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PROBLEMS AND PROSPECTS OF UKRAINE-RUSSIA COOPERATION

After coming to power in 2005, the new Ukrainian leadership clearly demonstrated its intention to follow the foreign political priorities stipulated in Ukrainian legislation: integration in the EU, development of equal, mutually beneficial relations with the Russian Federation, attainment of a new level of cooperation with the USA, and accession to NATO. During his first foreign visit to Moscow (January 24, 2005), Ukraine's President V. Yushchenko declared the priority of strategic partnership with the Russian Federation, building of open and transparent bilateral relations, their "formalisation" and "refusal from the "Byzantine" politics, when certain things are said, but others are done".*

A new difficult phase began in bilateral relations, characterised by the growth of conflicts in the key fields of cooperation, giving grounds to speak of signs of a systemic crisis in the Ukraine-Russia partnership. This phase should be viewed in the context of modern bilateral relations, involving a number of acute problems.

It is evident that many problems, darkening bilateral cooperation, were neglected by the previous Ukrainian and Russian leadership and actually were frozen. The Orange Revolution of 2004 and the arrival of V. Yushchenko's team promoted the divergence of the state and political elite of the two countries. The actions of the Russian side during the presidential elections in Ukraine, positioning of the key political forces in the Russian Federation during the parliamentary campaign of 2006 witness the critical attitude of a large part of the Russian political community to the new political realities of Ukraine.

Observers note the mismatch of the parties' positions on a number of the key foreign political issues, bilateral problems, the general divergence of the geopolitical course of Ukraine and Russia. More problems arose in the political, economic and humanitarian relations.

Beyond doubt, the state of the Ukrainian-Russian relations does not meet the national interests of the two countries, strains the regional situation, and complicates contacts of Moscow and Kyiv with the European Community and the USA.

It may be stated that in Ukraine's relations with Russia, the post-Soviet phase of partnership (political loyalty in exchange for economic preferences) came to an end. A difficult transitional period of fundamental realignment of the bilateral relations has begun, and the elite of the two countries for a number of reasons appeared not ready for it.

Probably, in the middle run, Ukrainian-Russian relations will present a tangled conglomerate of pragmatic partnership, competition in a number of sectors, and, possibly, conflicts. However, one thing is certain – there is no reasonable alternative to the establishment of transparent, mutually beneficial and good-neighbourly cooperation between Ukraine and Russia. Evidently, the countries' relations should be built on the basis of European norms and rules with mutual respect for each others interests.

The analytical report consists of five sections.

- Section one** analyses the features and trends in the development of Ukrainian-Russian relations in the policy domain; the state of treaty-based legal relations; and the progress of bilateral cooperation in the context of regional integration.
- Section two** examines the state and prospects of interaction in the economy domain and the problem factors hindering the development of trade and economic ties; outlines the key aspects of the two countries' cooperation in that field.
- Section three** considers the humanitarian dimension of the bilateral partnership; guarantee of the national cultural needs of Ukrainians in Russia and, respectively, the Russian-speaking population in Ukraine; the church situation and confessional matters.
- Section four** examines the state of Ukraine-Russia military cooperation in the military, political, operational and technical sectors.
- Section five** draws general conclusions following from the survey performed and puts forward proposals for enhancing the effectiveness of bilateral partnership.

* UNIAN, January 24, 2005.

1. POLITICAL ASPECTS OF UKRAINE-RUSSIA RELATIONS

The policy of the previous Ukrainian authorities on the relations with Russia was controversial, inconsistent and, in fact, represented an equilibration between the East (the Russian Federation) and the West (the EU, US, NATO). Repeated attempts of working out “a new algorithm of relations with the Russian Federation” did not succeed. The policy towards Russia was manually directed and shaped by the political situation at home¹.

The analysis of the specificity and trends of bilateral relations between the two countries at the current stage is testimony to the absence of a clear strategy of Ukraine on its relations with Russia. The shift of accents in Ukraine’s foreign political course and approaches to the relations with Russia were not forecast.

The actions of the Russian side with respect to Ukraine are tougher and better co-ordinated. However, the evident accent on forcible measures, domination of tactical interests, and the neglect of many Ukrainian home policy realities witness the lack of strategic vision of the prospects of bilateral relations.

The legal and treaty basis for Ukrainian-Russian cooperation is largely obsolete. Some agreements do not fully meet the present-day realities and interests of both sides. They require elaboration and employment of effective implementation mechanisms.

More conflicts in the bilateral political relations are attributed to the serious differences in the sides’ positions on cooperation in the format of regional alliances within the former USSR.

1.1 PROBLEM FACTORS IN BILATERAL COOPERATION

Analysing the specificity of the present system of political contacts between Kyiv and Moscow, one should point out the following problem factors.

1. In the previous years, some acute disputed problems were put aside and even frozen. The new Ukrainian leadership inherited from the previous regime a set of unsettled problems, the solution of which requires much greater political and diplomatic efforts. The following deserve mentioning in the first place:

(a) problems of legal regimentation and treaties on the Ukraine-Russia state border;

(b) treaty settlement of all aspects of temporary stationing of the Russian Black Sea Fleet on the territory of Ukraine;

(c) problems of removing barriers in the sphere of trade and economic cooperation (including the creation of a free trade area without exceptions and limitations);

(d) satisfaction of the national cultural needs of Ukrainians in the Russian Federation and Russians in Ukraine;

(e) non-transparent relations in the gas sector. (According to President V. Putin, “...RosUkrEnergo with its non-transparent 50% Ukrainian interest is nothing compared to the cheating observed over the past 15 years in our gas sector”²);

(f) problems dealing with the division of the foreign assets of the former USSR.

Currently, the “delayed affect” of the set of frozen problems exerts strong pressure on bilateral relations.

2. Bilateral relations hinge upon old post-Soviet stereotypes³. The Russian elite largely views Ukraine as a “sponsored” state with a dependent foreign policy and a scene of struggle between Russian and US interests. The Ukrainian political community still tends to believe that deeper contacts with the Russian Federation *a priori* bring greater control over Ukraine and strengthening of Russian hegemony in the former USSR. Such stereotypes pose a serious obstacle for unbiased perception of the interests of one another and, respectively, for constructive solution of the problems, both in bilateral relations and in cooperation of Ukraine and the Russian Federation with third parties.

3. The Russian state and political establishment cultivates a negatively critical attitude towards the new

¹ As far back as 2001, then the Vice Speaker of the Russian State Duma V. Lukin used to say: “L. Kuchma is in the first place interested in the short-term strengthening of our relations... The worse the internal position of L. Kuchma is, the better he treats Russia, and vice versa”. See: Interfax, February 12, 2001.

² See: Interview with the President of the Russian Federation V. Putin for the Spanish media on February 7, 2006. – <http://president.kremlin.ru>.

³ Those stereotypes were well described by the known Russian economist E. Yasin: “...Our failures in the post-Soviet space are largely attributed to the elite unaware of the changes that took place after the break-up of the USSR. We seemingly continue to live in the borders of the Soviet empire, viewing the neighbouring countries as a part of our own territory. Meanwhile, they have long become independent, so we should talk to them differently”. See: Will Belarus Stay Our Friend? – *Argumenty i Fakty v Ukraine*. No. 15, April 2006, p. 11.

Ukrainian authorities. An influential part of the Russian state elite and the national expert community took a firm position of active rejection of the Orange Revolution, the new Ukrainian authorities and the results of their work. The Secretary of the Russian Security Council I. Ivanov spoke of an unconstitutional and undemocratic change of government in Ukraine⁴.

An “anti-Orange” ideology is formed and promoted on the state level. Addressing students of the Centre of party training and preparation of staff for the “United Russia” Party on February 7, 2006, Deputy Head of the Presidential Administration V. Surkov mentioned among the main threats to the “sovereignty of the nation” the soft absorption under modern “orange technologies”. According to his words, as a result of “anti-constitutional orange coups”, “values are diluted, the state is declared ineffective and internal conflicts are provoked”⁵. In turn, Russia’s Foreign Minister S. Lavrov conceptually explained the “disruptiveness of revolutionary shocks” in the post-Soviet space in 2005, repeating the Cold War practices⁶.

Expert assessments⁷. According to 66.1% of Ukrainian experts, a negative, critical attitude to the present Ukrainian leadership dominates in the Russian state and political elite. This opinion is shared by 52.5% of Russian respondents. Among the Russian experts, the percentage of the polled convinced in the domination of pragmatic, restrained relations is higher (41.6%) than among the Ukrainian experts (30.3%). However, in general, the attitude to the present Ukrainian authorities is not termed as “positive, benevolent”.

In line with the formation of that position, Russia steps up assistance to the opposition forces in Ukraine standing for the preservation of the previous format of the bilateral relations. Say, Russia’s actions during the 2006 parliamentary campaign, compared to the presidential elections of 2004, saw some changes in form and mechanisms but not in essence. It put its stakes on the Party of Regions⁸; at the same time, special operations were conducted to undermine the rating of its main opponents. Say, on March 12 and 19, 2006, “Rossiya” TV channel spread evidently false information about a secret CIA prison on the territory of the Ukrainian cantonment “Makariv-1”⁹. During the parliamentary election campaign, the Russian media concentrated on criticism of the present Ukrainian authorities¹⁰. Such a position was seen in Ukraine as an attempt of revenge for the “defeat” in the Orange Revolution and in no way contributed to a thaw in bilateral relations.

By and large, there are grounds to view the critical attitude of Russia towards the new Ukrainian authorities and the political course of the country proclaimed by them as, perhaps, the main factor of deterioration of bilateral relations. This suggestion is proved by the fact that the problematic aspects of the Ukraine-Russia partnership mentioned below may be viewed as a consequence of such

an attitude of the Russian side to the current Ukrainian authorities.

4. Top level dialogue is curtailed. The Russian leaders are reluctant to visit Ukraine (the meeting of the prime ministers planned in Kyiv for late 2005 was never held), while the fully-fledged operation of the Ukraine-Russian interstate commission set up in May 2005 remains questionable. A date of the visit of the Russian President to Ukraine in 2006 has not been set. The potential of cooperation among non-government organisations is used ineffectively. The originally critical attitude of the Russian leadership to the new Ukrainian authorities is aggravated by the active course of official Kyiv towards integration in NATO, which complicates official contacts on different levels.

5. Ukraine’s course of accession to NATO and movement to the EU are viewed in Russia with caution. While the European integration of Ukraine (the prospects of which are now uncertain) meets a more reserved reaction on the part of Russia, intensification of the Euro-Atlantic integration of Ukraine is seen in the Russian Federation as a threat to Russian national interests, creating a multiplying negative effect over the entire course of bilateral contacts. The recent address of the Russian State Duma to Ukraine’s Parliament (June 7, 2006) noted that: “the accession of Ukraine to the military bloc will have very negative consequences for the entire set of mutual relations between our two fraternal nations”¹¹. The process of Ukraine’s integration in NATO predetermines fundamental differences in the geopolitical positions of the two countries’ leaderships, complicates the search for ways and mechanisms of the solution of disputed issues, and equal and mutually advantageous partnership. On the other hand, it is the NATO-related problems that “bring to the light” the true positions of the sides and pave the way for a tough, but pragmatic and open dialogue on the main lines of cooperation.

6. No productive format of bilateral relations has been found. There were attempts to reverse the previous practice of non-transparent behind-the-scene contacts in the format of a politico-economic barter (economic concessions in exchange for political support). The “shirt-sleeve diplomacy” of L. Kuchma’s period yielded to a system of more official contacts. However, at the current stage, the process of negotiations is complicated, on the one hand, by fundamental differences of the two sides on a number of key issues, on the other – by the reluctance to fully activate the interstate cooperation mechanisms. Over the past year, the Sub-committee on the Russian Black Sea Fleet Activity and stationing on the territory of Ukraine was the only one that began to work within the framework of the Ukraine-Russia Interstate Commission. The potential of the Inter-parliamentary Cooperation Commission was used ineffectively (in 2005, the commission met only

⁴ See: Interview of the Secretary of the Security Council of the Russian Federation I. Ivanov “Mutual Dependence”. – *Strategiya Rossii*, 2005, No. 4, p. 10.

⁵ See: Official web site of the “United Russia” Party. – <http://www.edinros.ru/news.html?id=111148>.

⁶ Lavrov S. Foreign Policy Yield of 2005: Thoughts and Conclusions. – Official web site of the Ministry of Foreign Affairs of the Russian Federation: <http://www.mid.ru>.

⁷ Hereinafter the report builds on the results of the expert poll conducted in Ukraine by the Razumkov Centre and in Russia by the Russian Public Policy Centre Foundation in April-May, 2006. The data of national public opinion polls by Razumkov Centre were also used. The most recent poll was conducted on May 11–19, 2006.

⁸ In particular, on July 2, 2005, the pro-presidential “United Russia” Party and the Party of Regions of Ukraine signed in Kyiv the Agreement on Cooperation and Interaction. On November 30, 2005, the leader of the Party of Regions V. Yanukovych, speaking at the 6th Congress of the “United Russia” Party in Krasnoyarsk, produced extremely negative assessments of the present Ukrainian authorities.

⁹ A previously announced interview with Ukraine’s President V. Yushchenko in the “Formula of Power” programme was removed from the air of the same TV channel.

¹⁰ The “black PR” also included the publication of a letter by the former Head of the External Surveillance Department of the Ministry of Internal Affairs of Ukraine O. Pukach searched in the case of the murder of G. Gongadze in the *Rossiyskie Vesti* newspaper.

¹¹ Interfax, June 7, 2006.

twice, focusing on the problems of migration and the gas conflict).

At the same time, there are grounds to speak about the rift of the state and the public and political elites of the two countries, as well as the complication of dialogue at the expert level and contacts between non-government structures.

7. Economic cooperation is becoming ever more politicised. The political background for bilateral relations has a negative impact on trade and economic cooperation, giving rise to the imbalance of interests at the level of national manufacturers and in the interstate format. There are grounds to assume that some actions in the economic domain were dictated mainly by the political interests and in essence represent a form of pressure.

In 2005, the rate of growth of mutual trade fell more than two-fold. The development of economic relations is evidently hindered by the system of tariffs being exempt from free trade and mutual non-tariff regulation measures and unilateral sanctions. The years of 2005-2006 saw a series of trade conflicts. In January 2006, Russia banned the import of Ukrainian meat and dairy products¹². In some branches (metallurgy, agriculture, defence industry), competition is toughening, provoking the imposition of various "protectionist" measures. At present, 10 restrictive procedures are underway in the Russian Federation against Ukrainian exports, and 14 against Russian exports in Ukraine¹³.

Large-scale joint projects have been stalled. Despite a number of bilateral arrangements and signed intergovernmental agreements (1993, 1999), the Russian side on political grounds *de facto* impedes the An-70 military transport project. The prior plans of entry to the European market were not realized (the European model A400M was chosen).

The gas conflict at the junction of 2005-2006 bore traits of a politico-economic crisis in Ukraine-Russia relations. On 1 of January, 2006, Russia cut back gas deliveries to Ukraine and publicly accused the Ukrainian side of "continued siphoning of gas"¹⁴. Ukraine's Foreign Ministry described such actions as "implementation of a scenario in order to exert economic pressure and blackmail, and in the end result – destabilise Ukraine's economy..."¹⁵. Subsequent agreements between business entities somewhat relieved the tension, but they were not backed on the intergovernmental level and did not solve the problem in the mid-run¹⁶.

8. Retardation of demarcation of the land border and delimitation of the Sea of Azov and the Kerch Strait continues. As we already said, the problems in bilateral relations are long-standing. The Russian Federation always took a tough position in negotiations, their protraction was used to apply pressure on the Ukrainian leadership, which already resulted in acute conflicts (2003, Tuzla Island). However, now the practice of drawing out the solution of



the border problem may be viewed as an element of the general policy of opposition to Ukraine's accession to NATO. Meanwhile, a number of Russian experts see such a policy as "pernicious for Russian-Ukrainian relations, and especially for the Russian internal political climate, and little effective"¹⁷. The decision of the Russian State Duma of May 26, 2006 to request the Russian Government to consider the possibility of incorporation of Crimea into the Russian Federation evoked a negative reaction¹⁸.

9. Fundamental differences between Ukraine and Russia regarding the strategy of integration in the post-Soviet space have been aggravated. One should mention the following "problem areas" in that domain. *First*, Russia is evidently dissatisfied with the format of Ukraine's involvement in the Single Economic Space. Ukraine, referring to the principle of different-level and

Public opinion. Ukrainian citizens critically assess the present state of Ukrainian-Russian relations. According to the Razumkov Centre poll conducted in May 2006, 55.3% of respondents called those relations unstable, 37.7% – poor. Compared to April 2005, the number of critical assessments increased drastically (the number of respondents who considered bilateral relations to be poor increased from 7.7% to 37.7%).

Expert assessments. The greatest share of the polled noted two positions: "instability" (among the Ukrainian experts, this opinion is shared by 35.8%, among the Russian – 38.6%) and "deterioration" (37.6% and 39.6%, accordingly).

Among the reasons for the deterioration of bilateral relations, Ukrainian experts mentioned "attempts of the Russian Federation to maintain Ukraine in the sphere of its influence using various forms of pressure" (56%), "Ukraine's desire to leave the sphere of Russian influence and pursue an independent foreign policy" (53.2%). Russian experts gave equal priority (41.6% each) to two reasons: Ukraine's desire to leave the sphere Russian influence and rejection of Kyiv's Euro-Atlantic course by the Russian Federation.

different-speed integration, confined its involvement in SES to a free trade area, intending to sign 11 out of the 38 prepared priority agreements. The Russian Federation insists on signing the full package, which creates a conflict situation in the relations.

Second, in the Russian political community a very critical attitude to the Ukrainian-Georgian initiative

¹² According to expert estimates, monthly losses of Ukraine's dairy industry from the ban on dairy product imports to the Russian Federation amount to \$50-60 m., of the meat industry – \$12-15 m. See: Interfax-Ukraine, February 9, 2006.

¹³ See: Interview of the Trade Representative of the Russian Federation in Ukraine G. Shcherbakov "The Share of the Russian Market in the Ukrainian Export Structure Makes 28.8%". – *Biznes*, April 24, 2006. – <http://www.business.ua>.

¹⁴ Statement by the official representative of Gazprom S. Kupriyanov. – UNIAN, January 3, 2006.

¹⁵ Statement by the Foreign Ministry of Ukraine on cooperation in the gas sector of January 1, 2006. – <http://www.mfa.gov.ua>.

¹⁶ Deputy President of Gazprom A. Medvedev said that the price of gas for Ukraine might be reviewed in the second half of 2006. – <http://pravda.com.ua/news/2006/4/12/40901.htm>.

¹⁷ See: Concept of Relations between the Russian Federation and Ukraine in the Inter-Parliamentary Sphere. Moscow, 2006, p.82.

¹⁸ See: Website of the State Duma of the Russian Federation – <http://www.duma.gov.ru>.

of establishment of the Baltic-Black Sea organisation – Community of Democratic Choice – dominates. The Russian Federation ignored the Kyiv forum of the Community of Democratic Choice (December 1-2, 2005) and the Vilnius meeting (May 4, 2006). The meeting aroused even more uneasiness, as exactly in Vilnius, U.S. Vice President Dick Cheney strongly criticised Russia, giving grounds to speak about a chill in Russian-U.S. relations.

Third, Ukraine's active involvement in GUAM, viewed as an alternative to the growth of the Russian influence in the post-Soviet space, adds tension to bilateral relations. Ukraine, in its turn, seeks to transform GUAM into a fully-fledged international organisation. The GUAM summit held in Kyiv on May 22-23, 2006 passed documents of its transformation into the international Organisation for Democracy and Economic Development – GUAM, headquartered in Kyiv¹⁹.

Fourth, for the new Ukrainian leadership, contacts within the framework of the Commonwealth of Independent States (CIS) are neither a political nor economic priority of state policy. Ukraine reduces its participation in the CIS, trying to develop cooperation with the CIS states in the format of bilateral relations. Some initiatives of Ukraine's President, put forward within the framework of the CIS, were actually rejected. The recent statements by spokesmen of Ukraine's Foreign Ministry and the Presidential Secretariat about Ukraine's possible withdrawal from the CIS met a negative reaction in Russia.

Therefore, recently, quite a few old and new problems have been accumulated in Ukraine-Russia political dialogue. In the absence of a clear strategy of development of the Ukraine-Russia partnership, a gap between the principles and goals declared in bilateral international legal documents and the actual state of interaction widens.

Evidently, the elite of the two countries should build on Ukraine-Russia relations on confrontation-free scenarios. The current problem period in bilateral relations should be viewed as transitional, not as an alternative to the establishment of a mutually advantageous, equal and pragmatic partnership between the two countries.

1.2 TREATY-BASED LEGAL RELATIONS

The treaty and legal basis for the Ukraine-Russia partnership created over the past 14 years after the establishment of diplomatic relations covers nearly all areas of cooperation and it corresponds to the level and intensity of political dialogue. Ukraine and the Russian Federation have signed over 360 bilateral documents (more than 240 of them – on the interstate and intergovernmental levels²⁰). The bulk of the agreements (nearly 200) deals with the trade and economic, military, technical, scientific, and technological sectors. Some documents regiment cooperation in the political, humanitarian, information and consular sectors.

The most important documents are: the Treaty of Friendship, Cooperation and Partnership (1997), the Treaty of Economic Cooperation for 1998-2007 (1998), the Programme of Inter-regional and Trans-border

Cooperation for 2001-2007 (2001), the Agreement of Strategic Cooperation in the Gas Sector (2002), the Treaty of the Ukraine-Russia State Border (2003).

In August 2005, the Presidents of Ukraine and the Russian Federation took a decision to draw up an Action Plan for 2005-2006. In September, 2005, the document that laid down 20 priority lines of partnership was approved by foreign ministers. In January, 2006, the heads of states agreed to intensify the implementation of the Plan.

In the relations with Russia, Ukraine relies on the most elaborate body of agreements at the interstate, intergovernmental, departmental and regional levels. However, the increase in the number of agreements in no way guarantees a qualitative improvement in bilateral cooperation.

Exactly in the relations with Russia, new problems appear on the agenda that require, *inter alia*, new agreements. There are grounds to state that some provisions settled *de jure* in the basic agreements, *de facto* do not meet the present-day realities of bilateral relations. Say, the present state and nature of cooperation in a number of key domains (energy sector, aircraft building, and military-technical cooperation) do not correspond to the format of strategic partnership introduced by Article 1 of the Treaty of Friendship, Cooperation and Partnership²¹. Levers of economic pressure are actively used, although Article 3 of the Treaty provides that "the Parties build relations on the basis of peaceful settlement of disputes, non-use of force or a threat of force, including economic and other methods of pressure".

Some bilateral problems (including those dealing with demarcation and delimitation of the border) are long-standing and not legally settled by the available treaties. Some framework agreements require elaboration and development of clear mechanisms of their implementation. On the other hand, some documents became obsolete or have already been implemented, while others did not undergo the national approval procedures.

Evidently, the effectiveness of the system of treaty-based and legal support for cooperation is determined by: (a) the correspondence of the treaties to the present-day realities and interests of the partners; (b) the availability of effective tools, bilateral mechanisms of implementation of the existing agreements; (c) executive discipline of both parties.

Assessing the overall state of the treaty-based legal relations between Ukraine and Russia, the following problem issues may be pointed out.

The legal base for a Ukraine-Russia partnership is largely obsolete and requires elaboration and updating.

First, many agreements have become obsolete and lost validity, are nothing more than "deadweight" and require legal termination (e.g., the 1996 Agreement establishing the Mixed Cooperation Commission).

Second, some bilateral agreements are of a framework nature and require elaboration and updating, including in new agreements. The Programme of Economic Cooperation for 1998-2010 and the Programme of Inter-regional

¹⁹ Participants of the GUAM summit signed the Declaration establishing the new organisation, its Charter, a Communique and a Declaration on Conflict Settlement. – http://www.president.gov.ua/news/data/1_8448.html.

²⁰ Over the past six years, some 100 new interstate and intergovernmental agreements were signed.

²¹ Noteworthy, in 2007, the first 10-year validity term of the Big Treaty expires, and a new one commences automatically, unless either party announces its intention to terminate six months in advance.

and Trans-border Cooperation for 2001-2010 should be updated, approved and implemented²². A number of bilateral agreements should be drawn up for the attainment of the goals set by the Ukraine-Russia Action Plan for 2005-2006.

In the context of the present situation, joint drafting of documents dealing with further development of cooperation in the trade and economic, scientific, technological, humanitarian and other sectors seems expedient.

Third, a number of important documents have to pass the internal approval procedures to come into effect, for instance, the intergovernmental agreement of cooperation in the production of the Tu-334 passenger plane, of mutual recognition and regulation of ownership rights, of strategic cooperation in the gas sector and others (all in all, and some 30 bilateral agreements did not go through the internal implementation procedures).

The problem of legal settlement (delimitation) of the state border in the Sea of Azov and the Kerch Strait and demarcation of its land segment are not resolved. The Treaty of the Ukrainian-Russian State Border (2003) determines the land border line. Simultaneous ratification of that document and the Treaty of Cooperation in the Use of the Sea of Azov and the Kerch Strait (2004) accomplished the legal settlement of the land border and created conditions for delimitation of the water area.

However, the Russian side questions the borderline between the former Ukrainian SSR and RSFSR in the Sea of Azov and the Kerch Strait and insists on the so-called selective approach to its different segments (the principle of the middle line of proportionality and justice)²³. This absolutely does not suit the Ukrainian side. The 24th round of talks on delimitation of the Sea of Azov and the Kerch Strait (April 2006), in fact, revealed fundamental differences in the positions and did not bring the parties closer to the solution of the problem. The negotiations lasting for 10 years now (since 1996) are stalled. Over such a long time, not a single relevant document was prepared or signed. The recent conflict of the Tuzla Island and the known position of the Russian Federation regarding the delimitation of the border in the Kerch Strait may in fact be viewed as latent territorial claims on Ukraine.

