries and organisations, relations with which are most highly prized by Ukraine, and which would be ready to take account of our interests as well. In this case it is evident that strategic partnership should be built on principles of real and equal interest of the parties in co-operation. This is the only reliable basis for long-term co-operation.** All other variants are an exchange of compliments, not strategic partnership.

2. With what countries Ukraine has true strategic partner relations?

Proceeding from the principle of real and equal interest of the parties in co-operation, Ukraine, probably, has no "true strategic partners" at all. Ukraine is much more interested in its main partners than they are interested in Ukraine. This is the main source of our problems on the international stage. Interest in Ukraine as a military-political or economic partner is gradually decreasing.

From the very beginning, we set down an overly broad circle of strategic partners.

Later, however, great problems emerged in relations with each one. Most probably, exactly for this reason our diplomats sometimes term the relations with "former" strategic partners as "distinctive", "constructive" or "priority" partnerships. We also have our "main partner" Russia... Although relations with **Russia** are regularly aggravated. There have been many reasons for this: jurisdiction over the Crimea, the status of Sevastopol and the division of the Black Sea Fleet seem to have faded away, but other problems immediately took their place: gas debts, delimitation of borders, the language issue...

The same can be said about relations between Ukraine and **the U.S.** The United States insisted that Ukraine abandon its nuclear arms; not participate in the Bush project, and won other concessions, but did not care to grant Ukraine adequate guarantees of security or, say, to involve our country in the transportation of Caspian oil. On the other hand, Ukraine, too, has failed to create for American investors conditions it promised to create many times. It was not consistent in pursuing economic reform, and has not fought corruption as energetically as our Western partners had expected.

This has affected our relations with the West as a whole. International financial institutions have actually ceased providing assistance to Ukraine. The European Union has refused to grant Ukraine associate membership. (On the other hand, we have grounds to feel frustrated because of the Europeans' refusal to support a number of projects that were extremely important for us, such as the AN-70. This might have been a sign of real, rather than declarative, support for reforms in Ukraine). Relations with specific partner countries have cooled. **Germany** has taken a much more cautious stance toward co-operation with Ukraine. There are signs of a cooling of relations with **Canada**... Under the pressure from Europe, the "last" and seemingly most consistent "strategic partner" of Ukraine — **Poland** — has actually ceased opposing Russia's plans to build a gas supply pipeline going round Ukraine's territory.



These are all grounds for doubting whether Ukraine has "true strategic partners" — countries or organisations interested not only in advocating their own interests but also ready to seriously take Ukraine's interests into account. Ukraine should, to a large extent, blame itself for this situation. In principle, real strategic partners of Ukraine could include Russia, the U.S., and the European Union or separate European countries, such as **Germany** or **Poland**.



3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

First of all, a partner should be desired and consistent. This requires appropriate foreign and domestic policy measures. The latter are more important and more difficult to implement. Their general essence can be described in one sentence: **"Dynamic and consistent reforms"**. Nothing, new in principle, can be invented here.

The general essence of foreign policy measures can be described as follows: **"A clear formulation and deep understanding of Ukraine's national interests, and the ability to reconcile them with national interests of the partners"**. Similar sentences have been declared many times, but have never become the basis for concrete practical actions.

Foreign policy should be consistent and "monolithic", free of statements and demarches humiliating to our partners, of excessive pliability where such would not be appreciated, and of decisions taken at random. This may require that Ukraine change the entire system of foreign policy decision-making. The great number of people presently involved in this work in no way reflects well upon the quality of such work. We should work not like in the 19th but rather as in the 21st century. We must create an intellectual environment that would produce valuable and viable ideas, and form strong, well-organised and equipped intellectual structures. The foreign policy of a country finding itself in such a difficult situation as Ukraine is in, will be either highly intellectual and aggressive, or unworthy of and even harmful to it. ■



*Progressive
Socialist Party
of Ukraine*

Natalia VITRENKO

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

Strategic partner relations should be based on principles of mutual interest, equality, trust and diligent execution of contractual commitments. Such principles can be formed on the basis of historic, cultural, and spiritual traditions, and similarity of world outlook.

Strategic partner states should focus not only the forms and daily progress of the partnership but also on its ultimate goal. Such strategic partnership will be natural (not forced), and will not meet with substantial opposition from specific social strata, regions of the country and interest groups.

2. With what countries Ukraine has true strategic partner relations?

The principle of a multiplicity of vectors in foreign policy, as presently pursued in Ukraine, actually rules out defining of strategic partnership. Declaring every country visited by Ukraine's top leaders to be a strategic partner is ridiculous. This tendency only cheapens Ukraine's image before the global community as an independent country.

This will surely manifest itself in difficult times, as only a true strategic partner can help and defend our state, not a fickle companion within a multiplicity of indistinct vectors.

Proceeding from the above, **I believe that Ukraine has not established strategic partner relations with any foreign country.**

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

First of all, we should learn the thousand-year long history of our own country, and not attempt to reshape it immediately. **A deep analysis of achievements and losses should be made, and general problems should be admitted and detailed. An unbiased conclusion will recommend that Ukraine should recognise Russia and Belarus as its strategic partners.** For "love to be mutual", all the problems that have arisen between our countries should be thoroughly examined, a clear-cut plan for their resolution worked out, and honest, open relations should commence. We will not be seen as strategic partners without this becoming reality.

If mutual understanding is achieved, strategic partners must become the focus

of foreign policy planning, and maximally substantive and beneficial relations the aim of such planning.

I am sure that Ukraine will not lose but will rather win if it does not chase after everyone but openly finds its place and builds a normal foreign policy: normal, friendly partner relations will be established with all other countries. This does not imply Ukraine forgetting its own interests or losing its dignity. ■



*Group
"Revival
of the Regions"*

Oleksandr VOLKOV

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

I believe that the main one was formulated as far back as late 19th century by then Prime Minister of Great Britain William Gladstone: "The basic principle of my foreign policy is good governance inside the country".

Indeed, one can academically name all the fundamentals of strategic partnership: durability, comprehensiveness, its resting on a wide range of common geopolitical and economic interests... However, there exist seemingly subjective factors, which are objectively decisive. I have in mind internal self-identification and one's perception of their place in the world. How can long-term ties be built with anyone, without your having determined your needs?

This inability to determine and explain to partners what Ukraine wants in this historic epoch is the first obstacle for our country in establishing strategic co-operation with foreign states. Let me cite an example. It is no secret that our geographic neighbours view Ukraine, to a great extent, as a giant transit module for energy resources, if we name a spade a spade. This issue was discussed at the latest meeting of Ukraine's National Security and Defence Council. Many countries of the world can only dream of such an advantageous geo-economical status. Only one element is missing: working out a clear stance on this issue. And strategic partners will come themselves, especially at times when the OPEC position makes both Europe and Russia so interested in unimpeded transit of energy resources.

Meanwhile, our Government rushes back and forth from concession to privatisation and back, and so readily paint in their morbid (this is the right word) minds pipelines across the bottom of two seas, so cynically force and exhaust an entire branch of the economy in order to repay their own business debts to the Russian side, so shamelessly juggle figures for this,

that there are no grounds to hope for strategic partner relations with anyone. Such "strategic partners" can only love and leave, as a proverb says.

2. With what countries Ukraine has true strategic partner relations?

With none. This is my deep conviction. I believe that the answer to the first question explains why. How will Russia build a strategic partnership with a neighbour, which is stealing its gas? Which, in the person of some irresponsible politicians and officials, declares its orientation toward military-political blocs that oppose Russia? Why those declarations of high-ranking Government officials that brought nothing for some declared "Ukrainianisation" but surely irritated Russia? The President recently had to initiate long-standing changes in the Government, but why didn't the head of the Cabinet of Ministers do this? The inadequacy (political, personal and professional) of certain persons in the Government hit (and is hitting) the eye.

Our Government keeps telling the West about market reform and cherishes hopes for strategic partnership, but it is deeds that matter for the West. These encompass "manual control" of the fuel and energy complex, and the proposed reform of budget relations intended to introduce a budget "reign" of the Government. A telling fact: Ukraine moved seventeen positions down over the year in the index of economic freedom and occupied an "honourable" 133rd place among 155 countries of the world. This rating was prepared by the *Heritage Foundation* of the USA jointly with the *Wall Street Journal*. The *Heritage Foundation* explains Ukraine's setback by 17 points by the Government's trade policy, tax pressure and state interference with the economy.

And what democracy can we tell the West about, after it saw well, how the present Government was formed, privately, in fact by a single person? Why then wonder at its "lame" performance? It's hard to expect from the West a lust for strategic partnership, given the present internal situation in Ukraine.

I would like to caution against too serious a perception of the pro-Ukrainian rhetoric of the Polish leadership. As soon as it is offered compensation for the loss of revenues from trade with Ukrainians (valued at \$4 billion), this leadership can readily forget its oaths of eternal strategic friendship. In policy, there is no eternal friendship and eternal partnership. There are interests only.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

As is clear from the answer to the previous question, one can hardly speak of any intensification. A sober position would mean the creation of conditions for strategic partnership both with the West (first of all, Western and Central Europe, and the U.S.)

and Russia. By the way, African, Asian and other states should also be on this list. This is possible only on the condition of a clear formulation of priority national interests and ambitious work of the executive and legislative branches in securing those interests, which present a concentrated expression of the interests of citizens inside and outside the country. For this to occur, internal ailments that I mentioned must be cured. "Healer, heal yourself!" This must occur so that the positive impulses generated by President Leonid Kuchma do not encounter the above-mentioned obstacles. Unfortunately, high-ranking Government officials too often erect those. And this should be the subject of a separate, very serious discussion. ■



Faction
"Reforms - Congress"

Oleksandr YEMETS

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

I am a politician, not a diplomat. Perhaps, for this reason I don't consider the term "strategic partnership" appropriate, since distinguishing "strategic" partner countries immediately puts the rest into the category of "tactical" (secondary, momentary, etc.), and this role can hardly be accepted by any country.

However, despite such a lame term, the questions asked are essentially important. As far as the principles of building strategic partner relations are concerned, I would answer in the following way: **Ukraine's relations with strategic partners must be based on the same grounds on which the relations of the European Union countries are built — primarily, on transparency and equal co-operation in all sectors of interstate relations over the long term.**

It is clear that prerequisites for such a partnership (for each partner) include:

- ❖ **predictability and stability of the political system and foreign policy course of the country.** Unfortunately, so far we have failed to give the international community serious grounds to view Ukraine as a country possessing such properties;

- ❖ **an adequate level of economic development that would not allow the other partner to be "more equal".** In this respect, Ukraine's possibilities for co-operation with developed countries remain limited;

- ❖ **mutual trust.** Here, it is enough to recall the case of Pavlo Lazarenko, or the level of corruption of our officials. No comment.

It is obvious that by these parameters Ukraine is insufficiently prepared at the present time for the role of strategic partner of developed countries.

2. With what countries Ukraine has true strategic partner relations?

Unfortunately, **Ukraine does not have any strategic partners yet.** It can only be stated that relations with some countries, such as **Poland, are moving in this direction. Elements of strategic partnership exist in Ukraine's relations with the U.S.** However, the first reason for this lies in the U.S. desire to create an advantageous geopolitical situation for itself, and Ukraine has been assigned an important role in this regard.

Ukraine badly needs a strategic partnership with Russia, but, despite loud-voiced declarations, the absence of above-mentioned preconditions in both countries gives no grounds to view our states as ready for strategic partnership.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

A detailed list of such measures (of both an internal and external nature) would be too long and should hardly be drawn at the present moment. **The key issue to be resolved first is Ukraine's transformation into a state that other countries would like to see among their strategic partners.** ■



Faction
People's Democratic Party

Oleg ZARUBINSKYI

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

Strategic relations describe, first and foremost, not the form, as is often presumed, but rather the level, or, more exactly, the status of interstate relations, or the upper limit jointly reached, or set as a goal to be achieved by the partners.

Strategic relations are primarily bilateral relations. If one of the parties keeps repeating emphatically that another party is its strategic partner, this would mean wishful thinking. This is as if halvah but, unlike halvah, not sweet.

These relations should also be equal. If one of the partners, for one or another reason, materially depends on the other, a question arises as to who is formulating strategy, and who is following as a "partner".

Strategic relations should also be mutually beneficial. Otherwise, who needs such a strategy? To be sure, nothing is

perfect, but when one of the parties uses partnership as a pretext for fleecing the other, or employs its advantages (political, economic, environmental, information, military or any other) to resort to discriminatory actions against the partner, or making ultimatums, this is a mere exploitation covered by the fig leaf of so-called strategic partnership.

On the other hand, in policy, as well as in sports, there do objectively exist different weight classes. Attempts to enter the premiere league without achieving the norms of a young athlete, although laudable, seem shady. When declaring strategic partnership, one must take into account one's ability to be an equal and good partner, in particular, a strategic partner.

As we see, strategic relations can be declarative or formal, and they can be real, even when not declared. One or another leader's proclaiming interstate relations "strategic", and even fixing such a level of relations in relevant treaties and documents does not automatically turn such into a reality.

This may sound paradoxical but a multiplicity of strategic partners may mean an absence of strategy in a state's foreign policy practice. Strategic partnership, if declared, should be transparent, predictable, honest and effective.

2. With what countries Ukraine has true strategic partner relations?

I cannot be too categorical when speaking of "true strategic partnership" at the present stage. As we have already mentioned, I would like to see it equal, mutually beneficial, transparent, predictable, honest and effective. I would envy the politician who dares give an affirmative (and well-substantiated) answer to the question of whether all these basic elements are present in relations with any one foreign policy partner of Ukraine. However, under any circumstances, we may not have doubts as to our European choice; nor may we take lightly relations with the U.S., Russia and other neighbours. The only criterion on our part for establishing and assessing strategic (and any other) partnership should be Ukraine's national interests, the interests of our people and the state.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

Not too much is needed: to have a healthy, fairly independent economy, and to look before we leap. Being an active, desired and reliable partner means not less but maybe even more than our entire "vast potential" so much advertised. Self-discipline in relations always strengthens confidence. If such "spiritual reform" were to occur at all levels, all other endless reforms would become unnecessary. ■



Faction
*Social Democratic
Party of Ukraine
(United)*

Olexandr ZINCHENKO

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

The building of strategic partner relations between Ukraine and foreign countries should proceed, first and foremost, from the **principle of long-term expediency or importance** of interaction, primarily in the political, economic and military domains. When defining strategic partner countries, one should not view them exclusively as Ukraine's strategic allies.

The **principle of reciprocity** is extremely important for building strategic partner relations: both countries should announce their readiness to advance relations with each other proceeding from such a level of bilateral co-operation, otherwise the proclaimed strategic partnership will remain a baseless and ungrounded declaration.

Another weighty element of strategic partnership is **the principle of exclusivity**. This presumes confirmation of the exceptional character of relations between the two countries in relevant bilateral documents.

2. With what countries Ukraine has true strategic partner relations?

Taking into account the above principles, the following countries may presently be named true strategic partners of Ukraine: **the Republic of Poland, the Russian Federation, Georgia** and, with some reservations, **the United States of America**.

In the future, this list can be extended to add the Baltic region countries, and Central Asia, and the Federal Republic of Germany — in an integrating Europe.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

The practical side of the declared strategic partnership between Ukraine and those countries is of critical importance. First of all, a separate bilateral document should elaborate the essence of such a level of co-operation. Plans for co-operation between the two countries in specific fields and on various levels should be worked out.

Special interstate commissions for bilateral co-operation should be created, or, where such commissions exist, their meetings should become regular (exam-

ples of such an approach are seen in the work of the U.S.-Ukraine Bi-national Commission (The "Kuchma-Gore Commission"), the Strategic Group for Ukrainian-Russian Relations, the Ukrainian-Polish Consulting Committee).

Special attention should be paid to expanding bilateral contacts on the non-governmental level. Apart from scientific, cultural, educational, sports, etc. exchanges, we suggest that co-operation between those political forces in both countries sharing a common ideology, and between kindred religious confessions might be fruitful.

The Social Democratic Party of Ukraine (United), for its part, actively takes advantage of all available possibilities for co-operation with political forces of a social-democratic orientation in the context of Ukraine's strategic course toward European integration. ■



Faction
*Ukraine's
People's Rukh*

Yuriy KOSTENKO

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

Formally, strategic partnership is built on the principles of mutual interest in long-term co-operation. Therefore, it should be based on strategic interests of the state.

However, strategic partner relations cannot be established without defining one's own strategic targets; without forming and clearly formulating its interests, a state cannot determine its strategic partners. In other words, **effective strategic partnership requires, first and foremost, the definition of national strategic priorities, as well as the mechanisms for securing these priorities**. Only then, proceeding from said priorities and methods of securing them, should a strategy of co-operation with one or another state be formed.

Without such preparatory work, without dotting one's "i's", strategic partnership remains just an empty phrase.

2. With what countries Ukraine has true strategic partner relations?

The strategic goal of all countries is creating conditions for long-term effective development. On the other hand, a nation can make progress when it resolves a number of problems important to the functioning of its economy. For instance, a key problem for any country is the problem of

energy supply. For this reason, the U.S. has Israel as its strategic partner, since huge deposits of energy resources (oil, gas) are concentrated in the Middle East. In this way, the U.S. builds relations with Middle East countries proceeding from the need for long-term and stable supply of energy resources for its economy.

The same can be said about Ukraine. In order to resolve the problem of energy supply, Ukraine should define the regions and the countries that would allow it to ensure uninterrupted supply of energy resources. Today, Russia's energy resources are rapidly exhausting, and priority should be attached to countries possessing greater potential deposits of energy resources, meaning not only the Middle East but also the Caspian region.

Another target that should form the basis of strategic partnership and serve as the backbone of our international relations is the rapid growth of Ukraine's economy and the standard of living. The shortest way to this end is integration into the European Union. In order to secure this strategic target, Ukraine should determine a key country, or a number of countries that will enable it to move this way in the shortest term, with maximum economic gains.

The third target is Ukraine's accession to the system of regional and global security, which would allow a significant reduction of defence expenditures and reliable protection of our national interests. Again, to secure this target, Ukraine should determine a number of countries whose assistance in this domain will produce the best results.

These three groups of problems will influence how we formulate strategy for defining Ukraine's strategic partners. **Without formulation of strategic targets, we will never manage not only to build strategic relations but also to determine strategic partners**. For this reason, naming concrete countries without having set a strategic target is political nonsense.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

I believe that **Ukraine should first of all determine the directions of its long-term policy**. So far, this has not been done. So it's no wonder that today we proclaim the names of countries, whose interests are remote from Ukraine's aims, as our strategic partners.

Let me reiterate: **Ukraine must clearly formulate its strategic intentions**. They should not be dependent on changes in the country's leadership. This means that a clear goal must be set and only then can we work to secure this goal via co-operation with other countries on the basis of strategic partnership. Without such priority political targets, we will be doomed to have strategic partners on paper only, and not in reality. ■



Faction
Green
Party of Ukraine

Serhii KURYKIN

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

Proceeding from the essence of the term "strategic partnership", we should note that such **relations should be, first and foremost, equal**, since the very notion of partnership presumes equality of the parties. Therefore the decisions taken within the framework of interaction of strategic partners should be not a result of painful compromises more or less acceptable for one or the other party but a product of joint efforts built on the basis of consensus.

The essence of the term "strategy" **behaves us to take account of the long-term national interests of the respective parties**. The actions of strategic partners should be aimed at intensifying positive (and neutralising negative) factors influencing bilateral relations, and at the formation of an international legal, political and economic environment favourable for national priorities. This is possible only on the condition of stability of interaction on a broad range of issues of common interest and/or of global importance.

2. With what countries Ukraine has true strategic partner relations?

Real harmonisation of national interests is the stumbling block in relations with most countries that rushed to declare their strategic partnership.

Disparity in Ukraine's relations with such "strategic partners" as **the Russian Federation or the United States** is primarily conditioned by commonly known objective circumstances. On the one hand, these are the unique geopolitical characteristics of Russia, its role as the main supplier of energy resources to Ukraine, its military presence on Ukraine's territory, etc. On the other hand, we have the *de facto* uni-polarity of the approaching new world order, and the economic and military-political "weight" of **the U.S.**, its decisive influence on global and certain regional developments, apportioning of financial resources between international institutions, etc.

Both countries are guarantors of security for non-nuclear Ukraine. In fact it was the latter's nuclear disarmament that stimulated strategic co-operation in the mentioned above "non-equilateral" triangle. Giving up nuclear arms was a justi-

fied and only rational decision, but Ukraine failed to gain real political and economic benefits from it (though this was quite achievable), and turned into a kind of hostage to **Russian and American** geo-strategic interests.

Our country's relations with **Russia** are basically marked by contradictions and, paradoxically, not intrinsically by "partnership". Since the break-up of the Soviet Union both countries have been solving mutually exclusive problems. Ukraine is attempting to establish itself as an equal member of the world community, and to secure its national interests and the irreversibility of its nation-building processes. Meanwhile, Russia is trying to establish itself as a great power, and not merely as the legal successor to the USSR. It is striving to assume as much as possible of its former supranational role, at the least, to exert decisive political and economic influence on the former Soviet republics. Direct and indirect evidence of the correctness of this assessment of Russia's position is presented by analysing military-political documents adopted by the Russian Federation over the last decade; the nature of problems emerging in its relations with other post-Soviet countries; trends in Russia's initiatives within the framework of the CIS; its approach to settling problems of legal succession of assets and foreign debt of the USSR; elements of artificial provocation of conflicts in relations with NATO, and so on. Throughout the entire post-Soviet period, Russia has demonstrated a tendency toward expansion (first of all, economic) and towards retaining a military presence on the territory of other countries. Unfortunately, its "strategic partner" Ukraine is not an exception.



U.S. attention to Ukraine is conditioned not so much by the latter's constructive foreign political course but rather by its geopolitical location. Significant political and financial support for Ukraine is, first of all, a means of dulling Russia's influence, and forestalling Russia's political and economic expansion in the region.

Therefore, for **Russia and the U.S., Ukraine is, in fact, not a strategic partner, but an object of strategic interaction between these two countries**. Consequently, it would be more correct to term Ukraine's relations with them not as 'strategic partnership', but as 'strategic interaction' conditioned by the geopolitical peculiarities and strategic dependences of Ukraine.

The term **"strategic partnership" generally matches the character of relations between Ukraine and the Republic of Poland**. Their ties are based on geopolitical interdependence, a correlation of national interests and economic potentials, as well as cultural and historic kinship. These relations in practice have already demonstrated the ability of both partners to form a common position rather than simply modify imposed models.

In practice, Ukraine's relations with other countries, which were earlier on declared strategic partners, have been marked by episodes of strategic interaction, but it would be premature to conclude that "strategic partnership" has been practiced all around in the full meaning of the term.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

The effectiveness of foreign policy in general and partner relations in particular is strictly determined by the internal political and economic specificity of Ukraine. **The invariability of values pursued by society, stability and reasonableness of development priorities, the conformity of declarations and practical deeds, clarity in the formulation of national interests (in other words, the level of "national self-identification") are just a few factors that condition the acceptance or non-acceptance of Ukraine by real, formal and potential "strategic partners"**.

Ukraine, in its turn, should not be indifferent to similar characteristics of partner countries. Models of state governance, and social and economic relations of "strategic partner" nations should be similar to those existing in Ukraine (especially in this era of broad acceptance of pan-human values and globalisation). Otherwise, Ukraine's long-term relations with such states will have no foundation and no future.

It would be helpful to abide by maximalist principles in assessing potential strategic partners, and would fill such partnerships with practical substance, impart them with effectiveness and deprive them of simple "time-serving". At the same time, the very list of "strategic partners" of Ukraine would be radically changed... ■



Faction
Socialist
Party of Ukraine

Olexander MOROZ

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

The basic principles of Ukraine's foreign policy are thoroughly described in the new edition of the Programme of the Socialist Party of Ukraine and the draft law "Basic Fundamentals of Ukraine's Domestic and Foreign Policy" submitted for consideration of the Verkhovna Rada by the members of our faction. Their essence focuses on the following:

❖ **the main aim of foreign policy is to ensure the sovereign foreign economic interests and security of Ukraine;**

❖ **foreign policy should be based on solidarity with all democratic forces in the world** that share the principles of social justice, democracy, humanism, and that prefer constructive resolution of global problems, abidance by the principle of equal rights for all countries and their shared equal responsibility for peace and security in Europe and the entire world;

❖ **transparency should be one of the basic principles of foreign policy**, ruling out the practice of "secret diplomacy" and requiring prior expert examination of draft foreign policy documents through broad coverage and discussion in the mass media.

In the above documents we also envisage:

❖ Ukraine's participation in the ongoing formation of pan-European civilisation via integration into this civilisation in conjunction with other East and South Slav nations;

❖ Ukraine's active participation in the preparation and holding of an interstate meeting devoted to security and co-operation in Europe in the first quarter of the 21st century;

❖ participation in the formation of international peacekeeping forces under the auspices of the UN and OSCE; enhancing the status of pan-European structures (EU, CEI, Black Sea Economic Co-operation, etc); and including these in the resolution of European security and co-operation issues;

❖ more effective integration into international structures, particularly inter-parliamentary organisations.

We see the geopolitical prospects of our country in establishing Ukraine as a

link between the West and the East. Furthermore, I would like to stress that Ukraine should initiate mutually beneficial, equal and large scale co-operation with all countries of the world.

2. With what countries Ukraine has true strategic partner relations?

The choice of strategic partners on the international stage depends on a great many economic, political, temporal and other factors, so the question of true strategic partners sounds somewhat incorrect. As we have already mentioned, **Ukraine should further large-scale mutually beneficial co-operation with all countries.** Each of them can be of interest for us from one or another standpoint. The Socialist Party of Ukraine considers it necessary to implement a truly multi-vectored foreign policy that would defend Ukraine's interests where they exist. Simultaneously, we must not lose sight of the fact that historically **our relations with Russia, Belarus and other neighbours have been and should remain a priority.** We suggest creating an optimal model of ties on both bilateral and multilateral bases with the countries of the CIS, Europe and other regions of the world; intensifying relations with the countries of the Middle East, Africa and Latin America; and enhancing market access for our goods and services there.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

Strengthening of both strategic and casual partnership with any country of the world on the above fundamentals requires, **first and foremost, stabilisation of national economy**, and since in today's Ukraine the economy presents a concentrated manifestation of politics, political stability is yet another necessary precondition. Of late, Ukraine has been occupying "leading positions" in international ratings of official corruption. Such an image gives rise to negative attitudes toward our country on the part of the international community. Therefore, in order for us to dictate our conditions for co-operation, we must resolve our internal problems, of which there are far too many. The following ones are among the most pressing:

❖ structural rebuilding of the economy, its transformation into a potent and flexible science and technology system with great export potential, which would ensure active accession to the global market; revival and development of promising energy — and material-efficient sectors of industry, the development and integration of cutting edge global technologies; intensive use of Ukraine's transit capacities;

❖ establishment of a market infrastructure; limitation of monopoly structures through financial and economic reg-

ulation; legislative support for the removal of intermediary structures that gained monopoly status and grew by violating the law and in a generally criminal atmosphere; allowing space for the development of medium and small business through reasonable limitation of taxes and reduced regulatory burdens; stabilisation of the legal environment; adoption of the tax and budget codes;

❖ pursuance of a balanced domestic policy; decreasing the external and internal debt; restoring the population's purchasing power;

❖ establishing a favourable investment climate attractive for foreign investments;

❖ encouraging competitiveness of domestic products (in terms of price, quality, environmental safety, marketable appearance, compliance with global standards, scientific and technical progress, etc.); increasing Ukraine's export potential; and simultaneously balancing the volume and commodity structure of exports and imports;



❖ removing obstacles for exports; eliminating internal boundaries within Ukraine; simplifying customs formalities; cancelling limitations on the use of foreign currency earned or spent during foreign trade operations;

❖ implementation of a well thought-out system of import certification; implementation of international agreements on recognising a single system of standardisation and certification; optimal adjustment of import duty tariffs;

❖ fighting crime, especially corruption; making practicable laws that would remove the possibility of large-scale machinations in the banking and finance sector;

❖ liquidating the dictatorship of the ruling clans.

These measures are impossible without the agreement and co-ordination of actions and efforts of all branches of power and political parties. Such co-ordination is possible only through the replacement of the present principles and methods of state governance in Ukraine with democratic, lawful and transparent ones. ■



Faction
*Communist
Party of Ukraine*

Petro SYMONENKO

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

Ukraine's strategic partner relations with foreign countries should be based on the principles of equality, mutual respect, non-interference in internal affairs, abidance by the principle of national sovereignty, mutually beneficial co-operation, a refusal to permit the dominance of ideology over trade and economic relations, mutual encouragement at employing the benefits of international division of labour, voluntary collaboration, absence of real foreign political alternatives to alleged strategic partnership, strict observance of reasonable mutual commitments, socio-cultural kinship and similarity of socio-economic systems of the concerned parties.

The decisive criterion for building strategic partner relations between Ukraine and foreign countries is that this partnership corresponds with the national interests of the Ukrainian people. In the universal dimension, there are global, regional and national levels of national interests. In correlation with other countries, national interests can be divided as mutually acceptable, parallel, neutral and confrontational. On a historic time scale, they can be adjusted depending on the situation, time, historic moment, etc.

At the same time, national interests enclose the chief goals of society; the most important of which presently is the national survival of the Ukrainian people.

2. With what countries Ukraine has true strategic partner relations?

In my opinion, one should note the common task of national survival for the majority of the CIS countries. We can say that the unity of our common long-term interests and aspirations has already been formed within the context of this task.

The central strategic partner of Ukraine is Russia — both literally and in a broader context, as an integrating symbol of strategic partnership with other CIS countries. Despite the artificial blocking of this process, our economic systems, divided by the [1991] 'betrayal in Belovezhskaya Pushcha', are still mutually complementary and share a high degree of mutual affinity. Despite the obstacles erected by market reformers, **Russia** remains Ukraine's leading trade and economic partner, and the markets of **Russia** and other CIS countries are the main areas of realisation of our productive efforts.

This means that **the primary need of our strategic partnership lies in the restoration of everything that has been ruined by "perestroika" and "reforms"**. In the 1990s, the well-known French economist J. de Bernisse strikingly termed the scale of the economic disaster provoked by overseas advisors to domestic reformers. He wrote: "It was necessary to be so excessively insistent in the desire of ruining everything available, to give advice to pursue policy so contrary to accumulated historical and theoretical experience".

Exactly for this reason, today, the priority common strategic targets include the containment of the disastrous consequences of the USSR's disintegration; salvation of the CIS sustenance system; containing the decline in goods and services production; stopping human degradation and the degradation of science and technology; and opposition to the collapse of the Armed Forces.

Only after the solution of the above tasks may one properly raise the issue of collectively joining the world economy, as an equal partner, and not as a source of raw materials for the developed countries.

Common strategic interests in the field of restoration of the integral economic complex of Ukraine, **Russia** and other CIS countries are closely interwoven with the no less important problem of social and cultural revival of our peoples, since any strategic contingency means not so much a simple organisation of interaction of economic and social structures as the interaction of living social organisms with a creative potential.

Restoring the system of objective cultural and civilisational foundations upon which our social communities are based is a natural need of our peoples, and the patriotic duty of CIS governments.