The process of demarcation is also delayed. Even now, Russia has not nominated its members to the Joint Commission of Demarcation of the Ukraine-Russia State Border²⁴. The Ukrainian side unilaterally started demarcation at the Luhansk segment of the Russia-Ukraine border²⁵.

The process of finalisation and signing of a number of important bilateral agreements is delayed as well. For 11 years now, talks are underway on the intergovernmental



agreement of readmission. The document has been co-ordinated at the expert level, but the issue of its practical implementation (including the procedure of readmission of citizens of third countries and apatrides) remains undecided. The amendments to the Intergovernmental agreement of visa-free travel of Ukrainian and Russian citizens (1997) dealing with the list of documents valid for border crossing have not been finalised²⁶. Furthermore, co-ordination of the text of the agreement of simplified procedures of naturalisation and expatriation should be intensified. (It deals with the precedents of dual citizenship, as Ukrainian nationals may acquire Russian citizenship without the procedure of refusal from the Ukrainian citizenship).

Some agreements require elaboration and employment of effective implementation mechanisms. This primarily refers to the problems of the Russian Black Sea Fleet temporarily stationed on the territory of Ukraine pursuant to three basic agreements of 1997. According to Deputy Foreign Minister of Ukraine V. Ohryzko: "Those agreements only outlined the general framework, but went no further. Neither in 1997, nor afterwards were documents prepared describing the procedure of their implementation"²⁷. There is a number of pressing problems (property, financial, military, political, navigation, hydrographic, legal, environmental and others) that remain unsettled or arise in connection with amendments in the Ukrainian legislation and new political realities²⁸.

The key problems are: (a) inventory of the property and land plots transferred to the Russian Black Sea Fleet for use, for the determination of their market value and legal execution of lease in compliance with Ukrainian legislation²⁹; (b) transfer of navigation and hydrographic infrastructure facilities to Ukraine and preparation of a corresponding agreement (according to the international norms, Ukraine is responsible for the safety of navigation in its territorial waters); (c) termination of activity of the Russian courts and public prosecutor offices on the

²² In 2006, the parties agreed the updated versions of those programmes.

²³ Meanwhile, the adjacent water areas of Russia with Estonia, Lithuania and other states are delimited exactly on the basis of the universal principle of the middle line.

²⁴ The personal membership of the Ukrainian part of the Joint Commission was approved by a President of Ukraine Decree in December 2005.

²⁵ The State Border Service of Ukraine in 2006 equips and demarcates the Russian-Ukrainian border in the Luhansk region (746 km). 534 signs have been placed, 9 km of ditches have been dug, and four covert surveillance posts have repaired. Till the year's end, a continuous 400 km ditch is to be dug. – Interfax-Ukraine, May 4, 2006.

²⁶ The changes do not affect internal and travel passports, with which Ukrainian and Russian citizens will continue to cross the border.

²⁷ Volodymyr Ohryzko: A Question Arises: Who Sponsors Whom? – *KommersantUkraina*, No.35, March 3, 2006. – <http://www.kommersant.ua/doc.html?docId=654639>.

²⁸ In 2000, the Law of Ukraine "On the Procedure of Admission and Conditions of Stationing Units of Foreign Armed Forces on the Territory of Ukraine" was passed, which banned the transfer of navigation and hydrographic facilities to foreign formations.

²⁹ According to different estimates, the Russian side is illegally using some 150 hectares of land and dozens of sites. At that, the Ukrainian side is not sure that the Black Sea Fleet of the Russian Federation stopped the practice of subleasing of land. See: Interfax, May 4, 2006.

territory of Ukraine; (d) creation of mechanisms of co-ordination and control of movement of military units and equipment of the Russian Black Sea Fleet beyond their permanent garrisons; (e) regimentation of the use of the state and national symbols on the territory of Ukraine. Marking of temporary locations of units of the Russian Black Sea Fleet; (f) prevention of violation of the effective Ukrainian legislation dealing with environmental protection and rational use of natural resources by the Russian Black Sea Fleet; (g) admission of representatives of Ukrainian control bodies to enterprises, institutions and organisations of the Russian Black Sea Fleet. Reporting about the ships and vessels of the Russian Black Sea Fleet stationed on the territory of Ukraine.

Two meetings (after a three-year hiatus) of the Subcommittee on the Russian Black Sea Fleet Activity and stationing on the territory of Ukraine (February, May 2006) failed to resume talks. The solution of the above-mentioned problems is actually frozen, thus it is adding tension to bilateral relations.

The attempts of the Russian side to “close” the subject of increasing the rent for the Russian Black Sea Fleet stationing on Ukrainian soil seem counterproductive. (Russia’s Foreign Ministry officially called “the steadfast observance of the terms dealing with the amount of rental payments” “the most important conditions” of negotiations on the Black Sea Fleet³⁰). Those issues appear on the agenda, given the present market realities in bilateral relations³¹. (According to some expert assessments, the annual rent for the Russian Black Sea Fleet to be stationed in Crimea should make \$1.8 – 4 b.³²).

The legal and treaty-based relations between Ukraine and the Russian Federation in a multilateral format within the framework of regional structures in the post-Soviet space are largely obsolete and do not fully meet the present-day realities and interests of the parties.



The CIS is in a state of political and economic stagnation. The legal framework of that organisation is obsolete and largely inconsistent with the present-day realities and priorities of its members.

The problem of Ukraine’s accession to the legal framework of the Single Economic Space (SES), established by four states, creates additional tension in Ukraine-Russia relations. Ukraine set austere political and economic restrictions of its involvement in the SES only as a free trade zone.

There are grounds to note that the present legal base for bilateral cooperation is obsolete and requires qualitative renovation, upgrading and extension. This primarily deals with the solution of the old disputed problems and their legal regulation. Some documents require elaboration or fundamental modification in line with the current status of the relations and prospects of partnership in different domains.

The corps of treaties in its present state is “overburdened” with obsolete and in fact invalid arrangements. The parties should take a comprehensive inventory of the body of bilateral documents and provide effective mechanisms of implementation of the effective arrangements.

1.3 UKRAINE-RUSSIAN RELATIONS IN THE CONTEXT OF REGIONAL INTEGRATION

Cooperation within the CIS and in the format of regional alliances in the post-Soviet space presents a problematic “background” for bilateral relations.

The parties demonstrate different approaches to the essence and forms of integration in the CIS, giving rise to a sharp conflict of interests. By and large, the position of Ukraine is confined to the following: reduction of involvement in the CIS; confinement of SES activity to a free trade zone; implementation of Ukraine’s course towards regional leadership, and moderation of the process of democratisation and stability in the Black Sea - Caspian region³³; transformation of GUAM under the auspices of Ukraine into a fully-fledged pro-European international organisation as an alternative to the integration processes under the Russian scenario.

The Russian side pursues a course of CIS modernisation and retains its position as a tool of political, economic and humanitarian influence in the post-Soviet space. However, that is not the main line of its activity. While admitting the low effectiveness of the CIS as a mechanism of integration, Russia concentrates on the “second-generation unification projects” – SES, EurAsEC, and the Collective Security Treaty Organisation (CSTO). The effectiveness of that line

³⁰ See: Press release of the Foreign Ministry of the Russian Federation of May 6, 2006. – <http://www.mid.ru>.

³¹ Ambassador-at-large of the Russian Foreign Ministry V. Dorokhin said: “There will be no negotiations whatsoever on the term of the Black Sea Fleet stationing in Ukraine and the rental sum. That issue was long settled and ratified by authorised persons in due time”. See: Interfax-AVN, April 21, 2006. Later, that position was reiterated by Deputy Foreign Minister of the Russian Federation G. Karasin, answering “Interfax” agency: “Revision of such... provisions as the term of lease and the amount of rent is out of the question”. See: Website of the Foreign Ministry of the Russian Federation – <http://www.mid.ru>.

³² Ukraine’s Foreign Minister B. Tarasyuk said: “...We insist on the immediate inventory of all facilities, record of their status and the conclusion of lease agreements on market principles... \$1.8 b. is a preliminary estimate. The final figure will be presented after the full inventory of land plots, piers and bays is completed. Some experts speak about \$4 b. a year”. See: Budget of Sevastopol Lost Millions of Dollars. – *Vremya Novostey*, February 17, 2006, <http://vremya.ru>.

³³ Noteworthy, at present, there are no proper conditions for Ukraine’s claims of regional leadership to come true. The effectiveness of the regional policy depends on the political and economic potential, formed by a number of internal and external factors. The internal factors include the success of democratic transformations and economic reforms, external – stable and effective support from the leading countries of the world.

of activity was noted in the recent (May 2006) Address of V. Putin to the Federal Assembly of the Russian Federation³⁴. Meanwhile, Russia rather critically views the activity of GUAM and the Community of Democratic Choice.

Presently, the CIS witnesses a widening political split between two groups of countries: on the one hand – Russia and its EurAsEC and CSTO allies, seeking deep political, economic and military partnership, on the other – Ukraine, Georgia and Moldova took a course of the European and Euro-Atlantic integration and are trying to limit the Russian influence in the Eurasian region.

Analysing the situation in the field of regional cooperation, one should pay attention to the following most critical aspects.

Conflicts in bilateral relations are aggravated by the restriction of Ukraine's participation in the CIS and a shift of cooperation with the CIS states to the format of bilateral relations. For the present Ukrainian leadership, contacts within the CIS are not a priority of the state policy³⁵. As one of the first steps, it withdrew from the CIS observer mission. Later on, Ukraine refused to sign a number of agreements in the military, energy and humanitarian sectors³⁶.

Public opinion. Recently, the critical assessment of the prospects of cooperation within the CIS has been growing. The number of respondents that are sure that Ukraine's policy should pursue intensification of contacts within the CIS in April 2005 substantially dropped compared to April 2003 (from 62.6% to 51%), and in 2006 made 47.1%. At the same time, the share of "careful" respondents, convinced that the present level of Ukraine's relations with the CIS should be preserved, substantially fell in 2006. At that, the number of the polled convinced that Ukraine should quit the Commonwealth and develop cooperation on a bilateral basis increased from 10.2% to 15.9%.

The confinement of the format of Ukraine's participation in the CIS is naturally conditioned by a number of factors. *First*, with account of the new accents in the foreign policy, the approaches to the regional integration changed. The new authorities took a course towards regional leadership, forming the Baltic – Black Sea arch of cooperation outside the CIS framework.

Second, the CIS is in a state of political and economic stagnation³⁷. (Evidently, the growth of Ukraine's trade with the CIS states in 2005 should be seen as a result of bilateral economic contacts rather than cooperation within the CIS).

More than that, the CIS area abounds in acute trade and economic conflicts of political origin. For instance, Russia prohibited imports of "sensitive" goods from "disloyal" states (wine from Georgia and Moldova, mineral water from Georgia, meat and dairy products from Ukraine).

Third, specific to the CIS are the obsolete legal/treaty base, non-binding character of the passed decisions³⁸. Having accomplished the function of peaceful "defragmentation" of the USSR, the CIS turned into an ineffective bureaucratic structure being in a critical state.

Fourth, in the CIS format, the Ukrainian proposals are not implemented. This refers to the initiatives of Ukraine's President V. Yushchenko put forward at the Kazan CIS summit in 2005 (e.g., verification of the border between Ukraine and Russia, Ukraine and Belarus). At that summit, on a Ukrainian proposal, a decision was taken to start perfection of the mechanism of functioning of the free trade area. However, Russia, Turkmenistan and Uzbekistan ignored the first meeting of the CIS and CIS Executive Committee representatives devoted to that issue (January 2006). At a meeting of the Council of CIS Foreign Ministers (April 2006), the attempts of delegations of three countries (Ukraine, Moldova, Georgia) to raise the question of trade and economic conflicts were blocked. The Ukrainian proposal to discuss the possible recognition of the famine of 1930s as an act of genocide was not put on the agenda³⁹.

It may be assumed that exactly for those reasons Ukraine more than once critically assessed the CIS activity, questioning the prospects of the Commonwealth⁴⁰. Evidently, further curtailment of cooperation within the CIS on the background of its weakening may in the future put on the agenda the issue of Ukraine's participation in that organisation. In May, 2006, a number of high-ranking officials announced the possibility to consider Ukraine's withdrawal from the CIS⁴¹.

Such a stand should be viewed as an attempt to find an asymmetric political response to the Russian "pressing", including toughening of the trade and economic regime. However, practical discussion of the issue of parting with the CIS requires deeper assessment of the possible challenges and threats related to that step. These are: (a) the relations with the Russian Federation will further deteriorate, Russia and its allies in the CIS will view that step as unfriendly⁴²; (b) the political situation at home will aggravate, some opposition forces will become more

³⁴ Website of the President of the Russian Federation – http://president.kremlin.ru/appears/2006/05/10/1357_type63372_105546.shtml.

³⁵ The governmental Programme of Action "For the People" made no mention of contacts within the CIS among the key lines of its activity. The Programme only sets the task to "optimise Ukraine's participation in the CIS with account of the foreign policy priorities". As regards GUAM, it stresses the need to "intensify cooperation in all sectors...". See: Cabinet of Ministers of Ukraine Programme of Action "For the People". – <http://www.kmu.gov.ua>.

³⁶ In particular, at a meeting of the Council of Heads of Governments in November, 2005, Ukraine rejected 15 out of the 30 proposed documents (the concept of formation of the common energy market, the agreement of unification of air defence systems, etc.). See: The New Government's Economic Policy: First Steps and Their Effects. – *National Security & Defence*, 2005, No.9, p.16.

³⁷ This was recognised by the CIS leader – Russia. During his visit to Armenia on March 25, 2005, President V. Putin said: "If someone expected from the CIS some particular achievements, say, in the field of economy, in the field of political cooperation, military and so on, of course, this was not the case, because this could not be the case." – <http://president.kremlin.ru>.

³⁸ According to expert estimates, out of 1,500 agreements made within the CIS framework, more than a quarter (400) has lost their validity. Ukraine and Azerbaijan accomplished implementation procedures for 60% of the CIS agreements; Russia, Uzbekistan, Moldova, – 58%-59%; Georgia – 18%. – *Interfax-West*, March 21, 2005.

³⁹ Four states voted for it (Ukraine, Georgia, Moldova, Azerbaijan), five – against (Russia, Belarus, Kyrgyzstan, Tajikistan and Uzbekistan), three delegations abstained (Kazakhstan, Armenia and Turkmenistan) – *Interfax*, April 21, 2006.

⁴⁰ Speaking on December 22 at a press conference on the results of the year of 2005, Foreign Minister B. Tarasyuk said: "All constructive proposals of Ukraine in the CIS showed the ineffectiveness of that structure. So we question the very prospects of CIS activity". – *UNIAN*, December 22, 2005.

⁴¹ Similar statements were made by the First Deputy Minister of Foreign Affairs V. Ohryzko and the head of the Foreign Policy Department of the Presidential Secretariat K. Tymoshenko. See: *Interfax*, May 4, 2006; *Interfax-Ukraine*, May 5, 2006.

⁴² According to the Chairman of the Committee for CIS Affairs of the Federation Council V. Gustov, if Ukraine pulls out of the CIS, "the question of fundamental revision of relations with Ukraine in the economic sector will arise, including the delivery of energy resources". – *Interfax*, 5 May 2006.

radical, the relations between the Eastern and Western regions will toughen. On the other hand, that step will not meet unanimous support of the population, which is unlikely to promote the public legitimisation of the foreign political course in general; (c) it may result in the cancellation of some preferences for Ukrainian manufacturers within the framework of multilateral treaties, revision of agreements in the social sphere, toughening of registration requirements for Ukrainian seasonal workers (according to some estimates, 1 to 3 m. Ukrainian citizens are employed in the Russian Federation) and so on. Some Russian experts predict the possible introduction of the visa regime, revision of "conditions for the participation of representatives of the Russian business in joint investment projects"⁴³.

Evidently, the processes of transformation of Ukraine's involvement in the CIS should be non-confrontational, taking into account possible problems and difficulties, with prior creation of compensatory mechanisms to minimise the negative trends.

Ukraine's participation in the SES became not a factor improving bilateral cooperation, but a political problem not ultimately resolved by the parties. That structure was problematic from its very onset⁴⁴. In fact, the SES is the "second integration edition" of EurAsEC. The project of establishment of a deeply integrated economic alliance (customs union) is politically motivated and pursues reintegration of the CIS space under the Russian auspices and after the Russian scenario.

The Ukrainian leadership views full-scale implementation of the SES project in the format of a customs union as an unacceptable alternative barring its European and Euro-Atlantic integration, which is seen as the strategic foreign political priority. The current position of the Ukrainian side is in fact confined to the "denouncement" of political advances of the previous regime and attempts to transform the SES project into a tool of economic cooperation within the CIS. Ukraine and Russia have different ideas of the SES goals and prospects, which gives rise to confrontation in the process of formation of that structure.

Ukraine set clear political and economic limits of its participation in the SES only as a free trade zone without exceptions and limitations⁴⁵. At a meeting of the four leaders in August 2005, Ukraine reported its readiness to join only 15 agreements out of the whole package (95 documents), while the rest, according to V. Yushchenko, "were rejected"⁴⁶. Later, at another meeting of the high



level group (November 2005), Ukraine took part in the discussion of drafts of another 20 documents.

As of April 2006, the total number of rearranged agreements equalled 85⁴⁷. The "four" prepared a package of 38 documents intended, according to Russia's Minister of Industry and Energy V. Khrystenko, to "lay down the complete basis for the formation of the customs union of the member states"⁴⁸. Ukraine is ready to join only a third of the documents relating to the free trade area. In April, 2006, Ukraine's NSDC Secretary A. Kinakh reported that Ukraine was ready to sign 11 agreements within the SES framework⁴⁹.

This stand evidently irritates Russia. The Russian President V. Putin meeting the Government members on April 10, 2006, described the Russian position as follows: "we will consider as accession to the Single Economic Space signing of not some of those documents but of the entire package"⁵⁰. Ukraine rather strongly responded to that "package approach". According to Ukraine's Foreign Minister B. Tarasyuk: "If this means a change of the position of the heads of states, then Ukraine will have to decide on its further involvement in the Single Economic Space"⁵¹.

Furthermore, Ukraine stands against the delegation of part of its economic (political) sovereignty to supranational bodies and transfer of powers to a single regulatory body with the functions of a depository⁵².

Proceeding from the above, it may be stated that starting from 2003, the SES is in the design phase, where the parties achieved no weighty socio-economic results, and the overall atmosphere of relations with the project

⁴³ Ukraine's withdrawal from the CIS will bring Kyiv not only gigantic losses and a political crisis but also the introduction of visa procedures with the Russian Federation. – *Izvestia*, 10 May 2006, <http://www.izvestia.ru/news/news106752/index.html>.

⁴⁴ One should keep in mind the "spontaneous" decision to set up the SES, its evident political background, non-transparency, tough administrative pushing of the Agreement through Parliament, neglect of the position of the concerned ministries and the national expert community.

⁴⁵ Addressing heads of diplomatic missions in Ukraine on October 24, 2005, Prime Minister Yuriy Yekhanurov said: "Ukraine will not take part in agreements aimed to set up a Customs Union, as this runs contrary to the establishment of a free trade zone with the EU as one of the key tasks of the course of European integration. A free trade zone would be the highest form of participation in the SES for Ukraine". – <http://www.kmu.gov.ua>.

⁴⁶ Statement by the President of Ukraine during consultations with the leaders of parliamentary factions on September 21, 2005. – <http://www.president.gov.ua>.

⁴⁷ See: Minutes of a meeting of the President of the Russian Federation with the Government members on April 10, 2006. – http://president.kremlin.ru/appears/2006/04/10/1626_type63378type63381_104350.shtml.

⁴⁸ Ibid.

⁴⁹ See: Ukraine Does Not Care whether the SES is Waiting for It. – *Podrobnosti*, <http://podrobnosti.ua/power/intpol/2006/04/06/302718.html>.

⁵⁰ Website of the President of the Russian Federation – http://president.kremlin.ru/appears/2006/04/10/1626_type63378type63381_104350.shtml.

⁵¹ Interfax-Ukraine, April 18, 2006.

⁵² Comment by the head of the Press Service of the Ukrainian Foreign Ministry of April 28, 2006 "Regarding Ukraine's participation in negotiations about the creation of the Single Economic Space" – <http://www.mfa.gov.ua/mfa/ua/news/detail/1953.htm>.

sponsor – Russia – deteriorated. *De facto*, the position of Ukraine, on the background of numerous declarations of interest in cooperation with the “four”, presents a tacit refusal from the participation in the project. This does not meet the interests of the Russian Federation, as the “different-speed” SES in the format of a “troika” with limited involvement of Ukraine (or without it) repeats the fate of EurAsEC and loses major political and economic sense.

The Russian Federation, using political and economic levers, exerts pressure on Ukraine to make it more active in the project. For the Ukrainian state elite, the acuteness of the SES problem is also attributed to the consideration of that project in the context of the continued discussion of the political elite on the direction, intensity and mechanisms of Ukraine’s integration. *First*, SES is viewed as a post-Soviet reintegration alternative to Ukraine’s course of joining the EU. *Second*, the national state and political elite is not united on the format of participation in the EU and the SES. *Third*, many Ukrainian citizens simultaneously support accession to the EU and integration in the SES.

However, there are grounds to assume that the SES project in its original form was difficult to implement. On the one hand, the SES was designed as kind of a counterbalance to the EU, using the formula of “competing integrations”⁵³. On the other, it employed a tough institutional form of post-Soviet integration with a bureaucratic superstructure and a supranational body. Maybe the enhancement of the SES effectiveness and easing of tension may be found in the context of harmonisation of the European integration interests of Ukraine and the Russian Federation, development of transregional SES-EU projects, and involvement of GUAM and EurAsEC members in the SES branch projects (in the format of a free trade area)⁵⁴.

Ukraine’s activity within GUAM is seen by Russia as a “regional challenge” adding problems to the bilateral relations.

After V. Yushchenko came to power, Ukraine’s role in GUAM became stronger. The new leadership views the development of GUAM as an important foreign political priority and made some steps to reanimate that organisation⁵⁵. At a GUAM summit in Chişinău (April 22, 2005), Ukraine behaved as the “engine” of that union, putting forward a number of important initiatives for the transformation of GUAM into a full-fledged international organisation⁵⁶. Thanks to Ukraine’s initiatives (the Settlement through Democratisation plan), the negotiations on the Transdnistrian conflict were resumed in a new format (5+2) involving the EU and the USA⁵⁷ and some rapprochement was achieved with the Russian Federation⁵⁸.

However, the implementation of the Ukrainian initiatives was complicated after the Transdnistrian elections (Ukraine refused to recognise those elections) and introduction of new customs procedures on the Transdnistrian stretch of the Ukraine-Moldovan border in March 2006. The negotiations stalled. (On March 31, 2006, a congress of Transdnistrian elected representatives of all levels passed a decision to hold a referendum on Transdnistrian independence). The situation on the Ukraine-Moldova border aroused a new turn of political and diplomatic tension in bilateral relations. The Russian side officially accused Ukraine of a blockade of Transdnistria⁵⁹.

The Russian Federation traditionally views GUAM as an integration alternative to EurAsEC and SES and a counterbalance to its efforts of political and economic consolidation of the Eurasian space. The emphasis on the political dimension of GUAM (guarantee of stability in the region) generally complicates the relations with Russia, trying to limit the influence of that union⁶⁰. (In this context, one should note the above-mentioned transfer of Uzbekistan from GUAM to EurAsEC, conclusion of a treaty of alliance with Russia, and the decision of the Central Asian Cooperation organisation to join EurAsEC)⁶¹.

In 2005-2006, the GUAM member states stepped up efforts for international institutionalisation of the union. It may be assumed that their positions are brought together by the tough policy of the Russian Federation with respect to most of them.

In May 2006, another summit was held in Kyiv where GUAM was proclaimed the full-fledged Organisation for Democracy and Development – GUAM headquartered in Kyiv, and the constituent documents were signed. It should be noted, however, that only the fundamentals were laid down for the activity of GUAM in the new quality. Its prospects greatly depend on effective cooperation, first of all, in the energy sector, with the Caspian states, and on the assistance of the key actors – the EU and the USA, implementation of concrete economic projects and investment programmes, including the attainment of its basic mission – creation of the Eurasian oil transportation corridor. (For the time being, a similar economic project – the Danube energy transportation bridge – is in the development stage).

The Ukraine-Georgia project of the Community of Democratic Choice is fraught with more conflicts in the Ukraine-Russian relations.

The initiative of presidents V. Yushchenko and M. Saakashvili was met in Russia with caution and criticism. The establishment of the organisation of the Baltic and Black Sea states – the Community

⁵³ L. Kosikova. The Project Will Survive Only As Continuation of and Addition to the Common European Economic Space. – *Nezavisimaya Gazeta*, February 27, 2006. – http://www.ng.ru/courier/20060227/12_eep.html.

⁵⁴ Ibid.

⁵⁵ On February 28, 2005, the President of Ukraine made a programme statement on the transformation and strengthening of GUAM.

⁵⁶ See: 100 Days of the New Authorities: a View of Non-Governmental Think Tanks. – *National Security & Defence*, 2005, No.5, p.46.

⁵⁷ Moldova, Transdnistria, Ukraine, Russia and OSCE + EU and US.

⁵⁸ See: Joint Statement of the Presidents of Ukraine and Russia of December 15, 2005. – <http://www.president.gov.ua>.

⁵⁹ The Russian State Duma Resolution of March 10, 2006. See: Interfax, March 10, 2006.

⁶⁰ In particular, the thrust of the Chişinău Declaration of the heads of GUAM states (a call upon Russia to fulfil its obligations of complete withdrawal of its troops from Moldova and Georgia) increased tension in the relations between Kyiv and Moscow.

⁶¹ At a summit in St. Petersburg on October 6, 2005, the leaders of the Central Asian Cooperation member states passed a decision to join EurAsEC. On November 14, 2005, the Presidents of the Russian Federation and Uzbekistan signed in Moscow the Treaty of Alliance.

of Democratic Choice – is seen by the Russian political community mainly as an unfriendly alternative to the CIS and an attempt at creating a “Baltic – Black Sea arch”, thus limiting Russia’s influence in the Eurasian region. At the same time, it is evident that the opposition between the Community and Russia is a factor of political and ideological polarisation within the CIS.

On the official level, the Russian Federation actually ignored the Kyiv forum of the Community of Democratic Choice (December 1-2, 2005) and the Vilnius meeting (May 4, 2006)⁶². Such non-participation was evidently politically motivated.

It should be stressed that the Vilnius meeting within the framework of the international conference “Common Vision for Common Neighbourhood” that was the second stage of the Kyiv forum aroused the most negative reaction in the Russian Federation. The conference participants made some harsh statements regarding Russia. Also for political motives, U.S. Vice President D. Cheney used that event as a platform for sharp criticism of the domestic situation in Russia (advance on democracy) and the Russian actions in the post-Soviet space, “undermining territorial integrity of the neighbouring states or suppressing democracy in those countries”⁶³.

Synchronously with D. Cheney, similar statements were made by high-ranking American policy makers. U.S. Defence Minister D. Rumsfeld accused Russia of using energy resources as a political weapon⁶⁴. In turn, U.S. Secretary of State C. Rice clearly outlined the U.S. position within the CIS: “Russians should admit that we have legitimate interests and relations with their neighbours, even though those countries used to be a part of the Soviet Union”⁶⁵.

The establishment of the Community of Democratic Choice should be viewed as an attempt of both sides to strengthen contacts between the EU and the countries that embarked on the endeavour of European integration and offer support for democratic processes in the former USSR (at the Vilnius forum, its participants put forward the initiative of setting up the European Endowment for Democracy)⁶⁶.



On the other hand, the establishment of the Community of Democratic Choice should be viewed, *inter alia*, in the context of the growing rivalry between the Russian Federation and the USA for influence in the post-Soviet space. The USA encourages the European and Euro-Atlantic course of the initiators of the new interstate organisation. Russia’s key foreign political priority lies in the strengthening of its position in the CIS and political and economic consolidation of all countries in the region.

Fundamental differences in the parties’ approaches to the level and forms of regional integration within the CIS leave much space for conflicts in bilateral relations. Rigid orientation of the Russian Federation towards deeper partnership in the SES, EurAsEC, CSTO format and confrontation with organisations led by Ukraine – GUAM, the Community of Democratic Choice – complicates coordination of cooperation on the regional level. The conflict of interests aggravates the situation as it exerts a negative influence on the political and economic relations of the two countries.

The confrontation of Ukraine and Russia in the field of regional integration is a factor destabilising the situation within the CIS, deepening political and ideological division between the groups of countries in the Commonwealth. Evidently, neither party will win from the escalation of tension in the Eurasian region. ■

⁶² The Russian side demonstratively ignored the Forum of the Community of Democratic Choice, reducing its participation in the event to the embassy advisor level. – Interfax-Ukraine, December 2, 2005. Representatives of the Russian leadership were also absent at the Vilnius forum. The Russian Federation was represented only by a few political scientists.

⁶³ See: Lecturer Dick. – *Vremya Novostey*, May 5, 2006, <http://www.vremya.ru/2006/78/5/151354.html>.

⁶⁴ Russia Uses Energy Resources as a Political Weapon. – <http://www.expert.org.ua/statias/?st=2&id=46873>.

⁶⁵ See: Lecturer Dick. – *Vremya Novostey*, May 5, 2006, <http://www.vremya.ru/2006/78/5/151354.html>.

⁶⁶ Interfax, May 4, 2006.

2. BILATERAL COOPERATION BETWEEN UKRAINE AND RUSSIA IN THE ECONOMIC DOMAIN

The main principles of Ukrainian-Russian economic relations are described in the basic Treaty of Friendship, Cooperation and Partnership between Ukraine and the Russian Federation (1997), the Treaty between Ukraine and the Russian Federation on Economic Cooperation for 1998-2007 (1998) and the Programme of Economic Cooperation between Ukraine and the Russian Federation for 1998-2007, being an integral part thereof.

Those documents outline a set of measures intended to harmonise the legal basis for economic relations, deepen cooperation in the key sectors of the economy, improve settlement, credit and financial relations, further interaction in the development of stock markets, etc.

Strategic partnership between Ukraine and the Russian Federation is mentioned in Article 1 of the "Big" Treaty and now seen by the leadership of the two states as a precondition necessary for the further development of both countries. The article of strategic partnership should be viewed as the presence of political will in Ukraine and the Russian Federation to join efforts for the attainment of the priority tasks of the two states, which are very much in common. In particular:

- accomplishment of economic reforms and strengthening of the national economies;
- enhancement of the well-being of the peoples of the two countries;
- integration into the global community as equal and influential partners;
- creation of favourable conditions for the attainment of the set goals.

The strategic character of the relations between Ukraine and the Russian Federation is also conditioned by the deep interdependence in all sectors of the two countries, including the economy. It suffices to say that 60% to 80% of Ukrainian and Russian enterprises had up until recently closely related specialisation and were orientated on each other's markets.

2.1 ECONOMIC RELATIONS IN THE 1990s

After the break-up of the USSR, the available potential of economic, social, cultural ties was disrupted for a number of objective and subjective reasons. At that, high-tech sectors suffered the most.

For instance, the chemical industry of the former USSR, concentrated mainly in the Russian Federation and Ukraine, ranked among the strongest in the world. It produced more potash fertilisers, synthetic rubber and ammonia than any other country. The demand for chemical products on the domestic markets was high. However, in the post-Soviet period, production of mineral fertilisers in Ukraine fell by 50%, of chemical fibre and thread – almost six times, herbicides and pesticides – 50 times.

The inability to solve economic problems on their own in the conditions of the remaining high interdependence of the economies was one of the reasons for economic conflicts between Ukraine and the Russian Federation.

Say, reorientation of the extractive industry to the world markets to the prejudice of the national manufacturing industry resulted in the fall in not only domestic production in both countries, but also in the volumes of mutual trade: the trade turnover fell in 1996 - 1999 from \$14.4 b. to \$8 b., or by 55.5%, the share of the Russian Federation in the Ukrainian exports of goods dropped from 38.7% in 1996 to 20.7% in 1999.

While both countries could somehow make up for the reduction of mutual deliveries of finished products at the expense of growing imports of substitutes from other countries (although at higher prices than under normal Ukraine-Russian relations), the reduction of mutual deliveries of producer goods and raw materials, whose share in 1993 made some 80% of the total Ukrainian-Russian trade, could not be offset in principle.

The breach of co-operative ties led to the production decline in high-tech industries (currently, many Ukrainian enterprises still work in the best case at 50% of their capacity), fall of profitability, decrease in budget revenues, and, as a consequence, – deterioration of living standards, growing unemployment and the risk of public unrest.

To prevent further deterioration of the situation, both states had to make immense efforts for enterprises to master the manufacturing of new products. However, this required a great deal of capital that could be obtained from the growing exports of strategic raw materials. Meanwhile, as businessmen resorted to different schemes of tax evasion in the foreign economic activity, in the absence of effective control of exports/imports operations, the growth of currency proceeds from raw material exports did not fundamentally improve the economic situation, bringing benefits to business structures rather than the national economy as a whole.

Funds for high-tech industries could be found abroad, but foreign investments remain insufficient, and their

conditions – disadvantageous. Therefore, in most cases, Ukraine and the Russian Federation remain on their own with their problems.

With time, it appeared that the growth of exports beyond the CIS cannot make up for the losses from the decrease in mutual trade (in particular, because the structure of the Russian and Ukrainian exports to the Western markets is dominated by raw-materials and goods with a low degree of processing, while supplying products with a higher degree of processing to each others markets).

2.2 2000-2004: A PERIOD OF INTENSIFICATION IN THE TRADE RELATIONS

Rearrangement of the trade relations between the two countries began in 2000, when after a long period of decline, mutual trade increased for the first time. In 2004, the trade in goods between Ukraine and the Russian Federation amounted to \$17.6 b., which is 2.2 times higher than in 1999. Ukrainian exports to the Russian Federation in that timeframe increased 2.5 times, Russian imports to Ukraine – 2.1 times (Table “*Dynamic of trades between Ukraine and the Russian Federation*”⁶⁷).

Bilateral trade was stimulated by intensification of contacts on the level of the heads of practically to all ministries and agencies responsible for trade and economic cooperation. Within a comparatively short period, the parties managed to solve a number of problem issues in the oil and gas sector, making it possible to increase deliveries of Russian energy resources to Ukraine: while in 1999, Ukraine imported nearly 6 m. tons of Russian oil, in 2004, its volume exceeded 20 m. tons.

Preparatory activities conducted in 2001-2002 resulted in the signing of fundamental bilateral documents, including the Programme of Trans-border and Inter-regional Cooperation, the Memorandum between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on the Principles of Non-application of Special Measures against Imports of Goods Originating from the Customs Territory of the Parties, the Agreement of Strategic Cooperation in the Gas Sector and so on.

Bilateral trade was politically motivated by the decision of Ukraine’s participation in the Eurasian Economic Community as an observer, and the rapprochement of the

two countries saw its climax on February 23, 2003, when the presidents of Ukraine, the Russian Federation, Belarus and Kazakhstan signed the Declaration of the Organisation of Regional Integration, to be started with the formation of the Single Economic Space.

With the development of the trade relations, the structure of the Ukrainian exports began to improve, and the share of produce with higher added value began to grow, specifically: metal products, whose share in Ukraine’s exports reached 30%, machinery (26%), food products (17.6%) and chemical products (14.1%). All in all, in 2004, those four sectors accounted for nearly 90% of total Ukrainian exports to Russia (Table “*Structure of trade between Ukraine and the Russian Federation*”⁶⁸).

Positive trends were also noted in the investment sector. While as of January 1, 1998, Russian investments in Ukraine totalled \$152.6 m., by January 1, 2005 they had increased threefold to \$457.5 m.

Russian capital was primarily invested in the Ukrainian oil refineries, resulting in the improvement of the situation at those enterprises at the expense of raw material supply, production growth, overhaul, and the creation of new jobs.

Large investments were also made in trade and food processing industry. In 2004, Russian investments in those branches of Ukraine’s economy increased 1.6 times on the average and totalled respectively \$32.3 m. and \$17.8 m.

Russian investors also showed increased interest to transport and communications, metallurgy and construction, where they invested \$88.9 m., or 19.4% of all Russian investments in Ukraine’s economy.

2.3 PROBLEMS OF BILATERAL ECONOMIC RELATIONS

At the same time, **the development of bilateral cooperation was hindered by a number of unresolved problems in trade and economic relations.**

In particular, Ukrainian exporters shipping goods to the Russian Federation used to encounter the following problems:

– artificial barriers put up on the path of movement of goods and use of tariff and non-tariff limitations on the delivery of goods to the Russian market;

Dynamic of trades between Ukraine and the Russian Federation,

\$ m.

	1999	2004	2004 to 1999	
			+/-	%, times
GOODS and SERVICES				
Total trade	10357.7	20350.0	+9992.3	196.5
exports	4564.7	8197.9	+3633.2	179.6
imports	5793.0	12152.1	+6359.1	+2.1
balance	-1228.3	-3954.2	+2725.9	+3.2
in that:				
GOODS				
Commodity turnover:	7988.6	17700.5	+9711.9	+2.2
exports	2396.4	5888.7	+3492.3	+2.5
imports	5592.2	11811.8	+6219.6	+2.1
balance	-3195.8	-5923.1	+2727.3	185.3
SERVICES				
Volume of trade:	2369.1	2649.5	+280.4	111.8
exports	2168.3	2309.2	+140.9	106.5
imports	200.8	340.3	+139.5	169.5
balance	+1967.5	+1968.9	+1.4	100.1

⁶⁷ Source: State Statistic Committee of Ukraine.

⁶⁸ Sources: State Statistic Committee and State Customs Service of Ukraine.

- expenditure of time and funds for obtaining certificates of compliance for Ukrainian goods in Russia;
- unfair competition on the part of Russian manufacturers and importers oriented beyond the CIS;
- overstated transport tariffs.

Uncoordinated actions on the markets of third countries, especially in the export of competing goods (metal products, grain, defence materiel, etc.), also resulted in mutual losses.

The parties **lacked a constructive approach to the solution of disputed issues** arising in the result of:

- the framework character of many concluded economic agreements and absence of effective mechanisms of their implementation;
- preoccupation with one of the party's own problems, without due account of the interests and limitations of the counterpart;
- lack of economic foresight of the consequences of some decisions (especially in the long run).

The situation was further aggravated by the unawareness of businessmen of the specificity of effective norms and rules applied by the two countries' authorities within the limits of their competence, and the shortage of structures capable of rendering qualified consultations and assistance.

Those problems could be gradually solved through the development of co-operative ties and the formation of joint ventures and industrial-financial groups. However, the **absence of an adequate regulatory-legal base regimenting the procedure of cooperation among business entities** and prescribing the mechanisms regulating bilateral cooperation on the level of business entities and settlements between them hindered that process.

Furthermore, mutually advantageous cooperation was hindered by the lack of funds allocated by the state to encourage it and the lack of information for business entities about the opportunities of cooperation within the framework of intergovernmental protocols of industrial cooperation. The latter is the probable reason why in 2003, mutual deliveries under industrial cooperation programmes

between Ukraine and the Russian Federation totalled only \$198 m., in 2004 – some \$300 m. (in 2005, they are planned to reach \$400 m.).

Bilateral cooperation on the branch level met numerous problems.

Say, in **aircraft building**, the fate of the joint projects remained uncertain. Despite the mutual admission of the prospects of joint projects of An-70, An-140 and An-148 aircraft, the parties failed to come to an agreement on the forms of possible cooperation. For instance, the Ukrainian side considering the proposal of a member of the State Duma of the Russian Federation and the founder of the National Reserve Corporation A. Lebedev to establish an interstate aircraft manufacturing consortium on the basis of the Kharkiv State Aviation Production Enterprise, Antonov Aviation Scientific Technical Complex and Russia's Voronesh Aircraft Building Association, the Ilyushin Design Bureau and the Ilyushin Finance Leasing Company, was split on the project assessments due to the absence of a common position regarding the format of the united national aircraft corporation, proposed to be set up on the basis of the Antonov Aviation Scientific Technical Complex, the Kharkiv State Aviation Production Enterprise and the Aviant Kyiv Aviation Factory.

The uncertainty on the issues of ownership restrained cooperation of the parties in the field of machine building for the railway sector. For instance, as Russia has no domestic production of diesel trains for suburban railways, the biggest Russian company *Transmashholding*, which signed a contract with the Russian railways for the delivery of more than 1,000 long-distance diesel locomotives by 2010, showed interest in the acquisition of Ukraine's *Luhanskteplovoz* plant, where the state has a 76% stake, to place a part of the state order. However, up until recently, the issue remained unsettled, partly due to discussions in Ukraine between the State Property Fund, the Ministry of Industrial Policy and other concerned parties.

Inter-regional and transborder cooperation was also unsystematic. Ukraine mainly traded with 15 Russian regions, with Moscow accounting for some 30%.

Structure of trade between Ukraine and the Russian Federation,
\$ m.

Commodity groups	1999			2004			2004 to 1999, %, times		
	exports	imports	commodity turnover	exports	imports	commodity turnover	exports	imports	commodity turnover
Mechanical engineering products	575.4	670.4	1245.8	1850.0	1761.4	3611.4	+3.2	+2.6	+2.9
Metal products	585.7	137.9	723.6	1591.6	810.4	2402.0	+2.7	+5.9	+3.3
Food products	525.6	58.0	583.6	1131.2	290.5	1421.7	+2.2	+5.0	+2.4
Chemical products	386.5	289.8	676.3	538.6	705.7	1244.3	139.4	+2.4	184.0
Timber, paper, cellulose	96.0	127.0	223.0	274.3	230.3	504.6	+2.9	181.3	+2.3
Stone, gypsum, cement articles	41.8	40.1	81.9	96.1	101.5	197.6	+2.3	+2.5	+2.4
Light industry products	39.3	49.6	88.9	58.8	86.3	145.1	149.6	174.0	163.2
Mineral products and ores	45.3	189.7	235.0	99.5	191.0	290.5	+2.2	100.7	123.6
Devices and apparatuses	40.4	38.9	79.3	53.4	93.7	147.1	132.2	+2.4	185.5
Energy resources	30.3	4008.0	4038.3	87.4	7431.1	7518.5	+2.9	185.4	186.2
Other industrial products	30.1	32.0	62.1	108.8	54.6	163.4	+3.6	170.6	+2.6
TOTAL:	2396.4	5641.4	8037.8	5889.7	11756.5	17646.2	+2.5	+2.1	+2.2

2.4 CURRENT STAGE OF COOPERATION: PRAGMATIC APPROACHES

These and other unsettled problems extremely complicated bilateral economic cooperation after the presidential elections in Ukraine and formation of the new Ukrainian Government.

The indicators cited in Table “*Dynamic of export/import operations...*” show that despite the continuation of the positive trend in bilateral trade, the rate of growth of mutual deliveries in 2005 slowed down compared to the previous period. In 2005, the trade between Ukraine and the Russian Federation totalled \$20.3 b., which is 12.9% higher than in 2004. At that, exports of Ukrainian goods increased by 27.3% and totalled \$7.5 b. Imports from the Russian Federation increased by 5.9% and totalled \$12.8 b. The Ukrainian deficit equals \$5.3 b.

Compared to 2004, the share of machine building and foodstuffs in the structure of Ukrainian exports to the Russian Federation fell – with a simultaneous increase in the share of metallurgical and chemical products. In the structure of imports from Russia, the share of energy resources fell (56.8% of total imports), on the background of the growth of the share of machine building (from 14.5% to 15.5%), metallurgical (from 6.7% to 8.7%), chemical (from 6% to 7.8%), and food products (from 2.4% to 3.5%), timber, paper and cellulose (from 2% to 2.5%).

In 2006, the growth of mutual trade continued to slow down. During three months of this year, trade between Ukraine and Russia increased by 13.9% and totalled \$4.8 b. At that, Ukraine’s exports to the Russian Federation increased by 8.1% (\$1.6 b.), Russian imports to Ukraine – by 17.1% (\$3.2 b.). Ukraine’s deficit equals \$1.6 b., exceeding the relevant figure of 2005 by \$346.5 m.

Recently, the Russian side has taken a “demonstratively pragmatic” approach to the economic relations with Ukraine.

That trend is particularly evident in the **energy sector**. To reduce its dependence on Ukrainian pipelines, the Russian Federation above all increases the capacity of the Baltic pipeline system. While when the work was started, the route was supposed to pass 30 m. tons of oil, with the progress of construction, the plans were revised upwards, to 60 m. tons.

Oil-producing companies are promptly upgrading and building new marine oil terminals. In particular, at the beginning of 2005, LUKoil PJSC launched an oil terminal in the town of Vysotsk on the Baltic Sea with a capacity of up to 10 m. tons. Handling capacities in the port of Novorossiysk increased. A new port is being built on the cape of Zheleznyi Rog. An agreement has been reached to expedite the Burgas-Alexandroupolis project. The preliminary phase of the Taishet-Nakhodka project is nearing completion.

Experts suggest that given the present pace of development of oil export capacities, in 5-7 years, their excess over the volumes of extraction may reach more than 130 m. tons.

Expanding and strengthening its oil transportation system, Russia creates conditions for a further increase of oil transit from Azerbaijan and Kazakhstan, in line with the Russian energy strategy. The Russian Federation has already given Kazakhstan long-term guarantees of assistance with the transit of its oil to the European market.

At that, oil transit across Ukraine in the next five years can increase by only 15 m. tons, using the Druzhba - Adria integrated oil pipeline system.

In order to increase exports of natural gas, in addition to the “Blue Stream” gas pipeline from Russia to Turkey commissioned in 2002 (in 2008, its rated capacity can reach nearly 20BCM), the Russian Federation makes efforts to arrange for the construction of the North European gas pipeline intended to integrate the Russian

Dynamic of export-import operations between Ukraine and the Russian Federation,
\$ m.

Indices	2002	2003	2004	2005	2005:			
					2002	2003	2004	
					%	%	+/-	%
Commodity turnover	9506.2	12957.2	18014.1	20339.2	214.0	157.0	2325.1	112.9
Exports	3189.1	4311.5	5886.2	7495.8	235.0	173.9	1609.6	127.3
Imports	6317.1	8645.7	12127.9	12843.4	203.3	148.6	715.5	105.9
Balance	-3128.0	-4334.2	-6241.7	-5347.6	171.0	123.4	-894.1	85.7

Ukraine's exports to the Russian Federation								
Exports to the Russian Federation	2004			2005			2005 to 2004	
							+/-	%
TOTAL:	5886.2	100%	ratio*	7495.8	100%	ratio*	1609.6	1273
<i>in that:</i>								
Mechanical engineering products	1848.6	31.4	1.05	2193.9	29.3	1.10	345.3	118.7
Metal products	1591.9	27.0	1.96	2073.3	27.7	1.85	481.4	130.2
Food products	1131.8	19.2	3.95	1383.4	18.5	3.12	251.6	122.2
Chemical products	538.7	9.2	0.74	750.6	10.0	0.75	211.9	139.3
Timber, paper, cellulose	274.6	4.7	1.11	325.9	4.3	1.02	51.3	118.7

* ratio of Ukraine's exports to imports from Russia

Ukraine's imports from the Russian Federation						
Imports from the Russian Federation	2004		2005		2005 to 2004	
					+/-	%
TOTAL:	12127.9	100%	12843.4	100%	715.5	105.9
<i>in that:</i>						
Energy resources	7739.5	63.8	7298.5	56.8	-441.0	94.3
Mechanical engineering products	1762.7	14.5	1991.7	15.5	229.0	113.0
Metal products	813.2	6.7	1118.7	8.7	305.5	137.6
Chemical products	729.6	6.0	1005.0	7.8	275.4	137.7
Timber, paper, cellulose	248.5	2.0	318.1	2.5	69.6	128.0
Food products	286.6	2.4	443.8	3.5	157.2	154.8



gas pipelines with the European gas transportation system (rated capacity – 30BCM).

There are also plans to increase gas exports across Belarus via the Yamal-Europe gas pipeline, build the second stretch of that gas pipeline and raise the transit of natural gas via the Belorussian gas transportation system to the level of export via the Ukrainian territory (pursuant to an agreement with Belarus, the Russian Federation will lease land under the gas pipeline and obtain the right to build six additional gas stations).

According to experts, the production of natural gas in the Russian Federation will grow slower than the development of the gas export routes (surplus transport capacities). Additional capacities are designed (just as in the case of oil) for the export of Asian resources, including Turkmeni gas bought by Russia pursuant to the agreement of cooperation in the gas sector through 2028.

At the same time, **Russia continues attempts to gain control of the Ukrainian gas transportation system.** However, the means used by the Russian Federation for the attainment of the set goal (ultimatums, refusal from previously made agreements and a sharp rise of the gas price) are evidently unacceptable for Ukraine, as they pursue the interests of one party.

Today, Ukraine is not ready to consider the possibility of privatisation or concession of the national gas transportation system. At the same time, such a dialogue with the Russian Federation might begin on the condition of adequate concessions offered by the Russian side regarding Ukraine's right to develop oil and gas deposits in Russia and sell the extracted resources.

In the field of high technologies, the Russian Federation toughens access for Ukrainian companies to Russian projects (in the space industry) and bars the Russian market for Ukrainian projects (modern management systems for NPPs, An-140 and An-148 aircraft).

On the one hand, this reflects the general trend of the Russian scientific-technological policy aimed at utmost independence in sectors sensitive for national security, but on the other, those facts may be seen as a prejudice against Ukraine.

Recently, Russia has been implementing joint projects in the aerospace branch involving the USA, France and other EU countries. Russia is likely to choose the *RRJ* aircraft for *Aeroflot*, which poses a real threat for Ukrainian-Russian cooperation in aircraft building. The reality of such a threat is proved by the fact that the Federal Target Programme "Civil Aviation Development in Russia in 2002-2010 and through 2015" does not mention a single joint Ukrainian-Russian project.

While declaring interest in cooperation with Ukraine, the Russian Federation is holding active talks with western companies trying to solve the problem of deficit of the rolling stock of its railways. In particular, the Russian Railways PJSC plans to buy from the *Siemens* company of Germany up to 60 high-speed locomotives valued at €1.5 b.

The approaches of the Russian Federation to the solution of trade problems remain tough and straight-out. This was demonstrated by the ban on deliveries of Ukrainian livestock products in January 2006. In the result of the imposed restrictions, the exports of Ukrainian foodstuffs to the Russian Federation over the three months of 2006 fell by 27.6% (in the first quarter of 2005, they increased by 21%). At that, the exports of livestock products fell 4.3 times (the ban on livestock product deliveries to the Russian Federation hit the most the manufacturers of dairy products, butter and cheese, where Russia accounted for nearly 90% of all exports).

Noteworthy, by contrast to meat products where violations (unauthorised re-export, forgery of certificates, etc.) were admitted by the Ukrainian side, the Russian side did not complain about the quality of the Ukrainian dairy products until the imposition of restrictions. More than that, in the recent years, the Russian Federation has been increasing imports of the Ukrainian milk and cream, as demonstrated by Table "Share of Ukrainian goods in total imports of the Russian Federation". Since the Ukrainian milk and cream have been on the list of goods making the bulk of the Russian imports, it may be assumed that the restriction of their deliveries is an immediate indication of the interests of Russian consumers, also proving the political motives behind that decision.