I believe such is the reality of the horizons of Ukraine's strategic partnership with other countries. It is a lasting community of strategic interests that gives birth to strategic partnership, and not the other way round, as it has been up until recently, where declarations of strategic partnership were meant to achieve true co-operation.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

To intensify Ukraine's strategic partnership with Russia and other republics of the CIS, the following priority measures must be taken:

- ✧ achievement of concrete agreements as to the short, medium and long-term targets, tasks, spheres, objectives, directions and forms of co-operation; identifying powers assigned for common administration;

- ✧ definition of the levels and stages of implementing agreed economic, social and cultural policy; creating proper institutional and legal instruments for its implementation;

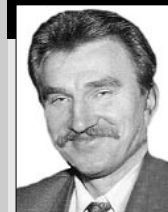
- ✧ removal of existing obstacles to trade, economic, scientific and technical co-operation, as well as cultural and spiritual interchange; creating conditions for the introduction of a single regime of economic interaction;

- ✧ development and implementation of a set of urgent measures that would effectively counter the ruination or deterioration of the bases of domestic industry;

- ✧ synchronisation of approaches toward the establishment of an integrated economic space;

- ✧ all-round encouragement of efforts aimed at restoring severed economic ties and at their diversification;

- ✧ providing special terms and procedures that would guarantee a voluntary termination of mutual obligations by either party. ■



Group
"Solidarity"

Mykhailo SYROTA

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

The term "strategic partnership" began to be used in the context of interstate relations within the CIS. Today this term remains somewhat uncertain and is used when the distinctive, exceptional character of relations needs to be stressed and encompass not one separate sphere of interstate relations but are in line with the long-term interests of two or more countries.

The fundamentals of strategic partnership should be based on comprehension of mutual long-term interests, non-interference in each other's internal affairs, economic interest and mutual respect.

2. With what countries Ukraine has true strategic partner relations?

Today, one can speak only about Ukraine's interest in establishing strategic partner relations with **Poland, Russia**, the EU countries (in particular with **Germany, France, Great Britain**) and the **U.S.** However, declarations about the existence of comprehensive partner relations with certain countries are premature.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

Unfortunately, the mentioned countries, with the possible exception of **Poland**, can be interested in Ukraine, first of all, as a territory for transit, a range for siting hazardous industries, an export market, a source of raw material and of qualified and inexpensive labour force. **Equal strategic partnership will become possible**

only through intense development of science-intensive high-tech industry in Ukraine, as well as the obtaining of export quotas by Ukrainian manufactures and agricultural producers selling their goods on the international market.

It is also necessary to simplify customs and border crossing procedures by citizens of potential strategic partners as much as possible. A truly favourable investment climate should be created in Ukraine, and priority should finally be given to the principles of predominance of human rights, division of power, modern parliamentarism and local self-administration. ■



Faction
*People's Rukh
of Ukraine*

Hennadiy UDOVENKO

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

Ukraine's perception of the process of forming the contemporary "multi-polar" world determines the character of its foreign policy as "multi-level", and manifests the foundations upon which our country is participating in the building of a new and harmonious system of international relations.

2. With what countries Ukraine has true strategic partner relations?

European integration is already transforming post-communist European countries in a constructive manner. Ukraine is one such country. The experience of our closest neighbours (such as Poland, Hungary and the Czech Republic) points us toward integration into European and Atlantic structures. For this reason, **Ukraine's strategic partnership as it relates to full-scale implementation of our European choice is viewed through the prism of regional co-operation in regions that are a strategic priority for our country.** Those include the European Union, Central Europe (Poland, the Czech Republic, Slovakia, Hungary), the Balkan countries, the Danube basin, and the Baltic-Black Sea and Adriatic regions.

A special task of foreign policy of Ukraine within the framework of strategic partnership lies in resolving disputes in relations with **Russia.** Proceeding from principles of mutual recognition of independence, inviolability of borders and non-interference in internal matters, the best way to guarantee the normalisation of relations is via the mechanism of bilateral treaties. Here we ought to proceed from the fact that the earliest resolution of political, property and financial disputes with **Russia** is possible only by raising Ukraine's solvency and strengthening the economic independence of our state.

Ukraine's international activity in the post-Soviet geopolitical space is also strategically

important. Our country should advance all-round political, economic, cultural and scientific relations with the CIS countries. Mutually advantageous partner relations should be furthered with **Moldova**, as well as the Caucasus and Central Asian states. We should co-operate with subjects of the Russian Federation, including **Tatarstan, Ichkeria, Ingushetia, Yakutia-Saha**, and so forth. Political, military and economic ties with GUUAM member countries should be further strengthened. Ukraine's growing initiative within GUUAM was demonstrated during the Millennium Summit of the United Nations General Assembly, at a special meeting of the members of this bloc.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

Ukraine's active co-operation with the countries of the Middle East, the Pacific Rim (Japan, Indonesia and others), Latin America (Brazil, Argentina) and Africa looks promising as well with respect to strategic partner relations. Establishing ties with "Third World" countries is also of strategic importance for Ukraine, since these countries are potentially important suppliers of energy resources and raw materials, and present a promising market for Ukrainian goods.

Important for Ukraine is deepening co-operation with NATO on the basis of the Charter on Distinctive Partnership between Ukraine and NATO. **The People's Rukh of Ukraine believes that Ukraine should file an application declaring its intent to join NATO.**

Finally, I would like to mention the exceptional character of Ukrainian-United States relations. **The U.S.,** as a long-time world leader with a democratic society, simultaneously acts as the sole centre of the "unipolar" world. This is why the priority space allotted Ukraine in U.S. foreign policy doctrine is well received in our country. Strategic partnership between Ukraine and **the U.S.** should evolve taking into account the entire spectrum of Ukraine's national interests, on the basis of an elected "multi-polar" concept of international co-operation. ■



Faction
"Yabluko"

Alexandr CHARODIEIEV

1. On what fundamental principles should strategic partnership of Ukraine with other countries be built?

The basic principles should include:

✦ **preserving the country's territorial integrity and security, ensuring a high level of Ukraine's development and maintaining inter-ethnic and**

inter-confessional peace inside the country;

✦ **preserving highest priority ties with Eastern Slavic countries, Russia and Belarus, and maintaining the best possible relations with Orthodox Christian countries;**

✦ **expanding and strengthening ties with countries rich in energy resources — gas and oil.**

One should not forget that Ukraine is a maritime power. This means **special relations with countries active in maritime trade, possessing an infrastructure of seaports, and developing oil and gas deposits on the maritime shelf.** Strategically, this means close co-operation, scientific, technical and technological **collaboration in the exploitation of mineral resources at the bottom of the world's oceans**, including iron, cobalt, molybdenum, and other strategic metals, which may soon become deficit resources in Ukraine thus endangering Ukraine's resource independence.

2. With what countries Ukraine has true strategic partner relations?

Ukraine pretends to maintain strategic relations with the United States and Russia. In reality, they cannot be termed as such, since relations with the U.S. are not equal. Ukraine finds itself in a subordinate, dependent position. Relations with Russia remain undeveloped due to the shortsightedness of some Ukrainian politicians and the reluctance of the U.S. Uncertainty along these two main political vectors leads to unstable strategic aspirations in relations with other countries, especially those within the Russian or American spheres of influence.

3. What measures should be taken to intensify the strategic partnership of Ukraine with these countries?

As a result of honest elections and referendums, the political leadership of the country (and, desirably, the entire society) should finally clearly decide the priorities and directions of nation building. In Ukraine, a think tank should be created that, proceeding from clearly defined strategic national interests, will analyse Ukraine's foreign political and foreign economic relations. This should be done on the basis of the information supplied by all agencies and structures dealing with foreign countries and external relations.

The young state should promote its interests in an aggressive, expansionist, almost imperial manner, since after a lost decade of "Ukraine-building" a spot at the table in today's world can be won only through the concentration of intellect, will and power in the top echelons of the Government. ■

1.5 THE ESSENCE OF STRATEGIC PARTNERSHIP

The application of the term "strategic partnership" in Ukraine's foreign policy practice is largely complicated by the absence of norms for codifying this notion in international law, and its poor theoretical substantiation in Ukrainian Political Science¹⁵.

This subsection formulates the fundamentals that, in the opinion of UCEPS experts, should be employed in building strategic partner relations. These fundamentals were developed on the basis of international practice and the views expressed by experts and MPs.

Fundamentals of strategic partner relations

In contrast to *normal* bilateral relations used to achieve local (tactical) goals or to establish co-operation in a specific field of activities, *strategic partnership* is intended to achieve long-term strategic goals of mutually vital importance to the partner countries, and which are achieved via bilateral co-operation by precisely these countries.

Strategic partnership between countries is determined by durable economic, military-political and other factors of vital importance for the two countries. The best historical examples of strategic partnership (USA-Japan, USA-Israel, Great Britain-The Netherlands, Russia-Belarus, Russia-Armenia, etc.) have been based on such factors.

Strategic partner relations presume a special type and status of relations, i.e., deep inter-state ties not in just one, but in several important domains.

Strategic partnership is based on geopolitical interdependence, and sometimes on the geographic and cultural-historical proximity of two countries. In some instances, the search for strategic partners is conditioned by a nation's desire to become a regional or global leader. For instance, Russia is attempting to strengthen its positions by deepening relations with India and China.

The dynamism of strategic partnership depends on the availability of resources, since there is a strict correlation between the state of domestic affairs and the limits of the possible in foreign policy. Resource limitations do not allow a country to advance strategic partnerships with many states at a time. Every country must set priorities.

Strategic partnership can be built only after a state formulates its own strategic goals. Lacking such a formulation, a country cannot properly define its strategic partners.

No one country can have many strategic partners at any given time, as doubts will arise as to whether that country possesses a clearly defined foreign policy strategy. Inconsiderate proclamation of strategic partnership may result in a negative reaction by states that maintain (or intend to establish) truly strong bilateral relations with the state in question.

The strategic goals of co-operation within the framework of strategic partnership should not depend on changes of leadership in both countries. Hence, the fundamentals of bilateral relations should be fixed in bilateral framework agreements and reliable mechanisms for co-operation should be created. Such co-operation should cover the non-governmental sector and involve broad segments of the public.

Preconditions for establishing strategic partner relations

In order for there to be any possibility of establishing strategic partner relations, there must exist strategic goals in foreign policy which are of fundamental importance for the partner countries; those are not attainable within the framework of ordinary bilateral relations, and can be secured only by raising them to a higher level — that of a strategic partnership. Such strategic goals may include:

a) supplying the national economy with critical resources — energy, commodities, finance, etc. Given the character of modern industry, priority positions are reliability of energy resource supplies (where possible from diversified sources), and access to high technologies;



¹⁵ Attempts at formalising the idea of strategic partnership and defining its essence are made in just a few publications. See, inter alia: *Ukraine - 2000 and Beyond: Geopolitical Priorities and Development Scenarios*. — Kyiv, 1999, p.7-142; Kononenko S. Theoretical Aspects of Strategic Partnership. — *World Policy Research*, 1999, 8th edition, p.16-25; Lysytsyn E. Strategic Partnership Is a Modern Idea. — *Viche*, 1999, No.2, p.32-43; Tarasyuk B. Practical Experience of Strategic Partnership Goes Ahead of Its Theory (the article is published in this issue).

b) **reliable and uninterrupted access to vitally important regions.** This has to do with establishment of steady transport routes that would guarantee the movement of people, capitals, goods and strategic raw materials. It's not difficult to predict that with the deepening of economic globalisation processes, the development of strategic partner relations will be increasingly influenced by transportation and communication factors;

c) **collaborative efforts in resolving security problems.** Possible economic and political support from a strategic partner, as well as military assistance in the event of a threat to the national security is also important. Reliance on a strategic partner allows a state to significantly cut defence expenditures and simultaneously protect its national interests.

Potential partner countries' common views and approaches to the fundamental problems of global policy, as well as global and regional developments. Here, it is not only the positions of the authorities that matter, but also the stance of the public in both countries. Significant differences in the political views and value systems of the political elites and populace of partner countries impose objective limitations on the parameters of strategic partnership, depriving them of public support. It is a community of strategic interests that gives rise to strategic partnership, not vice versa, when proclamations of strategic partnership are intended to achieve a qualitatively new level of interaction between the two countries.

The necessity of counteracting common challenges and threats such as organised crime, illegal migration, arms and drug trafficking, aggressive separatism, terrorism, and large-scale environmental hazards, can also serve as one of the bases for strategic partnership.



The principles of building strategic partner relations

1. Mutual interest of the partners in fruitful co-operation, bilateral recognition of the strategic nature of their partnership. Joint actions of strategic partners should be aimed at intensifying the positive and neutralising the negative factors that influence bilateral relations. They must also help to form an international legal, political and economic environment that would be favourable for attaining common strategic goals.

The practice of relations should demonstrate strategic partners' ability to work out a common position. *The common interests of strategic partners* should be clearly outlined, so that both parties understand the essence and targets of co-operation in an identical or similar manner. It is worth identifying the list of problem issues in bilateral relations and factors that can *run contrary to the interests* of both parties.

2. The partners' readiness to consider mutual national interests, and compromise for the purpose of attaining common strategic goals. Of fundamental importance for strategic partnership is a readiness to co-ordinate one's own interests with the interests of the partner and take decisions in his support on the international stage, even if such actions do not seem expedient at times.

This explains why **a multiplicity of strategic partners, competing with one another, imposes certain limitations on foreign policy.** For instance, a country appears unable to implement economically beneficial projects (contracts, solutions), since they may be not to the liking of one or another strategic partner. Such occasions have occurred in Ukraine's modern history, and will likely recur in the future. This particularly refers to such sensitive sectors as the arms trade, peacekeeping operations, nuclear power plant construction, transit of energy resources, export of high technologies, and co-operation within the framework of international alliances whose interests conflict with each other to a greater or lesser extent (NATO, the Tashkent Treaty, the EU, the CIS, GUUAM, etc.).

Simultaneous strategic partnership with several countries poses a more serious threat. Under certain conditions, when resolving problems of exceptional importance, a country can become involved in a conflict between its strategic partners¹⁶. It will then have to make an uneasy choice — which strategic partner to support. Such a choice would be much easier in the absence of declared strategic relations with the parties in dispute.

¹⁶ Some of the strategic partners proclaimed by Ukraine have competing (sometimes hostile) relations between them. Deep contradictions exist between Russia and Turkey, Russia and Georgia, Russia and China, Russia and Poland, the U.S. and China, the U.S. and Russia, the U.S. and Belarus. Widely known are contradictions between Russia and NATO that concern Ukraine's strategic (special) partners: Canada, Germany, Hungary, Poland, Turkey, the U.S.



3. Strategic partner relations should be equal. However, strategic partnership is possible even if one of the partners largely depends on the other: in this case, relations are of an asymmetrical character. Ukraine's co-operation with the Russian Federation and the U.S. proves this.

A partnership cannot be called strategic if the parties resort to clearly discriminatory actions that are the equivalent of an ultimatum with respect to each other, using their natural political, economic, information or military advantages. Contradictions in relations are a normal thing, but strategic partners should not allow them to reach the "boiling point", and should resolve problems through political dialogue.

Strategic partnership does not require parity of the two countries' size, economic and military potentials, their degree of influence on international developments, or a common ideology. Leading states whose vital interests are located on various continents sometimes choose strategic partners from among weaker countries, out of a necessity to obtain access to key regions, protect important transportation routes, and maintaining the possibility of building up military presence in the event of a threat to their interests. For a weaker country, the presence of an influential strategic partner produces an important deterrent in case of conflict with other countries.

4. The long-term character of partner relations is key, since strategic partnership is established and then fixed in bilateral documents not for two or three years but for a long run. The word "strategy" points to the necessity of taking into account the long-term national interests of the parties.

5. Availability of mechanisms for the practical implementation of strategic partnership. Strategic partnership progresses as long as there is *constant interaction* of the parties aimed at resolving issues of mutual interest. That's why a permanent political dialogue on the level of two countries' leaders presents an important tool for such partner relations.

Strategic partnership means not only common gains but also the readiness to share possible risks. That's why political dialogue should be intense and strengthen confidence, prevent conflicts, manage critical situations in bilateral relations, and ensure prompt adoption and implementation of decisions.

The mechanisms of strategic partnership may include interstate committees (commissions) led by heads of states or governments. Bilateral working groups (sub-commissions) of experts

should be created within the structure of interstate bodies for the preparation of decisions in the most important spheres of strategic partner relations.

6. Legal fixation of the essence and mechanisms of strategic partnership in bilateral documents. Strategic relations can be declarative (formal), or they can exist *de facto*, whether declared or not. Proclamation of the strategic character of interstate relations by one or another leader, or even documentary confirmation of such a level of relations does not automatically make them such. At the same time, the creation of a legal basis for strategic partner relations, and its stipulation of the aims, targets and mechanisms of co-operation agreed between both parties contribute to a better understanding of the relationship.

7. Discipline, consistency and predictability of partner relations, exact execution of partner commitments. Only abidance by this principle will guarantee that partner relations remain transparent, confidential and durable.

8. High effectiveness of strategic partner relations. It is not enough to declare a foreign country one's strategic partner and to hear such a declaration in return. Strategic partnership, once declared, should be effective, and encourage the employment of the industrial and export potential on the level of specific manufacturers in partner countries, so that real benefits will be felt by rank-and-file citizens (taxpayers) in both countries. Otherwise it will be difficult for politicians to substantiate the expediency of certain tactical losses (including extra budget expenditures, refusal to undertake certain economic projects, and associated losses of jobs) in order to achieve greater strategic targets. **The effectiveness of strategic partnership of two countries will rise, if it is recognised as such by influential countries of the world.**

Summarising the above, it is possible to produce a short definition of the essence of strategic partnership between two countries.

UCEPS experts believe that the essence of strategic partnership lies in the existence of the kind of interaction between states that allows partners to attain important domestic and foreign policy goals through joint efforts. Strategic interaction is of a comprehensive nature. It is durable and covers a multitude of important fields of co-operation. The strength of strategic partnership is determined by the parties' mutual readiness to take into account each other's interests, the availability of effective mechanisms of practical co-operation and the discipline of partner relations.

Specificity of strategic partnership in the context of Ukraine's interests

It is vitally important that Ukraine, a country that will remain in a state of transformation for some time to come, employs the experience, influence and practical assistance of strategic partners in implementing market and democratic reform in the country.

Ukraine has already established itself on the international scene as a sovereign state, and so the chief criterion of the strategic nature of a partnership with other countries should be the *economic effect* of co-operation. Military-political factors are relatively less important at this stage. Despite the importance of political support, so critical in the early 1990s, the main criterion of the effectiveness of strategic partnership in the medium run should be **essential economic benefit**.

Economic aspects of Ukraine's strategic partnership are primarily defined by the volume and structure of commodity turnover; the level of economic interdependence; supply of raw materials, goods, products and technologies critically important for Ukraine; and the volume of investments and financial assistance from partner countries.

Efforts should be concentrated on the creation of preconditions for increasing the volume of foreign trade, primarily — Ukrainian exports, attracting beneficial credits, foreign investments and advanced technologies. This would encourage job creation in Ukraine and stimulate economic growth.

In the long run, **defence aspects of co-operation** are important. A number of countries secure their long-term strategic goals in the military sector by forming military-political blocs (alliances). Countries that for one or another reason have chosen a non-aligned status find themselves in a more difficult situation. This is particularly true for Ukraine.

As far as possible foreign support for Ukraine in the event of hypothetical military aggression is concerned, strategic partnership should be established with countries possessing efficient and mobile armed forces, influential positions in the UN Security Council, and which are capable of rendering effective diplomatic, economic and military assistance to Ukraine.

UCEPS experts believe that by taking into account the above issues, Ukraine will be better able to choose its strategic partners and establish fruitful, mutually beneficial co-operation with them.

CONCLUSIONS

During last six years, at least 19 European, Asian, North and South American countries have been proclaimed Ukraine's strategic (special, key) partners. Those include Azerbaijan, Argentina, Belarus, Bulgaria, Canada, China, Finland, Georgia, Germany, Hungary, Israel, Moldova, Poland, Romania, Russia, Slovakia, Turkey, and Uzbekistan.

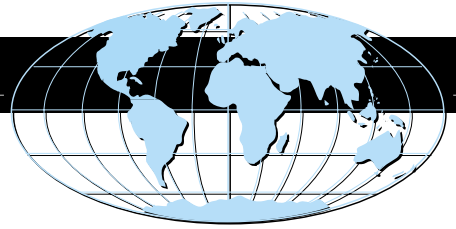
Indiscriminate declaration of strategic partnership has turned this form of relations from an effective instrument of foreign policy of Ukraine into abstract political rhetoric, casts doubt on the consistency of its foreign policy line.

Present practice of proclaiming strategic partner relations causes, in most cases, sceptical attitudes among Ukrainian citizens, experts and MPs. The public, experts and leaders of deputy associations are in agreement with respect to four strategic partners of Ukraine — Russia, the U.S., Germany and Poland.

According to the public, specialists and leaders of parliamentary factions and groups, the key spheres of strategic partnership encompass the areas of trade and economy, policy and security.

Ukraine's citizenry expects primarily an economic return from strategic partnership, therefore the main criterion for effectiveness of strategic partnership must be, in particular, significant, economic achievements.

UCEPS experts believe that the essence of strategic partnership lies in the existence of the kind of interaction between states that allows partners to attain important domestic and foreign policy goals through joint efforts. Strategic interaction is of a comprehensive nature. It is durable and covers a multitude of important fields of co-operation. The strength of strategic partnership is determined by the parties' mutual readiness to take into account each other's interests, the availability of effective mechanisms of practical co-operation and the discipline of partner relations.



2. CORRESPONDENCE OF BILATERAL RELATIONS TO THE LEVEL OF STRATEGIC PARTNERSHIP

The main problem in Ukraine's foreign policy activity is a lack of efficiency in putting external factors to use for the revival of the national economy and resolving urgent internal problems¹⁷.

This section analyses the state of Ukraine's bilateral relations with the countries that have been declared its strategic partners, as well as with other countries, interaction with which is important for Ukraine in the long run. The following key domains are reviewed: economy, energy, policy and the military sector.

2.1 CO-OPERATION IN THE ECONOMIC FIELD

This sub-section presents an analysis of Ukraine's economic relations with states declared its strategic partners. Some other countries, with which economic co-operation is important for Ukraine, are also reviewed here.

The following are indicators pointing to the critical importance of partnership in the economic field: a significant share of export/import of goods and services with a partner country; significant volumes of foreign investments; existence of large-scale joint projects, first of all, in priority, hi-tech sectors. These and other¹⁸ indicators served as a basis for defining the list of countries, economic co-operation with which is critical for Ukraine.

¹⁷ President Kuchma makes emphasis on concrete political and economic gains from foreign political activity, "filling strategic partner relations with concrete content". See: Speech of the President of Ukraine L.Kuchma at the Foreign Ministry Board. — *Presydentskyi Visnyk*, October 7-13, 2000, p.4.

¹⁸ When attributing one or another country to strategic partners in the economy domain, one should take into account not only the volumes but also the structure of trade (investments). For instance, large volumes of exports of goods which are not critical and vitally important for further development of Ukraine's economy cannot serve as a criterion for putting the customer country on the list of strategic partners. Neither can a country be assumed a strategic partner if imports from it consist mainly of consumer goods that can be produced in Ukraine. At the same time, a country supplying Ukraine with new technologies, up-to-date (especially unique) equipment can be viewed as a strategic partner, even if the volume of supplies is insignificant. These factors should be taken into account when defining strategic economic partners. For more details, see: Ukraine on the International Markets: Problems And Prospects. UCEPS Analytical report. — *National Security & Defence*, 2000, No.6, pp.2-38.

Exports of goods from Ukraine

The volume and dynamics of exports of domestic products are presented in the Table and in the Diagram *"Exports of goods from Ukraine"*. Three conventional groups of countries can be distinguished by volume of external trade.

Group one actually consists of one country — **Russia**, the *main* trade partner of Ukraine: the Russian Federation consumes one-fifth (20.69%) of exported Ukrainian goods¹⁹. It is not difficult to see that Russia occupies a leading position far ahead of other countries: the share of China, second in the overall rating, is three times less than that of Russia.

Group two conventionally includes eight countries — *important* trade partners²⁰. The share of each country exceeds 2%²¹ of total exports of goods from Ukraine. These are **China** (6.43%), **Turkey** (5.81%), **Germany** (4.84%), **the U.S.** (3.76%), **Belarus** (2.98%), **Poland** (2.6%), **Bulgaria** (2.54%) and **Hungary** (2.4%).

Group three encompasses the remaining 10 countries from the list of declared strategic part-

ners of Ukraine. By volume of exports of goods, these countries cannot be called *important* trade partners, since the share of neither of those reaches 2%. Only three countries from this group (Israel, Slovakia and Moldova) have an indicator in excess of 1%. The share of the rest is hardly noticeable: for instance, only 0.3% of goods are exported to Canada; 0.25% — to Azerbaijan; and 0.12% — to Argentina.

The Diagram shows that **Ukraine's trade relations with the overwhelming majority of partner countries exhibit a negative dynamic. The retreat of Ukrainian exporters has been particularly painful in neighbouring Russia²² and Belarus. Ukraine's exports to other neighbouring countries — Poland, Hungary, Slovakia and Moldova — are also decreasing. Despite the increasing level of political contacts, negative trends dominate Ukraine's trade relations with its GUUAM partners. In 1999, supplies of products to those countries accounted for only 2.34% of total exports. In relations with important trade partners, a positive dynamics in Ukrainian exports can be seen only with Germany, Turkey, the U.S. and Bulgaria²³.**

Exports of goods from Ukraine

Partner countries	Volume of exports, \$mln.		Share in total exports from Ukraine, %		Increase/decrease in exports over the 1995-1999 timeframe, % (1995=100%)
	1995	1999	1995	1999	
Argentina	11.7	13.7	0.09	0.12	117.1
Azerbaijan	41.5	29.4	0.32	0.25	70.8
Belarus	545.9	345.7	4.16	2.98	63.3
Bulgaria	179.2	294.5	1.37	2.54	164.3
Canada	9.2	34.8	0.07	0.30	378.3
China	777.9	744.3	5.93	6.43	95.7
Finland	22.9	18.1	0.17	0.16	79.0
Georgia	18.0	42.1	0.14	0.36	233.9
Germany	338.7	560.1	2.58	4.84	165.4
Hungary	298.1	278.2	2.27	2.40	93.3
Israel	59.9	153.8	0.46	1.33	256.8
Moldova	151.9	122.8	1.16	1.06	80.8
Poland	274.5	301.4	2.09	2.60	109.8
Romania	167.3	75.6	1.27	0.65	45.2
Russia	5697.9	2396.4	43.40	20.69	42.1
Slovakia	216.4	199.2	1.65	1.72	92.1
Turkey	453.0	673.4	3.45	5.81	148.7
USA	273.1	435.9	2.08	3.76	159.6
Uzbekistan	114.1	77.6	0.87	0.67	68.0

¹⁹ Estimates are made on the basis of the data of the State Statistics Committee of Ukraine as of December 31 of each year.

²⁰ By this indicator, among countries that were not declared Ukraine's strategic partners, **Italy** (3.97%) occupied an important place in 1999.

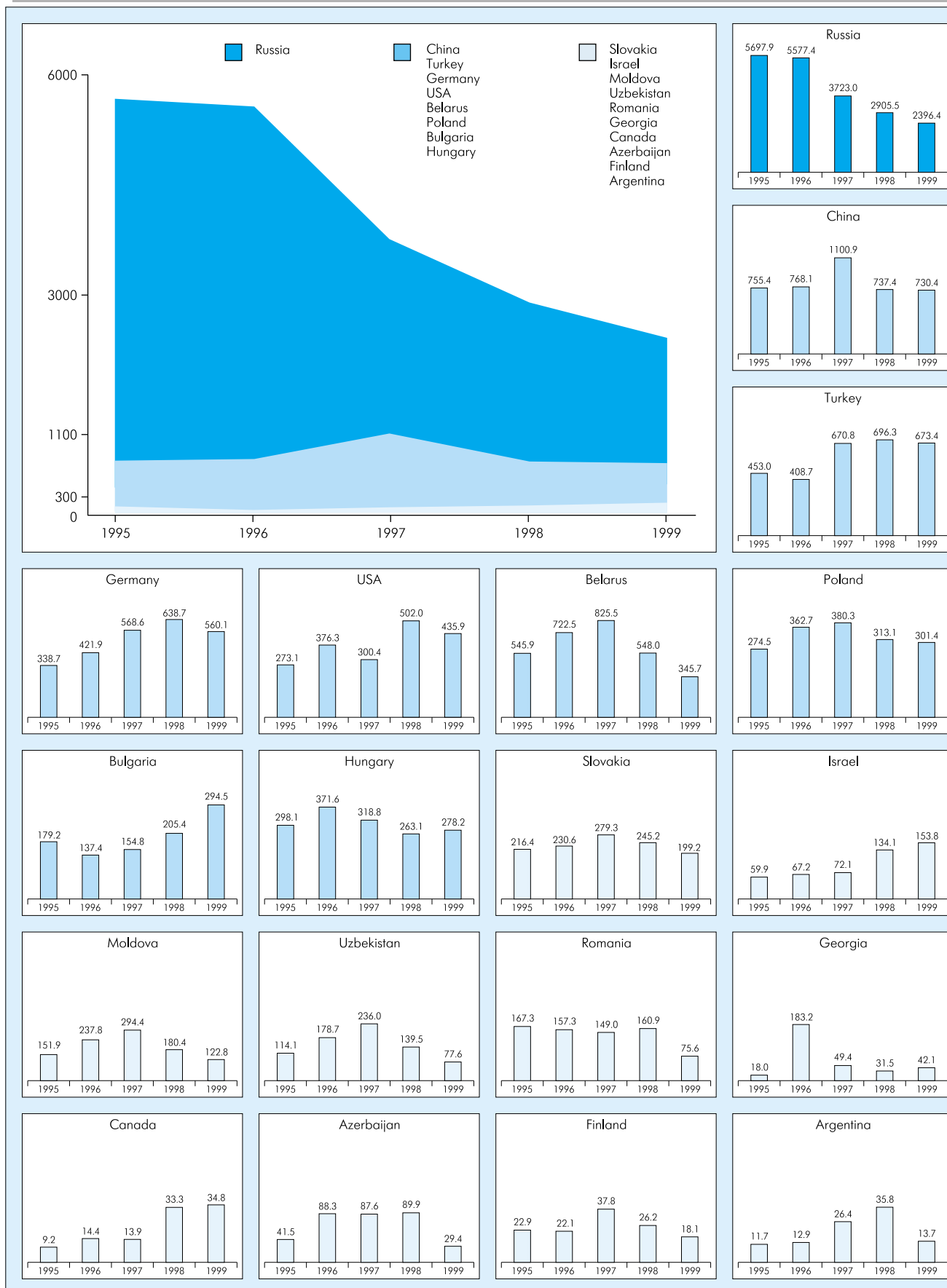
²¹ Since Ukraine engages in foreign trade transactions with 182 countries, UCEPS experts believe that 2% may be assumed a significant level.

²² In 1999, Russia imported from Ukraine as many goods as the four following countries in the overall rating (China, Turkey, Germany, the U.S.), taken together. However, the share of the latter in the export structure rose by 50% in 1995-1999 timeframe, while the share of the Russian Federation fell two-fold over the same period.

²³ Without account of the fall of indicators in 1999 characteristic for the majority of Ukraine's economic partners caused by the 1998 financial crisis.



Exports of goods from Ukraine, \$ mln.



The structure of exports of goods from Ukraine

A significant volume of exports of domestic products is not the only indicator of importance of trade relations with one or another country, particularly in the long run. For this, the structure of Ukraine's exports should be conducive for the development of priority²⁴ branches of its economy.

By this indicator, in 1999, **Russia** occupied the *main* position (taking in 74% of Ukraine's exports of turbojet and turboprop engines and gas turbines; 50% of automobile equipment; 32% of transformers and other electro-technical devices; and 9% of vessels).

Important positions²⁵ were occupied by the **U.S.** (30% of aerospace equipment exports) and **Belarus** (15% of automobile equipment exports).

Proceeding from the export structure, co-operation with Argentina and China looks promising: each of those countries accounts for 14% of Ukraine's exports of transformers and other electro-technical devices, made in Ukraine.

Imports of goods into Ukraine

The volume and dynamics of imports of goods are presented in the Table and Diagram "Imports of goods into Ukraine".

By the volume of imports of goods, the position of the *main* trade partner of Ukraine, again, belongs to **Russia** (47.21%).