Share of Ukrainian goods in total imports of the Russian Federation,
\$ m.

Description of products	Volume of exports from Ukraine			Share of Ukrainian deliveries in total deliveries to the Russian Federation, %		
	2002	2003	2004	2002	2003	2004
Milk and cream	6.1	21.1	40.2	67.2	78.6	84.7
Maize	10.0	17.4	57.5	21.3	59.4	76.6
Sunflower seed oil	72.8	105.0	75.7	62.2	73.4	60.6
Malt beer	25.4	44.4	51.6	62.5	75.6	76.7
Salt	15.8	17.6	19.5	90.8	89.4	87.5
Wallpapers and wall covering	41.3	57.7	75.2	49.4	57.9	67.2
Hot-rolled flat iron products (width 600 mm and above)	45.7	12.4	188.6	61.8	72.4	73.5
Cold-rolled flat iron products (width 600 mm and above)	15.8	34.4	84.4	59.3	61.6	81.3
Iron and steel angles and special formed sections	35.7	76.0	163.3	51.1	65.3	75.0
Iron and steel wire	4.2	7.1	22.6	54.8	48.6	67.1
Steel rods	17.3	14.0	34.6	84.7	76.1	87.4
Flat steel products (width 600 mm and above)	44.3	107.2	144.1	92.7	85.9	83.4
Ferrous-metal products for railway track	1.9	1.8	7.0	89.8	81.4	92.9
Pipes and tubes with diameter of over 406.4 mm	75.7	179.2	158.1	31.5	76.6	61.7
Copper rods and formed sections	2.3	3.7	7.1	68.7	70.6	61.9
Untreated aluminium	36.6	43.7	46.8	88.4	77.7	86.2
Aluminium barrels and containers	2.8	3.5	16.2	8.3	13.0	60.8
Titanium and products thereof	5.0	8.5	11.7	75.4	64.5	69.5
Railway engines	2.6	9.3	50.5	34.0	71.8	85.8
Railway and tram cars	140.1	157.8	315.6	96.4	97.6	94.4
Parts for railway engines or tram motor cars	43.7	61.5	213.0	64.1	64.7	89.1

The analysis of the history of restrictive measures against Ukrainian products also witnesses the **desire of the Russian Federation to limit the presence of Ukrainian goods on the Russian market.**

Say, in 2006, the Russian Government upon the results of investigations applied:

- a compensatory customs duty on Ukrainian rods for ferro-concrete structures at a rate of 21% of the customs value (from January 23, 2006);
- an antidumping customs duty on small and medium diameter tubes at a rate of 8.9% to 55.3% of the customs value (from January 31, 2006);
- annual quota for the delivery of 8 m. incandescent lamps to the Russian Federation (from March, 2006).

All in all, antidumping, special measures and protective investigations, applied to Ukrainian goods, are valued at nearly \$600 m. (less the ban on livestock product deliveries). Ukraine applies similar measures to Russian goods worth less than \$200 m.

Specifics of the restrictive measures applied by the Russian side in mutual trade is their concentration on the most vulnerable sectors of the Ukrainian economy and neglect of the agreement to use protective measures inflicting the slightest damage on bilateral trade, as provided by Article 3 of the Agreement of free trade 1993

At that, the Russian side is aware that the **Ukrainian economy is more dependent on the Russian market than the Russian economy – on the Ukrainian market, and consequently, more vulnerable to the restrictions applied.**

The Russian side ties Ukraine's initiative **of setting up a free trade zone without exceptions and exclusions** with the political decision of subsequent joining to the Customs Union and the need of strict co-ordination of the process of accession to the WTO.

Since the parties have completed bilateral negotiations with most of the WTO member states, the requirements of the Russian side to Ukraine look unrealistic. At the same time, given the difference in the conditions of joining the WTO, the insistence of Ukraine in the issues of removal of exceptions and exclusions from bilateral trade will most probably be in vain due to its impertinence and the reluctance of the Russian Federation to take such a step.

The prospects of the Single Economic Space are likely to remain uncertain until Ukraine and the Russian Federation join the WTO, moreover that currently a number of issues dealing with the organisational and structural aspects of its activity remain not coordinated, even among the member countries of the Eurasian Economic Community. First of all, this refers to the Commission of Tariff and Trade, and the Reconciliatory Body.

The development of the Single Economic Space should be gradual, commencing with the basic stage of creation of a free trade zone without exceptions and limitations. The establishment of a fully-fledged free trade area and the resultant economic effect for all parties without exception may encourage a transition to the following stage of integration.

2.5 PROSPECTS AND LINES OF COOPERATION

Under the circumstances described above, the prospects of further development of **trade and economic cooperation** between Ukraine and Russian Federation will largely depend on the ability of the parties to ensure:

- creation of favourable conditions and removal of artificial obstacles hindering the development of mutually advantageous ties;
- restoration of mutually advantageous cooperative ties on the market principles and coordination of activities at the protection of the national manufacturers and domestic markets against unfair competition on the part of the third parties;
- coordination of economic and structural transformations to rule out unjustified expenditures on the establishment of new (compensatory) capacities presuming the creation of closed production cycles, but resulting in the exclusion of technologically connected enterprises of the parties from the production processes (unless such processes fall within the economic security domain);
- coordination of the parties' activity on the markets of the third parties to rule out mutual competition, and of positions in cooperation with international financial and economic institutions and organisations.

To that end, the efforts of the parties should be in the first place concentrated on the following:

1. Perfection and simplification of the regulatory-legal base and mechanisms of economic and foreign economic regulation, first of all, in the field of taxation of foreign economic operations, pricing, customs, financial and tariff policy, etc.

At that, the **interests of Ukraine require the mandatory account of the following principles:**

- harmonisation of the mechanisms regulating bilateral trade and economic relations with the Russian Federation with the principles practiced in European countries;
- simplification of the procedure of certification of goods and import quotas in mutual trade;
- approximation of customs and transport tariffs.

2. Full-scale implementation of the intergovernmental Agreement of free trade between Ukraine and the Russian Federation and the multilateral Agreement of a free trade area of the CIS member states.

Therefore, proceeding from the interests of Ukraine, it should:

- provide for the ratification of the multilateral Agreement on a Free Trade Zone of April 15, 1994 as soon as possible and the Protocol amending the Agreement of April 2, 1999 by the Russian Federation;
- provide for drawing of the list of exceptions from the free trade regime and development of a coordinated schedule of its gradual shortening;
- develop a mechanism of the removal of technical barriers and other similar restrictions hindering the growth of bilateral trade;
- jointly determine the key principles of coordination of the foreign trade policy with respect to the countries that are not parties to the Agreement of the free trade zone, and develop a mutually acceptable mechanism of their implementation;
- continue efforts for simplification and unification of the national legislations to ensure effective operation of the free trade zone.

3. Development of the mechanisms of implementation of the executed bilateral and multilateral agreements and treaties in the economic sphere, first of all, in the field of investment and production cooperation.



The main obstacles to the development of mutually advantageous investment and production cooperation between Ukrainian and Russian business entities ensue from the absence of effective mechanisms and favourable conditions for: implementation of multilateral and bilateral agreements of production cooperation and mutual cooperative deliveries; establishment of transnational financial-industrial groups; pursuance of a coordinated structural policy, preservation of specialisation of enterprises; encouragement and mutual protection of investments, etc.

The development of co-operative ties is hindered by trade barriers, absence of effective and transparent mechanisms of cooperation, including sharing the end results of joint activities.

In such a situation, it makes sense to focus the parties' efforts on:

- removal of trade barriers for the delivery of products within the framework of production cooperation;
- guarantee of favourable conditions for the interaction of enterprises interested in the establishment of mutually advantageous cooperative ties, including construction of facilities in third countries;
- removal of obstacles and simplification of procedures of establishment of Ukrainian-Russian joint enterprises and transnational financial-industrial groups, first of all, between enterprises that used to have technological ties;
- search for the possibility of encouraging the participants of joint ventures and transnational financial-industrial groups oriented towards the production of new products and goods capable of reducing the countries' dependence on imports of strategic and high-tech goods from third countries.

Given the goal of the European integration, it makes sense to involve the representatives of western countries in Ukrainian-Russian joint ventures and transnational financial-industrial groups oriented towards the production of finished goods in Ukraine and their further delivery to the Russian market. At that, the parties might divide responsibilities as follows: initial funds and technologies – western investors, production – technologically tied Ukrainian and Russian enterprises, promotion on the Russian market – Russian structures.

4. Implementation of joint activities and projects envisaged by the Programme of Economic Cooperation of Ukraine and the Russian Federation for 1998-2007

The main problem lies in the absence of sufficient funds for the implementation of the projects envisaged by the Programme.

In such a situation, concentration of the parties' efforts on the creation of favourable conditions for practical implementation of joint projects, first of all, those of the national importance, acquires particular significance. This primarily refers to the identification of the problems hindering the Programme implementation and encouragement of their solution, including application of effective incentives for non-governmental structures involved in the implementation of joint projects. Such incentives might be provided by the following:

- preferential taxation of enterprises taking part in joint projects envisaged by the Programme;
- formation of special funds that might draw funds of the population against guarantees of their repayment on terms beneficial for depositors;

- extension of preferences to foreign investors active in Ukraine and the Russian Federation and ready to reinvest the received profit in the Programme projects.

5. Development of scientific-technological cooperation

Ukraine prioritises cooperation in the field of rocket and space technology, aircraft building, nuclear power engineering, radio electronics, ferrous, non-ferrous and special metallurgy, metal working, advanced materials, agriculture, food industry, resource and energy-saving science-intensive technologies, environmental protection.

To raise the effectiveness of cooperation in the scientific and technological sphere, efforts should be concentrated on the creation of advanced innovative infrastructures, e.g., joint innovative industrial complexes, as well as the perfection of economic and financial mechanisms of innovative activity.

When drafting an interstate agreement of partnership and cooperation in the field of nuclear energy, it makes sense to put forward proposals of participation of Ukrainian scientific research institutions and production associations in the creation of new generation safe nuclear reactors jointly with Russia for renovation and further extension of the basis of nuclear power engineering in Ukraine.

The development of scientific-technological ties between Ukraine and the Russian Federation also requires proper legal conditions and perfection of the legislative base in the field of scientific, technological security, protection of copyrights and intellectual property.

6. Development of inter-regional and border cooperation

Today, the inter-regional and trans-border cooperation is developing unsystematically. The absence of a clear idea of the plans of development and needs of regions of the neighbouring country bearing their specificity and interests in both states substantially undermines the possibility of involvement of not only the potentially interested businessmen but also state enterprises. Meanwhile, cooperation on the level of the border territories is often locally-minded and usually concentrates on secondary problems or interests of the local "businessmen".

In this connection, the list of priority tasks in that domain includes:

- coordination of activities in the harmonisation of the rights and capabilities of Ukrainian and Russian regions with the European principles, whose effectiveness can be demonstrated by concrete examples of inter-regional and trans-border cooperation;
- an increase in the effectiveness of Euroregions' activity, consideration of the expediency of setting up international special (free) economic zones in the border regions;
- removal of restrictions hindering the development of mutually advantageous trade and economic ties on the inter-regional level.

For the solution of the mentioned problems, it makes sense to intensify the practical activity of specialised committees set up within the framework of the Yushchenko-Putin Commission and test mechanisms of joint control of the implementation of the arrangements provided in bilateral treaties and agreements. ■

3. HUMANITARIAN ASPECT OF BILATERAL RELATIONS

The set of humanitarian problems is especially fraught with problems in bilateral relations, continuously adding conflicts to interstate dialogue. Humanitarian subjects come to the forefront in the periods of aggravation of the internal political situation in Ukraine, particularly during election campaigns.

Article 12 of the Treaty of Friendship, Cooperation and Partnership dealing with the parties' commitments regarding cooperation in the humanitarian sphere is not fully implemented in practice. This refers, in particular, to the problem of language study (Russian in Ukraine and Ukrainian in the Russian Federation)⁶⁹.

Russia, possessing a strong information potential, has been exerting pressure on Ukraine to secure widening of the area of the Russian language and its official status. Some political forces in Ukraine also actively support the idea of an official status for the Russian language⁷⁰. The official position of the Ukrainian side is based on the constitutional norm (Article 10) providing for the official status of the Ukrainian language. The language problem in bilateral relations is extremely politicised, giving rise to permanent conflicts, involving state structures, non-government organisations and mass media of both countries. Recently, church and religion have also become a problem and are actively exploited by politicians in both countries as an argument in favour of a pro-Russian stand of Ukraine. By and large, this has a negative effect on the development of humanitarian contacts.

3.1 PROBLEMS IN HUMANITARIAN COOPERATION

The comparison of the present situation with the results of the surveys conducted by the Razumkov Centre in 2000 gives grounds to say that the sphere of humanitarian cooperation saw no qualitative positive changes over the past five-plus years⁷¹. More than that, some problems even aggravated on the background of the general deterioration of relations:

(a) **the dialogue of political elites was greatly complicated.** During the election cycles in Ukraine (2002-2006), Russia demonstrated "selectivity" in contacts, dividing Ukrainian political forces into those "loyal" to the Russian Federation and "unfriendly";

(b) **tension in the "language issue" persists.** The Russian side makes emphasis on the suppression of rights of the Russian-speaking population in Ukraine, "Ukrainisation", limitation of the use of the Russian language in mass media. Official Kyiv in its turn appeals to the problems of national cultural needs of Ukrainians in the Russian Federation;

(c) **there is an evident lack of dialogue between intellectuals and representatives of expert communities of the two countries.** Now, the format of a "remote

dispute" prevails, sometimes leading to diplomatic complications⁷²;

(d) **cultural exchanges are stalled.** The Years of Ukraine in Russia and of Russia in Ukraine were largely formal and did not promote cultural cooperation of the two countries;

(e) **contacts in education declined.** In 2005, only 150 scholarships were granted to Ukrainian students studying in Russia. However, even that quota was used by only 70%⁷³;

(f) **implementation of joint cultural projects is complicated** because of the problems in the relations of the parties, spread principle of "last-turn" funding (e.g., restoration of the museum of A. Chekhov in Yalta was hung up).

Analysing the situation in the field of humanitarian cooperation, one should note the following most critical aspects.

3.2 FACTORS OF INFORMATION INFLUENCE

Using the asymmetry of the information potentials, Russia influences the internal situation in Ukraine, including political, in the format of the single media space. Ukraine and Russia, with their common cultural

⁶⁹ Article 12 of the Treaty reads: "The Parties will encourage the creation of equal possibilities and conditions for the study of the Ukrainian language in the Russian Federation and the Russian language in Ukraine, training of pedagogues for teaching in those languages at educational institutions and will render equal state support to that end". See: Russian-Ukrainian Relations in 1990-1997, Moscow, 1998 p.53.

⁷⁰ For instance, the election programme of the Party of Regions states: "We stand for the status of the second state language for Russian in Ukraine. Our motto: "Two languages – one nation!". Similar ideas are present in the programmes of CPU, Natalya Vitrenko's Bloc. See: Central Election Commission website – <http://www.cvk.gov.ua>.

⁷¹ See: Ukraine and Russia: The Present State and Prospects of Relations. Analytical report by Razumkov Centre. – *Politeia*, 2001, No. 1, pp. 92-97.

⁷² The discussion of Russian experts in the "National Interest" programme ("Rossiya" channel) met a negative reaction of the Ukrainian Foreign Ministry. According to the head of the Foreign Ministry Press Service V. Filipchuk, "Ukraine is deeply concerned with the fact that such humiliating statements were made in the presence of Deputy Foreign Minister, who not only did not respond but added that he emotionally agreed with those statements". See: Interfax-Ukraine, April 4, 2006.

⁷³ The main reasons lie in the remoteness of the proposed higher educational institutions and particularly unattractive features. See: Concept of Relations between the Russian Federation and Ukraine in the Inter-Parliamentary Sphere. – Moscow, 2006, p.120.

environment and a system of mass communications, share one media space. The potentials of the parties are incomparable. The Russian Federation possesses a strong information and propaganda machine, whose core is made up by: the body of electronic and printed media, special Internet projects, books, audio and video products, and a group of Ukrainian mass media of the Russian origin (versions of Russian publications). Ukraine, in fact, has no levers of influence on the Russian media market (there is not a single national Ukrainian publication, TV or radio channel in the Russian Federation).

Possessing a significant information potential, Russia is active in the Ukrainian media space, pursuing its interests, including political. *First*, as we already noted, during election campaigns, the Russian media exerted target-minded influence on public opinion in Ukraine. According to expert estimates, at the parliamentary elections in 2002, the pro-presidential bloc "For a United Ukraine!" enjoyed the most favoured status⁷⁴. Later on, at the presidential elections in 2004 and the parliamentary elections in 2006, they covered more positively the activity of V. Yanukovich and the Party of Regions – in contrast to V. Yushchenko and "Our Ukraine". Corresponding PR events were arranged.

Second, the Russian media have unleashed an active campaign exaggerating the negative consequences of accession to NATO for Ukraine. The Euro-Atlantic course of the present Ukrainian leadership is usually presented as unfriendly to the Russian Federation. The media retransmit critical assessments of the actions of the present Ukrainian authorities made by the Russian state and political elite, representatives of the expert community. This creates the corresponding information background.

One should also note another, domestic aspect of the critical campaign in the Russian media against Ukraine. The created unfavourable information environment points to the attitude of Russians to Ukrainian realities, the neighbouring country and its citizens as a whole. This is witnessed by the surveys of a number of leading Russian sociological centres (Insert "Public opinion"⁷⁵).

Evidently, the problem of the Russian media influence on Ukraine should be viewed, *inter alia*, in the context of the guarantee of information security. In particular, the Law of Ukraine "On Fundamentals of National Security of Ukraine" (Article 8) mentions such key lines of state policy dealing with national security in the information sector as "guarantee of the information sovereignty of Ukraine", "implementation of comprehensive measures for the protection of the national information space"⁷⁶.

3.3 LANGUAGE PROBLEMS IN BILATERAL RELATIONS

Among the humanitarian problems, one should point out the language conflict. Support for Russian

PUBLIC OPINION (RUSSIA)

Sociological surveys held by the "Public Opinion" Foundation, the Yu. Levada Analytical Centre and the All-Russian Institute of Public Opinion Studies witness a notable deterioration of the attitude of Russians to Ukraine. According to the "Public Opinion" Foundation, in December 2004, a positive attitude towards Ukraine was reported by 68% of Russians, in December 2005 – by 49%. In that timeframe, the number of respondents whose attitude towards Ukraine, deteriorated increased from 14% to 29%. According to the poll held in November 2005 by the Yu. Levada Analytical Centre, 54% of Russians viewed the Orange Revolution in Ukraine as a struggle for power between groups of politicians and oligarchs, and only 15% – as mass revolt of the people against the corrupt government and unfair elections.

According to the poll conducted by the All-Russian Institute of Public Opinion Studies (October 2005), 36% of respondents believes that the Orange Revolution damaged the neighbouring country. 29% assumes that the event changed nothing in the life of Ukraine. Only 8% of Russians assess the results of the Orange Revolution as beneficial for Ukraine.

culture in Ukraine, defence of compatriot rights, and official bilingualism are elements of the Russian policy in relations with Ukraine. Official Kyiv terms the subject of "oppression of the Russian-speaking population" as speculative, inconsistent with the actual state of affairs, and some statements of the Russian side on that subject – as interference in the internal affairs. The language problems became chronic, are extremely politicised and present a permanent source of confrontation at the official level.

In 2005–2006, there were a number of conflict situations in the language sphere that led to the aggravation of bilateral relations.

The Russian side extremely negatively assessed the validation of the Code of Civil Practice and the Code of Administrative Procedure demanding the legal procedure to be conducted in the official language in September, 2005. Such actions were termed as oppression of the rights of the Russian-speaking population⁷⁷.

The victory of opposition political forces in some regions (South-East of Ukraine) at the local elections was accompanied with a series of decisions of the city and regional councils granting regional status to the Russian language⁷⁸. The Russian Foreign Ministry on March 21, 2006 made a comment hailing, in particular, the decision by the Kharkiv City Council. The document reads: "We wish to believe that the decision of the Kharkiv City Council will practically contribute to the recognition of the rights of the Russian language not only in the Kharkiv region, but also in other regions of Ukraine". The Foreign Ministry of Ukraine responded with a harsh statement, describing the position of the Russian side as "undisguised interference in the home affairs of our state"⁷⁹. (Public prosecutors of Luhansk and Kharkiv regions and the city of Sevastopol on May 11, 2006 appealed the decisions of the regional and local councils to grant regional status to the Russian language).

⁷⁴ See: External Factor in the 2004 Presidential Elections. Razumkov Centre analytical report. – *National Security & Defence*, 2004, No.5, p.29.

⁷⁵ See: RIA Novosti, 15 December 2005; Interfax, November 22, October 19, 2005.

⁷⁶ Law of Ukraine "On Fundamentals of National Security of Ukraine" of June 19, 2003. – <http://zakon.rada.gov.ua>.

⁷⁷ The comment by the Department of Information and Press of the Russian Foreign Ministry of September 6, 2005, noted that "transfer of the legal procedure in Ukraine solely to the state language suppresses the rights of almost 20 million Russian-speaking citizens of Ukraine... That decision seems to be in the course of the unseemly campaign around the Russian language in Ukraine...". See: Foreign Ministry of the Russian Federation web site – <http://www.mid.ru>.

⁷⁸ In April–June, 2006, such decisions were passed by Kharkiv, Luhansk, Mykolayiv, Dnipropetrovsk, Donetsk and Sevastopol city councils, Luhansk, Mykolayiv, Kharkiv and Donetsk regional councils. The relevant decision of the Sevastopol City Council reads: "To recognise the Russian language on the territory of the city of Sevastopol as regional, requiring protection and development by means not hindering the development of the state Ukrainian language". The document calls on "state institutions, local self-government bodies, enterprises, institutions and organisations of all forms of ownership to use the Russian language on the level and in volume meeting the demands of the population of Sevastopol". See: Interfax-Ukraine, April 26, 2006.

⁷⁹ Comment by the Foreign Ministry of Ukraine of March 24, 2006. See: Foreign Ministry of Ukraine web site – <http://www.mfa.gov.ua/mfa/ua/news/detail/1807.htm>.



The Russian side, in its turn, was indignant with the decision of the National Council of Ukraine for Television and Radio Broadcasting of April 15, 2006 to remove *RTR-Planeta* TV channel from the social package of the *Volia* cable provider in Kyiv⁸⁰.

The status of the Russian language falls within the competence of Ukraine and *de jure* is not a subject of bilateral discussion. The Constitution of Ukraine guarantees free development, use and protection of the Russian and other languages of national minorities.

Evidently, the language problems should be considered in the context of equal satisfaction of national cultural needs of Ukrainians in Russia and Russians in Ukraine on the basis of bilateral agreements, with account of the applicable world standards. What deserves notice in this respect is that Russia actively appeals to Ukraine demanding the observance of the European Charter of regional languages or languages of national minorities⁸¹, but does not hurry to apply similar standards to Ukrainians living in Russia. The Russian Federation signed the Charter in 2001, but never ratified it.

The Russian Federation exerts influence on Ukraine also in the context of implementation of the Russian idea of the common humanitarian space within the CIS. Russia, using structures active in the CIS, actively promotes the common humanitarian environment in the Eurasian space, i.e., consolidation of the positions of the Russian language in the member states⁸². It sponsors joint projects and sets up new associations and unions. The Eurasian association of higher educational institutions, the confederation of the men of theatre, artists and cinematographers, the Eurasian library assembly, and so on are quite active. Slavic universities were opened in Azerbaijan, Armenia, and Kyrgyzstan. In November 2005, St. Petersburg hosted the Congress of NGOs from the CIS and Baltic states, devoted to cooperation in the fields of science, culture and education. In April 2006, Moscow

hosted the first forum of artistic and scientific intelligentsia from CIS member states.

To consolidate the common humanitarian space under the Russian auspices, Russia promotes institutionalisation of the idea of the Slav unity. It initiated the establishment of the youth forum "Slav Meetings" uniting state officials from the Russian Federation, Belarus and Ukraine. In 2001, Moscow hosted a congress of Slav peoples that established the Council of Slavic Peoples of Belarus, Russia and Ukraine⁸³. However, that structure is highly politicised and promotes the integration of those countries. The Second Council (April 2006, Minsk) passed a Declaration and an Address to the presidents worded in a strongly confrontational, anti-Western spirit⁸⁴.

3.4 GUARANTEED SATISFACTION OF NATIONAL CULTURAL NEEDS

The acuteness of the problem of satisfaction of the national cultural needs of Ukrainians in Russia and Russians in Ukraine does not waning. The problems of education in the mother language for the national minorities are always in the focus of the bilateral dialogue.

In the past years, the number of schools with the Russian language of teaching has somewhat decreased. In 1996 – 2000, the number of Russian language schools in Ukraine decreased from 2,940 to 2,399, accommodating 2.1 m. children. At present, there are 1,411 state schools with the Russian language of teaching and 2,109 mixed Ukrainian-Russian schools in Ukraine. The Russian language is studied as a separate discipline by some 1.5 m. pupils, optionally – by some 200 thousand.

However, it should be noted that the situation is far from critical, given that ethnic Russians make 17.3% (8.3 m.) of the total population of Ukraine, while in 2004-2005, Russian-language schools had 1.2 m. pupils – a quarter of all Ukrainian schoolchildren (5.2 m.)⁸⁵. Despite all problems and difficulties, Ukraine operates an extensive system of learning in the Russian language. (Russian language schools dominate in the areas of compact residence⁸⁶. For instance, in the Crimea, there are only seven Ukrainian and 14 Crimean Tatar schools, all the rest are Russian). Recently, 15 scientific-methodological programmes for the 1st-4th forms with the Russian language of teaching have been developed and approved. Specialists in the Russian language and literature are trained at 31 higher educational establishments of the country. 13 branches of Russian higher educational establishments officially operate in Ukraine.