The volume of commodity supplies from the Russian Federation exceeds the sum of supplies from all other countries declared Ukraine's strategic partners. However, Russia is losing its positions in Ukraine at a fast pace: in 1995-1999, the volume of Russia's exports fell by almost one-third (32.2%, or \$2.7 billion).

By volume of imports, four countries may be called *important* trade partners²⁶ of Ukraine: **Germany** (7.96%), **the U.S.** (3.39%), **Belarus** (2.9%) and **Poland** (2.18%).

In 1995-1999, a decrease in the volume of exports to Ukraine was characteristic of all the countries from this group especially from Belarus and Poland. The table shows that over the same period, **the U.S. and Germany significantly increased their presence on Ukraine's market**²⁷.

Imports of goods into Ukraine

Partner countries	Volume of imports \$ mln.		Share in total imports into Ukraine, %		Increase/decrease in imports over the 1995-1999 timeframe, % (1995=100%)
	1995	1999	1995	1999	
Argentina	0.6	8.9	0.00	0.08	1483.3
Azerbaijan	53.2	33.8	0.34	0.29	63.5
Belarus	526.4	343.5	3.40	2.90	65.3
Bulgaria	128.4	67.5	0.83	0.57	52.6
Canada	29.0	17.2	0.19	0.15	59.3
China	100.0	113.0	0.65	0.95	113.0
Finland	88.4	82.2	0.57	0.69	93.0
Georgia	4.9	6.0	0.03	0.05	122.4
Germany	958.3	942.9	6.19	7.96	98.4
Hungary	169.6	123.6	1.10	1.04	72.9
Israel	39.9	49.9	0.26	0.42	125.1
Moldova	61.1	24.8	0.39	0.21	40.6
Poland	467.7	258.5	3.02	2.18	55.3
Romania	151.5	52.3	0.98	0.44	34.5
Russia	8249.1	5592.2	53.27	47.21	67.8
Slovakia	152.8	131.6	0.99	1.11	86.1
Turkey	67.6	142.7	0.44	1.20	211.1
USA	419.3	401.6	2.71	3.39	95.8
Uzbekistan	73.4	87.3	0.47	0.74	118.9

²⁴ In this context, the following branches can be assumed of priority: branches forming the basis of industry (fuel and energy complex, machine-building, transport, agriculture, processing industry, construction) or bringing currency revenues important for Ukraine (metallurgy, chemical industry), as well as prospective hi-tech branches (communication, aerospace industry, military-industrial complex, medical and microbiological industry, information, science).

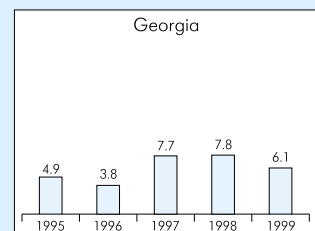
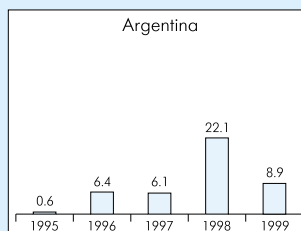
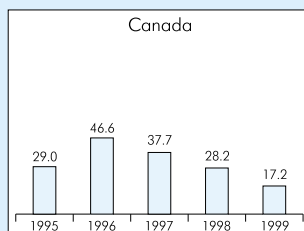
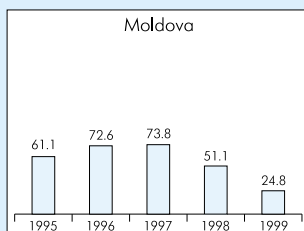
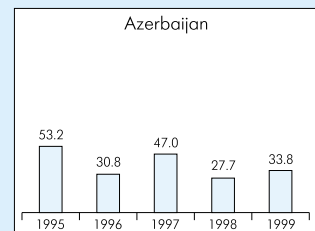
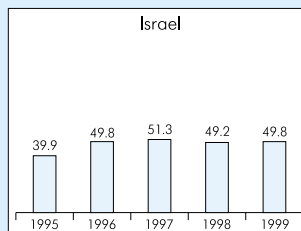
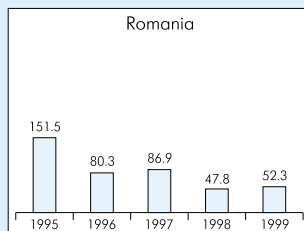
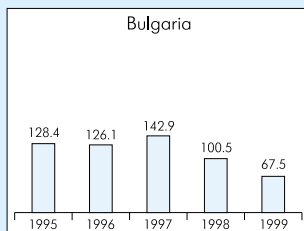
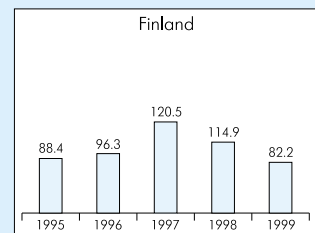
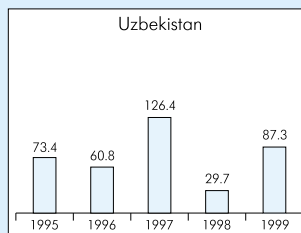
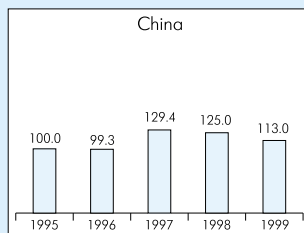
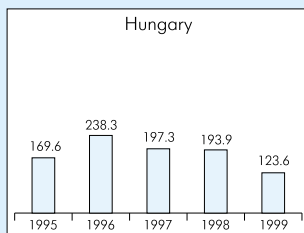
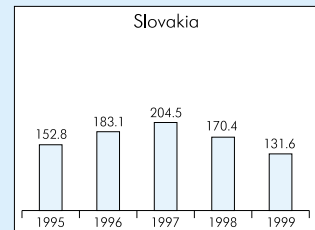
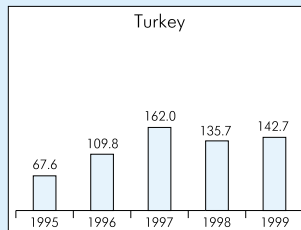
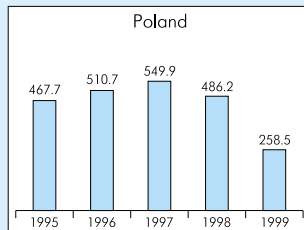
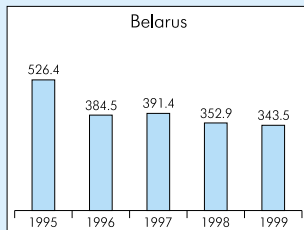
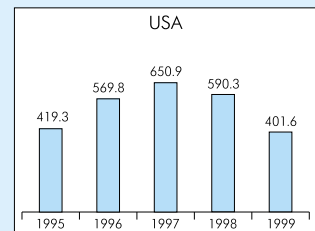
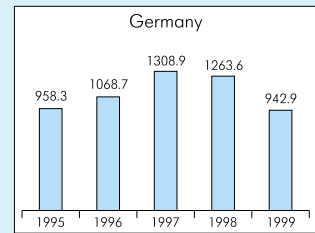
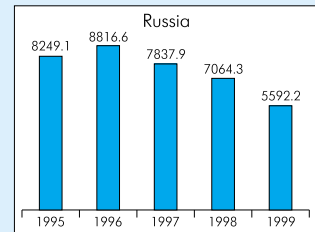
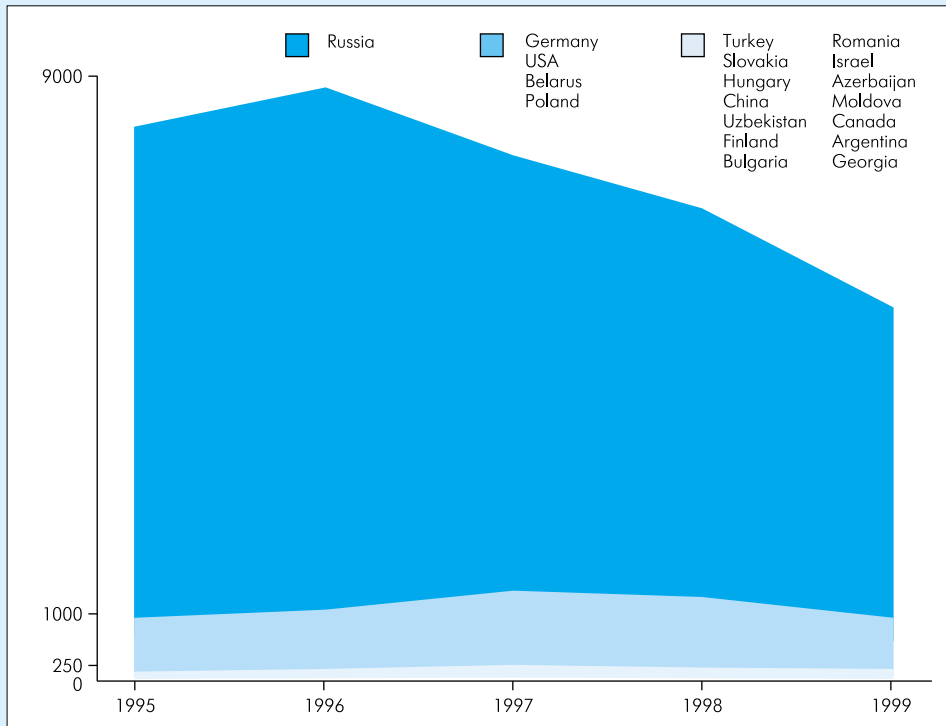
²⁵ By this indicator, among countries that were not declared Ukraine's strategic partners, significant places belong to **Greece** (56% of the exports of vessels) and **Iran** (20% of aerospace equipment exports).

²⁶ By this indicator, among countries that were not declared Ukraine's strategic partners, **Turkmenistan** (4.06%), **Italy** (2.33%) and **France** (2%) occupied important places in 1999.

²⁷ A rapid increase in imports from Argentina (almost 15-fold) deserves attention, but it remains almost unnoticeable on the overall background, given very low volumes of supplies (in 1999 — 600 times less than from Russia).



Imports of goods into Ukraine, \$ mln.



The structure of imports of goods into Ukraine

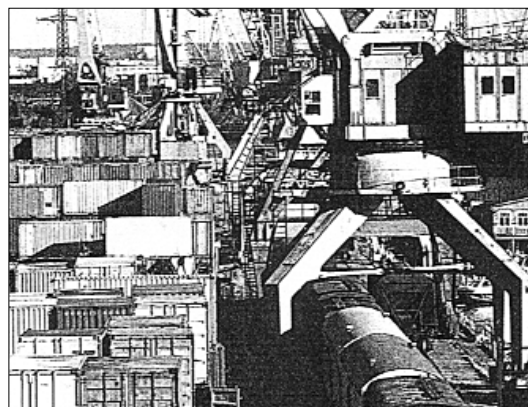
Among foreign country suppliers of strategically important products to Ukraine, in 1999, the *main* position belonged to **Russia** (82% of total imports of NPP equipment, including 100% of nuclear fuel; around 80% of natural gas; and over 80% of oil and large volumes of petroleum products).

Proceeding from the structure of imports, *important* places²⁸ were occupied by **Germany** (28% of total imports of medical equipment; 15% of communication equipment; 15% of automatic data processing equipment) and **the U.S.** (16% of total imports of medical equipment; 12% of automatic data processing equipment).

Exports of services from Ukraine

The volume and dynamics of exports of services are presented in the Table "*Exports of services from Ukraine*".

Judging by the amount of services rendered by Ukraine to other countries, co-operation with **Russia** is of *strategic* importance: its share in the total exports of services in 1999 amounted to 60%. As is clear from the Table, **the U.S.** and **Germany** occupy the following two positions with much lower indicators: 2.84% and 2.76% respectively.



It is worth notice that the dominant role of the Russian Federation in the second half of the 1990s was backed by a noticeable positive dynamics: the volume of exports of services from Ukraine increased by more than 40%. However, a number of practical steps by the Russian leadership aimed at partial re-orientation of its export flows to bypass Ukraine, cast doubt on the preservation of this tendency. In the future, Russia's role as the dominant export market for Ukraine's services may decrease. With time, the list of the *main* consumers²⁹ of Ukraine's services may include **the U.S.**, **Germany** and **Turkey**, each of which have positive indicators of service exports growth.

Exports of services from Ukraine

Partner countries	Volume of exports, \$ mln.		Share in total exports into Ukraine, %		Increase/decrease in exports over the 1995-1999 timeframe, % (1995=100%)
	1995	1999	1995	1999	
Argentina	3.7	2.7	0.14	0.07	73.0
Azerbaijan	2.1	7.9	0.08	0.22	376.2
Belarus	21.0	30.9	0.80	0.86	147.1
Bulgaria	27.7	27.6	1.06	0.76	99.6
Canada	2.6	6.7	0.10	0.19	257.7
China	4.8	17.6	0.18	0.49	366.7
Finland	4.3	3.3	0.16	0.09	76.7
Georgia	2.8	2.8	0.11	0.08	100.0
Germany	79.5	99.9	3.03	2.76	125.7
Hungary	24.1	32.4	0.92	0.90	134.4
Israel	16.4	27.7	0.63	0.77	168.9
Moldova	21.8	21.8	0.83	0.60	100.0
Poland	18.6	34.8	0.71	0.96	187.1
Romania	4.4	5.8	0.17	0.16	131.8
Russia	1540.9	2168.3	58.78	60.00	140.7
Slovakia	8.7	9.0	0.33	0.25	103.4
Turkey	30.3	47.8	1.16	1.32	157.8
USA	52.2	102.5	1.99	2.84	196.4
Uzbekistan	14.2	6.4	0.54	0.18	45.1

²⁸ Among countries that were not declared Ukraine's strategic partners, the most important suppliers were **Turkmenistan** (up to 20% of total natural gas delivered to Ukraine) and **the Republic of Korea** (20% of communication equipment).

²⁹ By this indicator, among countries that were not declared Ukraine's strategic partners, **Great Britain** (3.81%) occupied an important place in 1999.

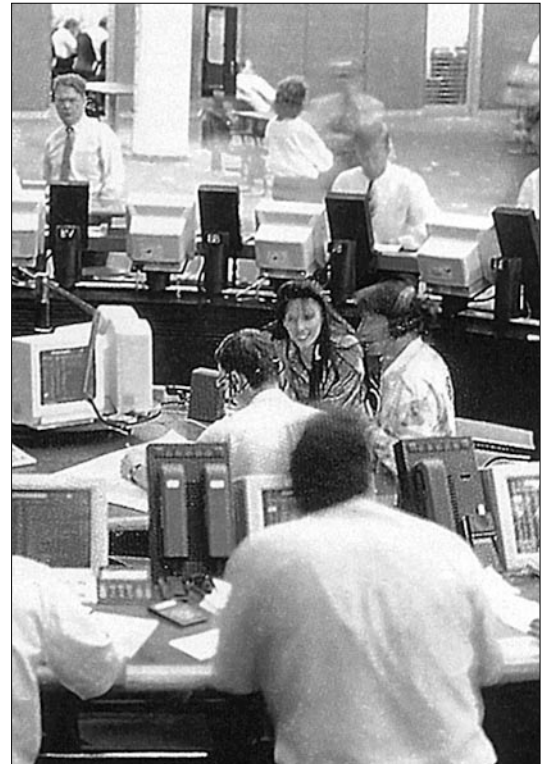
Imports of services into Ukraine

The volume and dynamics of service imports are reflected in the Table *"Imports of services into Ukraine"*.

In the structure of service imports, **the U.S.** (23.36%) and **Russia** (18.04%) have taken leading positions far ahead of other countries. While the share of the latter in Ukraine's total imports has significantly decreased (more than two-fold in 1995-1999), the relevant U.S. indicator has been rising at a very high pace (more than four-fold over the same period). This has allowed the United States to become the *main* exporter of services to Ukraine.

Another *important* partner³⁰ is **Germany** (5.22%). It occupies the third position according to this indicator and is rapidly increasing the exports of services to Ukraine.

The very high rate of increase in volume of services by **Argentina, Azerbaijan, Canada** and **Finland** is noteworthy. If this rate is preserved, in the future, these countries can significantly strengthen their positions on the market of services in Ukraine.



Imports of services into Ukraine

Partner countries	Volume of imports, \$ mln.		Share in total imports into Ukraine, %		Increase/decrease in imports over the 1995-1999 timeframe, % (1995-1999)
	1995	1999	1995	1999	
Argentina	0.2	1.3	0.03	0.12	650.0
Azerbaijan	0.2	1.9	0.03	0.17	950.0
Belarus	9.4	13.4	1.49	1.20	142.6
Bulgaria	8.3	6.8	1.32	0.61	81.9
Canada	3.4	16.7	0.54	1.50	491.2
China	4.4	2.9	0.80	0.26	65.9
Finland	1.1	5.6	0.17	0.50	509.1
Georgia	1.3	2.2	0.21	0.20	169.2
Germany	22.2	58.1	3.52	5.22	261.7
Hungary	4.2	6.7	0.67	0.60	159.5
Israel	6.2	8.4	0.98	0.75	135.5
Moldova	5.8	9.8	0.92	0.88	169.0
Poland	11.5	12.8	1.82	1.15	111.3
Romania	1.5	3.4	0.24	0.31	226.7
Russia	236.1	200.8	37.41	18.04	85.0
Slovakia	5.6	5.8	0.89	0.52	103.6
Turkey	22.4	12.0	3.55	1.08	53.6
USA	29.6	260.0	4.69	23.36	878.4
Uzbekistan	2.9	2.3	0.46	0.21	79.3

³⁰ By this indicator, among countries that were not declared Ukraine's strategic partners, **Great Britain** (6.69%) occupied an important place in 1999.

Foreign investments into Ukraine

The amount of investments into Ukraine remains insignificant and does not meet the needs of the country's economic development³¹. The share of investments into Ukraine in the total volume of investment in the Central-East European region does not exceed 2.6%. For comparison purposes, Poland's share is 38.8%, and that of the Czech Republic is 28.8%. The volumes and dynamics of investments are presented in the Table "Foreign investments into Ukraine".

Among the most important investors into Ukraine we should distinguish **the U.S., Russia and Germany**. Jointly they have invested \$1.1 billion — almost three times more than the total investments by other countries declared Ukraine's strategic partners³².

The United States occupies the *main* position in terms of amount of investments (\$590 million), and **the U.S.** share in the total volume of investments (18.15%) far exceeds the indicators of the following two *important* investors —

Russia (8.86%) and **Germany** (7.07%). Other states, declared Ukraine's strategic partners, have a low profile here³³.

Assessing investment growth over the years, it is possible to distinguish **Finland, Russia, Moldova, Turkey, and Uzbekistan** (whose investment indicators vis a vis Ukraine were close to nil just five years ago).

The structure of foreign investments into Ukraine

The importance of economic partnership may be characterised by the structure of foreign investments. Investing into priority branches of Ukraine's economy proves the significance of economic partnership.

By this indicator, the *main* role belongs to **the U.S.** (54% of all foreign investments into non-ferrous metallurgy; 40% — in communications; 37% — in agriculture; 28% each — into science and construction, 17% — in chemical industry, 12% each — in machine-building and metal-processing industry, and in the food industry)³⁴.

Foreign investments into Ukraine

Partner countries	Volume of investments, \$ mln.		Share in total investments into Ukraine, %		Increase in investments over the 1995-1999 timeframe, % (1995=100%)
	1995*	1999**	1995*	1999**	
Argentina	0.0	1.0	0.00	0.03	***
Azerbaijan	0.0	0.1	0.00	0.00	***
Belarus	3.0	10.7	0.33	0.33	356.1
Bulgaria	6.4	12.4	0.71	0.38	193.3
Canada	19.4	58.3	2.16	1.80	300.7
China	4.0	4.5	0.64	0.14	113.5
Finland	0.8	9.1	0.09	0.28	1131.6
Georgia	0.3	0.4	0.03	0.01	118.3
Germany	156.9	229.5	17.49	7.07	146.3
Hungary	20.0	45.0	2.23	1.39	225.2
Israel	9.6	13.4	1.07	0.41	139.4
Moldova	2.6	12.2	0.29	0.38	470.6
Poland	20.5	54.4	2.29	1.67	265.4
Romania	0.0	0.2	0.00	0.01	***
Russia	50.0	287.7	5.57	8.86	575.4
Slovakia	12.3	40.5	1.37	1.25	329.1
Turkey	4.7	24.3	0.52	0.75	517.9
USA	183.3	589.5	20.44	18.15	321.6
Uzbekistan	0.0	18.7	0.00	0.58	***

* As of January 1, 1996.

** As of 1 January 1, 2000.

*** Data absent due to zero statistic base of 1995.

³¹ The total volume of foreign direct investments into Ukraine in 1992-1999 made \$3.248 billion.

³² Here, one should take into account interstate credits, when foreign loans are granted under foreign government guarantees. Starting from 1992, Ukraine obtained significant loans (in excess of \$100 million) from **Russia, Germany and the U.S.** Among the countries, which were not declared Ukraine's strategic partners, **Turkmenistan and Japan** extended such loans. In 1995-1999, interstate credits played some positive role in the preliminary macroeconomic stabilisation and initiation of structural changes in Ukraine's economy. Unfortunately, the majority of credits issued to domestic enterprises under the guarantees of Ukraine's Government (usually, under non-transparent schemes and without competition), were never repaid to the state budget, which led to a noticeable increase in Ukraine's state debt. The significance of interstate credits goes down with the increase in foreign direct investments volume.

³³ At least, they seriously yield to **the Netherlands** (9.27%), **Great Britain** (7.5%) and **the Republic of Korea** (5.27%) — countries that were not declared Ukraine's strategic partners.

³⁴ Estimates made on the basis of the data of the State Statistics Committee of Ukraine. See: Direct Investments in 1999. — Kyiv, 1999, 282 p.



*Important places*³⁵, from the standpoint of investments structure, are occupied by three countries: **Germany** (100% of investments in power engineering; 31% — in light industry, 14% — in non-ferrous metallurgy, 10% each — in food industry and agriculture, 8% — in science); **Russia** (71% of investments in fuel industry; 15% — in transportation, 11% — in construction, 10% — in petrochemical industry, 8% — in science); **Canada** (100% of investments in nuclear power engineering; 13% — in science).

The contribution of **Slovakia** is rising. That country is investing into the medical industry (18%) and ferrous metallurgy (14%).

Possibilities for supporting Ukraine's interests in international organisations

There is considerable potential for Ukraine's strategic partners to promote decisions advantageous for the former in the IMF, the World Bank, EBRD, the European Union and other international organisations.

When one looks at quotas in the managerial bodies of IMF and the World Bank and the right to delegate representatives to executive positions in those organisations, only **the U.S. and Germany, among the countries declared strategic partners of Ukraine, have real levers for backing Ukraine's interests in international finance institutions.**

The U.S. exerts decisive influence on IMF and World Bank decisions, with 17.33% of votes in IMF management and 16.49% of votes in the World Bank (16.5% in its executive directorate). In fact, those two institutions do not take a single decision contrary to the U.S. position.

Germany has the third largest quota in the IMF (6.08%) and in the World Bank management (4.52%)³⁶. Germany's role rose significantly after the appointment of its representative as executive director of the IMF.

As far as the EU is concerned, **Great Britain, Italy, Germany and France** occupy the leading positions there. Each of these countries has 10 (out of a total of 87) voices in the EU Council — the main decision-making body of the Union, and appoints two commissars (out of 20) in the European Commission — the main executive body of the EU.

Large-scale projects involving strategic partners

Two countries, **Russia and the U.S.**, are the most important by the above indicator. Ukraine takes part in large-scale co-operative projects involving **Russia** (space sector, commercial rocket launches, aircraft industry, co-operative deliveries in nuclear power engineering and the military industrial complex) and with **the U.S.** (international programme of commercial space launches, defence conversion projects)³⁷.



There are preconditions for implementing large-scale international projects involving **Russia, Azerbaijan, Georgia, Poland** (development of transport corridors, transportation of oil); **Russia, Germany, Uzbekistan, China** (production of aircraft, weapons and military equipment); **Russia, Turkey, Uzbekistan, Turkmenistan** (building and modernisation of gas supply pipelines); **Russia, China, Canada** (NPP construction), and so on. Implementation of these and other co-operative projects is possible on the condition of their political and financial support by **the U.S., Russia, Canada, Germany**, and other West European countries.

³⁵ By the investments structure, another six countries that were not proclaimed Ukraine's strategic partners occupy important places. Those include, first of all, **Great Britain** (31% of investments into medical industry, 11% — in agriculture, 12% — in machine-building and metal-processing, 10% — in transportation), followed by **Austria** (56% of investments into data processing, 16% — in transportation), **Italy** (12% of investments into light industry, 9% — in machine-building and metal-processing), **the Netherlands** (35% of investments into food industry), **the Republic of Korea** (44% of investments into machine-building and metal-processing), **the Czech Republic** (81% of investments into microbiological industry, 9% — into medical industry).

³⁶ **Japan** is the second important player in IMF (with 6.22%) and the World Bank (7.91%). The fourth and fifth positions are shared by **France** and **Great Britain** (5.02% and 4.33% respectively). Said three countries were never declared Ukraine's strategic partners.

³⁷ For more detail see: Ukraine's International Image: Myths And Realities. UCEPS Analytical Report. — *National Security & Defence*, 2000, No.3, p.33-36. Joint projects in energy and military-technical sectors are reviewed in the following sub-sections, too.

An overall picture of the state of Ukraine's relations with other countries is presented in the Table *"Correspondence of economic relations to the level of strategic partnership"*. Summing up the assessments produced in the Table, it is possible to draw the following conclusions.

By the totality of indicators present in the Table, today, only Russia, the U.S. and Germany can be considered strategic economic partners of Ukraine.

Such an assessment generally coincides with the views of experts, who gave the following rating of countries that are key³⁸ economic partners of Ukraine: Russia (91%), Germany (73%), Poland (60%), and the U.S. (57%). There are, however, noticeable differences in assessments.

Third place, occupied by Poland, which overtook USA in the expert poll, deserves attention. At the same time, the Table shows that Poland cannot be termed a *strategic economic partner* of

Correspondence of economic relations to the level of strategic partnership

Partner countries	Exports of goods		Imports of goods		Exports of services	Imports of services	Foreign investments		Possibilities for supporting Ukraine's interests in international organisations	Large-scale joint projects
	Volume	Structure	Volumes	Structure			Volumes	Structure		
Countries, declared as strategic partners of Ukraine										
Argentina										
Azerbaijan										
Belarus	*	*	*							
Bulgaria	*									
Canada								*		
China	*									
Finland										
Georgia										
Germany	*		*	*	*	*	*	*	**	
Hungary	*									
Israel										
Moldova										
Poland	*		*							
Romania								*		
Russia	**	**	**	**	**	**	*	*		*
Slovakia										
Turkey	*									
USA	*	*	*	*	*	**	**	**	**	*
Uzbekistan										
Countries, not declared as strategic partners of Ukraine										
Austria								*		
Czech Republic								*		
France			*						*	
Great Britain					*	*	*	*	*	
Greece		*								
Iran		*								
Italy	*		*					*	*	
Japan									*	
Netherlands							*	*		
Republic of Korea				*			*	*		
Turkmenistan			*	*						

** main partners

* important partners

³⁸ The majority of experts believe that the remaining countries that have been declared Ukraine's strategic partners do not belong to the category of "most important economic partners". Azerbaijan (36%), China (30%), Uzbekistan (17%), Georgia (12%), Turkey (11%), Belarus (8%), Canada (4%), Bulgaria, Israel, and Romania received a mere 2%; Argentina, Moldova, Slovakia, Hungary, and Finland received 1% each. **It is noteworthy that nearly one half (46%) of the experts consider Turkmenistan to be a "most important economic partner", although this country is not an officially declared strategic partner of Ukraine.**



Ukraine by any of the indicators. Most probably, expert assessments were based not on the economic results of co-operation, but rather on the high level of political dialogue between Ukraine and Poland, extrapolated or linked flowing into the economic segment of bilateral relations.

Potentially, such EU members as Great Britain, Italy, the Netherlands, and France can become Ukraine's strategic economic partners in the future. Economic co-operation with China can reach a higher level as well.

2.2 CO-OPERATION IN THE ENERGY SECTOR

This sub-section analyses the state of Ukraine's energy sector relations with the countries declared its strategic partners. We also address other countries, co-operation with which is important for Ukraine.

The need for a separate analysis in the energy sector is conditioned by the following factors. First of all, the energy sector is one of the fundamental sectors of the economy, critically important for any country. Second, Ukraine belongs to the group of countries with an energy deficit: its resources cover only 47-49% of its needs³⁹. Third, the rate of Ukraine's transition from the present crisis is primarily dependent on the steady work of the fuel and energy complex (FEC). Finally, Ukraine must keep in mind the issue of energy supply diversification as it selects its strategic partners.

The following are indicators of the importance of partnership in the energy sector: whether or not a partner country owns a large share of the energy resources and services in export/import market of its counterpart; significant volumes of foreign investments and credits channelled into the development of the fuel and energy complex; participation in large-scale international energy projects, and the possibility of obtaining cutting edge technologies. These indicators serve as a basis for compiling a list of countries, co-operation with which in the energy sector is of potential strategic importance to Ukraine.

EXPORTS/IMPORTS OF ENERGY RESOURCES

The importance of trade relations with other countries is estimated with reference to the following kinds of fuel and energy resources: natural gas, oil, petroleum products, coal, electric energy and nuclear fuel.

Natural gas

The main exporter of gas to Ukraine is **Russia**. Every year, Russia delivers 25-30 billion cubic metres of gas; another 30 million metres are supplied as payment for the transit of Russian gas. These supplies cover up to 70% of gas consumption in Ukraine⁴⁰.

Turkmenistan is an important exporter of gas to Ukraine: in certain years, the share of Turkmen gas in the total volume of consumption has reached 15%.

Oil

The main exporters of oil to Ukraine are **Russia** and **Kazakhstan**. In recent years, their shares of Ukraine's imported oil market have been roughly⁴¹ 70% for Russia and 30% for Kazakhstan. The volume of oil supplies from Kazakhstan to Ukraine (via Russia's pipelines) depends on transit quotas allocated by Russia.

Coal

The crisis in the domestic coal-mining industry has led to a sharp shift in Ukraine's trade balance: in 1995, imports of coal exceeded exports seven-fold and reached an all-time high level of 16 million tons. In 1995-1999, imports of coal dropped to 4.7 million tons, but even this is four times higher than exports.

The main suppliers of coal to Ukraine are **Russia** and **Poland**: the share of those countries in the structure of Ukraine's coal imports in 2000 will be roughly 75% and 25%, respectively.

In 1999, Ukraine exported close to 1.2 million tons of coal; in 2000, exports are planned to reach 2.1 million tons. The main consumers of the Ukrainian coal are **Russia** and **Moldova**.



³⁹ Domestic production covers 10-12% of Ukraine's need in oil, 20-25% — in natural gas, more than 95% — in coal.

⁴⁰ The State Statistics Committee of Ukraine does not publish detailed summary year-end data on export-import operations in FEC. For this reason, hereinafter we rely on the calculations and estimates made on the basis of information from different ministries and agencies of Ukraine.

⁴¹ In 1999, Ukraine imported 7.8 million tons of oil from Russia and 1.8 million tons — from Kazakhstan. By the results of eight months of 2000, the ratio was somewhat different: 2.09 and 1.08 million tons, respectively.



Electric energy

The *main* exporter of electric energy to Ukraine is **Russia**. However, these supplies are unstable due to unsatisfactory payment for electric energy by Ukrainian side. Overcoming crisis phenomena in Ukraine's FEC and removing negative factors in relations with Russia would open the way for steady operation of both countries' electric energy systems.

As far back as nine years ago, Ukraine was a large *exporter* of electric energy: in 1991, it supplied 28 billion kWh to Central and East European countries. For comparison's sake, in 1999, Ukraine's electric power exports totalled a mere 2.3 billion kWh. Important importers of Ukraine's electric energy are **Poland** (in exchange for coal), **Hungary**, **Slovakia** and **Moldova**.

The potential market of Central and East European countries bordering on Ukraine is estimated at almost 10 billion kWh a year. However, a significant increase in Ukraine's electric energy exports is possible only on the condition of uniting the national energy system with the European one, which requires additional funds and support from influential **West European countries**.

Nuclear fuel

Nuclear power plants generate almost 50% of all electric power in Ukraine. That's why uninterrupted supply of nuclear fuel (as well as storage and processing of degraded nuclear fuel) is of key importance to Ukraine.

Today, **Russia** supplies 100% of nuclear fuel to Ukraine, and salvages spent nuclear fuel. The

signing of intergovernmental agreements with **the U.S.**⁴² will enable Ukrainian NPPs to use nuclear fuel from other countries, as a result of a joint project involving the American *Westinghouse* company.

Petroleum products

The geography of petroleum product exports-imports covers dozens of countries throughout the world and reflects not so much the priorities of Ukraine's foreign policy as the interests and possibilities of domestic and foreign traders⁴³.

According to expert estimates, the volume of **imports** of petroleum products into Ukraine is 10-12 million tons a year, or 50% of the total volume of domestic consumption. Petroleum products are imported from more than 20 countries through nearly 3,500 firms (domestic and foreign companies, joint ventures involving Russia, Belarus, Lithuania, etc.).

Traditionally, **Russia** has been the *main* exporter of petroleum products to Ukraine. *Important* exporters, supplying significant amounts of products, are **Belarus** and **Lithuania**. However, a significant decrease in the volume of imports from these three countries in 1999⁴⁴ was compensated for by deliveries of petroleum products from **Azerbaijan**, **Greece**⁴⁵, **Estonia**, **Latvia**, and **Romania**.

Exports of petroleum products from Ukraine are rather unstable. They largely depend on the volume of oil processed at domestic refineries *under tolling schemes*. It is very difficult to define priority trade partners of Ukraine through an analysis of these operations⁴⁶.

Processing of oil

Ukraine inherited a huge petroleum processing capacity from the USSR times — 52.5 million tons a year. Domestically extracted oil is insufficient to fully supply the six domestic refineries, so today they operate at less than 20% of capacity, mainly processing give-and-take raw materials. Hence, Ukraine is interested in co-operation with large exporters of oil.

To be sure, **Russia** is the priority partner here, since the existing system of main oil supply pipelines ensures delivery of Russian oil to Ukraine in a volume sufficient to employ four

⁴² On peaceful use of nuclear energy and qualification of nuclear fuel for Ukrainian NPPs.

⁴³ They keep changing along with endless changes in the regulatory-legal basis in this sector.

⁴⁴ Diesel fuel — 9% less, different brands of gasoline — 22% less than in 1998.

⁴⁵ "Emergency" supplies of petroleum products from Azerbaijan and Greece proved ineffective. High cost of imported diesel fuel and black oil, as compared to Ukraine's domestic prices, caused delays in petroleum product sales, non-execution of agreements of the payment terms, accrual of debts.

⁴⁶ For instance, in 1999 exports of gasoline exceeded 2 million tons, of black oil — 2.3 million tons. Supplies were made to dozens of countries, ranging from Belgium, Greece, Great Britain, Ireland, Romania to the Bahamas and Virgin Islands. It is clear that in reality, nobody delivered petroleum products to the Bahamas or Virgin Islands — those operations brought profit, first of all, to offshore companies. Therefore, significant volumes of petroleum product exports did not bring benefits for national industry. Besides, this proves the low attractiveness of the national market for domestic refineries.



out of six refineries at 100% of capacity⁴⁷. **Kazakhstan** has significant possibilities for increasing oil supplies for processing in Ukraine⁴⁸.

EXPORTS OF SERVICES

The main components of Ukraine's exports of services are transit of gas and oil through pipelines on its territory, as well as construction and servicing of power engineering projects for partner countries.

Transit of gas and oil

Transit of gas and oil remains an important element of Ukraine's export potential in the long run.

Ukraine's **gas transportation** system is one of the most capacious in Europe⁴⁹. The *main* consumer of transit services is **Russia**: more than 90% of Russian gas exports transit Ukrainian territory (120 billion cubic metres in 1999). Ukraine's revenues for these services run to \$2.5 billion a year.

Ukraine also operates an extensive **oil transportation** system⁵⁰. The *main* consumers of transit services are **Russia** and **Kazakhstan**: the total

volume of oil transit in 1999 was close to 56 million tons. Ukraine's income from these activities is some \$200 million a year.

However, as a result of Russia developing a strategy of bypassing Ukraine's territory⁵¹, there is a danger that the amount of energy resources transported by Ukrainian pipelines will be reduced.

Construction and servicing of power engineering projects

An important direction of co-operation with Russia is the extension of the transit network for the export of Russian gas. At present, the Talne-Ananyiv-Izmayil gas pipeline is being built to increase the volume of gas transported via Ukraine's territory⁵². At the Russian sites of the oil-and-gas complex, the *Ukrmontazhspetsbud* State Company performs construction and assembly work. Another promising project is the construction of compressor stations on the main gas supply pipeline Torzhok-Dolyna, traversing **Russia, Belarus** and Ukraine⁵³.

Ukraine has advanced fruitful co-operation with **Turkmenistan**: every year, *Ukrhazbud* Joint-Stock Company performs construction and assembly work worth \$15-20 million in repayment of Ukraine's debt for the Turkmen gas. This company has won a tender for the construction of a 50 km gas pipeline in Turkmenistan (project value — \$10 million), and intends to take part in a tender for the construction of another gas pipeline — across the Kara-Bogaz-Gol bay, valued \$5 million.

Among exporters of power engineering equipment and services, the *Turboatom* Association deserves special attention. This Ukrainian company is supplying turbines and hydro-seals for the *Terri* hydraulic power complex in **India** in the amount of \$400 million; performs rehabilitation of equipment at the *Lovisa* NPP in **Finland**; manufactures and supplies equipment for the *Baundari* hydroelectric power plant (USA) as a sub-contractor for the **German** company *Noel*; and delivers regular supplies of spare parts to **Russia**.



⁴⁷ The fact that **Russian companies** possess controlling blocks of shares of the Odesa and Lisichansk refineries should also help to increase oil deliveries.

⁴⁸ The prospects of co-operation with other oil exporters, including **Azerbaijan**, largely depend on external political factors, which are decisive for the choice of the main route for transporting Caspian oil to Europe.

⁴⁹ Its annual capacity makes 290 billion cubic metres of gas intake and 170 billion cubic metres — at outlet.

⁵⁰ It includes main oil pipelines with a total length close to 4,000 km and a total capacity: oil intake — 125 million tons, transit — 65 million tons a year.

⁵¹ For instance, in 1999, Russia decided to build a branch of the **oil pipeline** Sukhodolnaya-Rodionovskaya, bypassing Ukraine (with a capacity of 10 million tons of oil a year). Another example is the construction of the first phase of a main **gas supply pipeline** to Europe via Belarus (with a capacity of 14 billion cubic metres a year).

⁵² Implementation of this project will make it possible to increase the capacity of gas transportation system in southern Ukraine (by 18 billion cubic metres) and provide transit of Russian gas to Turkey and the Balkans (up to 40 billion cubic metres a year). The cost of both phases of construction makes \$571 million. It is planned to draw funds of shareholders of the **Ukrainian-Russian-Turkish Gaztransit** Closed Joint-Stock Company (30%) and an **EBRD** credit (70%).

⁵³ Four compressor stations are to be built on Russia's territory, three — in Belarus, four — in Ukraine. After their commissioning, the capacity of the gas pipeline will increase eight-fold and reach 28 billion cubic metres a year.

Good prospects exist for the development of relations in the energy sector with **Turkey**. There are a number of joint projects for building energy facilities in that country, providing engineering services and exporting power-engineering equipment⁵⁴.

Ukraine is interested in supplying oil and gas equipment and pipes; participating in the construction and servicing of power engineering projects; and developing oil and gas fields in **Azerbaijan, Kazakhstan, Uzbekistan**, as well as in **Libya** and **Iraq**.

DIVERSIFICATION OF ENERGY SOURCES

Possibilities for diversifying gas supply sources for Ukraine are related to the establishment of normal relations with Russia. Without an improvement of relations with **Russia**, stable and economically beneficial supplies of gas from **Turkmenistan, Kazakhstan** or **Uzbekistan** via Russian territory are impossible.

One might mention the following promising alternative gas supply projects for Ukraine: from **Norway** (via **Poland**), from **Iran** (via **Armenia, Georgia, Russia**, or via **Turkey, Bulgaria, Romania**), from **Azerbaijan** (via **Turkey**), and a project for liquefied gas supply from the Caspian region, on the condition of obtaining low temperature technologies and equipment.

Ukraine's geographic location allows it to utilise a variety of sources in meeting its oil supply needs: **Azerbaijan, Kazakhstan, Middle East countries**, etc.⁵⁵

One of the realistic ways for **Ukraine to integrate into the pan-European oil market** is by establishing the Eurasian oil transportation corridor Baku-Supsa-Odesa-Brody-Europe for the transit of Caspian oil. The construction and commissioning of the Odesa-Brody segment would make it possible to resolve two strategically important issues of diversification: those of transit routes and of providing domestic refineries with oil.

JOINT PROJECTS AND FOREIGN CREDITS

In conditions of financial crisis in Ukraine, attracting foreign investments is a key part of

reforming and developing the fuel and energy complex. Furthermore, given the high cost of diversification projects, Ukraine will be unable to implement them on its own. International consortia should be established to attract funds. Such bodies must involve multinational corporations and global financial donors.

Since 1994, a joint company created with participation of **JPK** of **Great Britain** has been active in Ukraine. This is the largest non-state oil and gas extracting company in Ukraine: in 1999, it extracted 314 million cubic metres of gas and 102,000 tons of oil.

In 1999, five large-scale power engineering projects involving foreign credits from **the World Bank, EBRD** and **German** commercial banks were underway in Ukraine⁵⁶. In October 2000, a credit agreement was signed with **EBRD** on providing Ukraine with a loan worth \$100 million for the purchase of fuel for power generating companies. **Northland Power** of **Canada** is involved in a \$180 million modernisation project of the Darnytsia Heat and Electrical Power plant (Kyiv) (the **EBRD** is the chief lender). **The World Bank** is to extend two new loan tranches to Ukraine in the near future. These will total \$70 million and will be targeted at the restructuring of the coal-mining industry.

Many energy projects in Ukraine are being implemented with support from **the European Union** under the INOGATE, TRACECA and TACIS programmes⁵⁷.

Western countries are investing in the development of several sub-sectors of the fuel and energy complex, such as nuclear power engineering (**Canada**) and oil and gas extraction in Ukraine (**Great Britain**).

Within the framework of these and other projects, **Canadian, Czech, Danish, German, Polish, Swedish**, and **U.S.** firms supply equipment and technologies to Ukraine.

A number of large-scale long-term investment projects have been developed in Ukraine, which could be implemented with support from large companies based in **Canada, Denmark, Great Britain, Kazakhstan, Russia, Sweden, Switzerland, and the U.S.**⁵⁸.

⁵⁴ Ukrainian companies intent to create a consortium with Turkish partners for participation in tenders for the building of three gas pipeline segments (200 km each) on the **Turkish** territory.

⁵⁵ Economic expediency of oil supply is determined by transportation costs and the degree of oil processing at Ukrainian refineries. The problem of diversification of oil supplies should be resolved with account of the state of Ukrainian refineries (the degree of oil processing), availability of a tanker fleet, and advantages in comparison to competitor countries — **Bulgaria, Iran, Romania, Russia, and Turkey**.

⁵⁶ The following projects come to mind: (1) rehabilitation of eight hydroelectric power plants of the Dnipro cascade (\$114 million, **World Bank** loan), (2) development of Ukraine's energy market (\$317 million loan and \$7.5 million of technical assistance from **the World Bank**); (3) reconstruction of power unit No. 4 at the Starobeshivska thermal electric power plant (\$113 million, **EBRD** loan); (4) reconstruction, with participation of a consortium of **German** companies, of power unit No. 8 at the Zmiyivska thermal electric power plant (DM150 million, credit line of two **German** banks); (5) rehabilitation and expansion of centralised heat supply system in the city of Kyiv (\$200 million, **World Bank** credit). Unfortunately, some projects have been suspended, since Ukraine does not fulfil its own commitments of their funding.

⁵⁷ Within the framework of the TACIS programme, more than 110 million euro have been allocated for the enhancement of safety at Ukrainian NPPs alone.

⁵⁸ Examples are presented by the projects involving foreign companies: **Swedish-Swiss** electro technical concern **ABB** (energy saving, rehabilitation of thermal electric power plants, construction of new electric power stations); the **Framatom-Siemens-Atomstroieksport** Consortium (completion of power units at the Khmelnytskyi and Rivne NPPs); **AES** and **Westinghouse** of **the U.S.** (nuclear power engineering); **IPS** of **Great Britain** (building of a new phase of Dobrovirska thermal electric power plant-2), etc.



A summary assessment of the state of Ukraine's relations with other countries in the energy sector is presented in the Table *"Correspondence of relations in the energy sector to the level of strategic partnership"*. Proceeding from the assessments presented in the Table, it is possible to draw the following conclusions.

By the totality of indicators presented in the Table, Russia alone can be assumed to be Ukraine's strategic partner. However, its present policy with respect to Ukraine (intention to build gas and oil pipelines around Ukraine's territory, systematic increase of customs duties on power resources, limitation of oil and gas supplies to Ukraine, etc.), gives no reason to consider strategic partnership with the Russian Federation a reliable and mutually beneficial arrangement.

Hence, in the energy sector, Ukraine presently has no reliable strategic partners truly interested in advancing mutually beneficial co-operation.

Raising Ukraine's co-operation in the energy sector to a *strategic* level is possible on the condition of implementing large-scale international energy projects that would ensure diversification of sources of energy supply to Ukraine. In this regard, the following countries can become Ukraine's strategic partners in the fuel and energy complex: Azerbaijan, Georgia, Germany, Great Britain, Kazakhstan, the Netherlands, Poland, Turkey, Turkmenistan, the U.S., and Uzbekistan⁵⁹.

With time, Ukraine's *important* partners at implementing large-scale energy projects may become Armenia, Iran, Iraq, Libya, and Norway.

Correspondence of relations in the energy sector to the level of strategic partnership

Partner countries	Imports		Exports		Large-scale joint projects, credits and investments
	Energy resources	Services, equipment, technologies	Energy resources	Services, equipment, technologies	
Countries, declared as strategic partners of Ukraine					
Argentina					
Azerbaijan					
Belarus	*				
Bulgaria					
Canada		*			*
China					
Finland					
Georgia					
Germany		*			*
Hungary			*		
Israel					
Moldova			*		
Poland	*	*	*		
Romania	*				
Russia	**		*	**	*
Slovakia			*		
Turkey					*
USA		*			
Uzbekistan					
Countries, not declared as strategic partners of Ukraine					
Czech Republic		*			
Denmark		*			
Kazakhstan	**			*	
Lithuania	*				
Turkmenistan	*			*	
Sweden		*			

⁵⁹ This list includes countries, which have been proclaimed Ukraine's strategic partners. However, prior to concrete agreement on the mentioned projects, strategic partnership remains declarative. For instance, **the U.S.** continues to actively lobby the competing route of Caspian oil transportation (Baku-Ceyhan), supported by another strategic partner of Ukraine — **Azerbaijan**.

2.3 CO-OPERATION IN THE POLITICAL SPHERE

This sub-section analyses the status of political relations between Ukraine and its strategic partners. It presents an assessment of their ability to promote Ukraine's interests on the international stage; their attitude towards Ukraine as a strategic partner; relations in the context of regional integration; the level of organisational support for co-operation and the status of legal relations as agreed to in treaties.

Strategic partners' ability to promote Ukraine's interests on the international stage

Among the declared strategic partners of Ukraine, **the United States** possesses the greatest potential for promoting Ukraine's interests in the international arena. Today, the U.S. is the world leader exerting the greatest influence on international developments. The U.S. also possesses real levers of influence in leading international organisations (the UN, OSCE, NATO, IMF, the World Bank, etc.). The U.S. is sure to retain this leadership for years to come. According to the expert poll conducted by UCEPS, the majority (52%) of domestic experts are convinced that "in the future, the U.S. role as a superpower will become more significant".

The development of relations with **Russia** and **China** — influential world powers and permanent members of the UN Security Council — is also important to Ukraine's foreign policy interests.

Given Ukraine's movement toward the European Union, of special importance is the deepening of co-operation with **Germany, Great Britain** and **France** — leaders of the EU. In this respect, we should also mention **Poland**, which is actively supporting the European vector in Ukraine's foreign policy⁶⁰.

The majority of experts believe that in order for Ukraine to attain its foreign policy goals, co-operation with the following four states is the most important: **the U.S.** (90%), **Russia** (89%), **Germany** (80%), **Poland** (58%) (see Diagram "Countries with which co-operation is most important for attaining Ukraine's foreign policy goals"). Experts give the following three places in that poll to **China** (36%), **Great Britain** (34%) and **France** (28%). It is worth noting that the latter two countries have never been proclaimed Ukraine's strategic partners.

According to the Diagram, the overwhelming majority of experts are sure that none of the post-Soviet states (with the exception of Russia)

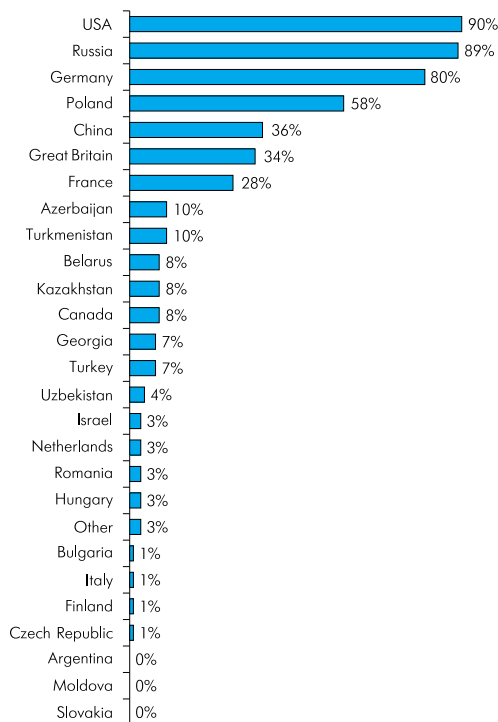
possesses weight sufficient to effectively promote Ukraine's interests in the international arena. Proceeding from the above expert assessments, co-operation with the 14 proclaimed strategic partners of Ukraine shows little potential to support its foreign policy interests.

Therefore, Ukraine's relations with the U.S., Russia, Germany, Poland, China, Great Britain and France are most important for attaining Ukraine's foreign policy goals.

The attitude towards Ukraine as a strategic partner

The attitude towards Ukraine is determined by a set of internal and external factors, with negative ones unfortunately predominating⁶¹. According to the poll, experts point to the following internal negative factors that complicate Ukraine's relations with its foreign partners: **the slow pace of reforms (59%); the absence of practical deeds filling declared strategic partner relations with concrete content (39%); the high level of corruption (37%); the low level of economic development (20%); unstable national legislation (20%); non-compliance of the level of democracy with world standards (11%).**

Countries with which co-operation is most important for attaining Ukraine's foreign policy goals, % of the polled experts



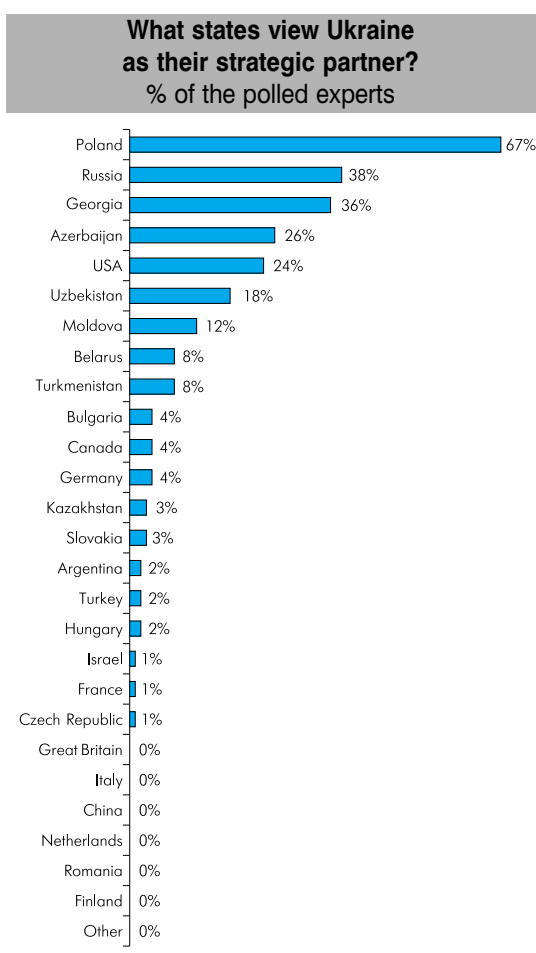
⁶⁰ The importance of relations with those countries was stressed in previous subject issues of the *National Security & Defence* (No.1, 2000 — the defence sector; No.6, 2000 — the economy sector; No.9, 2000 — the political sector).

⁶¹ See: Ukraine's International Image: the Myths And Realities. UCEPS Analytical Report. — *National Security & Defence*, 2000, No.3, p.7-16.

Ukraine's internal problems are the main impediment to its foreign policy activity and a major precursor of the country's negative international image — this conclusion is shared by the absolute majority of experts polled (76%).

Some of Ukraine's strategic partners have competing goals. Hence, Ukraine often appears at the crossroads of conflicting interests. Such collisions, even if resolved through concessions by Ukraine, often complicate its relations with one conflicting partner, and do not improve relations with the other⁶².

In this way, Ukraine's strategic partners' attitudes toward Ukraine worsen. This unfortunate predicament is reflected in expert responses to the question: "What states view Ukraine as their strategic partner?" (See Diagram below).



The majority of experts polled believe that of the 19 countries proclaimed strategic partners, at present, **Poland** alone "returns Ukraine's feelings", that is, views Ukraine as its strategic partner. Not a single expert believes that China, Romania or Finland see Ukraine as their strategic partner. Very few (1-12%) experts are sure that Argentina, Belarus, Bulgaria, Canada, Germany, Hungary, Israel, Moldova, Slovakia, and Turkey view Ukraine as a strategic partner.

Therefore, in the experts' opinion, Ukraine is viewed as a strategic partner only by Poland (67%). Against the background of generally sceptical assessments, experts point to a comparatively better attitude to Ukraine on the part of Russia (38%), Georgia (36%), Azerbaijan (26%), and the U.S. (24%).

Relations with strategic partners in the context of regional integration

The **European vector** of regional integration: today, Ukraine is actually beyond the bounds of this process⁶³. Despite declarations by both parties, Ukraine has failed so far to establish fruitful economic ties with the EU. Ukraine's attempts at winning EU associated membership were even less successful.

Economic interaction **within the framework of the CIS** is associated with the signing hundreds of documents, many of which remain unimplemented. Political and customs barriers for the free movement of goods across the CIS have not been removed; as a result, the volume of Ukraine's trade with the majority of CIS countries falls with every passing year.

Ukraine's political contacts **within the framework of GUUAM** have become more intense of late. GUUAM member countries have initiated a practice for proposing joint initiatives at international organisations⁶⁴. During the Millennium Summit in September 2000, plans to transform GUUAM into an international organisation were announced. This regional structure is intended to be officially established in Kyiv in the first quarter of 2001. **The members of this association are Ukraine's strategic partners — Azerbaijan, Georgia, Moldova, and Uzbekistan.** According to President Kuchma⁶⁵, **Bulgaria and Romania** (also Ukraine's strategic partners) have expressed their desire to join GUUAM.

⁶² For instance, in 1998, Ukraine under the pressure from the U.S. neglected previous agreements and refused to participate in the construction of a nuclear power plant in Busher, Iran, jointly with Russia. This forced decision deteriorated Ukraine's relations with the Russian Federation and led to the loss of over \$50 million, which remained unrepaid within the framework of the so-called "Kharkiv initiative". Ukraine's refusal to take part in the Busher project did not improve its relations with the U.S. either. One can mention some other conflict situations where Ukraine sustained losses from the collision of interests of its strategic partners: NATO's military operation in Kosovo; adoption of the new Strategic Concept of NATO; preparation of the "Baku-Ceyhan" pipeline project; refusal of West European countries from co-operation with Ukraine in building the military transport aircraft; project of a new bypass gas pipeline from Russia to Western Europe, etc.

⁶³ These problems have been dealt with in detail in a special issue of the *National Security & Defence* (2000, No.9).

⁶⁴ In October 2000, the Ukrainian representative to the UN presented in the UN Administrative and Budget Committee the joint position of GUUAM countries as to the methods of collecting fees and distributing revenues. See: *Interfax-Ukraine*, October 6, 2000.

⁶⁵ See: "Bulgaria and Romania Want to Join Our Union" — *Khreshchatyk*, October 27, 2000, p.3.

Two other strategic partners of Ukraine — Russia and Belarus, rather coldly met the establishment of GUUAM. With their participation, a new international organisation — the Eurasian Economic Community — is being formed on the basis of the Customs Union, with a military-political component (the Tashkent Treaty)⁶⁶. Ukraine and its strategic partners — GUUAM members — took a critical stance toward the new structure⁶⁷. Such a division speeds up processes of integration within both groups, and for Ukraine it will not be simple to harmonise its relations with different strategic partners.

Regional co-operation within the framework of the BSEC (Black Sea Economic Co-operation) is on the rise. However, the development of strategic partner relations through mechanisms offered by this regional structure looks questionable because of significant differences between the strategic interests of its member countries.

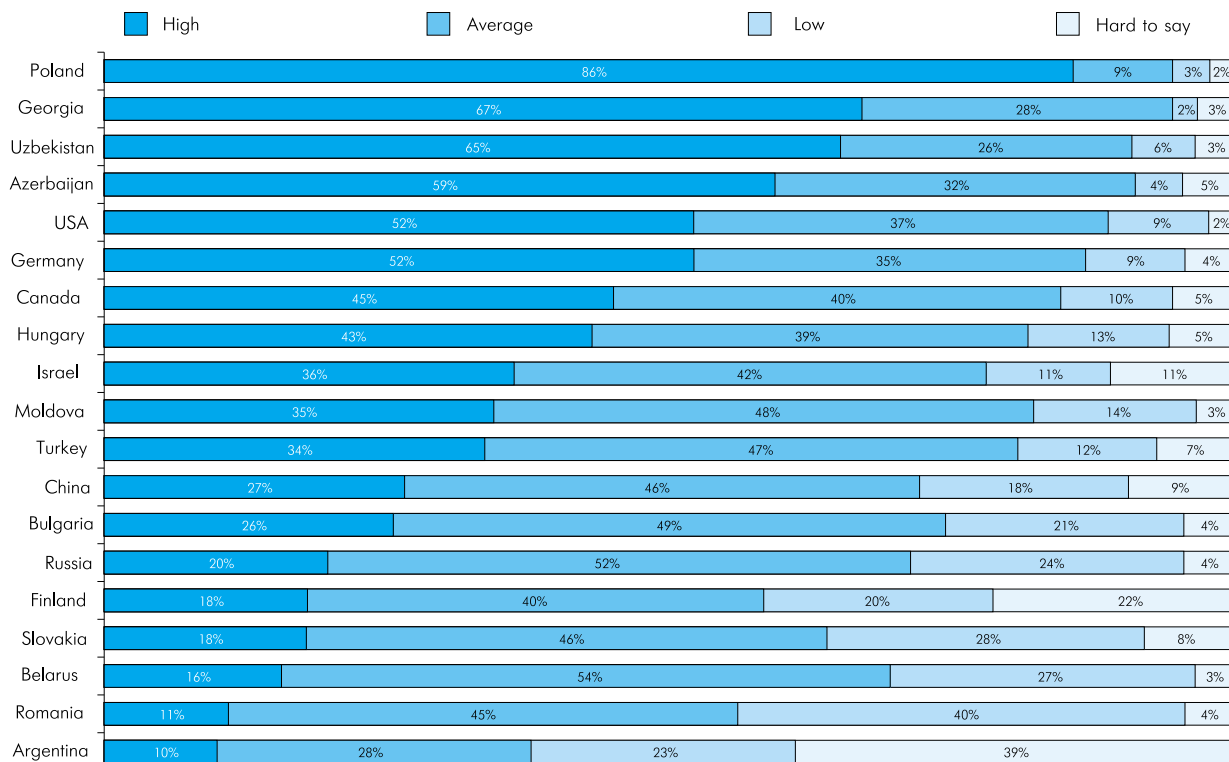
Assessing the nature of integration processes, it can be said that Ukraine's contacts with GUUAM members are advancing more actively, although these relations do not yet rest on a solid

economic foundation. Ukraine's critical markets are still concentrated in the CIS, but co-operation with the CIS countries is gradually decreasing. Integration processes in the European direction are slower. The level of bilateral relations with most European countries is not satisfactory for Ukraine, with the exception of contacts with neighbouring Poland.

This conclusion is confirmed by the expert assessment of the level of Ukraine's relations with other countries (see Diagram "The level of Ukraine's relations with countries declared its strategic partners"). The top positions are occupied by Poland (86%) and the members of GUUAM — Georgia (67%), Uzbekistan (65%), Azerbaijan (59%), followed by the U.S. (52%) and Germany (52%). Experts also give a high appraisal of the level of Ukraine's relations with Turkmenistan (53%), which has never been declared a strategic partner.

The critical expert assessment of the present status of Ukraine-Russian relations arouses interest — only 20% of Ukrainian specialists consider their level to be high. This assessment is not

The level of Ukraine's relations with countries declared its strategic partners,
% of the polled experts



⁶⁶ On October 11, 2000, the session of the heads of the Tashkent Treaty member states adopted documents dealing with the interaction of their Armed Forces. In particular, they decided to establish a regional security system and signed the Agreement of the status of formations, forces and means of the collective security system.

⁶⁷ During his visit to Uzbekistan (October, 2000) the President of Ukraine called the Eurasian Economic Community "kind of a bomb, or time-bomb under the CIS structure". The President of Uzbekistan called the new formation "stillborn and built after a phantom scheme". See: Golotiuk I. "Uzbekistan Offers Ukraine Concession of Territories Where Oil And Gas Can Be Extracted". — *Fakty*, October 14, 2000, p.2.



groundless, since co-operation with Russia can be described as contradictory and unstable, with no effective mechanism of co-operation at hand⁶⁸.

UCEPS experts believe that the professional estimates of the level of relations with the U.S. (52%), Germany (52%) and Canada (45%) presented in the Diagram are somewhat overstated. Most probably, they reflect the political and economic weight of the G7 countries, and, therefore, not the real level of co-operation but rather the importance of Ukraine's interaction with those countries.

Organisational support for strategic partner relations

In Ukraine's relations with strategic partners, the level of organisational support for contacts with three countries — the U.S., Poland and Russia — is somewhat higher. For the practical implementation of strategic partnership with those countries, high-level interstate bodies have been formed: the U.S.-Ukraine Bi-national Commission (the "Kuchma-Gore" Commission), the Consulting Committee of the Presidents of Ukraine and the Republic of Poland, the Ukrainian-Russian Mixed Commission for Co-operation and the Strategic Group for Ukrainian-Russian Relations. The existence of such interstate bodies has created preconditions for fruitful co-operation between partners. At present, Ukraine's interaction with the U.S. and Poland is more intense. The present critical state of relations with Russia proves that the effectiveness of partnership depends not only on the creation of high-level interstate bodies.