The situation in the Russian Federation is different. Nearly 3 m. Ukrainians live in Russia (2% of total population), but they have no system of education in the mother language, similar to that available in Ukraine⁸⁷.

⁸⁰ The comment by the official representative of the Foreign Ministry the Russian Federation M. Kamynin for RIA "Novosti" noted: "There is an impression that a course of pressing Russian products out of the Ukrainian information space is being pursued, including the important sector of television and radio broadcasting" – <http://www.strana.ru/stories/01/12/24/2258/280548.html>.

⁸¹ On January 1, 2006, the Law of Ukraine "On Ratification of the European Charter of Regional Languages or Languages of National Minorities" entered into effect.

⁸² In his Address to the Federal Assembly of the Russian Federation (May 10, 2006), Russian President V. Putin pointed out "consolidation of the common humanitarian space" as a promising CIS project. See: Website of the President the Russian Federation – <http://president.kremlin.ru>.

⁸³ The same year, the Inter-Parliamentary Union "ZUBR" ("For the Union of Ukraine, Belarus and Russia") was established.

⁸⁴ Interfax-West, April 11, 2006.

⁸⁵ Interfax-Ukraine, August 31, 2005.

⁸⁶ The main areas of compact residence of the Russian population are the Autonomous Republic of Crimea (1.1 million, or 58% of all population), Donetsk, Luhansk, Dnipropetrovsk, Zaporizhzhya regions.

⁸⁷ Among the ethnic groups living in the Russian Federation, Ukrainians rank third (after Russians and Tatars).



There are no state general education schools where all subjects are taught in Ukrainian whatsoever, even in the regions of compact residence of Ukrainians. The Ukrainian language is only taught as a separate discipline in some Russian schools. At that, the problem of training teachers is extremely acute.

Therefore, the problem of a balanced parity approach to the guarantee of national educational rights of the Diasporas remains on the agenda.

Furthermore, strong disparity is observed in the satisfaction of the cultural and information needs of Ukrainians in the Russian Federation and Russians – in Ukraine.

Satisfaction of the information needs of Ukrainians in Russia is a serious problem and a lack of unbiased information about the developments in Ukraine is tangible. There is no system of Ukrainian media in Russia – no Federation-wide Ukrainian language publications, TV and radio channels. The possibility of reception of TV and radio programmes from Ukraine is limited. Ukrainian satellite television covers only the European part of the Russian Federation. The system of Ukrainian websites in the Russian regions is in the making and does not meet the demand for information and news. Despite 10 years of negotiations and preliminary arrangements, the new Ukrainian library in Moscow was opened only in May 2006. The Russian capital does not have a single Ukrainian national theatre. Ukraine's Russian-speaking population has broader opportunities to satisfy its cultural and information needs in the mother language. Ukraine is covered by Russian TV and radio channels and there is a wide system of Russian-language websites. 2,343 periodicals in the Russian language are published in Ukraine annually.

Russian drama theatres maintained by the state perform in Ukrainian cities, Russian language repertoire is offered by 90 theatre studios and three puppet theatres, and 25 studios perform in two languages. In the library system, the Russian literature dominates – the stock of books in the Russian language amounts to some 59 m.

Fuller satisfaction of the cultural and information needs of Russians in Ukraine, compared to the similar needs of Ukrainians in the Russian Federation, is proven by years (2001-2006) of sociological surveys of those problems conducted by the Razumkov Centre⁸⁸.

Public opinion. The results of the poll held in May 2006, compared to 2005, recorded an increase in the critical attitude towards the satisfaction of the national cultural needs of Ukrainians in Russia and, correspondingly, – the Russian-speaking population in Ukraine. The number of respondents convinced that the national cultural needs of Ukrainians in the Russian Federation are satisfied fully or partially in that timeframe notably decreased (from 55.9% to 39.4%). The number of the polled suggesting that the needs of the Russian-speaking population in Ukraine are satisfied fully or partially also somewhat decreased (from 83.4% to 73.7%). However, it is clear that respondents more critically assess the situation in Ukraine than in Russia.

3.5 RELATIONS IN THE CHURCH AND RELIGIOUS LIFE

Ukraine is also influenced in the domain of church and religion. For a long time, one confession prevailed in Ukraine and in Russia – orthodoxy, represented by one structure – the Russian Orthodox Church (ROC). Since Ukraine gained independence, orthodoxy has been represented by three churches, one of them – the Ukrainian Orthodox Church (UOC) under the jurisdiction of the Moscow Patriarchate.

Outwardly, the division between the mentioned church structures is based on the support or opposition to the creation of a national orthodox church in Ukraine. However, true differences are much deeper, dealing with Ukrainian statehood, the status of the Ukrainian and Russian languages, and the religious and national feelings of Ukrainian citizens. Given that tangled complex and its strong emotional dimension, some Russian analysts and political figures reasonably see the ROC as a “backbone geopolitical factor in the post-Soviet space”, and orthodoxy and UOC – “the main Russian resource in Ukraine”.

The intensity of the use of that resource increases with the development of two processes in Russia itself: *first*, implementation of the Russian foreign policy concept, whereby the post-Soviet space should stay within the Russian sphere of interests and influence; *second*, elaboration of the ROC position in its relations with the state. The social concept of ROC (2000) confirmed the principles of “symphony” in the relations between the church and the Russian state, so, ROC assumed the function of pursuance of the state policy in the countries with a mainly orthodox population. Doing so, it relies on the public organisation of laymen, who, according to the mentioned Concept, not acting on behalf of the whole Church, are obliged to defend the interests and values of orthodoxy on the political scene.

There are many such organisations in Ukraine, either closely co-operating with Russian or are a part of them (Insert “*Union of Orthodox Citizens of Ukraine: Goals and Tasks*”)⁸⁹. The analysis of the activity of such organisations, their actions, statements of their leaders leads to some conclusions.

First. The activity of the orthodox public organisations claiming connection to the UOC and the Moscow Patriarchate is not confined to the church and religious affairs and is increasingly extended to political processes in the country, in particular – election campaigns. Say, in 2002-2004, the mentioned organisations opposed the political forces and leaders seeking the Euro-Atlantic integration of Ukraine, termed in a statement by the Union of Orthodox Citizens of Ukraine

⁸⁸ See: Subsection “Problems and Priorities of Ukraine-Russian Relations in the Assessments of Ukrainian Citizens”.

⁸⁹ Union of Orthodox Citizens of Ukraine, Orthodox Way, Holy Rus, Gift of Life, United Fatherland, For Holy Rus and Orthodox Church, and so forth.

as “a fascist threat”⁹⁰. During the Orange Revolution, the canvassing of the Union of Orthodox Citizens of Ukraine became aggressive and bordered on open calls for the implementation of forcible scenarios and the country’s federalisation (initiatives of the “Donetsk-Crimean-Russian response to the Brown threat”; establishment of the South-Eastern Metropolitanate of ROC)⁹¹.

Second. After the presidential elections of 2004, an active propaganda campaign (“orthodox mobilisation”) was launched in order to set up a strong opposition to the current authorities (“anti-orange front”), discredit their foreign political initiatives, and support the

UNION OF ORTHODOX CITIZENS OF UKRAINE: GOALS AND TASKS

A good example is demonstrated by the Union of Orthodox Citizens of Ukraine, according to its leader V. Kaurov – “a component part of the Union of Orthodox Citizens, acting with the blessing of the Holy Patriarchate of Moscow and All Rus”⁹². The Union of Orthodox Citizens is led by V. Lebedev; its press secretary is K. Frolov, Department Chair at the Institute of CIS States in Ukraine.

The Union of Orthodox Citizens rejects the post-Soviet reality, political independence of the post-Soviet republics, including Ukraine (“Today, historic Russia is torn apart, the single Russian nation consisting of three great peoples is cut by pseudo-state borders, and 25 m. our compatriots who continue to live on the territory of historic Russia legally appeared beyond the borders of their Motherland”).

Its goal is the “unity of orthodox laymen and pro-Orthodox organisations working for the revival of Russia as the Orthodox Russian Empire”. Proceeding from the set goal, the Union of Orthodox Citizens in the national policy “adheres to the idea of current state fragmentation of the single Russian nation and the need for its reunification”; in foreign policy – “sees it necessary to channel all foreign political efforts of Russia to the establishment of the closest good-neighbourly and mutually advantageous relations with the former union republics, with a view to create a single state of Eastern Slavic republics and territories historically gravitating to Russia in the historic future”⁹³.

On its part, the Union of Orthodox Citizens sets for itself the goals of promoting the Russian-Ukrainian union, church unity under the Moscow Patriarchate, bilingualism and the federal land structure of Ukraine⁹⁴. The Union of Orthodox Citizens of Ukraine specified those tasks as follows: “protection of the canonical orthodoxy, struggle against Ukraine’s accession to NATO, struggle for the Russian language as the second official, federalisation of Ukraine, creation of the interstate union of Ukraine, Russia and Belarus”⁹⁵.

Therefore, four out of the five mentioned tasks go far beyond the borders of the church and religious affairs and immediately concern the home and foreign policy of the state.

country’s federalisation. In particular, the leadership of the Union of Orthodox Citizens accuses the new Ukrainian authorities of pushing some “anti-Russian “sanitary belt”, “sanitary anti-Russian quasi-empire”, whose shade “is seen in the hastily recreated GUAM bloc”, allegedly called “to bar the resurrection of the Russian state”. So, they set the task of defending the church unity of Ukraine and Russia “at any cost”, using for that, in particular, cooperation between orthodox non-government organisations and pro-Russian political forces in Ukraine⁹⁶.

Third. The church and religious factor is ever more employed in the ideological and political confrontation in Ukraine and ever more actively used by pro-Russian political forces inside the country and some forces and circles in Russia, seeking to keep and maintain Ukraine in the Russian sphere of influence. Meanwhile, politicisation of the religious and church sympathies, combined with language, national, geopolitical and geo-cultural, can lead to unpredicted developments.

The humanitarian domain contains a number of conflict-fraught and highly politicised problems. This refers to the status of the Russian language in Ukraine, satisfaction of the national cultural needs of Ukrainians in the Russian Federation and the Russian-speaking population in Ukraine, and the problem of unity of orthodox communities in Ukraine and Russia. The general deterioration of relations complicates contacts between political, scientific, artistic elites, and expert communities of the two countries. The potential of cultural exchanges is not exploited to its fullest.

Within the framework of the common media space, Russia, possessing information potential incomparable to the Ukrainian, exerts influence on the latter to strengthen pro-Russian positions. Such influence is manifold and produces conflicts in the official bilateral dialogue and the growth of critical moods in the Russian society.

The situation in the humanitarian sector of bilateral relations requires the employment of non-conflict, civilised methods of support for ethnic and confessional communities on the territory of both countries, a system of constructive interstate contacts based on good neighbourliness, non-interference into internal affairs, parity and account of international standards. ■

⁹⁰ The statement reads: “The threat of a fascist regime in Ukraine is real... Galician fascists and theomachists united in Yushchenko’s bloc “Nasha Ukraina” are going to seize power in our Orthodox Ukraine...”. In the face of the threat, “orthodox citizens of Ukraine responsible to God for the Church and the country; communists who extended a penitent and helping hand to the canonical Orthodox Church in the face of the terrible threat of new SS-men; discriminated Russians united in the “Russian Bloc” must stand together”. See: The threat of a fascist regime in Ukraine is real. – www.expert.org.ua

⁹¹ Union of Orthodox Citizens of Ukraine, December 14, 2004: “The Orange show that they are a totalitarian force ready to seize temples, subject their opponents to repressions. They are the brown democracy in action!” In response to the threat, the Orthodox Way, United Fatherland, Union of Orthodox Congregations and Union of Orthodox Citizens must consolidate, “are doing everything to stop the orange plague, for Yanukovych to win, for the Donetsk-Crimean-Novorussian response to the brown threat to come true”.

K. Frolov: “Demons of the Orange Revolution are afraid that Yanukovych will go to the end and break the house of cards of the orange coup, resting solely on the support of the OSCE, Poles and globalists in Brussels... The scale of actions in support for Yanukovych long exceeded the scope of all that orange comedy on the Kyiv Maidan. Yanukovych has no right to retreat. Bridges are burnt down. One cannot be a bit against occupants, a bit for them...” Quoted after: Orthodox? How Much? (unexpected continuation of the subject). – www.ukrviybir.org.ua.

⁹² See: V. Kaurov: “The Orthodox Progressive Maidan Will Take Place under Any Circumstances”. – <http://antiorange.com.ua>.

⁹³ Programme theses of the All-Russian Union of Orthodox Citizens. – <http://krokrim.narod.ru>.

⁹⁴ Orthodoxy as such is dealt with only in one item, but it is described in the following words: “...The old name of the all-Russian Metropolitanate may be restored. It was called “of Kyiv, Moscow and All Rus”. Such a name for the Moscow Patriarchate will only strengthen the church unity. Hypothetically, that unity might be strengthened even further if the “Patriarch of Kyiv, Moscow and All Rus” had residences in Moscow and Kyiv, managed Moscow and Kyiv patriarchal areas, and alternately lived in Moscow and Kyiv. Moscow would remain the Third Rome – the Centre of the Church and State Union of “All Rus”, and Kyiv – the centre of the long-needed international organisation “Orthodox Conference”, “orthodox Brussels”. But this is impossible under the “orange” “European integrators”, patriots not of Ukraine but of Washington and Brussels”. See: Frolov K. Position of UOC: On Our Relations with Dmytro Korchynskiy and his “Bratstvo”. – www.svet.org.ua; www.otechestvo.org.ua.

⁹⁵ V. Kaurov: “The Orthodox Progressive Maidan Will Take Place under Any Circumstances”. – <http://antiorange.com.ua>.

⁹⁶ See: They in Moscow Comment the Participation of Viktor Yanukovych in the World Russian Popular Congress. – www.ya2006.com.ua.

4. UKRAINE-RUSSIA MILITARY COOPERATION

Military cooperation includes cooperation in the military-political, military operations and military-technical domains. Those domains are quite different by their problems and nature of cooperation, and by the attained results. However, they are closely interwoven: the decisions and developments in each of them inevitably find an echo in others, contributing to the high dynamism and uncertainty of the situation. The external environment and its influence on the affairs in those domains are also important.

Today, military cooperation between Ukraine and Russia, as well as the relations in many other sectors, is going through hard times. Despite the decisions of strengthening partner relations passed at the top and the issues of concrete actions for their implementation remain open.

4.1 MILITARY-POLITICAL COOPERATION

Cooperation in this domain means maybe not unity, but at least consistency of goals, agreed and coordinated activity of the partners for their attainment on the basis of national legislations, military doctrines and other documents shaping the lines and ways of implementation of their defence policy⁹⁷. The forms of cooperation may include treaties and agreements dealing with military-political issues, consultations on the issues of security and defence, presence of military units from friendly countries on each other's territory, joint participation in military operations, defence projects, steps intended to guarantee national, regional and global security and so on.

One should note the absence (but not the necessity) of sufficient prerequisites for large-scale military-political cooperation between Ukraine and Russia. This conclusion ensues not only from the analysis of the concepts of the national security, military doctrines, lines of foreign policy, and programmes for the development of armed forces. It also follows from the analysis of the two countries' activity in the currently most problem sectors of security and bilateral relations, in particular:

- intensification of Ukraine's course of accession to NATO;
- presence of the Russian Black Sea Fleet on the territory of Ukraine;
- use of Ukrainian stations of missile attack warning in the interests of Russian nuclear deterrence forces.

Intensification of Ukraine's course of accession to NATO. The contradictions regarding the Euro-Atlantic integration of Ukraine are attributed both to the legacy of the Cold War – stereotypes of mutual enmity between NATO (and its leader – the USA) and Russia as the centres of power on the Eurasian continent, and the new factors, related with the strategic goals of those centres and, accordingly, the appearance of new dividing lines in the European security system. Lying between those two poles, Ukraine experiences both constructive and destructive consequences of their relations.

The climate of trust between Russia and NATO was affected, on the one hand, by the Alliance's attempts to expand its area of responsibility with emphasis on forcible

mechanisms (Yugoslavia, Afghanistan), on the other – the growing pressure of Russia on the neighbouring “pro-Western” states (Ukraine, Georgia, Moldova) and use of force for the solution of its domestic problems (e.g., in Chechnya).

At the same time, the growing threat of international terrorism in the context of global security played a consolidating role – it triggered the search for adequate, including joint, solutions, accompanied with the comprehension of the new roles in the emerging system of international relations. In 2005, the meeting of the Russia-NATO Council, at the level of Chiefs of General Staffs in Brussels, discussed the issues of: compatibility of armed units fighting terrorism; joint antiterrorist exercises (involving NATO units that passed through the Afghan campaign and Russian formations that fought in Chechnya); command post anti-missile defence exercises; cooperation in the field of defence industry.

All this (plus processes in other sectors) forms preconditions shaping the essence of Ukraine's military-political cooperation with Russia and the differences between them. Upon closer examination, it appears that those differences are not irreconcilable and originate from the reluctance (or inability) to realize and accept the new realities arising in the European security sector.

First, NATO enlargement and Ukraine's membership in the Alliance pose no military threat to Russia. The Russian Military Doctrine notes the “decrease of the danger of a large-scale war, including nuclear”. It also notes that “in the present conditions, the threat of direct military aggression in traditional forms against the Russian Federation and its allies decreased thanks to positive changes in the global situation”⁹⁸. The military-political situation in the region also proves the absence of a threat of an interstate military conflict in Europe or NATO aggression against Russia. According to expert assessments, “in the present geopolitical situation, the probability of any war of NATO against Russia may be considered equal to zero”⁹⁹. In its turn, the Ukrainian leadership on different levels more than once officially stated that Ukraine's accession to NATO does not threaten the Russian interests and will not influence the productive development of strategic partnership with the Russian Federation¹⁰⁰.

⁹⁷ The highest degree of cooperation is provided if partners are members of the same military-political bloc (union), where the unity of goals, lines and ways of pursuance of the defence policy ensues from the agreements made within its framework.

⁹⁸ Military Doctrine of the Russian Federation. – Web site of the Foreign Ministry of the Russian Federation – <http://www.mid.ru>.

⁹⁹ See: Concept of Relations between the Russian Federation and Ukraine in the Inter-Parliamentary Sphere. Moscow, 2006. p. 73.

¹⁰⁰ President V. Yushchenko said: “...This (accession to NATO – *Ed.*) will do no harm to Russian interests. Russia was and remains our strategic partner and we only want to enhance our bilateral cooperation”. See: Interfax-Ukraine, July 22, 2005. Meeting of ambassadors of the North Atlantic Council on October 19, 2005, Ukraine's Foreign Minister B. Tarasyuk said that “we will continue to develop constructive relations with our neighbours, and this certainly refers first of all to our great neighbour – the Russian Federation” – See: UNIAN, October 19, 2005.

Second, Ukraine's accession to NATO does not lead to Russia's isolation and appearance of new dividing lines. In cooperation with NATO, Russia in many aspects went further than Ukraine. In particular, NATO and Russia signed the agreements on the status of forces located on each other's territory (SOFA) and on interaction in the military-technological sector. Joint operations are underway ("Active Endeavour" in the Mediterranean)¹⁰¹. Both parties show interest to the use of the Russian airlift capacities (moreover, competing with Ukrainian)¹⁰². That is, in that aspect, the critical stand of the Kremlin on Ukraine's pro-NATO policy is attributed exactly to the desire not to let Ukraine out of its sphere of influence.

Presence of the Russian Black Sea Fleet on the territory of Ukraine. Recently, Russia has been trying to raise tension in Sevastopol – although Ukraine strictly observes and officially guarantees to further observe the agreements of the Russian Black Sea Fleet stationing in the Crimea till 2017¹⁰³. In this context, the statements by some Russian politicians of its unreadiness and reluctance to withdraw the Black Sea Fleet from the Crimea both in the short and in the long run sound counterproductive. The attempts to speculate on the Black Sea Fleet stationing in Ukraine as a natural obstacle for it joining NATO seem not very friendly. On the political and diplomatic level, the NATO leadership did not impose any conditions on Ukraine dealing with the Black Sea Fleet bases in the Crimea, referring that problem to the Ukrainian-Russian bilateral relations (at a meeting of the NATO foreign ministers in April 2006, that position was reiterated by the representative of NATO Secretary General J. Appaturai¹⁰⁴). Such requirements (of non-existence of military bases on the territory of the Alliance members) are absent from the NATO constituent documents (the Washington Treaty).

Conflicts are provoked not by the Ukrainian side, as presented in the Russian media, but by violation of the legal norms of stationing on the Ukrainian territory by the Black Sea Fleet: non-observance of the boundaries of the leased military facilities in routine activity of troops; unlawful sublease of the naval infrastructure; deployment of the Black Sea Fleet units without notification of the competent Ukrainian bodies; delay of the transfer of hydrographic and navigation facilities to Ukraine, as envisaged by mutual agreements.

Meanwhile, Ukraine's claims of raising the rent for the Black Sea Fleet facilities present no violation of the existing agreements, being in line with the Russian statements of building bilateral relations on market principles.

By and large, the problems connected with the Black Sea Fleet are not insoluble, as demonstrated by the work (not problem-free though) of the bilateral commission under the presidents, verifying the parameters of the basic agreements on the Black Sea Fleet.

Use of Ukrainian missile attack warning stations in the interests of Russian nuclear deterrence forces. The problem of missile attack warning stations by its scope is



incomparable with the two former problems. However, due to its critical importance for nuclear deterrence, Russia views it as a priority. Western military experts also consider it very important for avoiding misidentification of missile attack threats. Given this latter circumstance, Ukraine's refusal to grant information from the two radar stations located in Mukacheve and Sevastopol to Russia would be absurd.

Meanwhile, the demand to raise Russia's payment for the maintenance of those missile attack warning stations looks reasonable (at present, they are serviced by the Ukrainian military paid out of the Ukrainian budget). Russia pays \$1.2 m. a year (*for comparison*: the lease of one similar radar unit in Azerbaijan costs it \$5 m. a year). Subordination of the stations to the National Space Agency of Ukraine is intended to solve that problem (enabling the revision of the existing agreements between the Defence Ministries).

Furthermore, wider use of Ukrainian missile attack warning stations involving third countries pursues better use of their potential. Nobody ever spoke about Russia's withdrawal from that project and/or a refusal of extension of the required information. More than that, according to a memorandum signed on July 4, 2000 by the Presidents of Russia and the USA, Moscow set up the Centre for Exchange of Data from Early Warning and Missile Alert Systems, which may be upgraded to support a larger project.

Hence, the perception of negative effects of Ukraine's intention to join NATO for the Ukraine-Russia military-political cooperation is biased and ungrounded and, therefore, hinders cooperation in other domains.

Involvement in multilateral projects in the military sphere might help ease tension in the Ukraine-Russian relations. In particular, it is high time to transfer the military-political cooperation between Ukraine and Russia with NATO to the trilateral NATO-Russia-Ukraine format.

¹⁰¹ While Ukraine detached only one frigate for participation in NATO's "Active Endeavour" operation (not to be available before October, 2006), Russia assigned a group of warships, and two of them already passed certification.

¹⁰² For instance, at a briefing with foreign military attaches on April 13, 2006, the Russian Air Force Commander V. Mikhailov said: "We now have a number of proposals from NATO countries concerning the use of our strong airlift capacities in the interests of NATO. I am sure that that issue will be somehow resolved at the G8 meeting in St. Petersburg". See: Website of the Ministry of Defence of the Russian Federation – <http://www.mil.ru>.

¹⁰³ The attempts of early withdrawal of the Black Sea Fleet are fraught with consequences undesirable for Ukraine – economic (the share of the Black Sea Fleet in the local budget proceeds makes 36%), social (the Black Sea Fleet gives some 25,000 jobs to the local population), home political (dissatisfaction of the Russian-speaking population). See, e.g.: Libman A. Ukraine's Accession to NATO: a Threat for Russia? – Information-analytical Bulletin of the Centre of Integration Problems of the Institute of Economy of the Russian Academy of Sciences, 2005, No.1, p.32.

¹⁰⁴ UNIAN, April 27, 2006.



4.2 OPERATIONAL MILITARY COOPERATION

Operational cooperation presumes coordinated actions of the defence agencies in the fields of armed forces building and operation, coordination of military activities, interaction between military intelligence services, air defence units, and other forces. It takes place in the form of interdepartmental agreements, development of joint plans for a definite term, projects in various fields of military activity (training of military personnel, units, exchange of delegations, information, and exercises, and so on).

The defence ministries of Ukraine and Russia annually approve cooperation plans. According to Ukraine's Defence Minister A. Hrytsenko, the parties are intending not to expand joint projects, but to make them more effective in the domains critical for both parties. Currently, the priorities include cooperation in air defence, logistics, training of troops and military personnel.

By contrast to other domains, the relations of Ukraine and Russia in the field of military operations are not confrontational and better correspond to the definition of partnership.

Possible lines of operational military cooperation include:

- establishment (or re-establishment, after its closure in 2001) in Crimea of the 31st Test Centre of the Ministry of Defence of the Russian Federation for naval weapons testing and its use in the interests of both parties;
- joint projects of disposal of surplus ammunitions and rocket fuel;
- mutual access of units to the ranges of both parties for training; for instance, on the condition of settlement of the Russian debt (some \$300 thousand), use of the Ukrainian range "Nitka" to train Russian pilots of carrier-based aviation; use of Russian ranges for training Ukrainian air defence units;
- participation in joint projects for the control of movement of portable aid defence systems and small arms within the framework of antiterrorist activities;
- exchange of experience between defence ministries, headquarters, units.

Interaction between Ukraine and Russia within the framework of bilateral projects looks rather fruitful. One example is presented by their involvement in the Joint Black Sea Naval Cooperation Task Group (*BLACKSEAFOR*). In this connection, the Russian initiative of setting up an international naval command centre responding to common threats in Novorossiysk and joint participation of the Ukrainian and Russian navies in the Turkish operation "Black Sea Harmony" may be of interest.