The mechanisms for practical implementation of strategic partnership with the remaining 16 countries differ little from traditional mechanisms of bilateral co-operation. They primarily take the shape of bilateral intergovernmental commissions chaired by heads of governments, and bilateral commissions active in different spheres of co-operation (humanitarian, military, etc.). Examples of those are the Joint Intergovernmental Ukrainian-Azeri Commission for Economic Co-operation and the Intergovernmental Ukrainian-Belarusian Commission for Trade and Economic Co-operation, whose meetings are held annually⁶⁹.

There is a significant difference between the levels of intergovernmental commission meetings. For instance, Prime Ministers chaired the 4th meeting of the Joint Ukrainian-Uzbek Commission for General Interaction, whereas deputy ministers of foreign trade of the two countries held the 4th meeting of a similar Ukrainian-Chinese Commission.

Hence, a high level of organisational support for strategic partnership is inherent only in Ukraine's relations with the U.S., Poland and Russia.

The status of legal relations

To be sure, the status of legal relations agreed in treaties is largely a formal criterion⁷⁰, but to a certain extent it reflects the level of Ukraine's political dialogue with its strategic partners. The analysis of the relevant regulatory-legal basis reveals the following.

1. Bilateral documents have established Ukraine's strategic partnership with only six countries: Azerbaijan, Russia, Uzbekistan (comprehensive political treaties), Bulgaria, Poland and the U.S. (joint declarations of the leaders of states).

2. It is possible to distinguish a group of CIS countries proclaimed Ukraine's strategic partners (Azerbaijan, Belarus, Georgia, Moldova, Russia, Uzbekistan). The legal relations with these include the practice of executing **two framework documents:** a comprehensive political treaty and a programme of economic co-operation for ten years are fixed in the relevant agreements⁷¹.

3. The regulatory-legal bases of relations with strategic partners are substantially different, judging by the number of documents and coverage of spheres of co-operation. Ukraine's contacts with the group of above-mentioned post-Soviet states are better substantiated and documented. For instance, more than 180 bilateral documents have been signed with **Russia**, while the regulatory-legal basis of relations with **Belarus** comprises 142 documents. Bilateral relations with **the U.S.** and **Poland** are regulated by close to 100 agreements.

⁶⁸ Speaking at the Foreign Ministry Board on October 2, 2000, Ukraine's President Leonid Kuchma said: "We should finally find an effective algorithm of relations with Russia aimed not at confrontation but at mutually beneficial co-operation". See: President Kuchma's Speech at the Foreign Ministry Board. — *Presydenyskyi Visnyk*, October 7-13, 2000, p.4.

⁶⁹ Similar intergovernmental bodies were set up with other countries, for instance, with China (1992), Canada (1996), Uzbekistan (1997), Belarus (1998), Georgia (1998), Argentina (1999). During the visit of the President of Ukraine to Portugal (October, 2000) it was decided to establish a bilateral intergovernmental commission for trade and economic co-operation.

⁷⁰ For instance, the regulatory-legal basis of Ukrainian-Belarusian relations is rather extensive: it counts seven interstate, one interparliamentary, 62 intergovernmental and 72 interdepartmental documents. However, the results of co-operation of the two strategic partners do not correspond to the number of the signed documents.

⁷¹ For instance, in relations with Belarus, there is an Agreement of Friendship, Good-neighbour Relations and Co-operation (1995) and an Agreement of Long-term Economic Co-operation for 1999-2008. With Georgia, there is an Agreement of Friendship, Co-operation and Mutual Assistance (1995) and an Agreement of Economic Co-operation for 1999-2008.



The regulatory-legal basis of relations with other countries is comparatively less extensive. For instance, Ukraine has signed 67 documents with **Bulgaria** — three times less than with Russia. The regulatory-legal basis of relations with **Germany** at the beginning of 2000 comprised 22 interstate and intergovernmental agreements. More than 70 bilateral documents have been signed with **China**⁷², but there is no comprehensive political treaty between the two countries⁷³.

On the basis of conducted analysis, the Table below presents a general assessment of the rating of Ukraine's strategic partners with respect to the political dimension of co-operation.

Ukraine's co-operation with the U.S., Russia, Germany, Poland, China, Great Britain, and France is particularly important in strengthening its international position. Today, a goodly amount of dynamism is present in Ukraine's relations with Poland, Azerbaijan, Georgia, and Uzbekistan. Quite a few problems exist in relations with Russia, and their present status cannot satisfy either party. The potential of co-operation with the U.S., West European states and China is being under-utilised.

2.4 CO-OPERATION IN THE MILITARY SECTOR

This subsection presents an analysis of the state of relations in the military sector between Ukraine and the countries declared its strategic partners. Military relations with other countries, co-operation with which is conducive to strengthening military security of Ukraine, are also examined.

Despite certain positive trends, the regional situation does not permit us to entirely rule out the threat of a military conflict or aggression against Ukraine. That's why Ukraine is interested in strategic partnership in the military sector, which would provide for adequate military assistance to Ukraine in the event of aggression, or help to strengthen Ukraine's defence capabilities and create conditions in which Ukraine could contain a possible military conflict (deter aggression) using its own forces⁷⁴.

An assessment of whether or not military co-operation corresponds to the above criteria is conducted on two levels: interstate (military-political co-operation) and intergovernmental (military and military-technical co-operation).

MILITARY-POLITICAL CO-OPERATION

The level of commitments fixed in documents signed by Ukraine and its strategic partners in the military-political sector is far from strategic even in relations with Ukraine's two most influential partners — Russia and the U.S. This conclusion is substantiated by the examples below, which illustrate the level of military-political relations of those two countries with their other strategic partners.

When assessing the potential capabilities of partner countries in rendering Ukraine necessary military assistance, the following should be taken into account.

Possibilities for promoting Ukraine's interests	Attitude to Ukraine as a strategic partner	Relations in the context of regional integration	Effectiveness of interstate bodies of co-operation	Legal basis of strategic partnership
1. USA 2. Russia 3. Germany 4. Poland 5. China	1. Poland 2. Russia 3. Georgia 4. Azerbaijan 5. USA	1. Poland 2. Azerbaijan 3. Georgia 4. Uzbekistan 5. Germany	1. USA 2. Poland 3. Russia	1. Russia 2. USA 3. Poland 4. Azerbaijan 5. Uzbekistan

⁷² Xiaopei Ch.: "Let the Tree of Friendship Be Evergreen". — *Presydentskyi Visnyk*, October 28, 2000, p.5.

⁷³ This international-legal function rests with the Joint (Beijing) Declaration of the Development and Deepening of Friendly and Co-operative Relations between Ukraine and the People's Republic of China (1995).

⁷⁴ The problems of strengthening regional security, reducing the level of threats, increasing confidence in relations with the neighbouring countries were dealt with in the previous issues of the *National Security & Defence* (Nos. 1,7,8,9,11, 2000).



EXAMPLES OF STRATEGIC PARTNERSHIP IN THE MILITARY SECTOR

Russia-Armenia. According to the Treaty of Friendship, Co-operation and Mutual Assistance between the Russian Federation and the Republic of Armenia, in case of a threat to the security of or an armed attack on one of the countries they are obliged to render each other necessary assistance, including military assistance. Under the Agreement on the Russian Military Base on the Territory of Armenia, crews of air defence systems of Armenia's Armed Forces and Russia's Air Force conduct joint duty. The numerical strength of the base's personnel is 2,500, with stockpiles of arms sufficient to deploy several divisions. The base "ensures, jointly with the Armed Forces of the Republic of Armenia, the security of the Republic of Armenia along the external border of the former USSR".

Russia-Belarus. Military co-operation is based on the Concept of a Joint Defence Policy of Belarus and Russia. A joint board of the two countries' MODs has been established, a joint programme of arms development for 2001-2005 is being worked out, a joint defence supply order has been formed, and a system of joint logistical support for the regional task force is being created. The common military doctrine of the Union State and the agreement "On Joint Protection of the Western Aerial Border of the Union of Belarus and Russia" are being drafted. The Charter of the Union of Belarus and Russia provides for taking necessary measures aimed at countering threats to the sovereignty and independence of each of the member countries.

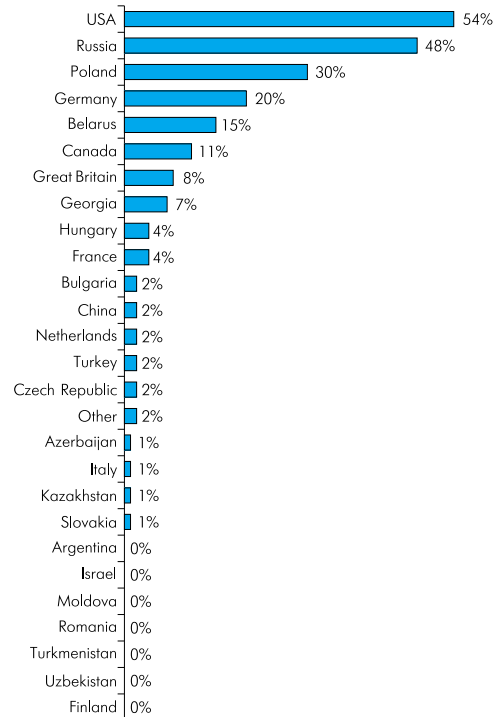
The U.S.-Japan. Treaty of Mutual Co-operation and Security between Japan and the United States of America stipulates that "Each Party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger".

The U.S.-Israel. Memorandum of Understanding between the Government of the United States and the Government of Israel Strategic Co-operation states: "To provide each other with military assistance for operations of their forces in the area".

In case of a threat of military aggression, Ukraine can count on *political, diplomatic, economic and information* assistance on the part of all countries declared to be its strategic partners. To be sure, the effectiveness of this assistance will vary depending on the country's potential and the level of its influence on international developments. The contributions of **the U.S., Russia, China, Germany, Canada** can probably be more substantial than of the remaining countries.

As far as purely *military* assistance is concerned, Ukraine can rely on such from two countries only — **Russia** or **the U.S.**, depending on the source of the threat. Indeed, of all Ukraine's strategic partners, only these two countries, with their political, economic and military potential, are capable of pursuing an *independent* policy in the region⁷⁵. Furthermore, the military (including nuclear) potential of

Countries on whose military assistance Ukraine could rely in case of a threat of aggression, % of the polled experts



Russia and the U.S., their role in the UN Security Council, the proximity of Russia and the mobility of the U.S. Armed Forces might guarantee containment of possible aggression against Ukraine⁷⁶. No other country, acting separately, can render truly *decisive* military assistance to Ukraine.

It is worth notice that this conclusion by UCEPS experts is shared by many of the polled specialists (see *Diagram "Countries on whose military assistance Ukraine could rely in case of a threat of aggression"*). They believe that Ukraine can hope for assistance on the part of **the U.S.** (54% of those polled) and **Russia** (48%).

Almost one-third (30%) of experts named Poland here, but UCEPS experts suggest that that country may be viewed as Ukraine's strategic military partner in the remote future only, if ever⁷⁷.

⁷⁵ Some of Ukraine's strategic partners — members of military-political alliances (**Belarus, Canada, Germany, Hungary, Poland, Turkey**), whose own potential is insufficient, will have to co-ordinate their actions with the members of those alliances (the Tashkent Treaty, NATO). And the leaders of those blocs are, again, **Russia** and **the U.S.**, respectively.

⁷⁶ Given the possible sources of military threat to Ukraine, in some instances, preventive deployment of a limited contingent of Russian or U.S. mobile forces on Ukraine's territory would be enough to deter aggression. Of course, this is to be done on the background of strategic deployment and preparation for a defensive operation by Ukraine's Armed Forces.

⁷⁷ **Poland's** military potential is limited, and further cuts of its Armed Forces are planned (to 150 thousand over the next six years), probably in reliance on the NATO partners. The mobile component of Poland's Armed Forces is presently too weak to engage in active sustained operations beyond the country's borders. Furthermore, Poland is unlikely to take steps to support Ukraine by military means all alone, without the consent of NATO members.

According to the Diagram, experts do not believe it likely that other countries declared to be Ukraine's strategic partners could provide military assistance to Ukraine. It is difficult to quarrel with this opinion.

One more detail is of significance here: a partner country may render military assistance, provided that its vital interests coincide with the vital interests of Ukraine. Only then will a military threat to Ukraine's interests be perceived as a military threat to the vital interests of such a partner country. One should keep in mind that Russia and the U.S. possess largely competing interests in the military-political sphere.

Thus, Ukraine is in a situation where none of its strategic partners have strategic commitments before it in the military sphere. Potentially, strategic commitments could be assumed either by Russia or the U.S. The Russian Federation probably might make such a step, but relevant steps on Ukraine's part would be a violation of its non-aligned status. Therefore, difficult relations between Russia and the U.S. make Ukraine's interests in the military sphere dependent on relations between those two countries.

MILITARY CO-OPERATION

Ukraine views international military co-operation as an important factor for strengthening confidence between partners, employing advanced experience and lowering the level of threats to national security through joint efforts.

Ukraine's military interacts especially actively and fruitfully with countries that are ready to render financial assistance for such co-operation. Those include, first of all, the U.S., Great Britain, Canada, the Netherlands, and Germany⁷⁸. Ukraine's own capabilities for funding international military events are very limited, that's why the financial and technical assistance of the partners is of great importance.

Among bilateral programmes of military co-operation, the Ukraine-U.S. Co-operation Programme deserves special attention, given its quantitative and qualitative parameters. Since 1994, Ukraine's military has obtained close to \$30 million from the U.S. under international military co-operation programmes to fund bilateral events, Ukraine's participation in the NATO Partnership for Peace Programme, and



maintenance of Ukrainian peacekeepers in Kosovo. The U.S. funded all the exercises of the *Peace Shield* and *Sea Breeze* series. With its assistance, Ukraine has commissioned six language-training laboratories, and another seven have been delivered in country. The U.S. helps to train professional sergeants for Ukraine's Armed Forces. More than \$7 million has been allocated for the training of more than 200 Ukrainian representatives in the USA under the International Military Education and Training Programme alone. All in all, in terms of the amount of financing and the number of events held, Ukraine's co-operation programme with the U.S. is comparable to its co-operation with all other declared strategic partners taken together.

Active military co-operation between Ukraine and Russia began only after the signing of the large-scale political treaty in May 1997⁷⁹. Just six months later, the first joint exercise *Faryater Myru* was conducted in the Black Sea, which involved 11 Ukrainian and 17 Russian ships. The number of joint events increased every year: in 1998 — 28; and in 1999 — 31. In July 1999, President Kuchma directed the military to expand co-operation with Russia: "Treatment of that country as a strategic partner is one of the dominant traits of our foreign policy... There is a necessity to deepen co-operation in the military sphere, too"⁸⁰. Correspondingly, more than 50 events were planned for 2000. Apart from joint exercises of the two navies, 2000 witnessed the first-ever joint exercise with the Russian Federation

⁷⁸ Different aspects of the military co-operation of Ukraine with Canada, Germany, the U.S. have been assessed in the previous issues of the *"National Security & Defence"* magazine (2000, No.1,3,7,8,11).

⁷⁹ Before 1997, military co-operation envisaged annual exchanges of 8-12 visits, in course of which disputed matters of the Soviet Black Sea Fleet division were discussed (more than 50 agreements and protocols were signed), along with the issues of disarmament, supplies of spares and rendering of repair services.

⁸⁰ "Army Problems in the National Context". The Speech of the President of Ukraine at the Meeting of Officers of Ukraine's Armed Forces on July 13, 1999. — *Uryadovyi Kuryer*, July 15, 1999, p.4.



involving Ukraine's long-range bombers and air defence forces. The heads of the two countries' defence ministries plan to advance their military interaction even further⁸¹.

Ukraine's military co-operation with Poland began in 1993⁸². In its first few years it was not very intense: about 20-25 events were held annually. Formation of a joint Ukrainian-Polish battalion in 1997 was an important move in stepping up this co-operation. The battalion took part in the majority of multinational exercises held in Poland and Ukraine. Presently, it is performing a peacekeeping mission in Kosovo as part of the KFOR contingent. Ukraine's contribution is two companies with a total strength of 250, maintained mainly at the expense of the U.S. (\$4.5 million have been allocated so far)⁸³.

UCEPS experts believe that co-operation within the framework of joint peacekeeping and other units lays the basis for interaction in future peacekeeping and traditional military operations.

An important aspect of Ukrainian-Polish military co-operation is participation, with **Great Britain**, in *Cossack Steppe*, an annual trilateral exercise of airborne units (four such exercises have been conducted). Apart from interstate ties, cross-border relations between the Western Operational Command of Ukraine's Armed Forces and the Krakow District of the Polish Army are on the rise.

As far as other partners (**Azerbaijan, Bulgaria, Uzbekistan**) with which strategic partner relations have been fixed in bilateral documents are concerned, the level of co-operation in the military sector is far lower than Ukraine's interaction with certain countries, which have not been declared to be strategic partners, for instance, **Great Britain and the Netherlands⁸⁴**.

Therefore, Ukraine's military co-operation with its strategic partners is developing unevenly.

Contacts with the U.S. are most active while the intensity of Ukraine's military co-operation with Poland and Russia is a grade lower, although ties with those countries are on the rise.



Despite the high level of co-operation and strategic interest of both parties, military partnership with the U.S. cannot be termed as strategic yet, since it has not had a significant effect on Ukraine's defence capabilities.

Given the present difficult economic situation in Ukraine, military co-operation is important with those partners, which are ready to assume the bulk of expenses for joint events — first of all, the U.S., Great Britain, Canada, the Netherlands, Germany and certain other countries.

MILITARY-TECHNICAL CO-OPERATION

Ukraine's military-technical co-operation with strategic partners is intended to provide its military units with up-to-date weapon systems, and increase exports by the domestic defence industry.

Ukraine chooses priority partners and directions of military-technical co-operation on the basis of available defence industry capacities, which are excessive from the standpoint of the limited internal needs of Ukraine⁸⁵; historic interdependence of military-industrial complexes of former Soviet countries, and the kinship of their scientific

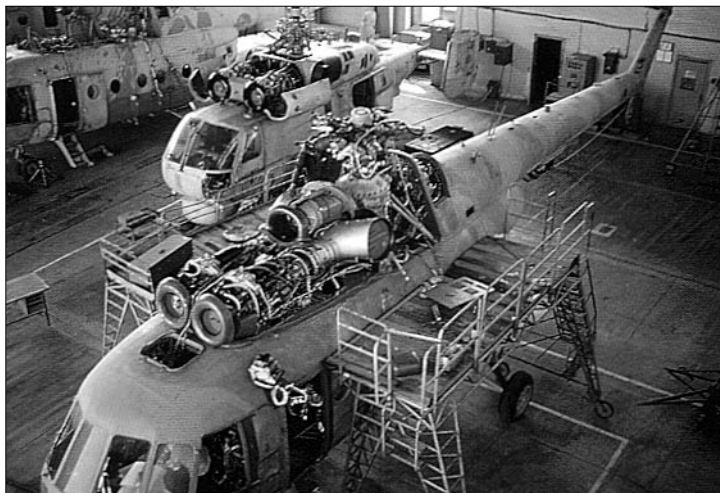
⁸¹ "According to Ministers of Defence of Ukraine and the Russian Federation O.Kuzmuk and I.Sergeev, they have every reason to assess the prospects of bilateral military and military-technical co-operation as "optimistic". The dynamic of advance of those relations improves every year and is becoming obligate". — See: *DINAU*, April 17, 2000.

⁸² On February 3, 1993, Ministries of Defence of the two countries signed an agreement on military co-operation.

⁸³ Ukraine is also participating in the formation of other joint units, specifically the Tysa engineering unit (jointly with **Hungary, Romania and Slovakia**); a GUUAM peacekeeping unit (jointly with **Georgia and Azerbaijan**), and the international Black Sea Naval Co-operation Task Force Group (jointly with **Bulgaria, Georgia, Russia, Romania and Turkey**). These units are still at the early phase of formation and require a relevant regulatory base to govern their activities and systematic preparation for joint actions.

⁸⁴ The number of bilateral events (visits, seminars, exercises) held jointly with **Great Britain**, is increasing every year and reached 80 in 2000. Over the years of co-operation, Great Britain allocated close to \$2 million for their conduct. Regular exchanges of military delegations on the expert level take place with **the Netherlands**. Ukrainians undergo staff officer training, study at language, medical and other courses in the Netherlands. Ukraine is the only Holland's partner whose all expenses on co-operation (close to 25-30 events a year) are covered by the Netherlands. Furthermore, that country many times extended material assistance to Ukraine's Armed Forces (medical equipment, computer hardware, etc.). The Netherlands is the second largest financial donor (after the U.S.), helping to maintain Ukraine's peacekeeping contingent in Kosovo.

⁸⁵ Some hi-tech branches of Ukraine's defence industry (production of aircraft, missiles, armoured vehicles, shipbuilding, etc.) and, correspondingly, hundreds of thousands of jobs can be saved only on the condition of large export orders. Therefore, effective military-technical co-operation is of strategic importance for the national economy.



ic/research and development schools; readiness of partner countries to perform large-scale co-operative projects involving Ukraine, joint promotion of military equipment on international markets; observance of Ukraine's obligations with respect to military-technical co-operation within the framework of international control regimes.

Russia is Ukraine's *main* partner in the field of military-technical co-operation. There is a sufficient regulatory-legal basis, and bilateral agreements exist in practically all spheres dealing with military-technical co-operation⁸⁶. Furthermore, pursuant to Cabinet of Ministers of Ukraine Resolution of June 22, 1999, close to 60 Ukrainian defence companies have been granted the right to take part in co-operative production jointly with Russian partners without mediation of the *Ukrspetsexport* State Company and a special permit from Ukraine's State Service of Export Control. According to the latter, the amount of trade with Russia in the military-technical sector rose significantly in 1999⁸⁷.

At the same time, political differences between Ukraine and the Russian Federation (regarding co-operation with NATO⁸⁸ and the Tashkent Treaty) has a negative effect on military-technical co-operation, and the presence of both countries on the same (post-Soviet) market of arms brings about

sharp competition between them. But for the mentioned negative factors, the present relatively high level of military-technical co-operation between Ukraine and the Russian Federation could be termed as co-operation by strategic partners.

On the other hand, active military-technical co-operation with Russia hinders the achievement of a high level of Ukraine's military-technical co-operation with Western partners — the U.S., Germany, other NATO members⁸⁹. Indeed, Ukraine and the U.S. do not perform joint development of weapon systems and military hardware, do not transfer defence technologies, and do not co-operate on arms markets. Neither does Ukraine obtain military-technical assistance on an equal footing with, say, neighbouring Poland⁹⁰. Since Western partners are able to satisfy their own needs in weapon systems without reliance on Ukraine, the possibilities for deepening military-technical co-operation between Ukraine and the U.S., as well as between Ukraine and Poland⁹¹, are very limited.

Uzbekistan joined GUUAM in 1999, a sign of its intent to co-operate seriously with Ukraine in all sectors, including in the military-technical one⁹². The necessary preconditions for such an intensification of co-operation exist: Uzbekistan has plans to modernise its Armed Forces; intends to buy military hardware and spare parts from Ukraine; and manufactures products which are of interest to Ukraine. In 2000, *Ukrspetsexport* increased the volume of trade with Uzbekistan⁹³.



⁸⁶ Intergovernmental agreements of co-operation in the field of design and operation of missile and space equipment, ship-building and repair, joint production of AN-70 aircraft, etc. Joint ventures have been established, such as *Medium Transport Aircraft* (for marketing of AN-70 aircraft) and *Kosmotras* (for the commercial use of SS-18 ballistic missiles).

⁸⁷ See: Badrak V. Sensitive Trade: Dreams That Come True. — *Russian-Ukrainian Bulletin*, February, 2000, No.5, p.45.

⁸⁸ Russia views Ukraine's co-operation with NATO, among other facts, as a possible threat in terms of losing Ukraine's arms market due to the alleged intention of the Alliance to make Ukraine a user of NATO weapons.

⁸⁹ These limitations do not apply to the technologies that are needed by the West and cannot always be provided without foreign involvement. Exactly because of American lobbying, Ukraine became a fully-fledged participant in the international regime of rocket technologies control and the market of space services, being a partner of the U.S. in the *Sea Launch* consortium. Ukraine regularly renders the U.S. and other Western countries military transport services, using its wide-body highest load transport AN-124 "Ruslan".

⁹⁰ In June 2000, the U.S. transferred to Poland a missile frigate, and now review a possibility of transferring F-16 fighter aircraft stored at depots.

⁹¹ Given this country's accession to NATO and gradual re-orientation toward Western weapon systems.

⁹² Ukraine's military-technical co-operation with Uzbekistan has already brought some benefits: for instance, as far back as 1997, the Kyiv Tank Repair Works modernised 40 Uzbek tanks; wings for AN-70 aircraft are manufactured in Tashkent.

⁹³ Report of the Centre for Army, Conversion and Disarmament Studies (with a reference to an interview with Director General of State Company *Ukrspetsexport* V.Malev), October 4, 2000.



Good prospects exist for military-technical co-operation with **Azerbaijan**⁹⁴: *Ukrspetsexport* performs repair of weapon systems and military hardware for the Azeri Armed Forces both at Ukrainian defence enterprises and in Azerbaijan itself; Ukraine has performed a contract for the supply of military accoutrements to Azerbaijan in exchange for diesel fuel⁹⁵.

Ukraine's military-technical co-operation with strategic partners is characterised by a substantial degree of inequality, as reflected in the regulatory-legal basis for co-operation. For instance, 13 intergovernmental agreements in the field of military-technical co-operation have

been signed with Russia; three — with Uzbekistan; one each — with Azerbaijan, Poland and the U.S.; and none — with the majority of European countries⁹⁶.

On the other hand, there are many countries, which were never proclaimed strategic partners, but the level of military-technical co-operation with them is much higher than with declared strategic partners. Such countries as **Pakistan** (the largest buyer of Ukrainian weapons in 1997-1999), or **the Democratic Republic of Congo** (one of the largest customers in 1999), became important partners of Ukraine in the field of military-technical co-operation. **Greece**, a NATO member, made a contract with Ukraine for the purchase of two small landing vessels of the *Zubr* type valued at almost \$100 million. There are prospects for expanding military-technical co-operation with **France** in armoured vehicle production⁹⁷.

A summary assessment⁹⁸ of the status of Ukraine's military-technical co-operation with other countries is presented in the Table "*Correspondence of military-technical co-operation to the level of strategic partnership*". Summing up the above, one can draw the following conclusions.

Ukrainian military-technical co-operation with its strategic partners can in no case be called strategic. Even military-technical co-operation with Russia, for all its intensity and magnitude, is far from problem-free. In general, relations between Ukraine and the Russian Federation can be termed strategic dependence rather than partnership. Ukraine's military-technical co-operation with the U.S. is very limited; no real preconditions exist for its intensification.

All in all, among the countries proclaimed Ukraine's strategic partners, there is not a single state that can be called a true strategic partner in the military sector. With a view to creating favourable conditions for strengthening Ukraine's defence capabilities, military co-operation with the U.S. and Poland, as well as military-technical co-operation with the Russian Federation, is relatively effective. As far as countries that have not been declared strategic partners of Ukraine are concerned, co-operation in the military sector with Great Britain, the Netherlands and certain other countries looks promising.

Correspondence of military-technical co-operation to the level of strategic partnership

Partner countries	Direct supply of armaments	Modernisation of armaments	Participation in joint projects
Countries, declared as strategic partners of Ukraine			
Argentina			
Azerbaijan	*	*	
Belarus	*		
Bulgaria	*		
Canada			
China	*		*
Finland			
Georgia			
Germany			
Hungary	*		
Israel			
Moldova			
Poland	*	*	
Romania			
Russia	**	**	**
Slovakia	*		
Turkey			
USA			*
Uzbekistan	*	*	*
Countries, not declared as strategic partners of Ukraine			
Czech Republic			*
France			*
Greece	**		
Pakistan	**	*	*

** main partners

* important partners

⁹⁴ During Ukraine's visit by the Minister of Defence of Azerbaijan S. Abiev in October 2000, military-technical co-operation was called one of the main directions of co-operation.

⁹⁵ *UNIAN*, October 11, 2000.

⁹⁶ Database of the Centre for Army, Conversion and Disarmament Studies.

⁹⁷ Some experience has been accumulated in relations with France: in 1997, the joint **Ukrainian-French-Czech** project of T-72 tank upgrading to T-72AG level was executed.

⁹⁸ The assessments were made proceeding from the presented analysis, and employed the database of the Centre for Army, Conversion and Disarmament Studies. Also see: Badrak V. Ukraine on the World Arms Market. — *National Security & Defence*, 2000, No.6, p.59-67.

CONCLUSIONS

The following are indicators pointing to the critical importance of partnership in the economic field: a significant share of export/import of goods and services with a given country; significant volumes of foreign investments; existence of large-scale joint projects in priority sectors of Ukraine. As the Table shows, by the totality of these indicators, Russia, the U.S. and Germany can be considered strategic economic partners of Ukraine today. Economic co-operation with China can reach a higher level as well.

For Ukraine, of special significance is the energy component of the external economic relations. As the Table shows, by the totality of significant for the development of domestic fuel and energy complex indicators, Russia alone can be assumed to be Ukraine's strategic partner. However, its present policy with respect to Ukraine gives no reason to consider strategic partnership with the Russian Federation a reliable and mutually beneficial arrangement. Hence, in the energy sector, Ukraine presently has no reliable strategic partners. Raising Ukraine's co-operation in the energy sector to a strategic level is possible on the condition of implementing large-scale international energy projects that would ensure diversification of sources of energy supply to Ukraine. In this regard, the following countries can become Ukraine's strategic partners in the fuel and energy complex: Azerbaijan, Georgia, Germany, Poland, Turkey, the U.S., and Uzbekistan.

Characteristics of vital importance of partnership in the political sphere can be: an ability of partner countries to promote Ukraine's interests on the international stage; their attitude towards Ukraine as a strategic partner; active development of relations with Ukraine in the context of regional integration. As the Table shows, Ukraine's

co-operation with the U.S., Russia, Germany, China, is particularly important in strengthening its international position. Quite a few problems exist in relations with Russia, and their present status cannot satisfy either party. The potential of co-operation with the U.S., China is being under-utilised. Today, a goodly amount of dynamism is present in Ukraine's relations with Poland, Azerbaijan, Georgia, and Uzbekistan. In the experts' opinion, Ukraine is viewed as a strategic partner only by Poland.

In the military sector, of vital importance for Ukraine can be considered partnership, which: provides for adequate military assistance in case of an aggression or truly contributes to strengthening country's defence and to creating conditions, in which Ukraine could by itself localise possible military conflict. Carried out analysis has testified, that according to these characteristics Ukraine does not have strategic partners in the military sector. When compared with other countries, military co-operation with the U.S. and Poland, as well as military-technical co-operation with the Russian Federation, are more effective.

Generally, according to the figures of co-operation in four key spheres, today only Ukraine's relations with Russia, the U.S., Germany, and Poland reached the level of strategic partnership. The main impediment to developing strategic partner relations of Ukraine are internal problems.

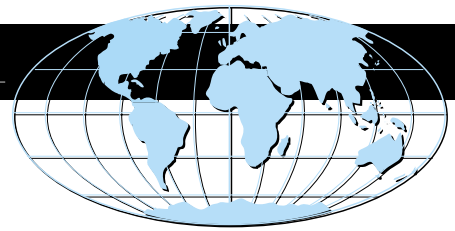
Among the countries that have not been declared strategic partners of Ukraine, prospective is co-operation: in the economy sector — with Great Britain, Italy, the Netherlands; in the energy sector — with Great Britain, Armenia, Iraq, Iran, Libya, Kazakhstan, the Netherlands, Norway, Turkmenistan; in the political sector — with Great Britain, France; in the military sector — with Great Britain, the Netherlands and certain other countries.