Therefore, the sphere of Ukraine-Russia operational cooperation is the least problematic, making joint projects in that domain the most successful.

The differences in the political courses of Ukraine and Russia are taken into account by the defence agencies of the two countries, but their effect is stimulating rather than limiting.

4.3 MILITARY-TECHNICAL COOPERATION

Military-technical cooperation envisages interaction in the field of military-technical policy, its coordination, mutual transfers of arms, technologies, cooperation of industrial and research enterprises and organisations, military-technical services, joining efforts on the markets of arms and military equipment. The success of joint projects of weapon systems development is critically dependent on the key technical compatibility, and their market competitiveness – on their orientation to the best world standards.

Military-technical cooperation between Ukraine and Russia developed unevenly, with different effectiveness. At present, the trade between Russia and Ukraine, both among the top six world arms exporters¹⁰⁵, shows a downward trend. While in 2004, mutual trade in goods falling within the range of products of the Ministry of Industrial Policy amounted to some \$2 b., in 2005, mutual deliveries under joint cooperative projects were to amount to \$330 m.¹⁰⁶

Neither Ukraine nor Russia buy finished models (or moreover weapon systems) – mutual deliveries are confined to component parts. According to some sources, military-technical cooperation involves nearly 1,330 enterprises on both parts. At that, 70% of the Ukrainian defence industry enterprises are critically dependent on deliveries from Russian partners¹⁰⁷. In turn, the export of Ukrainian enterprises to Russia does not represent the full potential of the national defence industry complex and is mainly confined to aviation and naval power units and radio electronic equipment for radar and air defence systems¹⁰⁸. Military-technical cooperation between Ukraine and Russia is hindered, first of all, by the accumulated problems and differences in approaches to their solution, and by resource limitations.

The steps of both parties in the direction opposite to the development of cooperation also contributed to the reduction of mutual deliveries of military goods:

- Russia continues its policy of gradual curtailing of cooperation with Ukrainian enterprises, developing complete domestic production cycles (of helicopter engines, air-launched missiles, airborne control systems). As a result, Ukraine loses some \$100-150 m. a year¹⁰⁹;
- on foreign markets of different weapon systems, Ukraine and Russia are competitors rather than partners, and in some sectors (aerospace, transfer of technologies), Ukraine is establishing direct contracts with customers (without Russian mediation)¹¹⁰.

In the conditions of a decline in the domestic arms market and large dependence of defence enterprises on deliveries from the CIS states¹¹¹, in the second half of the 1990s Russia took a course towards self-sufficiency of its defence industry: it identified the priority lines of arms development; is restructuring the national defence industry; has introduced or is introducing complete cycles of arms development and production; and selected promising lines of international cooperation.

¹⁰⁵ Gaining some \$46 b. and \$450-600 m. a year, respectively. See: *SIPRI Yearbook 2005: Armaments, Disarmament and International Security* (Oxford University Press: Oxford, 2004), p. 453.

¹⁰⁶ Ukraine and the Russian Federation signed the agreement of mutual cooperative deliveries for 2005 totalling \$330 m. – *Defence Express*, May 19, 2005, <http://www.defenceua.com/rus/news/?id=16849>.

¹⁰⁷ Patriot Games. Concept of Relations between the Russian Federation and Ukraine. Materials of the Centre of Integration Problems of the Institute of Economy of the Russian Academy of Sciences. – *Defence Express*, 2006, No. 5, p. 24.

¹⁰⁸ Register of Main Arms Contracts (2004-2006) – *Defence Express*, 2006, No. 2, pp. 16-17.

¹⁰⁹ Interfax-Ukraine, April 7, 2006.

¹¹⁰ Badrak V., Zhurets S. Feeling Heavily Armed. – *Defence Express*, 2006, No. 2, p. 7.

¹¹¹ "More than 20 component parts for Russian weapons are imported from the CIS states", expert assessment. – *Defence Express*, April 4, 2003, URL, <http://www.defense-ua.com>.

The latter include: in high-tech sectors – cooperation with US, British, German, French companies; in sales – with China, India, and other Asian, Latin American and African countries.

Ukraine is off that list. Cooperation with it is underway in separate rather narrow sectors: space programmes, development and production of aircraft engines (where its potential is quite strong), naval engines, radio electronics, upgrade and repair of existing weapon systems (where Russia is not yet ready to introduce closed production cycles or where this is inexpedient in the long run).

Ukraine's Euro-Atlantic course is not the main reason for such a policy on the part of Russia. Its policy is conditioned by Russia's desire to adapt itself to the new international realities and utmost secure itself against shocks in the conditions of controversial trends of globalisation and regionalisation.

This is proven by the following facts. Despite its distrust in NATO, Russia refused from Ukrainian *Motor Sich* engines to power Ka-226 helicopters in favour of the product made by *Rolls Royce* of Britain (a NATO member), and Russian *Irkut* and *MiG* companies are cooperating with the European Aeronautic Defence and Space Co. (EADS). The list of joint Russian-NATO projects may be continued. But the most important development was presented by the signing of a joint agreement of Russia's participation in the NATO catalogue system in Moscow on January 13, 2003. According to experts, Russia, seeking to adopt NATO standards, went much further than Ukraine by the scope and depth of cooperation in the defence industry¹¹².

Such actions discord with Russia's warnings to Ukraine dealing with the consequences of its joining the Alliance. On the other hand, Ukraine's accession to NATO is unlikely to open up broad prospects for the development of the Ukrainian defence industry in the near future.

The problem lies not in the incompatibility of technical standards of the weapons systems (by and large, there are no limitations apart from the incompatibility of command, control, communications, intelligence and logistic systems). The political preferences of NATO in arms acquisition are not a problem either. According to the Director of the NATO Information and Documentation Centre in Kyiv M. Duray, "There are no more than 15% of strategic systems preferably bought by a NATO member state from western manufacturers. The remaining 85% is arms and military equipment that can be bought from beyond the Alliance" (*back translation – Ed.*)¹¹³. Indeed, some export-oriented Ukrainian defence industry enterprises can be integrated in the European defence industry with few problems. Others will have to undergo deep restructuring that they have tried to escape all these years (and even cooperation with the Russian defence industry will not save them from it).

The main interrelated problems of the Ukrainian defence industry in this respect include:

- accumulating effects of "delayed" restructuring of the economy, branch and enterprise (underdevelopment of financial markets, including of venture investments, dominance of state ownership of the assets of defence enterprises, their structural and functional "overload"), that evolved into a systemic crisis in the sector;
- absence of a defence industry restructuring strategy presuming the presence of a political will, clear orientation, a pragmatic approach and the ability to

implement such an approach in the conditions of tough resource limitations;

- ineffective management – on the state, sector and enterprise levels; in particular, in 2005, the State Programme of Development of Arms and Military Equipment through 2009 drawn up by the Ukrainian Defence Ministry was passed, setting mid-term priorities and volumes of the state order, but in absence of a similar programme of the defence industry development, the success of the state military-technical policy is questionable.

All those problems are mainly of the internal character and do not require cooperation either with NATO or with Russia. The latter factors are certainly important but for other aspects of the defence industry development – enterprise mobility and competitiveness, consolidation and concentration, access to markets.

The existence of transparent, realistic, clear and mutually acceptable strategies of defence industry development in Ukraine and in Russia presumes the transition to pragmatism in mutual relations sought by both parties, laying down fundamentals for the removal of the possible contradictions, and a search for the most effective forms of interaction – despite the different political courses of the states.

The most promising and mutually acceptable lines of Ukrainian-Russian military-technical cooperation may include:

- development of cooperation in rocket and space projects;
- creation of conditions (regulatory, legal, financial, institutional) for the expansion of cooperation between aircraft building companies in Ukraine and in Russia;
- support and encouragement of joint ventures in the sectors of air defence, radio engineering and missile systems, radio electronics, upgrade and repair of the existing weapons systems (involving third parties);
- transfer of cooperative ties between defence industry enterprises to market principles;
- guaranteed budget funding of joint scientific-technological projects in hi-tech and priority sectors;
- joint activities on foreign markets in those sectors where Russian and Ukrainian enterprises do not compete;
- expansion of joint projects of disposal of surplus arms and military hardware;
- concerted participation in export control regimes;
- mutual support for participation in joint projects involving foreign partners.

Therefore, the threat of curtailment of the Ukraine-Russia military-technical cooperation in case of Ukraine's accession to NATO is speculative and can be removed. The negative consequences for Ukraine are associated not with the political course, but with the unreadiness of the state machinery to pragmatically solve the systemic problems of the national defence industry development. Ukraine-Russia military-technical cooperation can have a bright future that may be best achieved in conditions of a coordinated European integration policy of Ukraine and Russia. ■

¹¹² Interview of the Vice Premier of the Russian Federation in charge of industrial policy B. Alyoshin: "Transfer to the NATO Standards will Offer Greater Prospects to Our Industry and open new markets for us". – PRIME-TASS Agency, May 5, 2006.

¹¹³ Ukraine-Russian Military-Technical Cooperation Requires a Pragmatic Approach – *Defence Express*, 24 June 2005, <http://www.defenceua.com>.

5. CONCLUSIONS AND PROPOSALS

Specifics of the current stage of bilateral partnership include the growth in conflicts and deterioration of the atmosphere of dialogue. For a number of reasons, the elites of the two countries appeared unready for fundamental reformation of the relations. The talks are complicated, on the one hand, by confrontation in a number of key foreign political issues and overall divergence of the geopolitical positions of Ukraine and the Russian Federation; on the other hand – by the blockade of full-fledged employment of interstate mechanisms. Tension in the political, economic, humanitarian and other domains of the relations increased. Ukraine's contacts with the Russian Federation have entered a "problem phase". Such a situation does not meet the interests of the two countries.

The analysis of the state of Ukrainian-Russian relations leads to the following conclusions.

1. Cooperation in the political sphere is undergoing a period of crisis.

First. In the previous years, some disputed issues were set apart. The bilateral dialogue is "overburdened" with a number of long-standing unsettled problems, whose solution now requires much greater political and diplomatic efforts.

Second. The relations of Ukraine and the Russian Federation are overshadowed by old stereotypes. The Russian state and political elite largely has a negative and critical view of the new Ukrainian authorities, telling on bilateral contacts on different levels. The state, public and political elites of the two countries are moving apart.

Third. There is no strategy of cooperation both in the Russian Federation towards Ukraine and in Ukraine towards the Russian Federation. Russia makes emphasis on forcible methods, not fully taking into account the realities of Ukrainian home policy. Ukraine's policy with respect to the Russian Federation is pursued "manually" and greatly depends on the home political situation.

Fourth. Russia negatively views Ukraine's course of joining NATO. Intensification of Ukraine's Euro-Atlantic integration is viewed on all levels of political leadership and by the expert community of the Russian Federation as a threat to its national interests, which produces a negative effect across the entire range of bilateral contacts.

Fifth. The lack of institutional support for bilateral contacts hampers the development of cooperation. For more than a year, the work of the Ukraine-Russia Interstate Commission has been frozen, the time for the Commission meeting in the full format, involving the presidents, is not set. This hinders negotiations on the key problems.

The treaty and legal base is largely obsolete and requires qualitative renovation with account of the present state of the relations and the prospects of partnership. The process of legal settlement of the disputed issues (formalization

of the borders, stationing of the Russian Black Sea Fleet in the Crimea and so on) is delayed. The gap between the principles and goals declared in bilateral international legal documents and the actual state of partnership widens.

Sixth. The differences in the positions of Ukraine and the Russian Federation regarding the lines of integration in the post-Soviet space increased.

The growing conflict of interests complicates coordination of activities on the regional level: (a) the differences in the assessment of the CIS prospects grow larger; (b) Russia is upset with Ukraine limiting the level of its cooperation with SES to a free trade zone; (c) in the Russian political community, the negative attitude to the organisation of the Community of Democratic Choice dominates. It is viewed as an attempt of setting up an unfriendly "Baltic – Black Sea Arch"; (d) Ukraine's efforts of transforming GUAM into a full-fledged international organisation add tension to bilateral relations.

The confrontation between Ukraine and the Russian Federation only aggravates the geopolitical split in the CIS.

2. Politicisation of economic cooperation affects trade and economic contacts. Some actions in the economic sector were politically motivated and present a form of pressure. As a result, in 2005, compared to 2004, the growth of mutual trade slowed down more than two-fold. Economic cooperation is undermined by the following factors.

First. The development of economic relations is hindered by a system of exceptions from free trade, mutual non-tariff regulation measures, and unilateral sanctions. The years of 2005-2006 saw a series of acute trade conflicts. In some sectors (metallurgy, agriculture, defence industry), competition is growing, prompting the imposition of various protective measures.

The Russian Federation is trying to limit the presence of Ukrainian goods on the Russian market, using compensatory and antidumping customs duties. The specifics of such actions is their focus on the most sensitive sectors of the Ukrainian economy.

Second. Contacts between national manufacturers in Ukraine and Russia are complicated. The breach of cooperative ties deepened, resulting in the reduction of mutual deliveries of producer goods. The conditions required for the implementation of joint projects in third countries have not been created. The development of complete production cycles continues, thus blocking cooperative contacts. Competition on the markets of third countries is becoming tougher.

Third. Large-scale joint projects are not implemented. Despite a number of signed intergovernmental agreements, the Russian Federation for political reasons *de facto* withdrew from the joint project of the An-70 military transport aircraft.

The parties failed to come to an agreement on the forms of possible cooperation in the An-140 and An-148 aircraft projects. The Russian Federation toughens the access of Ukrainian enterprises to participation in national hi-tech projects (space research) and limits the entry of Ukrainian designs on the Russian market (NPP control systems, the mentioned projects in aircraft building and so on).

Fourth. The relations in the energy sector sharply deteriorated. At the junction of 2005-2006, the gas conflict took on the signs of a political-economic crisis in bilateral relations. Subsequent agreements were non-transparent, unprofitable for Ukraine and led to an internal political conflict. Those agreements were not confirmed on the intergovernmental level and did not solve the problem in the mid run. Now, the issue of signing an Intergovernmental protocol and additional arrangements to diminish the negative effects of the mentioned agreement is on the agenda.

Russia acts from the position of an “energy superpower”, using critical dependence of Ukraine on the deliveries of Russian gas, and will evidently step up pressure for the attainment of its political and economic goals. At that, the Russian Federation does not give up attempts of gaining control of the Ukrainian gas transportation system, using various political and economic measures.

3. The humanitarian sphere of relations is highly politicised and presents a source of conflicts. In recent years, confrontation in that domain has increased.

First. The language problem is aggravating. The Russian Federation purposefully exerts pressure on Ukraine to attain the spread of the use of the Russian language and its official status. Those efforts are supported by some political forces in Ukraine, destabilising the home policy situation in the country.

Second. The acuteness of the problem of satisfaction of the national cultural needs of Ukrainians in Russia and Russians in Ukraine is not waning, thus creating a negative background for bilateral relations. The Russian Federation claims suppression of the rights of the Russian-speaking population in Ukraine and forcible “Ukrainisation”. The Ukrainian side notes a critical situation with the satisfaction of information needs of Ukrainians in Russia, while the Russian-speaking population of Ukraine has wider opportunities for the satisfaction of its cultural and information needs.

Third. The information influence of the Russian Federation on Ukraine is quite controversial and provokes conflicts in bilateral dialogue. The Russian media produce mainly critical assessments of the activity of the current Ukrainian authorities. An unfavourable information environment is formed, which exerts a negative effect of the attitude of Russians to Ukrainian realities and, respectively, to the neighbouring country.

Fourth. Deterioration of the situation in the humanitarian sector complicates contacts between political, scientific, artistic elites, and expert communities. The potential of cultural exchanges is used ineffectively, contacts in education are limited, and implementation of joint cultural projects is hampered.

Fifth. The church and religious affairs are used by the Russian Federation to influence the situation in Ukraine. The activity of orthodox non-government organisations

close to the UOC and the Moscow patriarchate involves home political processes. Those structures unleashed a propaganda campaign opposing the current authorities. The church and religious factor is actively used by the pro-Russian forces in Ukraine and some circles in Russia to keep Ukraine within the Russian sphere of influence.

4. There are trends towards the curtailment of cooperation in the military sphere.

First. Curtailment of military-political cooperation between Ukraine and the Russian Federation is caused by a number of factors of an artificial nature that are not critical: (a) Ukraine’s membership in NATO poses no military threat to the Russian Federation, and does not lead to its isolation or appearance of new dividing lines. Moreover, in cooperation with NATO, Russia in many aspects is ahead of Ukraine; (b) problems with the Russian Black Sea Fleet are conditioned by the breach of legal norms of stationing on Ukraine’s territory by the Russian side; (c) the conflict dealing with the Ukrainian missile attack warning stations is artificial. The problem is being resolved in the context of economic agreements to the benefit of the parties.

Second. The relations in the sphere of military operations are not confrontational. The differences in the foreign political courses of the two countries are not an obstacle for current interaction between the defence ministries. That line of cooperation is the least problematic, enabling practical implementation of a number of joint projects and creation of effective channels for the exchange of experience between the defence ministries. Interaction within the framework of multilateral projects of opposing new threats is of mutual interest.

Third. The military-technical cooperation between Ukraine and Russia is seeing a downward trend. The Russian Federation, cautious of Ukraine’s possible accession to NATO, steps up the policy of adoption of closed domestic production cycles and curtailment of cooperation with Ukrainian enterprises. The countries compete on foreign markets of some weapons systems. However, the threat of reduction (disruption) of military-technical cooperation in case of Ukraine joining NATO is largely speculative. Ukrainian-Russian military-technical cooperation has a strong potential that can be employed on the condition of an agreed Euro-oriented policy of Ukraine and Russia.

Probably for some time, bilateral relations will remain unstable and from time to time aggravate in separate domains. It is evident however that there is no alternative to the establishment of transparent, mutually advantageous and good-neighbourly cooperation between Ukraine and Russia.

The main task is to find the ways and mechanisms of settlement of disputes, work out an effective cooperation model providing for steady development of civilised, pragmatic partnership with the Russian Federation on the basis of parity co-ordination of the national interests of the parties, and refusal from forcible pressure. The relations of the two countries should be based on European norms and rules, with mutual respect for each other’s interests.

To enhance the effectiveness of partnership with the Russian Federation, the following steps should be made:



1. TO ENSURE EFFECTIVE OPERATION OF BILATERAL COOPERATION MECHANISMS

1.1. To come to an agreement on the terms of full-scale operation of the Ukraine-Russia Interstate Commission (Yushchenko-Putin). To hold in Kyiv in the second half of 2006, after the formation of the new Ukrainian Government, a meeting of the Committee for Economic Cooperation of the Ukraine-Russia Interstate Commission chaired by the Prime Ministers of Ukraine and Russia. To arrange for a subsequent meeting of the Commission in the full format, involving the presidents of the two countries. To speed up within the Commission the implementation of the Ukraine-Russia Action Plan for 2005-2006.

1.2. To intensify the activity of the mechanisms of inter-parliamentary cooperation:

(a) to hold a meeting of the newly formed Inter-Parliamentary Cooperation Commission of the Verkhovna Rada of Ukraine and the Federal Assembly of the Russian Federation to identify a set of measures for the enhancement of the effectiveness of inter-parliamentary contacts, coordination of activities in the field of legislative support for the development of the Ukraine-Russia relations. To work out a plan of the Commission activity for 2007;

(b) to organize in Kyiv in the second half of 2006 joint parliamentary hearings on the issues of Ukraine-Russian cooperation. To review at the hearings the problems of the current state of bilateral relations, the prospects of partnership between Ukraine and the Russian Federation;

(c) to provide steady channels for exchange of information about the law-making activity of the two countries' parliaments;

(d) to introduce the practice of mutual consultations before the parliamentary discussion of issues dealing with bilateral cooperation.

1.3. To resume cooperation in the format of the Strategic Group for Ukrainian-Russian relations under the presidents of the two countries. The group used to present an effective tool of bilateral co-operation in the previous years.

1.4. To intensify the activity of the Investment Council set up by the unions of industrialists and entrepreneurs of Ukraine and Russia, to implement joint projects and improve the national investment legislation.

1.5. To promote the implementation of the bilateral project of the Council of Regions to enhance transborder cooperation between Ukrainian and Russian regions.

1.6. To initiate regular meetings of the Ukrainian-Russian debating club in the format of a teleconference bridge involving representatives of the executive and legislative branches, experts from the two countries, to discuss topical problems of Ukrainian-Russian relations.

1.7. To set up a permanent Ukraine-Russia Consultative Council, in order to provide steady channels for cooperation between the state and political elites, expert communities, of Ukraine and Russia, preparation of joint proposals for the two countries' leadership for the solution of the problems of bilateral relations, giving concrete substance to the Ukraine-Russian cooperation.

2. TO IMPROVE THE REGULATORY-LEGAL BASE FOR THE RELATIONS

2.1. To provide for the completion of all-round inventory of the treaty and legal basis, monitoring of obsolete, ineffective agreements within the framework of the Ukraine-Russia Interstate Commission. To denounce such documents on a bilateral basis.

2.2. To work out a set of bilateral agreements for the attainment of the tasks set in the Ukraine-Russia Action Plan for 2005-2006. To coordinate the mechanisms and algorithm of their attainment.

2.3. To sign the updated wording of the Programme of Economic Cooperation between Ukraine and the Russian Federation for 1998-2010 and the Programme of Inter-regional and Transborder Cooperation for 2001-2010.

2.4. To arrange for joint drafting of documents for further development of cooperation in the trade-economic, aerospace, energy, scientific-technological, humanitarian and other sectors.

2.5. To complete negotiations on a number of important bilateral agreements:

(a) to approve the list of documents valid for border crossing within the framework of the intergovernmental Agreement of visa-free travel of citizens of Ukraine and the Russian Federation (1997);

(b) to speed up finalisation of the agreement of the simplified procedure of naturalisation and denaturalisation;

(c) to complete negotiations and sign with the Russian Federation an intergovernmental Agreement of Readmission, in parallel with the formation of the common European readmission space.

3. TO INTENSIFY SOLUTION OF DISPUTED ISSUES IN BILATERAL RELATIONS

3.1. To provide for mutually beneficial transparent solution of unsettled problems dealing with temporary stationing of the Russian Black Sea Fleet on the territory of Ukraine, on the basis of norms of the international law, the Ukrainian legislation and commitments of the parties:

(a) to make full inventory of land plots, facilities and property used by the Russian Black Sea Fleet, make necessary calculations of rental payments in line with present-day standards;

(b) within the framework of the Subcommission for the issues of operation of the Russian Black Sea Fleet and its stationing on the territory of Ukraine, to work out agreements on the jurisdiction and legal norms of operation of military formations and law-enforcement bodies of the Russian Black Sea Fleet on the territory of Ukraine, environmental aspects of the Russian military contingent stationing in the Crimea;

(c) to sign an agreement on the procedure of use of navigation and hydrographic facilities in the Black Sea and the Sea of Azov (after the documentation of Ukraine's ownership of those facilities).

3.2. To resume negotiations for the settlement of the Transnistrian conflict in the extended format (5+2). To propose holding of an international conference on the Transnistrian problems under the OSCE auspices. To reach mutual understanding with the Russian Federation on the introduction of the new procedure of customs clearance

of goods on the Transnistrian segment of the Ukraine-Moldova border.

3.3. To step up settlement of the Ukraine-Russia state border:

(a) to intensify negotiations for delimitation of the Sea of Azov and the Kerch Strait, to prepare the Treaty of Ukraine-Russia state border in the Sea of Azov and the Black Sea for signing;

(b) to start operation of a joint commission for demarcation of the land segment of the Ukraine-Russia state border;

(c) to provide for the implementation of the intergovernmental Agreement on the procedure of crossing the Ukraine-Russia state border by residents of the border regions of Ukraine and the Russian Federation. To agree on the removal of restrictions on individuals carrying goods from Ukraine to the Russian Federation.

3.4. To unfreeze negotiations for the settlement of issues dealing with foreign property of the former USSR.

4. TO PROMOTE CONTACTS WITHIN THE FRAMEWORK OF REGIONAL COOPERATION

4.1. To provide for sooner formation of a free trade area within the SES. To encourage soonest signing of a set of the relevant agreements and their subsequent implementation for the attainment of concrete socio-economic results within the framework of the "four".

4.2. To prepare for the implementation of a package of branch and infrastructure projects with possible involvement of GUAM and EurAsEC members, aimed at the creation of common markets of goods and services. To use the experience of the European national and interstate corporations, business associations.

4.3. To put forward the initiative of development of transregional sectoral SES-EU projects, e.g., within the framework of the energy dialogue, actively promoted in the Ukraine-EU and Russia-EU format.

4.4. To invite EU representatives to take part in the activity of the SES High Level Group as observers.

4.5. To develop bilateral cooperation within the CIS in the domains of mutual interest. To push the Ukrainian proposals of enhancing cooperation in the energy sector, perfection of the mechanism of functioning of a free trade area, legal treaty regulation of borders within the CIS.

4.6. To clear up at negotiations the parties' positions on the Community of Democratic Choice, to minimise the negative attitude of the Russian Federation to that structure.

5. TO RAISE THE LEVEL OF ECONOMIC COOPERATION

5.1. To encourage modernisation of the regulatory legal-base, compliance of the mechanisms regulating bilateral trade-economic relations (in the fields of pricing, customs, financial and tariff policy, etc.) with the European norms and standards. To take measures for streamlining the procedure of certification of goods and imposition of quotas on imports in mutual trade, harmonisation of customs and transport rates.

5.2. To direct energies to full-scale implementation of the bilateral Agreement of Free Trade between Ukraine and the Russian Federation. To identify the mechanisms of removal of technical barriers and restrictions, create regulatory and legal conditions for productive functioning of the free trade area.

5.3. To create conditions for the implementation of joint projects envisaged by the Programme of Economic Cooperation of Ukraine and the Russian Federation for 1998-2010. To that end:

(a) to envisage preferential taxation of enterprises engaged in joint products within the framework of the programme;

(b) to create special funds in order to accumulate monies of the population with extension of appropriate guarantees of their repayment on beneficial terms;

(c) to envisage preferences for foreign investors active in Ukraine and the Russian Federation, ready to reinvest the obtained profit in the implementation of the programme projects.

5.4. To promote restoration of mutually beneficial cooperative ties on market principles. To that end:

(a) to create effective mechanisms for the implementation of agreements of industrial cooperation and mutual deliveries;

(b) to promote the removal of trade barriers for the deliveries of produce within the framework of industrial cooperation;

(c) to create conditions for cooperation between Ukrainian and Russian enterprises, including for the implementation of joint projects in third countries;

(d) to simplify the procedure of establishment of joint ventures;

(e) to create an effective system for the encouragement of Ukraine-Russia ventures oriented to the manufacture of hi-tech produce replacing imports;

(f) to introduce a transparent procedure of prior coordination, in the interests of the parties, of economic and structural transformations involving creation of closed production cycles (and therefore, hindering cooperation);

(g) to provide for effective information of business entities about the opportunities of cooperation within the framework of intergovernmental protocol.

5.5. In course of negotiations, to speed up complete removal of the ban on imports of the Ukrainian dairy and meat products to the Russian Federation. To settle the issue of vodka deliveries to the Russian market.

5.6. To continue negotiations on energy issues. To initiate conclusion of an intergovernmental Agreement in the gas sector, to specify the provisions of the agreement between Gazprom PJSC, Haftohaz Ukrayiny NJSC and RosUkrEnergo of January 4, 2005.

5.7. To speed up consultative negotiations for identification of problem issues in the context of special protective, antidumping and countervailing investigations by the parties.

5.8. To concentrate in the Committee for Economic Cooperation on solution of the problem of further implementation of joint projects (in particular, to solve on

the basis of bilateral arrangements financial and property issues and the issues of intellectual property related with Russia's withdrawal from An-70 military transport project).

5.9. To concentrate efforts on the implementation of large-scale projects in the rocket and space industry ("Sea Launch", "Cyclone", "Clipper-Zenith"). To work out a bilateral long-term programme of space research.

5.10. To initiate a conference of the regions to discuss the problems of transborder and inter-regional economic cooperation, enhancement of the effectiveness of contacts between regional business elites of both countries.

6. TO DEVELOP COOPERATION IN THE HUMANITARIAN SECTOR

6.1. To join efforts for de-politicisation of the bilateral dialogue on humanitarian problems, diminish permanent conflicts in the relations in this domain. To identify productive, mutually acceptable approaches to the language problems, the church and confessional situation; to employ non-conflict, civilised methods of support for ethnic and confessional communities on the territory of both countries.

6.2. To take steps barring offensive, unfriendly statements against Ukraine and Russia by representatives of the state authorities. To promote a tolerant, friendly, constructive dialogue between the parties.

6.3. To encourage on a parity basis more effective satisfaction of the national cultural needs of Ukrainians in Russia and of Russians in Ukraine. To that end:

(a) to encourage joint media projects, cultural and educational programmes, issue in Ukraine and Russia of popular and scientific literature on the relevant problems;

(b) to solve, with account of the parties' interests, the problems of Russian schools in Ukraine and teaching in the Ukrainian language at schools in the Russian Federation, their staffing and provision with educational and didactic literature;

(c) to promote cooperation between higher educational establishments of Ukraine and Russia. To further the practice of contacts on the level of rectors, directors of scientific libraries. To expand student exchanges. To organise regular scientific-practical inter-university conferences and seminars. To improve the legal base for partnership between Ukrainian and Russian higher educational establishments.

6.4. To provide conditions for the implementation of comprehensive programmes of conservation of the cultural heritage (Kyivan Rus programme, Gogol programme, restoration of the theatre-museum of Anton Chekhov in Yalta and so on). To offer tax preferences in order to involve representatives of business circles of the two countries in such programmes. To more effectively use the potential of cultural exchanges, implement mutually beneficial projects in the cultural and scientific-technological domains. To promote cooperation within the framework of

joint projects in the field of nanotechnologies, informatics, materials science, humanities.

6.5. To intensify contacts between the political, academic, artistic elites, expert communities of the two countries on the problems of humanitarian cooperation.

7. TO OPTIMISE DEFENCE COOPERATION IN THE INTERESTS OF THE PARTIES

7.1. To promote minimisation of confrontation and formation of an equal, civilised format of relations in the security-related problem issues – intensification of Ukraine's course of accession to NATO, stationing of the Russian Black Sea Fleet on the territory of Ukraine. To part with counterproductive stereotypes of the "anti-Russian character" of Ukraine's course of accession to NATO in the bilateral dialogue.

7.2. To concentrate on the formation of the atmosphere of trust in the Ukraine-NATO-Russian Federation "triangle", consolidating positions in search of the answers to new challenges for the European and global security.

7.3. To intensify the involvement of Ukraine and Russia in multilateral projects in the defence sector (including BLACKSEAFOR, Black Sea Harmony operation) in order to create preconditions for shifting military-political contacts of Ukraine and Russia with NATO in some domains to the format of trilateral cooperation.

7.4. To develop operational military cooperation in the domains of mutual interest:

(a) implementation of joint projects of control of transfer of man-portable air defence systems, disposal of surplus ammunitions and rocket fuel;

(b) resumption of operation of test centres, mutual provision of training ranges for unit training (e.g., Nitka range in Ukraine);

(c) solution, with account of the parties' interests, of problem issues of further operation of the missile attack warning system radar stations (Mukachevo, Sevastopol);

(d) creation of effective channels for exchange of experience between the defence ministers of the two countries.

7.5. To provide conditions for productive interaction in the field of military-technical cooperation. The development of contacts in that domain would be promoted by:

(a) more effective employment of the potential for partnership in rocket and space projects;

(b) removal of the problems hindering the development of cooperative ties between Ukrainian and Russian aircraft building concerns;

(c) creation of conditions for the establishment (including with participation of third countries) of joint ventures for production of air defence systems, radar and missile systems, radio electronics, modernisation of arms. ■

CONSULTATIVE MEETING “UKRAINE-RUSSIA: THE WAY TO A NEW QUALITY OF PARTNERSHIP”

Being aware of the importance of promotion of the public, constructive and unbiased Ukraine-Russia dialogue, the Razumkov Centre and the Russian Public Policy Centre Foundation held in Kyiv on May 30, 2006 another joint event – Consultative meeting “Ukraine-Russia: the Way to a New Quality of Partnership”. The draft of the analytical report “Problems and Prospects of Ukraine-Russia Cooperation”¹ presented at the meeting, results of expert polls² held in Russia (by the Russian Public Policy Centre Foundation) and Ukraine (by Razumkov Centre), and data of sociological surveys³ were compiled and drafted by the Razumkov Centre. The information and analytical materials were vividly discussed in the course of the meeting.

The participants of that event – MPs, representatives of central and local executive bodies, business circles, heads of leading government and non-government think-tanks from both countries – analysed the problems of bilateral relations, concentrating on the search of a new model of partnership for the implementation of the policy of good-neighbourliness, and fruitful economic and political cooperation.

Some of the panellists noted the appearance of signs of a systemic crisis in Ukraine-Russia relations. The participants of the meeting mentioned Ukraine’s course of accession to NATO, conflicts in the energy sector, problems of the Russian Black Sea Fleet stationing in the Crimea, difference in approaches to the problem of the Transdnistrian settlement, tension in the humanitarian sector, etc. among the key factors affecting bilateral ties.

In the context of Ukraine’s Euro-Atlantic integration, the expert opinion on the “lack of regional security” felt by many representatives of the Ukrainian elite deserves attention. There were calls upon Russia to consider the extension of guarantees of Ukraine’s security.

It was stressed that both Ukraine and Russia lacked an integral strategic vision of the prospects of bilateral cooperation. According to some experts, there is no effective strategy of Ukraine-Russia cooperation at the state level.

The participants were concerned by the adverse media background for relations. It was noted that the Russian media mainly gave critical coverage of the situation in Ukraine, shaping a negative attitude of Russians to the present-day Ukrainian realities and the country in general. They emphasised the importance of terminating all demonstrations of enmity to the neighbouring country on the part of government officials.

It has been stressed that the movement towards a new quality of partnership is impossible without the removal of the old imposed stereotypes in bilateral relations.

At the same time, it should be admitted that experts did not confine themselves to stating the problems alone.

During the discussion, concrete proposals were made aimed at the promotion of predictable and mutually advantageous partnership.

In particular, the participants stressed the need for de-politicisation of economic contacts, prevention of dominance of an opportunistic approach in political relations, creation of equal conditions for effective partnership in the context of the current global economic processes.

They emphasised the need for “professionalism” in the bilateral partnership, better expert-analytical support for the Ukraine-Russia dialogue on different levels, and forecasting and effective containment of conflict situations. In this connection, the proposal of unification of the terminology used by the political elites and expert circles of the two countries deserves interest. Some Russian participants called upon Ukraine to understand the specificity of Russia’s foreign policy, adapt itself to the moods of its elite and the current agenda for more effective promotion of its interests in the neighbouring country.

The meeting was threaded by the idea of active employment of the “network” approach to the development of bilateral relations – establishment of horizontal ties among citizens, NGOs, local authorities, academic circles, etc.

Much attention was paid to the development of inter-parliamentary interaction, establishment of effective and steady contacts of cooperation between the Verkhovna Rada of Ukraine and the Federal Assembly of the Russian Federation.

The need to concentrate efforts on the promotion of large-scale partnership between the two countries was the leitmotif of the expert dialogue in order for our relations to not be reduced to the little comforting formula of “peaceful coexistence”, as they were termed during the discussion.

As demonstrated by the materials presented below, the discussion was effective, productive and highly professional⁴.

¹ The analytical report is presented on pp. 3-37 of the magazine.

² For more detail see pp. 62-71.

³ For more detail see pp. 72-84.

⁴ Presentations by the participants are published in the source language with some reductions not concerning the content of the presentation and the scope of issues covered by the panellist. The consultative meeting was held in two working languages – Ukrainian and Russian.



EVERY CITIZEN OF OUR COUNTRIES SHOULD HAVE A KEY TO THE IMPROVEMENT OF BILATERAL RELATIONS

Sergey TRUBE,

Director, Russian Public Policy Centre Foundation

It is a great pleasure to find myself again in Kyiv, among friends and associates. Over the year that past after our latest meeting in Moscow, quite a few questions arose in the bilateral relations that we should discuss and try to find the answers to. Our countries and people share a common past and a common global task: we have to pass a difficult and thorny path from socialism to a post-industrial society. We should build such a society much sooner than the prosperous Western democracies, trying not to repeat their mistakes and, as far as possible, avoid our own.

Probably the main difficulty is that both Ukraine and Russia have to establish an anti-Soviet system using Soviet personnel. Meanwhile, generations of managers and the population have lost the traditions of enterprise, initiative and self-reliance and are accustomed to following instructions from above, the lack of social dependence and practical absence of full-fledged institutions of civil society. After the break-up of the USSR, our two countries embarked on the road of bureaucratic reforms that led to the combination of outward forms of democracy with the practical dominance of bureaucracy in the state machinery. At least, in Russia, the number of elected executives is steadily in decline, while the number of appointed ones is on the rise.

It so happened that the people were barred from the privatisation of land and use of the land rent. Unfortunately, corruption and criminalisation of society have become a norm. Economic reforms did not create a competitive market, while political reforms failed to build a civil society independent from the state, which is the main pillar of democracy. Nevertheless, our societies are going further, either lagging behind or surpassing one another. It seems to me that due to the geographic and historic specificity of our countries, Ukraine may become a post-industrial society much sooner and easier than Russia. And it is quite clear that the closer our countries and peoples cooperate and help each other, the easier the way will be for each us. But the main thing is that we should look forward.

I believe that the vector of development of our countries will be ultimately determined by the generation that will bring up the generation born in this millennium, and our common task is to lay down the fundamentals and outline values and goals for those raising children in the future. I propose discussing the strategies that need to be implemented for that and the state and public institutions that can guarantee the implementation of those strategies.

Largely due to the greed and mistakes of the ruling elites, with absolute intellectual passivity, the relations of Russia and Ukraine are in rather a deep crisis. We either let mutual mistrust to take root, or find some non-trivial solutions that will enable working out a mutually acceptable and mutually beneficial model of cooperation, first and foremost economic. Today, I see here famous Ukrainian and Russian politicians, scholars, journalists, experts, members of two parliaments, businessmen and

lawyers. I believe that a free and informal exchange of opinions among intellectuals on the pressing issue of bilateral relations, domestic life and foreign policy of our countries will contribute to mutual understanding, the lack of which has been evident recently. Today, we might discuss several important problems shaping the relations between Russia and Ukraine.

First. All post-industrial reforms are based on building civil society as a primary institution with respect to the state, which represents the main counterbalance to bureaucracy dominating in a post-industrial society. The backbone of that society is made up of citizens economically independent from the state and, as a consequence, – independent public structures made up of such citizens. And I guess that today, it became clear as never before that one cannot do with official contacts of state and bureaucratic institutions alone. Russian-Ukrainian relations can hardly ever be confined only to interstate relations. In the first place, they are the relations between two communities and two peoples, so, the efforts of public institutions pursuing harmonisation of those relations should be multiplied ten-fold. This is not an exaggeration. Let us look at the prospects of civil society institutions in Russia and in Ukraine and what model of relations could be adopted to create infrastructure for the policy of good-neighbourliness and close economic and political cooperation.

Second. The relations of Russia and Ukraine with Europe and the Euro-Atlantic community are highly important. I believe that a purely pragmatic discussion of the subject would be helpful both for us and for our Ukrainian colleagues. What are the models of relations that the leaders of our countries are trying to implement? What models are being imposed on us from outside? Where can Russia and Ukraine cooperate, and where can they compete? What are the vectors of interests of the ruling elites and the population, who reaps and who counts losses, and why? The answers to those questions are extremely important.

Third. The long-lasting cooperation between the Russian Public Policy Centre Foundation and the Ukrainian Razumkov Centre for Economic and Political Studies offers a good example for other non-government organisations. As recognised expert communities I am convinced that we can and should sponsor effective structures and events that will make a practical contribution to contacts between specific individuals and legal entities, both in politics and the economy.

Our public institutions should not only give advice to the state but also generate ideas and opinions seen by the state as the position of civil society. We are making some practical steps in that direction together with the Razumkov Centre and I believe that we will soon present the first results. At the same time, we should explain to the broad public the actions of the state, the government and society, their motives, goals, harm and benefits to the people. We should make those explanations known to every citizen and voter so that they come to the polls with a clear idea for which person or political party entered on

the voting ballot they should give their vote. The results of our recent poll of the Russian elite prove that 63% of the polled is convinced of the need to enhance cooperation between Russia and Ukraine. 43% of the polled believes that the key to the improvement of bilateral relations is in

the hands of the leaders of the two states. I still propose to think what each of us and we all together can do to give that key to every citizen of our countries. This is the main goal of today's meeting, as I see it, and this determines the measure of our responsibility. ■



TO DO AWAY WITH STEREOTYPES IN BILATERAL RELATIONS

Valeriy CHALY,

International Programmes Director, Razumkov Centre (Ukraine)

First of all, let me point out two symbolic things. *First*, today is the anniversary of signing the Big Russia-Ukraine Treaty. *Second*, in 1997, this building hosted the first consultative meeting organised by the founder of our Centre, Oleksandr Vasylyovych Razumkov, that saw a frank discussion of the problems of bilateral relations and laid down the agenda for years to come. I guess that today, we will continue that dialogue with similar sincerity, examine the current situation and try to find the ways and mechanisms of enhancing cooperation between our countries.

Today's meeting marks another step of the joint project of Razumkov Centre and the Russian Public Policy Centre Foundation. We tried to thoroughly examine the problems of bilateral partnership: identify the interests of the political elite and the current authorities, find out the opinion of the population and the expert circles, analyse the state of relations in the political, economic, humanitarian, military sectors.

That work resulted in the materials presented at today's meeting with the analysis of the situation in the mentioned sectors and the proposals of the Ukrainian side aimed at deeper interaction. The results of the expert poll simultaneously conducted by our two centres in Ukraine and in Russia on April 26 – May 17, 2006, are of particular interests. The poll shows the positions not only of the metropolitan elites but also of representatives of the two countries' regions.

Additionally, in May 2006, we conducted another survey of the opinions and assessments of Ukrainian citizens regarding bilateral cooperation. The Razumkov Centre has been conducting such monitoring for years and the presented materials show the dynamic starting from 2001, illustrating the trends in the spirits of Ukrainians over the past years. Presenting our surveys, I would like to dwell upon the following.

First. Today, Ukrainian-Russian relations are entering a new phase. We transitioned to an uneasy stage having given up the politico-economic barter practiced previously, that is, the exchange of political loyalty for economic preferences. Today, the search of a new algorithm of relations and a new quality of partnership is underway. The main thing is that our relations are becoming more transparent and honest. The former Byzantine policy, whereby in Moscow the Ukrainian leadership presented one position, in Washington – another, in Brussels – yet another, is a thing of the past. Nevertheless, I have to state that so far the new approaches have failed to produce the required result. The fact that the uneasy political relations have an impact on economic cooperation cannot but arouse concern. The rate of growth of our economic cooperation is slowing down and the first months of this year show that

the trend continues. We should reverse this negative trend through joint efforts.

Second. We have entered a new difficult stage in bilateral relations, witnessing the growth of conflicts in the key sectors of cooperation. If we view this period in the context of the history of bilateral relations, it should be noted that we saw even harder times. So I do not want to be overly pessimistic. The Ukrainian and Russian political elite and the countries' leaders have always found mechanisms and ways to solve the problems and strengthen mutual relations.

Third. Today, a number of problems that existed for years appeared frozen and the present level of the political interaction leaves little hope for their quick solution. One may agree with Russian President V. Putin that 2005 was a year of missed opportunities in Ukrainian-Russian relations. Indeed, over that year we unfortunately failed to set up effective mechanisms of interaction. Only separate committees were active in the Yushchenko-Putin Commission. We have a huge backlog of events of the plan for 2005-2006 signed by the presidents. There are a number of problems dealing with the strategy of development of our relations, integration projects, concrete mechanisms of interaction, and the practical side of cooperation.

Fourth. Both the Russian and Ukrainian political elite assess the present state of bilateral relations as unstable. Signs of stagnation are evident, so at the moment it is difficult to speak about a serious breakthrough or the progress of interaction in the near future. What is important, however, is that the experts of the two countries and Ukrainian citizens are rather optimistic when assessing the prospects of Ukrainian-Russian relations.

The latest public opinion poll shows that for the first time in years, we are observing a significant growth of the public support for the priority of the Russian trend in Ukraine's foreign policy. This shows not only the people's sympathies but also the fact that they are aware of problems in bilateral relations and realise the need for their solution. Experts are focusing on the ways and methods of improving cooperation between our countries.

Fifth. One should mention the need for parting with the stereotypes overshadowing our relations. Part of the Russian political elite tends to think that sooner or later, Ukraine may be somehow be reintegrated in a new common state. Indeed, emotionally it is difficult to reconcile with the break-up of the Soviet Union and the nostalgia for the great state is deeply felt in society. In Ukraine, another stereotype is spread, that may be formulated as follows: any intensification of relations with the Russian Federation, deepening of cooperation will inevitably lead to the absorption of Ukraine. Evidently,



without the removal of those stereotypes, the movement to a new quality of partnership will be impossible.

Sixth. Experts of the two countries are united in the assessment of the factors affecting bilateral cooperation. This is the problem of Ukraine's accession to NATO, issues of the Black Sea Fleet stationing on the territory of Ukraine. But the main one (noted by both parties) is the escape of Ukraine out from under Russian influence. It deals with the divergence of foreign policy lines, not duly offset by Ukraine in relations with Russia and by Russia – in relations with Ukraine. According to most experts, one of the reasons for that lies in the absence of a strategy of relations with the Russian Federation in Ukraine and with Ukraine – in Russia. Among other problem factors, the existing regulatory-legal base for bilateral relations does not entirely coincide with the present-day realities. Today, many agreements are ineffective and require elaboration. Without a fundamental overhaul of a number of long-term bilateral programmes, we will hardly improve cooperation between our countries in principle.

Seventh. One of the key tasks of the present stage of cooperation lies in the elaboration of a common position and approaches in the sectors where we either do not compete or can make a compromise in the interests of Ukraine and Russia. I will remind you that there is a separate article of strategic partnership between the two countries in the Big Treaty. There are a number of mechanisms providing for the implementation of strategic partnership, defining how we can co-operate on the markets of third countries, establish joint structures and so on. But unfortunately, one has to note the absence of strong joint ventures competing

on European markets, and this is another serious subject for today's discussion.

Summing up, I would like to stress once again that today's meeting marks another stage of a long-term joint project aiming at the common solution of problems in bilateral relations, intensification of political dialogue, and strengthening of Ukraine-Russia cooperation.

Of course, such activities should be systemic and continuous, as demonstrated by the many years of cooperation between the Razumkov Centre and the Russian Public Policy Centre Foundation. Despite any political obstacles, we will continue such contacts, realising the value and importance of good-neighbourly Ukrainian-Russian relations for the peoples of our countries, the development of an entire Europe, and the establishment of an effective security system on the continent.

In due time, the founders of our institutions clearly identified the priorities of Ukrainian-Russian relations, being aware of the importance of direct and open dialogue. To be sure, personal contacts are critical not only to improve the atmosphere of relations, but also to find practical ways of deepening our cooperation.

The organisers of today's meeting proposed to institutionalise such activities – set up the Ukraine-Russia Consultative Council, thus making our work continuous, uniting the efforts of experts, enabling all-around analysis of the current situation and drawing up preventive measures against possible crisis situations. I am sure that today's meeting will seriously contribute to this project. ■



TO STRENGTHEN THE SPIRIT OF EQUALITY, RESPECT AND OPENNESS

Aleksey MAKHLAI,

First Deputy Director, Russian Public Policy Centre Foundation

Indeed, the questions we are discussing today are extremely important, as they deal not only with the destiny of our countries and peoples but also with the fate of Europe. So, it is important that today, we carry on a constructive, substantive and amicable dialogue to find a solution to the current situation in Russian-Ukrainian relations. We should also determine the algorithm of the relevant activities. Evidently, we will not sum up the results of our consultative meeting today, as we will have to think over what has been said in course of the discussion, the assessments and proposals of the participants in order to set clear goals and tasks, and identify the set of the key problems whose solution requires joint efforts.

Today, we already mentioned the lack of strategic approaches in bilateral relations. I would like to note a few things in this respect. **First.** I believe that refusal from the steady psychological complex of Russian superiority should be a prerequisite and the main condition for the formulation of a new Russian strategy in its relations with Ukraine. If we in Russia do not part with that complex, it will be extremely difficult for us to carry on a dialogue with Ukraine. **Second.** In my opinion, the task of the Russian side is to formulate and propose to Ukraine a new political and cultural agenda of bilateral talks. Doing so, we should proceed not from an expert opinion about the level of democracy – where it is stronger, in Russia or in

Ukraine, but from large-scale informational and cultural interaction.

I think that the issue of domestic expert and intellectual support for the Russian strategy with respect to Ukraine is pressing. Speaking frankly, the current situation is rather poor. Today, Russia has fewer experts on Ukraine than Western countries. At that, people pretend to be experts in Ukrainian affairs not speaking Ukrainian, not understanding Ukrainian and unaware of Ukrainian history and culture. This makes one wonder about some media publications and statements by certain domestic political experts on Ukrainian problems.

I do not think that I will betray a secret by saying that the Russian elite and entire society continue to cultivate a steady perception of Ukrainians as provincials. The situation must be reversed. The position of the people should be shaped not by the inertia of gloomy imperial domination but by the spirit of equality, respect and openness. Equality and openness should run through Russian-Ukrainian relations, including respect for the political choice of Ukraine. We may like it or not but such is the people's choice, the country's choice, which however does not deprive Russia of the right and opportunity to influence that choice. However, such influence should be exerted not through economic blackmail and political manipulation but through the proposal of a new global initiative, active involvement in the formation of Ukraine's socio-cultural landscape, and creation of common fields of communication.

Nowadays, Ukraine (and, to a smaller extent, the Russian Federation) witness socialisation of a new generation of Ukrainians that will make up the future elite of the country. We know that Western universities opened their doors for them, while Russian ones did not. Where is the system of quotas and grants for Ukrainian citizens? On the other hand, we often hear from our Ukrainian colleagues that NATO means jobs, free exchange of people and so on. But let us ask ourselves: what kind of jobs are they and in what conditions does Ukrainian youth work in the West?

The proposed Russian humanitarian policy should be designed for decades, not years. It requires continuous close attention, not campaigning observed today in our country. To be sure, such a policy is costly, but it is far cheaper than, say, fit-out of our borders.

I would like to draw your attention to one specific aspect of bilateral relations. I guess we can agree that the correlation among economic factors, public spirits and policy is not linear. It is not certain (and we see that from our relations) that the expansion of Russian private capital

to Ukraine brings some political loyalty in bilateral cooperation. Maybe it's like that elsewhere but not between our countries.

The current Ukrainian situation shows a reverse correlation: economic assets of Russian owners in the country more depend on the good will of the country's leadership. Their owners often prove to be not lobbyists of Ukraine but vice versa. What meets the interests of our state does not necessarily meet the interests of our businessmen.