Correspondence of bilateral relations to the level of strategic partnership

Partner countries	ECONOMIC SPHERE					ENERGY SPHERE			POLITICAL SPHERE			MILITARY SPHERE		
	Export of goods and services	Import of goods and services	Possibilities for supporting Ukraine's interests in international organisations	Investments	Large-scale joint projects	Import of energy resources and services	Export of energy resources and services	Large-scale joint projects and investments	Possibilities for supporting Ukraine's interests in international organisations	Attitude toward Ukraine as a strategic partner	Relations in the context of regional integration	Possibilities for military assistance in case of aggression	Military co-operation	Military-technical co-operation
Argentina														
Azerbaijan										*	*			*
Belarus	*					*								*
Bulgaria														*
Canada								*					*	
China	*								*					*
Finland														
Georgia										*	*			
Germany	*	*	**	*				*	*				*	
Hungary							*							*
Israel														
Moldova							*							
Poland						*	*			**	**		*	*
Romania														
Russia	**	**		*	*	**	**	*	*	*		**	*	**
Slovakia							*							*
Turkey	*							*						
USA	**	*	**	**	*				**	*		**	**	
Uzbekistan											*			*

** main partners
 * important partners



3. CONCLUSIONS AND PROPOSALS

This section sums up the analysis results and proposes the possible ways and mechanisms of harmonising bilateral relations between Ukraine and its strategic partners⁹⁹.

SUMMARISED ASSESSMENTS

During last six years, at least 19 European, Asian, North and South American countries have been proclaimed Ukraine's strategic (special, key strategic) partners. Those include Azerbaijan, Argentina, Belarus, Bulgaria, Canada, China, Finland, Georgia, Germany, Hungary, Israel, Moldova, Poland, Romania, Russia, Slovakia, Turkey, the USA, and Uzbekistan.

The bilateral documents have established Ukraine's *strategic* partner relations with six countries: Azerbaijan, Bulgaria, Poland, Russia, the USA, and Uzbekistan. With another two countries: Canada and Georgia *special* partner relations have been officially fixed.

However, in most instances the proclamation (and even stipulation in relevant documents) of strategic partner relations has failed to bring about any substantial advance of bilateral co-operation.

UCEPS experts are strongly convinced that the effectiveness of bilateral co-operation primarily depends on Ukraine itself¹⁰⁰. At the same time, even in the present unfavourable conditions (with account of the domestic problems), interaction with strategic partners could be more effective, than the assessments of the analysis results prove.

Foreign direct **investments** into Ukraine remain meagre. Their volume does not meet the

needs of domestic economy growth. Support for Ukraine's position in international institutions (IMF, the EU) on the part of strategic partners remains limited. Ukraine obtains far less loans, and their terms in many instances are worse, than for other countries.

The dynamics of Ukraine's **trade** relations with the majority of its strategic partners is negative. The retreat of Ukrainian exporters from the Russian and Belorussian markets has been particularly painful. Ukraine's exports to Poland, Hungary and Slovakia are also decreasing. Negative trends dominate Ukraine's trade with Azerbaijan, Georgia, Moldova, and Uzbekistan — Ukraine's strategic partners and GUUAM allies.

In the **energy** sector, Ukraine also has no reliable strategic partners really interested in the expansion of bilateral co-operation.

Proclamation of strategic partnership has failed to encourage the advance of **political** contacts to a qualitatively new level. Political support for Ukraine's integration into the EU and implementation of large-scale hi-tech projects on the part of strategic partners is selective and rather limited. For instance, candidates for EU membership were declared countries whose level of economic development and potential of mutually advantageous co-operation is in no way better than that of Ukraine, which remains an outsider with respect to the process of EU enlargement.

⁹⁹ Strategic (distinctive) partnership of Ukraine with international organisations was not a subject of this study. Ukraine's relations with the EU and NATO were examined in the previous issues of the *National Security & Defence* magazine (No. 8,9, 2000).

¹⁰⁰ The possible ways of resolving the internal problems that hamper the development of Ukraine's international contacts were proposed in the previous issues of the *National Security & Defence* magazine (No. 1,3,4,5,6,8,9,11, 2000).



Top level political dialogue not always involves practical results — decisions made by heads of states are often stonewalled on the intergovernmental and interdepartmental levels. The list of problem areas in relations with some strategic partners is longer than the list of their common interests and practical successes.

High level of organisational support for strategic interaction is inherent only in Ukraine's relations with the U.S., Poland and Russia.

Ukraine's relations with none of its strategic partners envisage guarantees of military assistance in the event of aggression. Therefore, co-operation in the **military-political** sphere does not go beyond the framework of usual bilateral relations. Despite noticeable changes, neither military nor military-technical co-operation of Ukraine with any of the mentioned 19 countries has reached the level that can be termed "strategic".

The majority of domestic experts believe that no country, with the exception of Poland, presently views Ukraine as its strategic partner. Hence, bilateral co-operation is asymmetrical. Rank-and-file citizens in Ukraine and the partner countries have not felt any real benefits from strategic co-operation, either.

The analysis of the significant indicators of co-operation in the sectors which are vital for Ukraine (economy, energy sector, policy and the military domain), made in the previous section, gives reason to state that bilateral relations with four countries only — Russia, the U.S., Germany, and Poland — are approaching the level of strategic partnership. The ties with the rest 15 countries on that list remain usual partner relations.

Ukraine's "strategic" partnership, not backed with any noticeable successes, is turning from an effective tool of foreign policy into abstract political rhetoric negatively perceived both inside and outside the country.

Inconsiderate proclamation of strategic partnership casts doubt as to the consistency of Ukraine's foreign policy, causing negative attitude on the part of those countries that maintain (or intend to establish) a truly high level of bilateral relations with it.

The situation requires purpose-minded and consistent actions for filling Ukraine's strategic partner relations with other countries with practical content, and a strong PR-campaign aimed at overcoming the negative stereotypes created by the previous Ukrainian practice.

FUNDAMENTALS OF STRATEGIC PARTNERSHIP

Summing up the world experience and the assessments made by experts and People's Deputies, it is possible to formulate the following preconditions and fundamentals that should serve as a basis strategic partner relations.

First of all, in order for there to be any possibility of establishing strategic partner relations, there must exist strategic goals in foreign policy which are of fundamental importance for the partner countries; those are not attainable within the framework of ordinary bilateral relations, and can be secured only by raising them to a higher level — that of a strategic partnership. Such strategic goals may include: supplying the national economy with critical resources (energy, commodities, finance, etc.); reliable and uninterrupted access to vitally important regions, communication protection; co-operation in resolving security problems — collaborative efforts to counteract organised crime, illegal migration, arms and drug trafficking, aggressive separatism, terrorism, large-scale environmental hazards, etc.

Secondly, potential partner countries' common views and approaches to the fundamental problems of global policy, as well as global and regional developments. Strategic partner relations presume, as a rule, deep interstate ties not in just one, but in several important domains.

Strategic partner relations should be built on the following fundamentals.

- ❖ Mutual interest of the partners in fruitful co-operation, bilateral recognition of the strategic nature of their partnership.

- ❖ The partners' readiness to consider mutual national interests, and compromise for the purpose of attaining common strategic goals, even if such actions do not seem expedient at times, from the standpoint of own benefits.

- ❖ Mutual repudiation of the use of intrinsic advantages for discriminatory actions (let alone ultimatums) with respect to each other.

- ❖ The long-term character of partner relations is key, since strategic partnership is established and then fixed in bilateral documents not for two or three years but for a long run.

- ❖ Availability of mechanisms for the practical implementation of strategic partnership.

❖ Legal substantiation of the content and mechanisms of strategic partnership in bilateral documents, since the strategic targets of co-operation should not vary dependent on the change of government in both countries.

❖ Discipline, consistency and predictability of partner relations, exact execution of partner commitments.

❖ High effectiveness of strategic partnership: strategic partnership should be advantageous for both parties, meaning not only state and political elites but also business entities and rank-and-file citizens.

Thus, UCEPS experts believe that the essence of strategic partnership lies in the existence of the kind of interaction between states that allows partners to attain important domestic and foreign policy goals through joint efforts. Strategic interaction is of a comprehensive nature. It is durable and covers a multitude of important fields of co-operation. The strength of strategic partnership is determined by the parties' mutual readiness to take into account each other's interests, the availability of effective mechanisms of practical co-operation and the discipline of partner relations.

STRATEGIC PARTNERSHIP IN THE CONTEXT OF UKRAINE'S INTERESTS

It is vitally important that Ukraine, a country that will remain in a state of transformation for some time to come, employs the experience, influence and practical assistance of strategic partners in implementing market and democratic reforms in the country.

The key spheres of Ukraine's strategic partnership should encompass the economy, energy sector, policy, and the military domain.

By contrast to early '90s, when political support on the part of influential partners secured Ukraine's establishment as a sovereign state on the international stage, today, the priorities of co-operation are shifting into the economy sector. Therefore, the main criterion of the strategic character of Ukraine's partner relations with other countries should be the economic effectiveness of co-operation¹⁰¹.

The following are indicators pointing to the critical importance of partnership in the **economic field**: a significant share of export/import of goods and services with a partner country; significant volumes of foreign investments; existence of large-scale joint projects, first of all, in priority for Ukraine sectors.

When attributing one or another country to strategic partners in the economy domain, one

should take into account not only the volumes but also the structure of trade (investments). For instance, large volumes of exports of goods which are not critical and vitally important for further development of Ukraine's economy cannot serve as a criterion for putting the customer country on the list of strategic partners. Neither can a country be assumed a strategic partner if imports from it consist mainly of consumer goods that can be produced in Ukraine. At the same time, a country supplying Ukraine with new technologies, up-to-date (especially unique) equipment can be viewed as a strategic partner, even if the volume of supplies is insignificant.

There is considerable potential for Ukraine's strategic partners to promote decisions advantageous for the former in the IMF, the World Bank, EBRD, the European Union, and other international organisations.

By the totality of these indicators, only three countries may be called Ukraine's strategic partners in the sphere of economy: Russia, the U.S. and Germany. Co-operation with China also looks promising for Ukraine.

Especially important for Ukraine is the **energy component** of foreign economic relations. The following are indicators of the importance of partnership in the energy sector: whether or not a partner country owns a large share of the energy resources and services in export/import market of its counterpart; significant volumes of foreign investments and credits channelled into the development of the fuel and energy complex; participation in large-scale international energy projects, and the possibility of obtaining cutting edge energy technologies. When choosing strategic partners, Ukraine should, among other things, take into account the need to diversify the sources of energy supply.

By the totality of aforesaid indicators, only Russia can be viewed as a strategic partner of Ukraine in the energy sector. However, the present status of bilateral relations in this sector does not allow to regard strategic partnership with the Russian Federation reliable and mutually beneficial.

Raising Ukraine's co-operation in the energy sector to a strategic level is possible on the condition of implementing large-scale international energy projects that would ensure diversification of sources of energy supply to Ukraine. In this regard, the following countries can become Ukraine's strategic partners in the fuel and energy complex: Azerbaijan, Georgia, Germany, Great Britain, Kazakhstan, the Netherlands, Poland, Turkey, Turkmenistan, the U.S., and Uzbekistan.

¹⁰¹ Although it is clear that the high level of political dialogue between two countries presents a precondition for the effective economic co-operation.



Characteristics of vital importance of partnership in the **political sphere** can be: an ability of partner countries to promote Ukraine's interests on the international stage; their attitude towards Ukraine as a strategic partner; active development of relations with Ukraine in the context of regional integration.

Among the mentioned 19 countries, co-operation with the U.S., Russia, Germany, and China is the most important for consolidating Ukraine's positions in the world. Political contacts with Poland, Azerbaijan, Georgia, and Uzbekistan are advancing rather dynamically.

In the **military sector**, of vital importance for Ukraine can be considered partnership, which: provides for adequate military assistance in case of an aggression or truly contributes to strengthening country's defence and to creating conditions, in which Ukraine could by itself localise possible military conflict.

The performed analysis shows that, judging by these indicators, Ukraine presently has no strategic partners in the military sector. Potentially, strategic commitments could be assumed either by Russia or the U.S. The Russian Federation probably might make such a step, but relevant commitments on Ukraine's part would be a violation of its non-aligned status.

When compared with other countries, military co-operation with the U.S. and Poland, as well as military-technical co-operation with the Russian Federation, are more effective. Ukraine's military co-operation with Canada and Germany is on the rise.

A multiplicity of Ukraine's strategic partners, competing with one another, imposes certain **limitations** on its foreign policy. This particularly refers to such sensitive sectors as the arms trade, peacekeeping operations, nuclear power plant construction, transit of energy resources, export of high technologies, and co-operation within the framework of international alliances whose interests conflict with each other to a greater or lesser extent (NATO, the Tashkent Treaty, the EU, the CIS, GUUAM, etc.).

All in all, proceeding from the indicators of interaction in the key sectors, four countries can be distinguished — Russia, the U.S., Poland, and Germany (although there are no bilateral documents that declare the strategic character of relations with the latter) — on the background of other countries proclaimed Ukraine's strategic partners.

The status of relations with the rest 15 countries declared Ukraine's strategic partners, including those where this high status was documented (Azerbaijan, Bulgaria, Uzbekistan), does not correspond to the level of strategic partnership. While in relations with

Azerbaijan and Uzbekistan there are preconditions for their gradual raising to the strategic level, we see no grounds to say the same about Bulgaria.

Among the countries that have not been declared strategic partners of Ukraine, prospective is co-operation: in the economy sector — with Great Britain, France, Italy, the Netherlands; in the energy sector — with Great Britain, Kazakhstan, the Netherlands, Norway, Turkmenistan; in the political sector — with Great Britain, France; in the military sector — with Great Britain, the Netherlands and certain other countries.

PROPOSALS

UCEPS experts believe that harmonisation of Ukraine's bilateral relations with its strategic partners will benefit from the implementation of the following proposals.

1. Setting strategic goals and priorities in Ukraine's foreign policy

Strategic partnership is based on long-term economic, political, military and other factors that are critical for both countries. Therefore, strategic partner relations can be established only after the formulation of strategic goals and priorities in Ukraine's foreign policy. We suggest the development and adoption of the following three documents.

The Law of Ukraine "On the Principle Directions of Ukraine's Foreign Policy". The present document, introduced by the Verkhovna Rada Resolution on July, 2, 1993, does not entirely correspond to the present conditions. First of all, serious changes have taken place in the world, in Europe and in the neighbouring countries. Ukraine's neighbours joined NATO, the Russian-Belorussian Union and the Eurasian Economic Community have been created, the European Union is expanding, institutional establishment of GUUAM is planned. Ukraine also changed a lot. Second, a number of urgent tasks of that period have been already accomplished: Ukraine got rid of nuclear arms, signed comprehensive treaties with the neighbouring countries and an agreement with the European Union, became a member of the Council of Europe. Other provisions of said document have also been implemented. This particularly refers to the establishment of the Diplomatic Academy under the Ministry of Foreign Affairs of Ukraine.

Alongside with the strategic goals and foreign policy priorities, the new document should present preconditions and fundamentals for building strategic partner relations by Ukraine¹⁰². This will make the choice of strategic partners and the setting of priority targets in bilateral co-operation more deliberate.

¹⁰² Preparation of the draft should be co-ordinated with the development of draft Concept (policy fundamentals) of Ukraine's national security pursuant to the President of Ukraine Decree No.1237/2000 of October 15, 2000. Draft Concept is to be ready by July,1,2001.

The Law of Ukraine "On the Concept of Ukraine's Energy Policy through 2020". This document¹⁰³ should define the economic, legal and organisational conditions for the operation and development of different sectors of the fuel and energy complex, lay down fundamentals for expanding its export and transit potential, steady provision of Ukraine with energy resources. A separate section of the Concept should be devoted to resolving the problem of diversification of energy supplies. This will make it possible to clearly define the priorities of co-operation with the present/potential strategic partners in the energy sector.

The Cabinet of Ministers of Ukraine Resolution "On the Principle Directions of Military and Military-technical Co-operation of Ukraine". This document should specify the provisions set in the Law of Ukraine "On the Principle Directions of Ukraine's Foreign Policy", specifically — the main goals, priorities and tasks to be used as a basis for planning Ukraine's co-operative events in the military sector. The duty of organising the drafting and co-ordination of the document rests with the newly-established Government Committee for the Reform of the National Defence, Military-industrial Complex, State Security and Law Enforcement, headed by Prime Minister V.Yushchenko.

In our opinion, the basic goals of Ukraine's military and military-technical co-operation should encompass: raising Ukraine's defence potential; gradual attainment of interoperability with the armed forces of strategic partner countries, preparation for joint actions for the containment of possible military conflicts; strengthening confidence in relations with the neighbouring countries, lowering the level of military threat in the region; equipment of Ukraine's military formations with advanced weapon systems, support of the national military-industrial complex, accession to promising arms markets jointly with strategic partners; employment of their positive experience in reforming armed forces and ensuring democratic civilian control over the military.

The approved "Principle Directions..." should serve as a basis for *annual* planning of military and military-technical co-operative events to be performed jointly with strategic partners on bilateral and multilateral basis. The pres-

ent practice, when the planning of events is not properly co-ordinated with the targets of co-operation and Ukraine's commitments (within the framework of the UN, OSCE, GUUAM, Partnership for Peace Programme, bilateral agreements), and often reflects not Ukraine's needs and priorities but rather the proposals of the partners, has proved rather ineffective.

2. Refusal of the arbitrary use of the term "strategic partnership" and ungrounded proclamation of new strategic partners

The officials who represent Ukraine on the international stage should use the term "strategic partnership" only with respect to those countries, with which the strategic level of relations has been fixed in bilateral documents.

Prior to the review of the mentioned basic documents, Ukraine should refrain from declaring new strategic partners. The establishment of strategic partner relations with a foreign country should ensue from the comprehensive analysis of the status and prospects of bilateral co-operation and due consultations with the partner country. Preparatory work should be done by a special interdepartmental group (commission), established by a decision of the President of Ukraine, under the auspices of the Foreign Ministry. The declaration of establishing strategic partnership should be made by the head of state.

3. "Inventory" of relations with strategic partners

What is needed is a comprehensive analysis of the current state and prospects of Ukraine's co-operation with the countries declared its strategic partners, in the main spheres — the economy, energy sector, policy, the military sector, the humanitarian sector, etc.

The comparative quantitative and qualitative assessments obtained in the result of such "inventory" will make it possible to draw sound conclusions as to the strategic importance of co-operation with one or another partner for Ukraine¹⁰⁴.

There is no doubt that proceeding from the analysis results, the circle of the 19 declared strategic partners will be constricted to realistic limits. According to the results presented in Section 2, relations with four countries only (**Russia, the U.S., Germany, Poland**) can reach the level of true strategic partnership in the near future.

¹⁰³ UCEPS experts have drafted such a document. Its basic provisions will be published in the following issues of the *National Security & Defence* magazine.

¹⁰⁴ The same indicators should also be used as a basis for assessing the state and prospects of relations with the countries that were not declared Ukraine's strategic partners but have good prospects for co-operation. Those include **Great Britain, France, Italy, Kazakhstan, the Netherlands, Turkmenistan** and some other countries.



The strategic nature of partnership with the Russian Federation, the U.S. and Poland has already been fixed in bilateral documents. Probably, **at this stage it would be expedient to propose those three countries to make the following step for the formalisation of bilateral relations — sign Memoranda of strategic partnership.**

The relations with the three countries (**Azerbaijan, Bulgaria, Uzbekistan**), where strategic partnership has been fixed in bilateral documents but failed to bring tangible results, should be filled with concrete content through joint efforts of the parties. This will probably be especially difficult in relations with Bulgaria, given the present low level of co-operation with that country.

As far as the other countries, unilaterally proclaimed Ukraine's strategic partners, are concerned, mutually advantageous co-operation with them should advance within the framework of traditional partner relations.

UCEPS experts believe that following due consultations with **Germany**, strategic partner relations could be established with that country. The present level of bilateral relations and the prospects of their advance in the context of Ukraine's course toward European integration favour such a decision.

In order to identify the ways for deepening co-operation with the main partners, a comprehensive check of the fullness and quality of bilateral documents and their correspondence to the present needs and priorities is needed. Given the exceptional importance of economic co-operation, it seems expedient to review long-term programmes of economic co-operation made between Ukraine and some of its strategic partners for a ten-year term. These important interstate documents remain idle due to the stereotyped approaches to their formulation, absence of necessary quantitative indicators and parameters of final results regarding the main directions of co-operation.

Special attention should be paid to the assessment of the effectiveness of organisational mechanisms for implementing common tasks and preventing conflict situations. If bilateral working bodies operate ineffectively, the main reasons for that should be identified (their low status, undermanning, poor qualification, improper management, complex scheme of interaction and co-ordination, lack of resources, etc.), and concrete proposals for raising their effectiveness should be made.

The "inventory" should involve not only representatives of the central staff of state insti-

tutions but also of local state administrations, public associations (the Ukrainian Union of Industrialists and Businessmen, exporter associations, etc.), joint ventures, transport companies, firms taking part in joint projects, non-governmental analytical structures.

This will make it possible to identify all weak points and deficiencies in the regulatory-legal base, problem areas in bilateral relations, and the factors that hinder the advance of trade-economic, science and technology, cultural, and other relations between the two countries.

4. Preparation of Memoranda of strategic partnership

At the present stage, it seems expedient to make such Memoranda, upon bilateral consent, with Russia, the U.S. and Poland. The strategic importance of relations with those countries is beyond doubt.

UCEPC experts believe that Memoranda of strategic partnership should contain: definition of common interests of the partners; the list of spheres of co-operation; common approaches to international problems; commitments of the parties; factors that can run contrary to the interests of the parties, including with respect to their relations with third countries (international organisations); organisational mechanisms for strategic partnership implementation.

Identification of common interests of the parties and the spheres of co-operation will be conducive to similar understanding of the content and targets of strategic partnership.

The parties' commitments must include reciprocal repudiation from discriminatory actions (let alone ultimatums) with respect to each other, using their natural political, economic, information, military, and other advantages.

Organisational mechanisms for strategic partnership implementation must ensure: consultations for the co-ordination of the parties' positions, and prompt resolution of conflict issues within the framework of political dialogue.

5. The possible ways for intensifying co-operation with strategic partners

Deepening top level political dialogue with strategic partners. This will encourage confidence, prevention of conflicts, management of crises in bilateral relations, prompt adoption and implementation of proper decisions. Political dialogue on the level of heads of state and governments should rule out unilateral decisions that can harm bilateral relations.



The status, structure and strength of the state bodies dealing with co-operation with strategic partners should be brought in compliance with the priorities and scope of tasks they resolve. This refers to bilateral working bodies, relevant divisions of the Administration of the President of Ukraine, Secretariat of the Cabinet of Ministers, the Ministry of Foreign Affairs (including diplomatic missions), the Ministry of Economy, the Ministry of Defence (including military attaché offices), other ministries and agencies. If Ukraine really admits relations with one or another country as a priority, organisational and human resources should be concentrated exactly on these directions, and the most qualified diplomats should be employed in relevant executive structures and Ukraine's diplomatic missions exactly in those countries.

The institute of advisors should be established under the President of Ukraine, to co-ordinate activity on priority directions of foreign policy. At the present stage, it is expedient to appoint advisors on relations with three countries — the Russian Federation, the U.S. and Poland. These posts could be occupied by experts working in the Presidential Administration, the Ministry of Foreign Affairs and other bodies of state governance, without leaving their present job¹⁰⁵.

Separate sections (of Russia, the U.S. and Poland) should be detached from the territorial departments of the Ministry of Foreign Affairs and subordinated directly to deputy ministers. With the advance of co-operation with other strategic partners, the status of relevant sections should be raised, and their personnel should be increased.

There should be a more thorough selection of candidates for participation in important events held jointly with strategic partners (especially abroad). Ukraine's representatives should have adequate professional and language skills and meet all requirements to participants in those events.

Investments into each other's economy should be encouraged, for instance, through the creation of a system of preferences for strategic partners during tenders (other terms being equal). Such preferences should be of an exclusive character and relate only to strategically important sectors of co-operation (high technologies, defence industry, etc.).

Deepening military and military-technical co-operation with strategic partners, specifically, through signing agreements of mutual protection of classified information with separate countries, particularly with the U.S., Germany, Poland, etc., and the employment of non-traditional forms of military-technical co-operation, such as leasing of weapon systems and military hardware. Ukraine could not only render such services but also command those to raise the combat readiness of its Armed Forces.

Relations between business circles of strategic partners should be promoted. This presumes the establishment of bilateral chambers of commerce, trading houses, business centres in partner countries. Ties between the associations of industrialists and businessmen need to be promoted. First of all, representative offices of the Ukrainian Union of Industrialists and Businessmen should be established in the U.S. and Poland.

Interregional co-operation of strategic partners should be intensified. The idea of establishing trade missions in Russia's Federal Districts deserves attention. There should be a practice in place when Ukraine's Prime Minister pays working visits to Russia's regions, and regular meetings are held between heads of regional state administrations of Ukraine and the heads of Polish wojewodztwo's and Russian regions.

Effective standing channels of interaction between state, political, business, scientific and creative elites of strategic partner countries should be created. Establishment of joint public councils on issues of bilateral relations and cultural centres in partner countries, with state structures' support, would be helpful in this respect. This work might be co-ordinated by the Ministry of Foreign Affairs.

Strategic partnership needs a stronger information support. Bilateral agreements in the field of information exchange should be made, to provide for the creation of joint information centres, exchange of blocks of programmes and air for transmission in partner countries, regular television and radio bridges, joint issue of newspapers (magazines) in two languages. **Better information about different sides of life in strategic partner countries, the state of bilateral affairs and common gains will help to win a broad public support for strategic partnership.**

¹⁰⁵ For instance, the U.S. Ambassador to Ukraine Carlos Pascual previously shared the positions of Special Assistant to the U.S. President and Senior Director for Russia, Ukraine and Eurasia at the U.S. National Security Council.



UKRAINE AT THE WORLD ARENA:

CURRENT STATE AND PROSPECTS OF STRATEGIC PARTNERSHIP

While preparing the analytical report "Strategic Partners of Ukraine: declarations and realities", we have asked authoritative Ukrainian politicians and experts to express their view of main approach for determining the priority foreign partners of Ukraine, principles of forming relations with them and mechanisms for giving essence to the strategic relationship of Ukraine with other countries.

UCEPS experts proposed the following questions to the participants of the round table:

- 1. Do you believe that Ukraine's practice of establishing strategic partner relations with other countries is in line with contemporary global trends?*
- 2. On what fundamental principles should strategic partnerships between Ukraine and other countries be based?*
- 3. With what countries Ukraine has true strategic partner relations?*
- 4. What measures should be taken to intensify the strategic partnership of Ukraine with other countries?*

We are deeply thankful for evaluations and concrete proposals to the Minister of Foreign Affairs of Ukraine Anatoliy ZLENKO, to the Head of Foreign Affairs Committee at Verkhovna Rada of Ukraine Igor OSTASH, to the President of Ukrainian Union of Industrialists and Businessmen Anatoliy KINAKH, to the Director of the Center for European and International Studies Hryhoriy NEMYRIA.

Especially we would like to note willingness of the heads of the executive and legislative authorities to express their view on the pages of this magazine. In our opinion, it shows that there is growth in comprehension of importance of co-operation of the power structures with non-governmental organisations. This co-operation, on the one hand, contributes to the development of the civil society in Ukraine, and on the other hand — can be used for information-analytical assistance in realisation of Ukraine's foreign policy.

In our opinion, the following answers are of valued importance, because they belong to the high-ranking officials and experts, who have influence over preparation and implementation of the executive decisions at the priority directions of Ukraine's foreign policy.

Evaluations and proposals of the participants of the round table were considered at the final stage of preparation of the analytical report.



1. Do you believe that Ukraine's practice of establishing strategic partner relations with other countries is in line with contemporary global trends?

Every state needs to select priority foreign policy partners. In today's world, no one country can fully secure its national interests solely on the basis of its own political, economic, military and, finally, information technology potential, no matter how strong it may be.

And when these issues are reviewed in the context of present international trends, with their globalisation of politics and economics, greater global interdependence, and strong integrationist tendencies, then the factor of strategic partnership acquires a special significance, given its "two-way street" nature conditioned by the existence of mutual bilateral commitments. In other words, removal of possible unfavourable consequences of said trends presumes application of joint efforts by different subjects of international law. It is not by chance that this problem was addressed so keenly at the recent Millennium Summit of the United Nations held in New York.

At the same time, increasing tension in international relations caused by objective economic and political competition of the main international centres of influence (both specific countries and international alliances), requires from those subjects of international relations that do not belong to such centres a balanced and measured approach to the definition and means of backing 'strategic partnership' relations. This, in turn, presumes that the interests of all partners on every important issue in international development will be taken into account.

Unilateral actions surely aggravate the situation, which most negatively affects the process of creating a global, and more specifically, a European security architecture.

As an unbiased assessment of Ukraine's foreign policy over the period of its existence as an independent state, I can say for sure that our

country has passed its examination for maturity and deliberateness in making key foreign policy decisions, and that this opens up the doors for it to become an extremely important element of the pan-European system of security and stability, and a reliable partner in international relations.

2. On what fundamental principles should strategic partnerships between Ukraine and other countries be based?

For Ukraine, the main principles of building strategic partner relations are similar to those on which other countries base their foreign policy. **In the broadest sense, Ukraine's strategic partner can be a state whose fundamental national interests are substantively close to the fundamental national interests of Ukraine in at least one sphere, and can be secured by means of close co-operation, both bilateral and within the framework of multilateral international institutions.** Strategic partnership does not require parity or similarity of scale, economic and military parameters, or ideological affinity.

Strategic partner relations presume a special status that is reflected in close ties in various spheres of bilateral co-operation, as well as creation of relevant inter-state and inter-government mechanisms of its implementation.

The following are important criteria for designating a country as a strategic partner of Ukraine:

- ✦ common strategic interests in the vital areas of national security and maintenance of international peace and security;
- ✦ critical dependence upon political relations with a certain state as a guarantee of Ukraine's political sovereignty, independence and freedom of development;
- ✦ critical dependence on economic relations with one or another state for normal functioning of Ukraine's national economy;
- ✦ geopolitical and geo-strategic factors, which make relations with one or another country critically important from the point of view of Ukraine's vital national security interests.

When defining the purpose, essence, specific parameters and level of strategic partner relations, Ukraine proceeds primarily from foreign policy priorities laid down in the Principle Directions of Ukraine's Foreign Policy, and in particular those that are aimed at achieving the strategic goal of our state —

accession to the European Union. Orientation toward deeper relations with EU countries, and giving these relations a strategic character are means of enacting full-scale integration of Ukraine into a united Europe. This is also a manifestation of historic justice and a return to the sources of a common European civilisation, of which our country was an integral part for centuries, as well as an expression of our aspirations for economic prosperity, and of the mechanisms of ensuring social peace in a democratic country.

The same task conditions the necessity of all-round partnership with Central European countries defined as candidates for EU membership.

At the same time, **our largest neighbour and, consequently, strategically important partner — the Russian Federation — occupies a special place in the development of strategic partner relations.** In this connection, we must note the extreme importance and potential of Ukrainian-Russian bilateral co-operation, first of all — in the social and economic spheres.

A particular role belongs to the United States of America, whose all-out support for the establishment and progress of independent Ukraine, the process of political and economic reform and Ukraine's promotion in the international arena is beyond doubt and deserves a special mention.

It is similarly evident that every state pays attention to the development of long-term all-round co-operation with all neighbouring countries, in order to ensure a zone of lasting peace and stability in its immediate geographic vicinity.

3. With what countries Ukraine has true strategic partner relations?

In my opinion, it would be more correct to ask about the ways of implementing the principles of strategic partnership formulated in bilateral documents signed by Ukraine and other countries and achievements in this regard.

The Ukrainian-Russian strategic partnership is fundamentally conditioned by the significance of Ukrainian-Russian relations, as an important element of strengthening pan-European stability and security. In this regard, it is important that both Ukraine and the Russian Federation perfect mechanisms for implementing the provisions of the Bilateral Treaty and achieving a true breakthrough in relations. This addresses the necessity of both

parties' understanding the burden they bear and the role they play in the building of a united and indivisible Europe.

At the same time, Ukraine is sure that effective guarantees for strengthening and dynamic development of the Ukrainian-Russian partnership will be provided on the basis of mutual support of social and economic reform, reciprocal encouragement of economic growth and positive dynamics in trade relations.



It is similarly important to avoid excessive politicising of these relations, by giving priority to trade and economic co-operation.

At this time, there are clear changes for the better in the economic arena. Since the beginning of 2000, trade has been gradually improving: in January-July, 2000, the aggregate turnover of Ukraine's trade with the Russian Federation exceeded \$6.5 billion and increased over the same period of 1999 by 17.4%, or \$974.9 million. Commodity turnover exclusive of trade in services increased by 24.7%.

Meanwhile, the key task in the development of strategic partnership between Ukraine and the Russian Federation lies in moving to new, pragmatic forms of co-operation, with mutual consideration of their counterpart's vital interests.

Developing bilateral relations with the U.S., Ukraine takes account of the exclusive role of that country in the world at this time, and first of all, the economic and political dimensions of its influence, and its leadership in the sector of new technologies. Conceptually, **the strategic partnership between Ukraine and the U.S. means a community of interests and approaches to key international problems; taking mutual account of the partner's national interests, and a high degree of co-ordination of joint actions in the international arena.**



The fact that the U.S. is the largest investor in Ukraine's economy speaks for itself. Furthermore, financial and technical assistance rendered to our state by the U.S. (more than \$1.5 billion, starting from 1991) is intended to encourage the achievement of socio-economic and political indicators of a developed European country.

There are realistic grounds to hope that the Ukrainian-U.S. economic co-operation will obtain a new impetus from joint implementation of the project for transporting Caspian oil via Ukraine to Central and Western Europe. The U.S. is now sponsoring the development and presentation of the technical and economic viability of the Odesa - Brody oil supply pipeline project.

Ukraine is also actively developing strategic partner relations with Poland, Bulgaria, Azerbaijan and Uzbekistan. Such relations with these countries have been fixed in relevant bilateral documents.

Of fundamental importance for Ukraine's advance on the European direction are relations with Poland, with which both political and economic contacts are increasing. In particular, a Consultative Committee under the Presidents of Ukraine and Poland for the development of Ukrainian-Polish strategic partnership has been established.

In recent years, much has been achieved in Ukrainian-Uzbek relations, whose character has been defined as that of a strategic partnership. The Joint Statement of the Presidents signed in the course of the official visit of the President of Ukraine to Uzbekistan in mid-October, 2000, stressed that the level of co-operation between the two countries corresponds to the purpose and aims of strategic partnership.

It is worth noting that Uzbekistan, along with Azerbaijan, is a member of the GUUAM grouping, whose activity has clearly intensified as of late. In particular, members have declared their intent to create in the nearest future a free trade zone in the framework of this alliance. And although Georgia and Moldova were not officially termed our strategic partners, the level of co-operation and mutual understanding with those countries is not a whit lower than with other members of the group.

4. What measures should be taken to intensify the strategic partnership of Ukraine with other countries?

First of all, we should speak of a conventional, but necessary "inventory" of the tactics of Ukraine's foreign policy with respect to the implementation of strategic tasks of our state (as determined at top policy levels and legislatively encoded), with the purpose of full-fledged political and economic integration into the international community.

For this purpose, common interests with countries defined as our strategic partners should be clearly determined, which presumes, first and foremost, the identical interpretation of the very term "strategic partnership" and the basic notions forming its essence. Similarly evident is the need for a formal definition of the list of actions and factors that run contrary to the interests of each partner.

We must clearly formulate — and make our perception known to all concerned countries — the following fundamental approach of Ukraine to building relations with our key partners. This approach is to be determined by a formula under which Ukraine views its relations with all neighbouring countries — Central European, West European, given the process of the EU and NATO enlargement, Russia, countries of Eastern Europe and the Caucasus — in a single complex.

Ukraine should consistently advocate the idea that a multi-vectored policy is not a totality of different, unrelated approaches; instead, it's task is to pursue a balanced regional policy with the aim of strengthening European security and full-scale development of trade and economic co-operation on the regional, trans-regional and pan-European levels.

Our country possesses a significant potential for influencing territory from the Baltics to the Caspian Sea, and this has been admitted by all countries in the region and key global and continental centres of power.



Therefore, the question is how to employ this potential. In my opinion, many of the existing problems can be removed by performing the above task with regard to our understanding of the integrity and indivisibility of the pan-European space, and Ukraine's desire to be in inalienable link not only between the East and West, but also, to a large extent, between the North and South of a larger Europe. It is no secret that the possibility of strengthening the influence on Ukraine on the part of either the West or Russia can under certain conditions be assumed by either of those parties as a potential threat to its own security and stability.

To be sure, this phenomenon is extremely harmful for building truly strong relations both with our western and eastern partners. One should clearly understand that two civilisation centres of the European continent are in play here: a uniting Europe and the Russian Federation, an influential Eurasian state. The co-existence of these two centres is expressed in terms of competition and co-ordination of interests.

The way out of this situation is both easy and difficult. It is conditioned by the fact that **Ukraine, unlike the majority of Central and East European countries, objectively cannot "lock" itself into an exclusively West European or Russian direction.**

This is not only an issue of Ukraine's own national interests: the above-mentioned centres of power should be no less interested in this. We have already mentioned the perception of

Ukraine's "single vector" foreign policy orientation. Consequently, both Russia and our Western partners should be extremely interested in Ukraine's retaining a balanced foreign policy course, which is an important element of maintaining pan-European stability and security.

Alongside with that, it is obvious that the key pre-condition for Ukraine's pursuance of this course lies in the process of further democratisation, structural socio-economic reform, and strengthening the economic security of the state. In other words, this concerns the necessity of unity and continuity of priorities in the domestic and foreign policies of Ukraine.

The achievement of these goals by Ukraine will be extremely difficult. At the same time, the basis necessary for the successful implementation of said priorities in Ukraine's foreign policy already exists. First of all, it is formed by the provisions of the Treaty of Friendship, Co-operation and Partnership between Ukraine and the Russian Federation; by relations with the U.S., which consistently supports Ukraine's course toward European integration; by the Treaty between Ukraine and Poland — our key partner in the Central European region; and by the agreements reached within the framework of meetings of the Presidents of Ukraine and Uzbekistan in the course of the October, 2000 visit of Leonid Kuchma to Tashkent, and so on.

Here, one should especially stress the importance of transport and communication factors in the implementation of Ukraine's foreign policy, which will exert a strong influence on strategic partner relations with one or another country, or group of countries. The projects and programmes that attract the greatest attention are the Eurasian Oil Transport Corridor Project, TRACECA, INOGATE, and the transport and communication system "Europe - Caucasus - Central Asia", whose establishment has been named the priority task of GUUAM.

Meanwhile, the effectiveness of filling these projects with substantive content will evidently be defined not by external but by internal factors, primarily by the necessity of realising and truly understanding our country's role in today's Europe by Ukrainian society, and our preparedness to claim an adequate place in the pan-European home, corresponding to the wisdom, industry, benevolence and talents of our people. ■



1. Do you believe that Ukraine's practice of establishing strategic partner relations with other countries is in line with contemporary global trends?

It is common knowledge that in today's world no country can be self-sufficient and survive in isolation. Every country has to develop and maintain international relations in different domains, first of all — in the economic sector. Agreements are signed and alliances are formed. Establishment of strategic partner relations is one of the forms for maintaining and developing international relations. Every country chooses other countries with which relations are of a priority nature. This can be conditioned by different factors: a large volume or high potential volume of trade, close historic and cultural ties, etc. In short, every nation has partners, relations with which it considers strategic. That is the way things are today.

Often, the search for strategic partners is conditioned by a country's desire to become a

regional or global leader. For instance, Russia is upgrading its relations with India and China in an attempt to strengthen its global position. This was evidenced, among other things, by the recent visits of Russia's President V.Putin to those countries.

Ukraine also has all the preconditions for becoming a regional leader, let's say, within the framework of GUUAM.

2. On what fundamental principles should strategic partnerships between Ukraine and other countries be based?

I believe that Ukraine should develop relations with other countries on the basis of economic preferences. It is the economy that determines policy, and that is why economic interests should be decisive for the formation of the nation's foreign policy. However, one should not forget about political interests, in particular with respect to ensuring the very existence of Ukraine as a subject of international relations and strengthening our national security. Lacking this, satisfying any economic interests loses sense.

Generally speaking, in the long run, we should understand that foreign economic activity will be the main instrument for ensuring stable economic co-operation between countries, and economic needs will dictate foreign policy priorities. Let me cite an example of the U.S. attitude toward China, where the former, despite permanent criticism of the latter's social system and non-observance of human rights, is successfully developing trade and economic relations with it.

Military-technical and defence aspects of co-operation should also not be forgotten.

3. With what countries Ukraine has true strategic partner relations?

First of all, the very notion of strategic partnership should be defined here, since, for instance, the Verkhovna Rada of Ukraine Resolution "On the Principle Directions of Ukraine's Foreign Policy" of July 2, 1993, which is the basic document for foreign policy activity of our state, does not elaborate this term. In my opinion, strategic partner relations are determined by such elements as a high level of trust between partners; similar views on fundamental geo-strategic problems; a similar perception of the prospects of global development; identical systems of economic preferences, and so on.

Generally speaking, relations with any country have both positive and negative sides,





and are composed of successes and difficulties. Furthermore, this process is dynamic, and the foreign policy interests and directions of various countries change depending on the specific situation in the world. It is hard to name a country whose interests consistently coincide with the interests of Ukraine. For instance, both Poland and Ukraine are interested in and seeking fully-fledged membership in the European community, and Poland, well aware of the geopolitical peculiarities of EU enlargement, is also interested in Ukraine's membership in that Union, or, at least, is interested to see Ukraine stable, prosperous and democratic. The U.S. also wants to see Ukraine a stable and democratic state, as it considers the latter to be an important factor of regional security. The same can be said about many other countries; some of them are interested in the development of trade and other relations with Ukraine.



China, which is gradually taking leading positions and not only on the regional level, can be a serious economic partner for Ukraine. Here, the level of our political relations is quite favourable for the development of strategic economic relations.

In the near future, the role of our country's co-operation within the framework of GUUAM (with possible participation of Romania and Bulgaria) may be able to rise.

I cannot but recollect the well-known saying that there are no eternal friends and eternal enemies, only eternal interests. Proceeding from the fact that every country, first of all, pursues its own interests, the talk of existence of permanent and stable strategic partner relations between Ukraine and any other country can be considered pathetic. Ukraine's interests can, to a smaller or larger extent, coincide or not coincide with the interests of other countries, and the quality of our relations with them depends, among other things, on the degree of this coincidence.

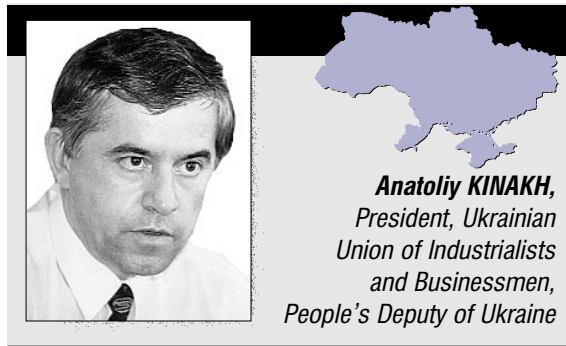
For instance, I suggest that the idea of laying a gas supply pipeline bypassing Ukraine, so actively advocated by Russia, is in no way in line with the idea of strategic partnership, since those 20-30% of the possible increase in the volume of Russian gas exports can with interest be compensated by the capacity of the pipeline crossing Ukraine.

In this regard, the Polish-Ukrainian partnership will be severely tested. The Polish Prime Minister did not give a definite answer to Prime Minister V.Yushchenko during the latter's latest visit to Warsaw, regarding Poland's position with respect to the construction of the roundabout gas pipeline.

4. What measures should be taken to intensify the strategic partnership of Ukraine with other countries?

Here, just as in our foreign policy in general, everything depends primarily on internal factors. The more successful we are in making economic progress, forming civil society and implementing democratic principles in state administration, the greater will be the esteem with which we are held in the world and our possibilities at establishing equal partner relations with other countries.

And speaking of our foreign policy directly, I believe that Ukraine should more strongly defend its interests. The more we respect ourselves the greater will be others' respect for us. ■



1. Do you believe that Ukraine's practice of establishing strategic partner relations with other countries is in line with contemporary global trends?

Against the background of intense globalisation taking place in the world economy during the last decades of the 20th century, active participation in the international division of labour and the establishment of mutually beneficial co-operation with partner countries are both vital for Ukraine.

Ukraine has proclaimed strategic partner relations with more than 15 countries. However, this was done in the form of mere declarations deprived of practical essence, without making relevant agreements that would clearly specify the rights and commitments of the parties. In my opinion, **it is inexpedient to employ the instrument of strategic partnership solely for reiterating the importance of relations.** This can be done, for instance, by means of country leaders' statements on the priority of co-operation with one or another state. From this point of view, the practice of establishing strategic partnership between Ukraine and other countries is not quite in line with global trends.

2. On what fundamental principles should strategic partnerships between Ukraine and other countries be based?

Industrialists and businessmen believe that strategic partnership should be based on the principles of equality, mutual benefit and stability. Generally speaking, long-term bilateral political agreements between countries should, to the maximum extent, encourage the employment of the industrial and export potential at the level of individual enterprises in partner countries.

It should be noted that, since the notion of strategic partnership is complex and multilateral, it cannot be precisely defined. However, it can be stated that **countries with a similar level of economic and industrial development can be the most effective strategic economic partners of Ukraine.** First of all, these are the countries of the CIS and certain Eastern European countries. Economic growth and the increase in competitiveness of Ukrainian goods will enable Ukraine to become an equal strategic partner for more developed Western countries. And as far as political and military components of strategic partnership are concerned, in these domains, developed countries of the West can be Ukraine's partners even now.

3. With what countries Ukraine has true strategic partner relations?

Among Ukraine's strategic partners, Russia, the U.S., Poland, Uzbekistan and certain other countries may be distinguished. However, alongside development of bilateral relations, Ukraine should speed up the process of joining international organisations, first of all — the World Trade Organisation. Ukraine's full membership in the WTO will make it possible to deepen economic relations both with existing and future strategic partners on more advantageous terms for our country. As a positive development, one may mention granting Ukraine the special status of a market economy by the Council of Ministers of the European Union, which has considerably strengthened the position of Ukrainian exporters in anti-dumping proceedings.

4. What measures should be taken to intensify the strategic partnership of Ukraine with other countries?

Measures aimed at intensifying Ukraine's strategic partnership with other countries should be directed toward the employment of Ukraine's social and economic potential in the process of its integration into the global economy; promotion and all-round support for Ukrainian products on foreign markets; establishing and securing economic ties between industrialists and businessmen of Ukraine and other countries; and appearance of international capital on the domestic market. Three basic features can be distinguished at this point.

First of all, international legal documents confirming Ukraine's strategic partnership with one or another country should clearly define the rights and commitments of the parties, and envisage concrete measures for the implementation of the given agreements. I believe that for this purpose, signed agreements of strategic partnership should be elaborated.

Second, business relations need to be intensified for the sake of practical implementation of signed agreements, for instance, through the establishment and development of ties with kindred unions of industrialists and businessmen, chambers of trade and industry, economic structures, as well as the establishment of personal contacts between industrialists. For instance, delegations of the Ukrainian Union of Industrialists and Businessmen make dozens of visits to different regions of the world every year. During those visits, framework agreements of co-operation with relevant organisations are made. Furthermore, there is an extensive network of foreign representative offices of the Ukrainian Union of Industrialists and Businessmen. By year's end, it is planned to open our representative offices in the U.S., Poland and the Netherlands.

Third, for Ukraine to be treated as an equal and reliable strategic partner, **the authorities must ensure political stability and conditions for long-term economic growth. A poor country with unstable legislation and acute problems in relations between the branches of power will never be an equal and reliable strategic partner.** ■



1. Do you believe that Ukraine's practice of establishing strategic partner relations with other countries is in line with contemporary global trends?

"Strategic partnership" is a framework and symbolic definition of the importance of relations between two or more countries, influencing the intensity and depth of interstate relations and resting on an appropriate institutional foundation. **In the Ukrainian context, strategic partnership often appears as a bouquet of regulatory and legal criteria, rhetoric, uncertainty and difficult realities.** This reflects both the objective essence of the transitional period that Ukraine is undergoing; the subjective nature of the concept of strategic partnership; and the list of strategic partners themselves, which cannot be set in stone once and for all, but rather requires constant critical rethinking.

One can hardly speak of "contemporary global trends" of establishing strategic partner relations. Despite the strong pull of globalisation, foreign policy for some time to come will remain one of the domains most dependent on perceptions of national interests of separate countries. Article 18 of Ukraine's Constitution reads: "The foreign political activity of Ukraine is aimed at securing its national interests through maintaining peaceful and mutually advantageous co-operation with members of the international community in accordance with the generally accepted principles and norms of international law". Therefore, foreign policy is one of the instruments for securing national interests. In accordance with the Constitution (article 85, paragraph 5), the duty of defining fundamentals of foreign policy rests with the Verkhovna Rada. In his turn, the President of Ukraine, as the "guarantor of state sovereignty" (article 102), ensures the "state independence, [and] national security" (article 106, paragraph 1), and "exercises control over foreign political activity of the state" (article 106, paragraph 3).

In certain countries, there exists a system of terms describing different degrees of partnership priorities. After the end of the Cold War the customary division into "friends", "foes" and "the rest" no longer satisfied the

interests of those engaged in foreign policy analysis and planning. For instance, for the U.S., relations with Europe, Russia, Japan and China are and will remain, for the time being, of the highest priority. Special attention is paid to countries falling into the category of "special clients" — Israel, Saudi Arabia, Kuwait and South Korea, and "rogue" states — Iraq, Iran, Libya and North Korea, which threaten the mentioned special clients. Next comes the category of "pivotal" or "key" states, which play an important role on the regional level and/or potentially can join the club of "great powers" in the next 25-50 years. As a rule, these countries presently are in a state of modernisation; their specific feature is the uncertain future, which can bring either success or failure to reach their potential. In any case, given their size, demographic characteristics and regional influence, they are exceptionally important to the national interests of the U.S., which distinguishes them among other 140-150 countries. The category of "key states" includes India, Pakistan, Turkey, Egypt, Algeria, the Republic of South Africa, Mexico, Brazil, and Ukraine.

2. On what fundamental principles should strategic partnerships between Ukraine and other countries be based?

It is clear that **the internal integrity of the notion of strategic partnership and, therefore, its practical value as an indicator of the foreign policy hierarchy depends on the clarity and consistency of definition of national interests.** To be sure, for a young state, such as Ukraine, and especially with account of its history, the issues of survival and establishment in the world as a new sovereign state, were of decisive importance at the outset. In this respect, the issue of delimitation and security of the borders and, in a broader sense, of relations with neighbouring countries are critically important. Exactly for this reason, for some time relations with all seven countries that border Ukraine (Russia, Belarus, Poland, Slovakia, Hungary, Romania, Moldova), have been described in terms of strategic or special partnership. Geopolitical or at least geographic factors have had a decisive significance here. The "multi-vectored" paradigm of Ukraine's foreign policy was also conducive to the gradual extension of the list of strategic partners.

Where not only geopolitical but also other (for instance, functional) criteria are applied, the list of strategic partners expands, allowing space for, say, Azerbaijan. The positive or negative potential of one or another country's influence, its economic situation, availability of energy resources, demographic processes, presence of long-term common interests and many other factors can impact the approaches to the

definition of strategic partner. Leonid Kuchma and Albert Gore first used the expression "strategic partnership" in September, 1996 to describe the relationship between Ukraine and the United States. In April, 1997, this term appeared in the Treaty of Peace, Co-operation and Partnership between Ukraine and the Russian Federation.

It is worth noting that strategic partnership can exist not only in bilateral interstate relations. The Joint Strategy of the European Union toward Ukraine (December, 1999) pointed out: "Strategic partnership between the EU and Ukraine, based on common values and interests, is a vital factor of strengthening peace, stability and prosperity in Europe". Since the Joint Strategy is an internal document of the EU worked out in the context of a common foreign and security policy, this particularly means that the positions of all 15 EU members "at all proper forums will meet this Joint Strategy" (p.8). The term "distinctive partnership", used, for instance, in the Charter on Distinctive Partnership between NATO and Ukraine signed in July 1997, by NATO leaders and the President of Ukraine during the NATO summit, may be viewed as a synonymous with strategic partnership.

Bilateral strategic partnership does not contradict multilateral partner relations. For instance, the Joint Declaration of the President of Ukraine and the President of the Republic of Poland of June 25, 1996, which reiterated the course toward the development of strategic partnership, stressed that such partnership "is based on common European interests, will encourage deepening and strengthening of co-operation of Ukraine and the Republic of Poland with all countries of Central and Eastern Europe". In this sphere, "both countries will attach special attention to the development of ties with the countries of the Euro-Atlantic region, with which they have close partner relations".

Strategic partnership is a dynamic category. The closer common values and interests are, the more chances exist that strategic partnership can develop into membership (full or associate) in international organisations. On the other hand, in some occasions strategic partnership means not membership but particular or special relations that will not automatically grow into allied relations.

3. With what countries Ukraine has true strategic partner relations?

It is not enough to simply declare another country our strategic partner and receive a similar declaration by said country. Strategic partnerships are much more effective when they are recognised by other key countries. But even in that case, the complex configuration of interdependences and partnership should be taken into account. The debate heard in 2000 on the construction of an additional gas supply pipeline from Russia to Europe is a telling example. Ukraine has "strategic partner relations" with Russia, with Poland and with the EU. This does not mean, however, that all of Ukraine's strategic partners take equal account of the Ukrainian position. In fact, we are dealing with a balance of partnerships, made up of political-strategic, economic, trade and other components.

4. What measures should be taken to intensify the strategic partnership of Ukraine with other countries?

The dynamism and content of strategic partnership depend on the availability of resources. Just like European integration, true strategic partnership is not for the indigent. Resource limitations do not allow developing strategic partner relations with all countries. This puts on the agenda the necessity of clearer definition of priorities, and clearly demonstrates the connection between the state of affairs at home and the limits of the attainable in foreign policy. Declarative diplomacy can be useful and play a positive role only in the short run. Where it is not backed up with adequate funds and other resources, it becomes counterproductive.

Effective strategic partnership requires an adequate institutional basis. Political dialogue is just one of the important instruments of partnership. It ensures the socialisation of the partner country's politicians to the relationship being developed, since partnership means not only common benefits but also the readiness to share risks. Political dialogue should be intense and develop from confidence-building, conflict prevention and crisis management aspects toward developing mechanisms for joint decision-making and their eventual implementation. Political dialogue will be the more successful the sooner institutional obstacles within the executive branch are removed. ■

PRACTICAL EXPERIENCE OF STRATEGIC PARTNERSHIP GOES AHEAD OF ITS THEORY



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The recent history of the Ukrainian state and its foreign policy is proof that strategic partner relations were formed proceeding from the practice of foreign policy activity, without adequate legislative and scholarly foundations. In this sense, one cannot but hail the attempts of the scholarly community to examine the theory of strategic partnership of the new Ukraine, since its practical implementation "goes ahead" of its theory.

Basic motives and principles of strategic partner relations

As of today, Ukraine has established institutionally regulated strategic partner relations with five countries¹: the U.S., Poland, Uzbekistan, Russia, and Azerbaijan (in chronological order). Is this too many or too few? What are the motives, fundamentals and results of strategic partner relations with those countries? Answers to these questions will be of interest not only to scholars but also to practitioners.

1. Since strategic partner relations have been formed by the foreign policy practice without proper theoretical substantiation, they are not free of subjectivism and politicisation. The academic community has been correct to point this out. Indeed, the mentioned countries belong to various geographic regions, and differ greatly in terms of their potential and influence on international relations. On certain key issues they have contradicting interests.

2. Today, the only doctrinal document dealing with strategic partnership is "The Principle

Directions of Ukraine's Foreign Policy" (July 2, 1993). This document stipulates that "Every border country is Ukraine's strategic partner". At the same time, practical implementation of the foreign policy line has not followed this provision. Moreover, relations with Russia and the U.S., termed "special partnerships" by the "Principle Directions..." are in practice strategic partner relations. The relations with Azerbaijan and Uzbekistan do not meet the strategic partnership criteria of the "Principle Directions..." either.



¹ Ukraine's distinctive and strategic relations with NATO and the EU are not the subject matter of this article.



Let us try to answer the question of the basic motives and principles of strategic partner relations.

First and foremost, is the similarity of partners' interests, and, ideally, their coincidence.

Today, one can speak of our interest in developing strategic partner relations in the following domains:

- ✦ security (national and international);
- ✦ economy (trade, economic, scientific and technical ties, finance, technology, energy, transportation, etc.);
- ✦ cultural and humanitarian relations (availability of historic and cultural ties, Diaspora, intensity of contacts between people and non-governmental organisations).

Second comes the degree of coincidence of views and approaches to the key issues of European and global policies, regional and sub-regional alliances (democratic values, CIS, the EU, NATO).

Third comes the readiness to co-ordinate one's interests with the interests of a strategic partner, or to take decisions in support of him on the international scene, even if such actions are not ultimately expedient from the point of view of own benefit.

Fourth is the presence of common challenges and threats (organised crime, illegal migration, arms and drug trafficking, aggressive separatism, terrorism) and the willingness to co-operate in overcoming those.

Fifth is respect for national minority rights and co-operation in this domain.

Sixth is the availability of a mechanism for furthering strategic partner relations (established mechanisms of different formats exist in relations with only three strategic partners — the U.S., Poland and Russia).

Therefore, the above proves that **strategic partner relations develop with varying motivation, with emphasis on various interest groups and through different mechanisms of implementation.**

Measures that can fill strategic partnerships with substance

It is worth noting that **our strategic partner relationships with each of our partners have their own particular essence, dynamism, peculiarities and problems.**

Therefore measures that aim to fill strategic partner relations with substance should correspond to the specificity of each relationship.

For instance, **developing strategic partner relations with Russia, [the parties] should give up mere declarations and attempts at imposing "their own" rules.**

Stereotypes from the past, excessive politicisation, and attempts at domination hinder normal pragmatic development of trade and economic relations. Different approaches of the parties toward problems of European and Euro-Atlantic integration should be respected. An excessive focus on differences only spoils the general atmosphere of Ukrainian-Russian relations. The parties should avoid excessive politicising of inter-ethnic relations and search for pragmatic ways of resolving existing problems. Establishing order in co-operation deserves special attention. Furthermore, economic factors, which sometimes conflict with the political declarations of state leaders, should be fully taken into account. Finally, strategic partnership mechanisms should be employed with full intensity. Lacking this, the



idea of Ukrainian-Russian strategic partnership will remain a mere declaration.

The strategic partnership with the U.S. includes a rather potent mechanism presented by the Ukrainian-U.S. Bi-national Commission and its bodies. Strategic partner relations with the U.S. have acquired substantial content in all domains. At the same time, more attention should be paid to removing differences in the approaches to and practice of reform in Ukraine, and co-operation with international finance institutions.

Special attention to the preservation of the gains and the future development of strategic partnership is conditioned by the present situation resulting from a change of administration in the White House. The readiness and ability of both partners to execute commitments undertaken will be important in this regard.

Historic accord and strategic partnership with the Republic of Poland is of key importance for both nations. These relations are characterised by the highest level of correlations of approaches and interests. Political, economic and cultur-

al ties are on the rise. Ties between local self-government bodies and NGOs complement these.

Special attention should be paid to a balanced and tolerant approach to resolving complex and problem issues of our common history.

In their approaches, both parties should demonstrate respect for pan-European norms and values. The activity of the Consultative Committee of the Presidents of Ukraine and the Republic of Poland needs to be intensified.

This partnership is dependent on the parties' ability to remain mutually useful.

The development of strategic partnership with Azerbaijan and Uzbekistan requires much effort, especially with respect to the establishment of proper mechanisms. The specificity of these relations lies in the GUUAM membership of Ukraine and the said countries. Special attention should be paid to the development of relations in the energy sector, creation of transport corridors within the framework of TRACECA, INOGATE, assistance in the development of modern economies, etc.

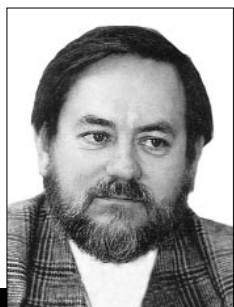
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The scope of this article does not permit us to dwell upon the measures that need to be taken in order to impart substance to Ukraine's strategic partnership with other countries. This issue deserves special attention.

I can only hail the initiative of the Ukrainian Centre for Economic and Political Studies named after Olexander Razumkov in introducing the question of strategic partnership for discussion by scholars and practitioners, since everyone will win from this.



DETERMINANTS AND ILLUSIONS OF STRATEGIC PARTNERSHIP



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Strategic partnership has been transformed by official Ukrainian propaganda into one of the key notions capable of simultaneously illustrating the purposefulness, success, and grand scale of Ukraine's foreign policy. When relations with practically all important international actors are referred to as strategic partnership, the problem of geopolitical uncertainty and doubts about Ukraine's high profile and great influence seem to dissolve. The set of strategic partners illustrates different foreign policy orientations and moderates the diversity of the foreign policy orientations of the elite and other social groups. The tactics seems to work well enough, but is there an actual strategic partnership?

Ukraine is not an agent which shapes the geopolitical space around itself, and it remains largely a passive object of the large-scale processes underway around it. If one does not want to eviscerate the notion of strategy, then Ukraine does not have enough might to be a strategic partner. For the USA and the EU, Ukraine is a secondary object of influence. Russia is also far from regarding Ukraine as its strategic partner in achieving its strategic foreign policy objectives. Under certain conditions, a partnership on strategic level can arise between Ukraine and Poland, but even for the latter such relationships will remain no more than an important addition to its own strategy of integration into European structures. However, serious attention should be attached to the possibility of partnership consistent with one's own principles, with partners of different orientations, its essence arid how it corresponds with Ukraine's national interests, rather than an opinion about the importance of partnership.

A foreign policy oriented toward different partners is a widespread, almost standard phenomenon among medium-sized countries. Ukraine's unique position is that the proclaimed vectors of its foreign policy are not an inalienable part of its inherent foreign policy course, based oh clearly defined interests and goals. Speaking of co-operation with the USA, the EU and Russia Leonid Kuchma emphasised that "all these three principal directions of Ukraine's foreign policy are self-sufficient and complement one another". But in fact, we can see a complete separation and incongruity of foreign policy in the Western and Eastern directions, with the limited compatibility of the principles and strategies practiced in international relations, first of all, in the field of security, by Ukraine's major partners being hushed up. Specifically, the military-strategic doctrines of Russia and NATO do not in practice allow for Ukraine to maneuver rationally, to carry out its own strategy, or even defend its national interests. Ukraine's interests do not significantly overlap

with those of its strategic partners. To be more exact, their partnership is based on a partial compatibility of essentially important interests of Ukraine and secondary interests of Russia and, especially, the West.

Both the USA and Russia allot Ukraine a significant but far from principal place in their geostrategic considerations. The EU attention to Ukraine is yet more dosed. In this connection, for Ukraine (and with regard to it), in the West - East dimension, at the best, the rules of a zero-sum game are valid. **Ukraine poses a considerable inconvenience for its strategic partners and is perhaps the greatest unknown in their long-term calculations.** Naturally, attention to Ukraine is determined not only by its rather limited potential, as a partner, but also by the fact that it is one of the objects and, to a certain extent, a tool in the rivalry between Russia and the West. In their impact on such a specific object as Ukraine, the Russian and Western factors act in different directions and compete more and more openly. The strategic dependence on much more powerful nations, especially those whose relations with each other are complicated, unpredictable, and laden with all the elements of rivalry, is the main essence of Ukraine's nonaligned status. In fact, it reflects a peculiar bipolarity, which exists only for Ukraine, with all the ensuring risks. Under current circumstances, it not so much secures against unwanted relationships as excludes the possibility to develop co-operation with desirable partners in advantageous spheres and forms.

For the several years, Ukraine has become dependent on both the West and Russia, without winning in any way economically and losing seriously politically. The problem of debts and permanent search for new loans mortally distort relations with its partners and make it impossible to raise fundamental and long-term questions. The West's long-term objectives regarding Ukraine still remain vague. But after the 1999 Presidential election, it became clear that of all the possible alternatives full-scale integration was ruled out. At the same time, the relationship between Russia and the West will not grow closer and more confidential than that between Ukraine and the West, but it is likely to be weightier. A situation of continuous adaptation arises, one fraught with the loss of strategic perspective.

Relations with Russia are undoubtedly of a strategic nature for Ukraine, but *de facto* they do not have any characteristics of partnership. This is a consequence of the policies of both sides. On the part of Russia, the major interest (after the alternative of reunification has lost its practical importance), is to prevent from transforming Ukraine into an ally of for Russia's geopolitical rivals. Fulfilling this interest is served by



Moscow's preserving inherited (and finding additional) levers of influence and opportunities for control. This was obviously, for example, in dictate of versions of payment for energy supply to Ukraine in spring 2000, blockage of the process of delimitation of the border, outlining real prospects for pro-Russian adjusting of Ukraine's foreign policy course regarding to side of northern strategic partner.

The major factor which will determine the international position of Ukraine and its geopolitical co-ordinates is its domestic situation. Still, given its overall socio-economic constraints, it has developed established political patterns. Descriptive adjectives of the regime remain a serious limiter of international co-operation for the near-term development. The internal degradation cannot but lead to an absolute deterioration of the country's international position, given even the most favorable external conditions. A quite real threat of the failure of both the Eastern and Western Ukraine's foreign policies emerges. The inadequacy and inconsistency of interaction and the obvious lack of trust in relations with its strategic partners has created a real threat of complete failure in the struggle for key positions in the system of energy supplies and goods flows in general.

A specific problem of Ukraine is that, given European standards, it does not have full-fledged non-governmental representation on the international arena; its civic institutions are only weak and cannot claim full-scale recognition. Ukrainian oligarchs, with their considerable political and economic influence, not only distort the government system and lend dubious characteristics to the authorities themselves, but also supplant the top political and business elite. In the same vain, they have become one of the factors that deteriorate international image of the state, and some of them, in fact, transformed into *non-grata persons*. This is not an obstacle only in relations with Russia (which has a similar pattern in its establishment), but generally leads to Ukraine's isolation on the international arena.



Another factor which will determine Ukraine's geopolitical future is, first of all, the trends of the development of the Euro-Atlantic community putting ever mounting pressure on Ukraine, or, to be more exact, greater pressure is conditioned by ever greater differences between Ukraine and its partners regarding basic political, economic, and socio-cultural parameters. All this acts as a factor adding to the relative deterioration of its international position.

More observant become manifestations of a newly-formed Ukrainian isolationism. The latter gradually absorbs the elite's psychological unavailability for open competition, fear of losing its national identity, manifestations of disillusionment with the West, and, generally, the results of international co-operation so far. The slogans of isolation, sugar-coated by patriotic rhetorics, make it possible to vindicate miscalculations in foreign policy. Though, in the first place — dosed isolationism reserves as a tool for protection from dangerous external interference into authority establishment's internal affairs. Intuitive (or deliberate) avoidance of too complicated real problems, solution of which is rigidly bound on dangerous reforms for authority, is present.

The resources of international co-operation are largely concentrated in the West, but they, like the rest of more traditional valuable resources, are won in competition. The intensity of this competition has led, in the final analysis, to the emergence of the most attractive international organisation, the European Union, and the very phenomenon of integration. It is precisely this intensity that creates so far insurmountable obstacles on the way of Ukraine being integrated into Europe. These obstacles include not only the objective indices of Ukraine lagging behind in its development, but are compounded by an inadequate understanding of the problem. Common among Ukrainian politicians is a flawed view of the conditions of co-oper-

ation put forward by the developed nations before their new East European partners as an artificial invention of governments, a manifestation of the egotism of the affluent, and a desire to dictate their own rules of the game and engage in expansionism. Similar view is also toward the processes of globalisation and internationalisation which are denied of any objective foundation, a result of development of the international community. The developed nations personify and exploit to the full extent these processes, but even they are not in a position to ignore them. The close international relations between the West European states conducted according to high standards bring about a situation of coercion to development in which an unstructured society and an inefficient state feel themselves uncertain and not at home. In Ukraine, this is reflected, above all, in efforts to preserve anti-Western attitudes both among a portion of the elite and population at large, and in exaggerating the importance of its own political and diplomatic efforts and ability of the agreements concluded to change our actual position in the international arena. These measures could be effective in adjustment of conflict situations, but they are not strengthening constructive potentials.

Opportunities for beyond of integration co-operation have geostrategic limitations, in most cases they are dependent on level of partners' development. The West demonstrates visible interest in increasing results of aid programmes, unification and improvement conditions for entrepreneurship. At least, political stability and ability to fulfill obligations of partners should be provided. The West all the more concentrates its efforts on individual aspects of economic and political reform, creating conditions for foreign investors, and protecting its own economic interests in Ukraine. In any case, there is concern about the stability and governability of the situation within the country. The undemocratic nature of Ukraine's regime is limiting from outside and leading to a harsher opposition, but it is not an obstacle to interacting with it.

Russia takes a radically different position on internal reforms in Ukraine. The years of separate existence of Ukraine and Russia have not led to any significant differences in the internal structure of the two societies and states. The last year demonstrated the similarity of Russia's and Ukraine's political nature of regimes, and the modes of governance. Geopolitically, also important is the fact that this similarity is fundamentally different from European realities. Thus, Russia turns out to be objectively interested in a certain limitation to genuine democratic changes in Ukraine, with the limitations of its alternative geopolitical orientations and, as a result, of its being loath to lose this convenient analogy which guarantees really special relations. In fact, the CIS geopolitical expanse also rests on this similarity (against the backdrop of which Belarus



does not appear to be such a "virgin"). The unreformed and static space of the CIS conserves obsolete features, and localism, importantly, in so doing it becomes marginalised and is not in a position to ensure the achievement of the goals it adopts. Nor does it offer adequate opportunities for solving burning problems.

Ukraine's position on European political matters of principle and issues of relations with the CIS remains undefined. Passed over in silence are the serious problems Ukraine faces: its ever growing dependence on Russia and the West, loss of positions in the international division of labor, and in reality increased isolation from pan-European processes. One can also see that the principles of Ukraine's foreign policy elaborated in the first several years of independence and designed largely for the period of nation-building are becoming naturally "aging". They are still corresponding to the internal situation, but not to European realities. Ukraine's characteristics as a subject of international relations look to be less adequate to concrete conditions of co-operation.

The dominance of the economic, ecological and other non-military aspects of security diminishes the role of classical non-alignment and even render it dubious. Another problem on the way to an integrated coherent foreign policy is the impossibility of neutral value orientation. For Ukraine, at this stage of its development this is indeed a big question: its strategic partners have different social values and priorities, and in the system of co-ordinates, in which Ukraine has found itself, the position of equidistance is, in principle, unacceptable. It is, no doubt not functional. The uncertainty about fundamental social values and the accumulation of incongruities between declarations and political practices are the most general basic characteristics of Ukraine as a subject of international relations which determine the uncertainty of its geopolitical co-ordinates. In the near future Ukraine is likely to remain the greatest and, possibly, only country in Europe which seeks to abide compromise solutions for fundamental international issues. Non-bloc status that is strengthened by out of integration processes deprives Ukraine from an opportunity to solve the problem on dependence by force of entry into a system of civilised interdependence.

Still, the relations with the EU, USA, and Russia play an exceptional role in making Ukraine's foreign policy more mundane. These partners are probably the only ones which publicly highlight the presence of serious problems in Ukraine, not only of an economic but also political nature, and do not allow official Kyiv to conceal them. The rest of its international partners do not create such inconveniences for Ukraine and limit themselves by routinely polite statements, thereby permitting the accumulation of a large-scale simulation of the country's successful participation in international affairs.

The influence of the internal and external factors determining Ukraine's geopolitical co-ordinates are characterised by the result of its participation in the spontaneous disintegration of the Eurasian environment and impossibility of a full-scale participation in the processes of European economic and political integration, decrease in its partnership rating and conservation of relative isolation, growth of dependence on other nations in matters of security and development, escape from the influence encouraging to accelerate internal democratic transformation, preservation of a contradictory state of transition and accretion of the traits of provinciality.

Its intermittently declared European choice and adherence to the idea of unity of the fraternal Slavic peoples are transformed more and more into elements of a unique "doctrine" about a special Ukrainian foreign policy course. Its conceptual approaches, priorities, and official interpretation of the results of its foreign policy activities are all purely ideological phenomena, and only in this capacity they can be an object of scholarly analysis. They serve, first of all, the needs of governing, and only then, as far as they are compatible, objective national interests. They are defended by all means possible by the authorities not only from the attacks of political opponents but also from any serious attempts at unbiased evaluation. The effectiveness of country's international position is narrowed to the formal results of its political and diplomatic activities camouflaged by an adequate number of protocol honors and advances providing useful material for propaganda. At the same time, it is visible endeavor to suppress those results of international contacts which directly affect top authorities — corruption accusation, fixation of non-acceptance of shadow economy, oligarchs' interference in decision making, etc.

Ukraine's international position fully corresponds to peculiar traits of the Ukrainian state and society. Moreover, this is precisely what the Ukrainian authorities have been striving for and which is in line with the establishment's ideas about its interests. Motivation for its improvement — to develop partner potential and competitiveness is practically absent not only in the authorities but also in the majority of population. This is why, with a view to standards of democracy, there is no problem at all. What is further on? ■

U.S.-UKRAINE MILITARY COOPERATION AND "STRATEGIC PARTNERSHIP"¹



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In June 1995, I was assigned to Russia, Ukraine, and Eurasia Division in the J-5 Strategic Plans and Policy Directorate of the US Joint Staff at the Pentagon. Much of my work over the next four years till my retirement in 1999 involved the US-Ukraine military contacts program in a context of what came to be called a "strategic partnership".

WHAT IS A "STRATEGIC PARTNERSHIP"?

In 1995, there was not (and still is not, to my knowledge) an official definition of "strategic partnership". In 1995, the US National Security Strategy² described a global strategy to enlarge the community of world democracies and to deter a range of threats. The US Office of the Secretary of Defense (OSD) prepared the following guidance³, stating in part:

"... Central Europe and the former Soviet Union have struggled to free themselves from... habits ingrained by... communist rule. Overcoming the communist legacy within their military establishments (is) a particularly difficult task. ...Channels of civilian control... are as yet very fragile... the United States is encouraging military reform..., to ensure civilian control of the military, foster greater (regional) cooperation, and "jump start" NATO's Partnership for Peace. ...Success of the new independent states... in establishing and maintaining stable and independent democracies is a key to... a secure, undivided Europe. (The US) is pursuing pragmatic security partnerships... and promoting favorable reform. ...An independent and democratic Ukraine is... of great importance to European security, and we are committed to a broad agenda of security cooperation with Ukraine".

¹ The opinions expressed in the article are solely my own and do not represent official policy or positions of the US Department of Defense, the US Joint Staff, the US Army, any other agency of the US Government or of OC Incorporated, my current employer.

² A Strategy of Engagement and Enlargement, the White House, Washington DC, February 1995.

³ United States Security Strategy for Europe and NATO, US Department of Defense, International Security Affairs, June 1995. See: www.fas.org/nato/off-docs/US_95/ssen/index.html#toc.



The US National Military Strategy⁴ for 1995 envisioned military contacts as a major tool in executing "engagement strategy", and stated that military-to-military contact programs are:

"... effective instruments... to create a... stable security environment..., to forge new and cooperative relationships both with former adversaries and with formerly non-aligned nations. ...Success... hinges on mutual trust, effective communications..., interoperability, and doctrinal familiarity... These programs are... a platform for imparting ... democratic values to militaries in... newly democratic nations. ... Central and Eastern Europe are a... priority".

General Shalikashvili saw Ukraine as important in its own right but also as a potential "bridge" between the West and Russia. He knew that Ukraine needed to develop and reform its Armed Forces, and saw a chance to influence that development in ways that would strengthen Ukrainian democracy and contribute to regional stability.

So there was (and is) no definition of "strategic partnership". However, based on the "guidance" available in 1995, I could deduce⁵ that the overall US goal for engagement with Kyiv was to ensure development and survival of "an independent and democratic Ukraine". It seemed logical then that the subordinate military goal would be to encourage development of Armed Forces appropriate to the defense of an independent and democratic state. Further goals included "encouraging military reform", "civilian control of the military", "fostering greater regional cooperation", and "facilitating Ukraine's participation in "Partnership for Peace" (PfP)". Military contacts could support these goals by focusing on aspects of those topics in their substance while developing "mutual trust, effective communications, interoperability, and familiarity with each other's doctrines". "Imparting democratic values" in the process would happen primarily by the exposure of Ukraine's military to the democratic processes in which the US military is required to work, and the exchange of opinions among commanders, staffs and troops during cooperative activity.

What should the US get from this relationship? Presumably, this approach would help Ukraine to "maintain a stable and independent democracy" contributing to maintenance of "a

secure, undivided Europe" and regional stability. In short, there was a convergence of interests, a partnership, among the tenets of US national security strategy, Ukraine's desire for independence and its declared intention to integrate with European institutions.

COOPERATION MECHANISMS

On the strategic level, Ukraine and the US already had some cooperative mechanisms to further this engagement. In 1993, a "Memorandum of Understanding (MOU) on Defense and Military Contacts" between the US and Ukraine was signed. This established semi-annual meetings of a "Defense and Military Contacts Bilateral Working Group" (BWG) and for annual talks between the US Joint Staff and Ukraine's General Staff (Joint Staff Talks).

The MOU established two separate but complementary programs. One involved contacts and exchanges at higher levels of the defense ministries (reflecting a US assumption that there was or would emerge a distinct civilian Ukrainian Defense Ministry staff mirroring the US Office of the Secretary of Defence (OSD)). The other program was a "military-to-military contact program... under... the (US) Chairman of the Joint Chiefs of Staff (CJCS)" and the Ukrainian Chief of the General Staff.

The Unified Command Plan (UCP)⁶ in 1995 induced a problem into US-Ukraine military relations in that no regional CINC was assigned responsibility for Ukraine (or the rest of the Former Soviet Union). But in the US military system, CJCS does not have direct command authority. He is a military adviser to the President. The President holds ultimate command authority, and from him it flows to the Secretary of Defense and on to the regional CINCs. Therefore, although CJCS is powerful, unlike the regional CINCs he has at his disposal few immediate resources to execute military contact programs, and cannot simply order the CINCs to assist. This complicated my ability to construct and execute a plan. Nearly every military matter concerning Ukraine amounted to a sort of "crisis", as it could not be handled in normally-used and understood channels.

⁴ National Military Strategy of the United States of America, 1995.

⁵ I want to emphasize that these goals and objectives were not simply generated by my office or myself but were extracted from the previously cited national security documents, plus the Chairman's intent, and combined into a set of Guidance for our military interaction with Ukraine.

⁶ The UCP assigns geographic and functional responsibilities to nine US regional and functional Commanders-in-Chiefs (CINCs) around the world. For example, US European Command (EUCOM) — distinct from NATO — is a regional command with responsibility for military matters in Europe, plus parts of Africa and the Middle East; US Transportation Command is an example of a functional command, in this case handling transport and logistics.

Moreover, there were no formal lower-level planning mechanisms beyond the BWG and Joint Staff Talks through which to develop coherent programs. But, since there were mechanisms at the strategic level (BWG and Joint Staff Talks), the higher leadership had agreed in general to conduct activities. In turn, there was pressure to elaborate this into actual cooperative events. This created pressure for results. Worse (from a planning perspective) the pressure for tangible "deliverables" was not tied to any rational planning schedule, but to the date of the next high-level meeting. In June 1995, the date of the next higher-level meeting was in September, a BWG session to be held at Norfolk, Virginia, USA. By then, I would be expected to have at least the outline of a 1996 plan ready to discuss with Ukraine.

In September 1995, I met with my designated Ukrainian counterpart, a Colonel from the Ministry of Defense. It is no exaggeration to say simply that we locked ourselves in a room with an interpreter for a few days and built the plan of activity for 1996 based largely on a list of proposed events that I had solicited from US CINCs and from US service branches. My counterpart had excellent ideas, but Ukraine had come to the table with no specific formal proposals or goals, content to see what the US had to offer.

When the plan was briefed and coordinated in our countries, it was accepted. However, the US was somewhat surprised that Ukraine agreed to all fifty proposed activities, and wondered whether Kyiv had agreed to more than it could realistically handle.

Implicitly, the US accepted the main burden of funding. First, it was recognized that Ukraine could not finance the full range of activity. Second, there were approved and funded US programs to assist this type of activity. It was assumed that Ukraine eventually would begin assuming an increasing share of costs as the relationship matured, but this was not made a formal program objective.

A small number of events were funded partly from funds known as "Traditional CINC Activity funds". These were routinely used for interface with regional partners and allies. A larger percentage of activities was financed by a small amount of Cooperative Threat Reduction funds. And in 1995, Congress funded the US President's Warsaw Initiative (so named because it was announced in a speech in Warsaw). This aimed at supporting bilateral events and programs that assist or facilitate participation in PfP⁷.

In December 1995, the US Chairman of the Joint Chiefs of Staff and the Ukrainian Chief of the General Staff signed the program of events for 1996. But despite this success, my counterpart and I agreed that this was not a way to plan a coherent program of cooperation.

INTERIM PLANNING SOLUTIONS

In January 1996, and several times thereafter, I traveled to Kyiv to plan the 1997 program. A major agenda item was how we might better rationalize our planning. We agreed that we must expand direct contacts between planning staffs. We also agreed there was a need to develop mutual goals and objectives. Only by having defined goals and measurable objectives could we build a truly rational plan of cooperative activity. Without such a structure the only measure of "success" would be the numbers of activities generated — quantity versus quality. This would lead to a demand for more and more events each year to "prove" that the new plan was "better" than the last, and ultimately strain our resources for no measurable increase in return.

The effort to define mutual goals and objectives proved difficult. Despite my counterpart's agreement and willingness to openly discuss issues, the Ukrainian side manifested what was to me a very disappointing and frustrating inability formally to define its own goals for our cooperation.

In mid-1996, our military staffs agreed on one over-arching mutual goal for our engagement: "to assist Ukraine in the development of Armed Forces appropriate to the defense of a free and independent democratic state". We further attempted to build measurable objectives within the framework of the goals established. Having done this, we would then go to our respective commands and services with a few proposed activities for which they might "volunteer" and that might fulfil these goals, as well as a request for their own ideas for events. Thus, we began to progress from a simple "list of events" to a more comprehensive and interlocking plan.



⁷ Warsaw Initiative funds were an important element in funding events designated "In the Spirit of PfP" — US-Ukraine bilateral events aimed to facilitate some follow-on PfP activity. For example, the *PEACE SHIELD* exercises in Ukraine were at bottom intended to facilitate Ukrainian participation in and hosting of fully-fledged PfP exercises over the long run.



The next order of business was to develop working-level direct contact among military planning experts. We developed a proposal for what came to be called the "Colonels' Conference" composed of planners at the rank of Colonel and below.

The Colonels' Conference for the first time brought together the commands and services of both sides in advance planning which produced stronger and more coherent contact plans. Not only agreement, but some lively argument ensued, and each side learned much about how the other thinks and with what sorts of practical problems each was contending on a daily basis.

Improvement in our cooperation was notable. The percentage of cancelled events declined. Several successful exercises were completed. My Joint Staff Division was expanded in size, and I became "Chief for Ukraine and Eurasia" in charge of cooperation with all the non-Russian states. As we developed plans and programs for these states, the Ukraine's experience proved a useful model.

"NORMALIZATION"

The Ukrainian program continued to expand. To be certain, it experienced some of the "numbers inflation" we feared. However, many new events were now parts of interlocking programs. A military medical cooperation program was initiated, along with educational institution exchanges. The US National Guard — which in peacetime has a major role in emergency aid to civil authorities, disaster relief, helped to expand our cooperation to include the Ukrainian Ministry of Emergencies and, to a lesser extent, the Border Guard Service.

On a higher level, the Gore-Kuchma Bi-National Commission evolved as an overall "umbrella group" to oversee the broader range of US-Ukraine cooperation. Although to some extent symbolic, this was important in that our government-to-government cooperation now moved from primarily a staff-to-staff level to regular interaction between top political leaders. The BWG became "dual-hatted" as the subordinate Gore-Kuchma Security Committee. The US came to believe that military relations with Ukraine — and eventually with all the non-Russian former Soviet states — should be "normalized" in accord with the US UCP. EUCOM would be assigned to Ukraine, along with Belarus, Moldova, and the Caucasus. US Central Command would later be assigned to Central Asia.

This consensus came only after serious debate and much interagency coordination. There was initially some concern in the US State Department that assigning these states to a US Regional Command would be seen in Moscow as the US "carving up the Former Soviet Union" and worsen relations. It was also feared that the states themselves would see this not as a "normalization" but as a downgrading of relations as they would now no longer be dealing "directly with the Pentagon". Plans were developed to inform all parties concerned as to the nature of the changes, and to develop transition plans. When these issues were addressed, the President signed the UCP change, to take effect in October 1998.



Vice-President Gore visited Kyiv in July 1998, and "officially" pronounced the US-Ukraine relationship to be a "strategic partnership", a term that both sides had been using for some months. This was not solely due to the upcoming "normalization" of military relations through the UCP change. In praising our partnership, both Mr. Gore and President Kuchma cited our bilateral military cooperation as one of our best and most robust programs and as a model for other government-to-government interaction.

The official announcement of a strategic partnership had little effect on our military cooperation programs. The UCP change, on the other hand, had a significant impact in that both sides had to adapt to new cooperative mechanisms. The Colonels' Conference phased out in favor of a bilateral Military Liaison Team (MLT), on the lines of a model employed by EUCOM successfully in Central Europe. The US portion of this team was located in Kyiv to work directly with a counterpart set of Ukrainian officers on a daily basis to plan and



execute military contacts. In preparation for the year 2000's plan of military contacts, this planning group would review all goals and objectives and develop a standard planning process. The MLT would work with the EUCOM Staff to create plans, identify resources available to fulfil activities, and to submit timely requests to other agencies. Regularly established channels would be available for efficient funds administration. From the US perspective, this would be a much more efficient, continuous and coherent way to operate.

SOME OBSERVATIONS

The kind of progress made with the Colonels' Conference and then with the MLT was warmly received in the US, but it appears to me that it developed in spite of some opposition and/or friction in Ukraine.

For example, our earliest cooperation was managed through Ukraine's Ministry of Defense office then called the Foreign Relations Directorate (FRD). FRD insisted upon being the single point of contact for executing each event (with the US Defense Attache Office acting as its counterpart in Kyiv). This was a serious bottleneck. Had each individual agency on each side been allowed direct coordination, activities would have progressed more smoothly. On the other hand, had direct contact been authorized, communications at the time would have been problematic. General Staff planners for example had few phone lines available to them and e-mail was not as readily available as it is today. But as technology allows, direct coordination among responsible agencies will facilitate efficient execution, and should be encouraged on both sides.

There was (and, I think, remains) a tendency for Ukraine's military to practice extreme centralization in execution of our contacts. The simplest details required decisions at the highest levels, causing delays, last minute changes, and cancellations. At times, original plan might be modified at higher levels with no explanation, resulting in the inclusion of inappropriate or unqualified units or individuals in events. Some quarters in the US questioned whether there was an active effort to sabotage or misuse the program on such occasions, but most believed it was due to inefficiency and the survival of "old Soviet ways" of centralized control. It was one of the most very damaging and irritating aspects of our cooperation with which to deal.

At my first planning meeting in 1995, Ukraine came with no specific proposals or goals. This situation improved over time, but to some extent remains a problem. This is in part because the Ukrainian planner has difficulty identifying a clear hierarchy of strategic - operational - tactical goals and objectives to link with particular events or programs. For example, I have described on the US side how I was able to determine how to proceed in 1995 based on published national security documents and guidance; the Ukrainian equivalent never appeared to me to be available to my counterparts. The question seems to remain: "What does Ukraine want from our military-to-military engagement from the strategic level on down?"

As noted, the US side was surprised that Ukraine agreed to all fifty proposed activities for the 1996 plan. To the best of my knowledge, only about 70% of those events were executed; some were postponed but others went unfulfilled. Ukraine often opted for more events than could be handled (although some unfulfilled events were due to bureaucratic problems as noted). Ukraine's lack of prioritized planning goals promoted this tendency. Lacking such guidance, the planner tended to take whatever the US might offer. Successful event execution improved in time to around 85%⁸ or more, however, as mutual goals were more carefully defined.

The US assumed that Ukraine eventually would be able to assume an increasing share of costs as the relationship matured. However, the situation often appeared to be in "reverse gear". The US was often faced with requests to pick up unplanned additional costs, for example, and the Ukrainian side was sometimes perceived as trying to get as much money as possible without prioritizing or economizing. To be fair, this problem is not solvable without, first, solving the Ukrainian military's basic financial difficulties, either fully funding current needs (unlikely), or an overarching military reform that achieves lowered operating costs.

The Department for International Cooperation (DIC), subordinate to the Defense Ministry, succeeded the FRD as the MLT was established. My observation is that this Ukrainian element was more concerned with "empire-building" than with furthering our cooperative mechanisms. It created a great deal of friction. I left service before I saw the resolution. I hope Ukraine has realized and corrected the problem with this agency.

⁸ This figure was developed by the participants in a Colonels' Conference meeting in July 1998 in comparing each side's results for the 1997 program.



HOW DID WE DO?

I will summarize by comparing the goals set in 1995-1996 to the current state of affairs, and draw some conclusions about success or failure of US-Ukraine military contacts. This is a very subjective analysis. It is impossible within the scope of this article conclusively to demonstrate a cause-and-effect linkage. But the following review provides a "feel" at least for how military cooperation affected our strategic partnership.

Overarching strategic goal

Ensure development and survival of an independent and democratic Ukraine

Successful. Ukraine remains independent, and her democratic institutions continue to evolve, weathering so far elections and economic and diplomatic crises. It is increasingly apparent that the determinant of success in this area is much more likely to be the economic component of national power rather than the military, however.

Primary military goal

Encourage the development of Armed Forces appropriate to the defense of an independent and democratic Ukraine

Partly successful. I define "appropriate" as a military which is (1) not overly large or capable so as to threaten its neighbors, (2) not so small or weak as to invite instability, (3) not organized and constituted so as to be drag on the economy, and (4) basically apolitical and respecting of constitutional processes. As for (1), this is generally the case. In regards to (2) it appears that Ukraine's Armed Forces are capable of deterring non-NATO neighbors, but overall readiness is poor. Point (3) is more complicated: it appears that Ukraine's economy is drag on the Armed Forces, not the other way around; but this suggests that the military is not properly manned, equipped and organized to meet the ends of the state within the means of the state. Finally, (4) can confidently be said to be true at this point in time.

Subordinate goal

Encourage military reform

Marginally successful, near failure in some areas. As I said, "the (Ukrainian) military is not properly manned, equipped and organized to meet the ends of the state within the means of the state". Reform seems to represent "nibbling

around the edges", not full-scale transformation. Typically, financial limitations are cited as the main problem. The US and other partners are increasing weary of what are seen as half-hearted reform efforts. However, this is not a purely military problem. There are many excellent planners — in the General Staff particularly — who could address these issues if given realistic and comprehensive reform goals plus the political will to see them through. US military contacts remain a resource available to Ukraine to aid such an effort.

Subordinate goal

Civilian control of the military

Partially successful. There was no emergence of a civilian-staffed and controlled Ministry of Defense staff to parallel the US OSD staff, and the only civilian Defense Minister was sacked in favor of a General Officer. However, these are not the only facts to consider. National Security and Defense Council (NSDC) began taking part in all of our defense cooperation mechanisms, and NSDC staff visited the US several times, to study US mechanisms for civilian control and overall management and planning. The President's General Military Inspectorate is another civilian-controlled agency (albeit military-staffed) providing oversight.

Subordinate goal

Foster regional cooperation

Highly successful. Ukraine's hosting of PfP and other multinational exercises fostered regional cooperation. This may seem a two-edged sword, as some exercises irritated Russia. However, this is attributable to Moscow's hardened attitude on NATO enlargement since 1997. Before this, Ukraine convinced Russia to join in several multilateral events, lobbying hard with Moscow and acting as the "bridge" envisioned by CJCS.

Subordinate goal

Facilitate Ukraine's participation in PfP

Highly successful. Our bilateral program is constituted in part to assist Ukraine to develop PfP relations. Ukraine now has an agency to handle NATO/PfP military cooperation and relies much less on intervention of the US and other partners. Kyiv's PfP Coordination Center (under the General Staff) enjoys a good reputation in the US as a reliable coordinating agency.

Secondary goal**Create mutual trust**

Successful. Military contacts included regular meetings of high-level military leaders, which, in my opinion, led to trusting relationships. An extraordinary degree of trust developed between the US Defense Attache Office in Kyiv (as daily contact for coordination) and the Ukrainian military and NSDC Staff. A similar thing occurred with the US Joint Staff and Ukraine's Defense Attache in Washington. This is a major change from the traditional view of Attaches as "intelligence gatherers" to be shunned. However, I detected a negative "reaction" to this in some Ukrainian quarters, including DIC, in early 1999. There was a tendency to become more "security conscious" in our dealings, to place more restrictions on Western Attaches, and so forth, which created some bad perceptions on the US side. I hope this was a temporary anomaly.

Secondary goal**Effective communications**

Successful. Especially at mid-grade levels (Lieutenant Colonel to one-star General) between individual US and Ukrainian officers. On an organizational level, the General Staff particularly has an open attitude and supports direct subject-matter-expert coordination. With the MLT, communication should today be excellent. But there were initial problems with the latter. DIC (subordinate to the Defense Ministry) was slow to commit adequate resources to the MLT and reluctant to empower these officers to coordinate freely. It would have been better had DIC (or its MLT functions) been organized under the General Staff, with its experience of cooperative planning and seemingly more open attitude.

Secondary goal**Interoperability**

US-Ukraine interoperability for exercises or contingency operations improved tremendously. Witness the example of Ukrainian troops working directly with the US force in Kosovo today. One problem hindering progress is that, in my opinion, Ukraine tends to see equipment compatibility or interchangeability as the key element. The West, however, tends to emphasize common standards and common ways of thinking, planning and operating.

Secondary goal**Familiarity with each other's doctrines**

Ukraine's military is today more familiar with US and Western doctrine through exercises, educational exchanges and cooperation in the Balkans. The reverse is also the case. But, the hope in the West was that Ukraine would find Western doctrine useful in pursuit of military reform. It does not seem that this is the case.

**CONCLUSION**

Despite a rough beginning, it appears that the US-Ukraine military contacts program of 1995-1999 successfully met a large percentage of the goals set for it, and contributed positively to our strategic partnership. One can argue whether these were the best goals, or whether they were sufficiently comprehensive. But ultimately, Ukraine either set or accepted these criteria for herself. When my work on this effort ended in 1999, it seemed to me that Ukraine still had not methodically thought through from strategic to tactical level what it wanted from our military cooperation. The military program, and the overall partnership, would benefit from improved Ukrainian participation in setting goals, objectives and priorities. This will be facilitated by Ukraine's development of overarching military reform strategies and priorities. At the same time, the two militaries should strive to sustain the legacy of improved trust and effective communications which the program helped to develop and which ultimately may count for more than any official "definition" in the attempt to describe the essence of a strategic partnership.