Summing up, I would like to stress the following. No matter how difficult the implementation of the decisions proposed in the course of our discussion may seem, they certainly deserve attention, for today the backlog of “revolutionary” ideas and innovative solutions in bilateral relations are largely exhausted. More than that, many actions and decisions, despite their seeming realism, proved ineffective. Others did harm to the interests of Ukraine. I hope that our meeting will help somehow make up for the pool of new ideas driving bilateral relations. ■



TO WORK OUT COMMON STRATEGIC APPROACHES

Vyacheslav IGRUNOV,

Director, International Institute for Humanitarian and Political Studies (Russia)

There was a call upon the participants of today's meeting to be frank and sincere, so let me omit compliments to our partners and the positive developments. I will start

with the problems really existing in Ukraine and in Russia. I have to admit that not only the bilateral relations between our countries but also the elaboration of the policy lines, both in Ukraine and in Russia, make me despondent. **It looks as if each of our countries is busy with solving some internal, tactical tasks, disregarding the strategic lines of its development.**

If we look at the global trends in terms of progress, we will see that, so to speak, cultural, economic continents are starting to move. Today, the configuration of the global economic and political development is changing and the centres of influence are shifted. In such a situation, Ukraine and Russia in a way appear on the outskirts of global development. If one looks at our fight for or against Ukraine's integration in the European Union and NATO, – it seems that Ukraine has only borders on the wild steppe in the East and sees only one beacon – Europe.

If there is no alternative, everything is over for Ukraine. Such a strategy looks defective given that today, the global economic and political influence is gradually drifting from the USA to the Asian continent. Many tend to underestimate the impetuous growth of Asian countries. Today, China ranks fourth in the world, according to the official statistics, but if its product is recalculated by the purchasing power parity, it appears that it far surpasses all other countries of the world except for the United States. The pace of development demonstrated by China shows that in the forthcoming decades that country will be on level with the USA in terms of its economic potential. And if we add to China, India, Korea, Taiwan (so far, an independent state) and still influential Japan, it becomes clear that Asia is becoming the main economic centre of the world, as it used to be for millenniums.

Furthermore, today China's main economic partner is Europe, being the biggest importer of Chinese goods. And their economic cooperation seems not to concern our countries. Trade routes skirt the Asian continent. But using the exiting routes, those goods could come to Europe across Russia and Ukraine four times sooner. The substantial economy of time and resources shows that that line of cooperation should not be neglected.

More than that, China plans to build routes across its territory to Kazakhstan and further towards Europe. Today, neither Ukraine nor Russia considers that line of development seriously. **However, just such a combination of the Far Eastern and European economies is becoming the main trend in the development of the global economy.**

Meanwhile, we are solving particular problems and do not care to think how Russia and Ukraine can influence the emergence of that new economic and political reality. If we waste time, quite soon, our countries will be nothing but territory used for such cooperation, so to speak, a field for a new “silk route”.

I believe that we should work out a common strategy in the context of the emerging new economic and global reality. Russia and Ukraine could jointly influence the configuration of that reality. But today, we are as if timidly watching that process.

I would like also to dwell upon more specific problems. Yesterday, I listened to A. Kinakh and was astonished how much time he spent blaming Russia for its improper role in the energy crisis in Ukraine and the deterioration of the economic development of the country. However, he did not give an answer when asked who could better cooperate with Ukraine, and who might offer better terms. Such dialogue is futureless for Ukraine. It is clear that the rise in prices of energy resources is a global trend, and the prices will grow not only in trade with Ukraine but also inside Russia itself.



Such developments are inevitable, and Ukraine faces a challenge of using the short time it has for the modernisation of its economy, instead of rearguard fighting for cheap energy resources. But Ukraine does not do that. It seems that it passively watches the imminent economic crisis. It holds no talks regarding a relevant interstate agreement or

investments. Ukraine is searching for investments where it can't find them, and refuses to create conditions for investment where they may come from.

It seems to me that we are wasting time and losing a chance for our people to become equal partners for developing economies in the world. ■



ECONOMISATION OF BILATERAL COOPERATION

Oleksiy PLOTNYKOV,
People's Deputy of Ukraine

The development of political relations between our two states in 2005-2006 (i.e. after the known forces came to power in Ukraine) may better be described in the terms of the Cold War. One may argue whether all attributes of the Cold War are present or only some of them, but in principle, the situation is really critical, not normal.

Most likely the political relations have never been as bad they are today since the break-up of the Soviet Union. What is going on in the economy in the result of the political relations may rather be viewed as a clinical pathology. These are not normal economic relations between neighbouring countries.

Unfortunately, the forces that came to power in 2005-2006 proclaimed the idea of soonest European integration, which is inherently a good idea.

There is a more important aspect here – namely, the maniacal method through which this goal is being achieved. The position of the European Union as to when Ukraine may join the EU, if ever, and the possible forms and methods of cooperation with Ukraine are quite clear. However, the national foreign policy presents Ukraine as an aggressive petitioner almost pressing on the European Union – take us now, and if we can't join the European Union, we want to somehow join NATO or join any body.

Simultaneously, everything is being done to break the relations with the Russian Federation, first of all, in the economic and political sectors. This is motivated by the alleged repudiation of the Soviet heritage, showing the West and trans-Atlantic structures that Ukraine aims for European cooperation, as opposed to ties with the former Soviet republics.

In the end, we appeared in a situation where the prospects of membership in the European Union are more than illusive, while the entire set of economic problems, starting with the prices of energy resources and ending with the SES prospects, actually appeared deadlocked. I stand for the normalisation of political and economic relations with the Russian Federation. **Cooperation between our states must be put on an economic track.** For instance, there are groups of Ukrainian and Russian goods that will never cross the customs border of the European Union, although these are very high-quality products that are in high demand in our countries and in other CIS countries.

There are many other reasons for the need to economise our relations and achieve normal, mutually beneficial relations between the two states. To be sure, economic stabilisation is impossible without political stabilisation. But, in principle, **economic expediency and mutually economic benefits of cooperation should prevail over all political whims, misconceptions and ambitions.** ■



FOR THE MORE EFFECTIVE EMPLOYMENT OF THE CHANNELS OF INTER-PARLIAMENTARY COOPERATION

Mikhail BUGERA,
Member of the State Duma the Russian Federation, Deputy Head of the “United Russia” faction

First of all, I would like to thank for the presentation of the information-analytical materials that deserve serious examination. They, as I see them, not only present the position of the Ukrainian side but mark a serious attempt of a two-sided approach to the analysis of the realities that arise in our bilateral relations.

I would like to place emphasis on the development of the internal parliamentary situation and on the relations between the parliaments of our countries. Of course, MPs have a closer connection with voters than representatives of the other branches, which means they have a greater tendency to demonstrate the stereotypes mentioned today. The members of the State Duma have a stereotype of some Russian patronage with respect to Ukraine. We self-critically admit that.

On the other hand, the information-analytical materials show that Ukrainian society also has a stereotype that any

strengthening of cooperation with Russia automatically entails a stronger Russian embrace of Ukraine. After all, any enhancement of cooperation of one country with another in a way leads to the enhancement of a mutual embrace.

But in my opinion, in this case Ukraine demonstrates extreme sensitivity related with the unfinished process of national consolidation and strengthening of internal unity. It has already been said that in the past year or two, bilateral relations between our countries over the past 15 years have probably been the worst. Evidently, the reason is that the recent elections in Ukraine, especially presidential (and parliamentary, too) revealed the insufficient degree of state and national consolidation in Ukraine. **In such a situation, the existence of an external factor that may be referred to for criticism always enhances internal consolidation. It seems to me that this is one of the reasons for the “cooling” of our relations.**

I would like to refer to the role of our Parliaments. A few years ago, the State Duma, sometimes relying on not quite trustworthy materials, very sharply responded to the events and processes in Ukraine. The relevant statements were made, resolutions and addresses passed and so on. This was especially manifest in the Duma of the second convocation, in the second half of the 1990s, and to a lesser extent – at the beginning of this century.

On the other hand, the Verkhovna Rada also very sharply reacts to what is going on in Russia, sometimes relying on untested sources and materials. I guess that we both should not stir up emotions in parliaments that are not conducive to calming our bilateral relations. In every problem situation, we should employ the mechanism of our inter-parliamentary contacts. Unfortunately, I do not recall a single case that we contact Ukrainian MPs before

putting an issue dealing with Ukraine on the agenda of the State Duma session. But we in the Duma have a group in charge of contacts with the Verkhovna Rada, and the Verkhovna Rada also has a similar group. There is a commission of inter-parliamentary cooperation.

I do not recall a single case of discussion of issues relating to Ukraine, where the coordinator of our group for ties with Ukraine took the floor in the State Duma and proposed to discuss it with our Ukrainian colleagues.

I consider it very important to actively employ channels of inter-parliamentary cooperation in the preparation of any decisions dealing with our relations or the home policy situation in our Parliaments and for the concerned parliamentary groups to influence the situation. ■



TO OVERCOME MUTUAL MISUNDERSTANDING

Mykhaylo POZHYVANOV,
People's Deputy of Ukraine

I entirely agree with the opinion expressed here that recently, many different stereotypes have been revealed in our relations. This is true. It was said that the course of the European and Euro-Atlantic

integration chosen by Ukraine is seen as purely anti-Russian. On the other hand, we tend to believe that Russia is trying to re-establish its empire, unaware of the accomplished fact that Ukraine is a normal independent state. Still, I guess that today, the Russian political community has finally realised this. Recently, Russian and Ukrainian MPs have met in Alushta on the initiative of the Russian MP A. Lebedev. We discussed various problems in bilateral relations, including the problem of Crimea, and expressed different, and sometimes opposite opinions, which is quite normal.

In my opinion, in the past one and half to two years, we had no real strategy of Ukrainian-Russian relations on the state level. From time to time, some problems arose, and we hastened to extinguish them. At the same time, I cannot agree that making friends with Russia will automatically result in a reduction of the price of energy resources. This will not happen, as the global economic trend is such that world prices of oil will be a reality not only for Ukraine, Moldova or Georgia, but even for Belarus, and for the Russian Federation itself.

In the course of the discussion, the problems of economic relations between the two countries were mentioned. In this connection I would like to draw your attention to the following. When speaking about specific sectors of economic relations, I do not want to assess then

from the viewpoint of national interests, for in reality, we often see the interests of either separate persons or small economic groups behind concrete economic problems. Admittedly, those problems are quite often stirred up in the mass media, thus giving rise to confrontation between our countries.

Let me mention another factor intrinsic to us, but more – to the Russian Federation. It so happens that I quite often deal with Russians and frequently visit Russia. When talking to ordinary citizens watching Russian TV, you feel not just a lack of understanding but complete misapprehension of Ukraine and a very negative attitude. It seems to me that in Ukraine, such an attitude towards Russia is less common. I guess that we should join efforts to change such stereotypes.

Summing up, I would like to say the following. I want the Russian side to understand that the European choice of Ukraine is, by and large, a strategy, a common methodology of the reforms and progress of our country. This means that we are choosing for ourselves the European norms and standards as a model. We are moving in that direction not for the sake of Europe, irrespective whether it is waiting for us or not.

We chose that course to establish normal European systems of relations everywhere – in the economy, in the humanitarian sector, in social policy, pension allowances, medical care and so on. **Such understanding should be demonstrated by the Russian Federation. Then we will be able to jointly solve problems in political, economic and other spheres of cooperation. I would like us to have a normal concept of bilateral relations.** ■



TO SPEAK THE LANGUAGE OF FREEDOM, JUSTICE AND DIGNITY

Svyatoslav KASPE,
Deputy Director, Russian Public Policy Centre Foundation

I would like to return to the previously expressed notion that Russian-Ukrainian relations are in reality not interstate, these are relations between two societies. Indeed, the contacts and interaction

between the state machineries and even broader political classes and communities in our countries are only the tip

of the iceberg. **Russian-Ukrainian relations and steps made in their context are not foreign policy in the exact meaning of that word.** Russia occupies a huge place in the Ukrainian home policy agenda. I mean not direct Russian involvement in internal processes (such involvement is occasional, I would say – convulsive) but Russia's presence on that agenda as a social fact. The same is observed in Russia.



Russian and Ukrainian policy is largely assessed by the public of our states proceeding from the stance they take towards their neighbouring country. Politicians behave accordingly, speculating on that subject, trying to gain points on the domestic arena. This is natural, and attempts to think otherwise are unlikely to be of any help. Questions arise like what does this mean and what should be done. First of all, this means (let the present politicians not feel offended) that our relations are too important to leave them to politicians. Willy-nilly, the logic of political expediency of the current moment inevitably turns Russian-Ukrainian relations into small change obliterated and devaluated with use, because the stakes are down. This cannot be tolerated. We should immediately multiply contacts not between state structures but between civil societies, cultural, information, expert and other institutions, which at the moment have been reduced to a minimum.

It is the public initiative that can and should lay down the framework for the political interaction. I guess that the measures our foundation and the Razumkov Centre plan to take are only a sketch of the desired pattern of action. Of course, these measures will not be enough, but they must be made. Such initiatives meet the long-term interests of politicians themselves, because, left on their own, dealing only with silent or manipulated societies, they can very soon cause a shock, or even a catastrophe. I do not wish to elaborate in order to not bring disaster upon us.

Such a scenario should be avoided by all means. We should constrain to the utmost the corridor of opportunities for purely political actions. I intentionally resort to a provocative wording – politics in Russian-Ukrainian relations should be driven into the ghetto, because those relations do not deserve confinement to pure politics. This may seem utopian, but I believe that in reality this would establish a normal, natural state of affairs. In the recent years, we have gotten are too accustomed to the absence of a norm and its trample. We must shake this yoke.

Now, I would like to add one more conclusion. Recently, calls have been heard to establish Russian-Ukrainian relations on a strictly rational basis, relinquishing them

from everything not reduced to trivial benefits, or a balance of incomes and expenditures. In my opinion, such target-setting is false in principle. Of course, the emotional tint has already done a lot of harm in our relations. But in this case, sterile rationality is impossible as Russian-Ukrainian relations are based on values, not only on rationality. By the way, the world knows a great many such examples. After all, nobody believes that the relations between, say, the USA and Canada, the USA and Great Britain, France and Germany, Japan and China and so on may be described as strictly rational.

All those countries are tied by very complex, multifaceted bonds. Every case is unique, and none can be described in accounting term, in the language of dollars, euro, barrels and square kilometres. So, why do we think that talks between Russia and Ukraine will be replete with the terms “ruble”, “hryvnia”, “dollar” and “cubic metres”? This is impossible. The alternative lies not only in emotions, offences, abuses and so on. Instead, we should talk to each other in the language of the values of freedom, justice, dignity, independence, progress, faith and so on. The idea of those values may be different. We should know where those ideas differ and where they don't. We should mutually respect those differences and try to work out a mutually acceptable model of co-existence of the two different but equally deserving political organisms. Such a model can be described only in terms of values, and only such terms may be used to formulate recommendations for its implementation. That task is first of all for the expert community. That task is difficult, as the expert communities of our countries are overly disposed to technological, technocratic thinking that can bring more harm than good here. But we won't do without the solution of that task.

I believe that the new value terms in Russian-Ukrainian relations will be developed by the Consultative Council, which I hope will be set up. I believe that our efforts in this domain will be supported by societies, and politicians will have to go along the path laid down by societies, just as democratic politicians should do. ■



TO VALUE THE SPECIAL CHARACTER OF BILATERAL RELATIONS

Heorhiy KRYUCHKOV,

People's Deputy of Ukraine of the 4th convocation

I share many of the opinions expressed during this discussion. First of all, I refer to the judgement that the relations between our countries are of a specific nature, and we can't neglect this no matter

how we call those relations – market, pragmatic and so on. And if we neglect this, fate will avenge us for that and the people will not forgive us.

Noting the progressive deterioration of the Ukrainian-Russian relations, I would like to point out a few common, basic positions and circumstances that should be taken into account when we speak about raising those relations to a qualitatively new level.

First of all, this is the very uneasy – in Ukraine, and especially in Russia – comprehension of the fact that Ukraine and the Russian Federation are no longer integral parts of a single union, rather independent, sovereign states.

Meanwhile, the fact that despite the fundamental changes in their status, our countries remain closely tied

economically, spiritually and humanly, and especially that millions of people in Ukraine and in the Russian Federation are connected by relative, friendly and other ties, let alone the centuries of common history, is viewed apprehensively (by the ruling top and “nationally-minded” part of the Ukrainian political community – negatively). The relations between our countries were affected by the pro-Western, pro-US, pro-NATO forces that came to power in Ukraine after the presidential elections of 2004, especially in the foreign and defence ministries, directly subordinate to the President. Declaring “eternal strategic” relations between our countries, those forces, neglecting the national interests of Ukraine, the will of the majority of the population, disregarding the consequences, took a course of not just European integration (that course by itself arouses no objections) and soonest accession to NATO, but of the growing isolation of Ukraine from Russia and the deepening of the rift between them for good.

This is proved by: (a) growth of the anti-Russian rhetoric and sheer Russophobia, including in mass media;

(b) the initiative of the Ukrainian leadership to consolidate states negatively disposed to Russia (recent transformation of GUAM into a kind of anti-CIS; active participation in the meeting of the “Club of Thankful Listeners of D. Cheney in Vilnius and so on).

Ukraine is increasingly being made a state unfriendly to Russia. The most far-sighted representatives of big Ukrainian business tied with Russia are already drawing the relevant conclusions – not in favour of Ukraine.

In such a situation, Russia, while overcoming the chaos of the “Yeltsin era” and gradually gaining economic strength, rapidly building up its defence might, dynamically building beneficial for it relations with Europe (first of all, “old”), China, India and other states, accepted the challenge and is fundamentally changing the approaches to the relations with our country. There is much testimony that Russia is developing a strategy and tactics of action with respect to Ukraine with account of its possible accession to NATO.

I will refer to the Concept of Relations between the Russian Federation and Ukraine drawn up at the order of the Russian Government. One section of that document is titled “Relations of Russia and Ukraine in Connection with the Planned Accession of Ukraine to NATO”. It thoroughly analyses the resultant threats and losses caused by extra expenses on the restructuring of the Russian security structure and the breach of cooperative ties, and substantial reduction in the Russian defence industry and military-technical cooperation with Ukraine. The document certifies that Russia has rather seriously reacted to the position of the Ukrainian leadership. Neglect of the consequences for our country would be indiscreet, to say the least. Especially given that, according to competent analysts keeping the Ukrainian economy afloat requires annual injections of no less than \$11-12 b. alone.

Noteworthy, while the Baltic, Eastern and Central European states were united by the idea of NATO membership, in this country, it splits society. The threat of that split is aggravated by the awkward, sometimes unlawful actions of the Ukrainian authorities.

One cannot but mention the unwise, suicidal campaign of the authorities of pressing out the Russian language, involving flagrant violation of the constitutional rights of millions of citizens. A number of city and regional councils naturally responded with the decisions to grant the Russian language the status of regional, based on the provisions of the European Charter of Regional Languages.

It seems to me that the situation in our relations cannot be understood till the end if we neglect the global processes taking place in the world. Three things may be pointed out in this connection.

First. Competition is growing among the global powers using military and forcible means for the re-division of the spheres of influence, access to the key sources of raw materials, first of all hydrocarbon deposits, and control of strategic communication systems. This poses a real threat to global and national security, especially for countries like Ukraine situated in a region of potential or real conflicts.

Second. We witness the growing rejection of the so-called post-dualist, bipolar world. Today’s presentations already mentioned new centres of influence being formed. In such conditions, a state that continues to dominate, maybe not as evidently as a few years ago, still tries to maintain as many countries as possible in the orbit of its influence.

Third. Geopolitical confrontation is evidently growing. Today, both the US and Russian press actively discuss the problem of recurrence of the Russian-US relations to the Cold War. This cannot but concern us. Ukraine is especially vulnerable, since in the US-Russian confrontation, the top political leadership of Ukraine took the side of the aggressive ruling circles of the United States of America. I guess that everybody understands what it can bring to our country in the context of relations with Russia.

Let me make one citation. We, people of the elder generation, remember Pat Buchanan, the press secretary of the Reagan Administration in the 1980s. He is one of the most conservative members of the Republican Party. Recently, he wrote an article titled “Why Are We Baiting Putin?”. The author refers to the changed policy of Russia towards Ukraine, whose President Viktor Yushchenko, quote – “was elected with the assistance of U.S. foundations and quasi-government agencies, said he was reorienting Kyiv’s foreign policy away from Russia and towards NATO and the United States”. Buchanan notes: “We Americans consider the Monroe Doctrine that no foreign power is to come into our hemisphere to be holy writ”. He continues: “Why, then, can we not understand why Russia might react angrily to our interference in its politics or the politics of former Russian republics?”

After a lot of thinking, I came to the conclusion that in the current geopolitical situation, the national interests of our country and maintenance of good-neighbourly, friendly relations with Russia are the best served by the realisation of the intention to make Ukraine a permanently neutral state, not a party to any military alliances, as proclaimed by the Declaration of State Sovereignty of Ukraine in 1990. The people supported that idea, and it can only be changed through a referendum.

I guess that the non-allied status should not be understood as isolation from the outside world, detachment from the global problems, and, consequently, as kind of a second-hand or out-of-fashion thing, as some media put it. A neutral, non-allied status leaves space for intense relations with all states in all azimuths, cooperation with different international organisations, including NATO and CSTO, and joining non-military structures – the EU, SES and others, where this corresponds to the national interests of Ukraine.

To be sure, such a neutral status must be guaranteed by the recognition on the part of the UN, OSCE and other international organisations. In my opinion, this would help fundamentally improve the relations between our countries and remove many problems.

Unfortunately, there are huge doubts regarding the possibility of serious improvement in Ukrainian-Russian relations under the present political leadership in Ukraine. We never saw such a difficult time in relations between our countries. This is very sad. I feel pain when I see the curtailment of once intense and highly useful inter-regional ties between Ukraine and Russia. Without reversing the situation, bilateral relations will further deteriorate. Our peoples will not forgive us for this. relations will be developed by the Consultative Council, which I hope will be set up. I believe that our efforts in this domain will be supported by societies, and politicians will have to go along the path laid down by societies, just as democratic politicians should do. ■



WE ARE VERY CLOSE

Valeriy FEDOROV,

General Director, All-Russian Institute of Public Opinion Studies (Russia)

I represent not only the All-Russian Institute of Public Opinion Studies but also the international research organisation “Eurasian Monitor” established by four research centres of Ukraine, Russia, Belarus and Kazakhstan.

We, scholars, sociologists, are trying to contribute our mite, present to the academic community, public organisations and politicians of our countries a stereoscopic, unbiased view of the situation in our country and in the partner states. We held the latest (fifth) wave of the survey last April, and yesterday, in the Russian media centre in Kyiv, we presented the results to the Ukrainian media. The survey touched upon the interesting subject of risks and threats seen as the most real by the citizens of our four countries. Furthermore, we asked traditional questions about the social “health” and ideas of integration.

The last one and a half to two years were a hard times in Russian-Ukrainian relations. It was a time of a series of consecutive shocks that seriously spoiled the image of Ukraine in the eyes of Russians and, accordingly, of Russia in the eyes of many Ukrainians. **Nevertheless, by most subjective social indices and orientations of the public, Russia and Ukraine are the two closest countries out of the four (Ukraine, Russia, Belarus and Kazakhstan).**

It may be said that politically, Russia and Ukraine are today antipodes. But when we start to analyse some deeper layers of the consciousness of the masses, the following comes to light. By the level and rating of fears, personal and public threats, perceptions of the material wellbeing of a family and economic standing of the country, level of optimism, forecasts of the country and family standing one year ahead – by next to all of those indices, Russia and Ukraine go abreast. They represent, so to speak, the “pole of trouble” in those four countries. On the contrary, Belarus and Kazakhstan represent the pole of growth, rapid progress and optimism. In those countries, the situation and policies are different.

So, we are very close today, and I call upon you not to exaggerate the differences between us. Of course, they exist in the economic and political sectors. But the structure of the mass consciousness demonstrates similar trends. For instance, in Belarus and Kazakhstan, people assess the wellbeing of their family much lower than the

economic situation in the country. They are sure that the country lives better than their family. In Ukraine and Russia, on the contrary, the country is considered to be in a much worse situation than the family.

Of course, the factor of mass media is also present – namely, the way they cover the situation in one or another country: whether they produce a mainly positive, optimistic, or, on the contrary, negative background. The negative background was in fact generated by the events of 2004 and, unfortunately, has not faded away, leaving a deep imprint. When we are try and get the opinion of Russians about the assessment of the situation in Ukraine, the following stereotypes usually come to light: chaos, revolt, a weak country trying to find a new big brother for itself after abandoning its former big brother. Naturally, we are offended by this. Moreover, Russia is trying to use our resources at understated prices. Such a range of stereotypes is demonstrated by many ordinary Russians with respect to Ukrainians.

Speaking about Ukrainians, we observe a deep rift between the Eastern and the Western parts. There also exist certain stereotypes, more or less specific to the former and the latter. They include the suspicion that Russia is trying to restore its empire – while previously, it acted by means of military expansion, today its expansion bears the traits of energy blackmail. There is an opinion that Russia is moving towards undemocratic rule, demonstrating dictatorial habits, slipping into Asian ways and is integrating with Central Asia, China, as opposed to a European country like Ukraine.

In the Eastern part of Ukraine, the population has rather strange illusions that should normal relations be restored, we will return to the blessed Soviet times, when everything was common and all citizens were equal. This is another stereotype that has nothing in common with reality.

By and large, the picture is not too bright, though some things give grounds for optimism. For instance, when we ask with whom Russia should be friendly, get integrated in different forms, and with whom Ukraine, our fraternal countries in both cases act as the main centres of gravitation. In the case of Russia, that is Ukraine (it steadily ranks first-second, sometimes yielding to Belarus), and in case of Ukraine – of course, Russia. ■



INTERSTATE RELATIONS SHOULD BE PROFESSIONAL

Oleh ZARUBINSKYI,

People's Deputy of Ukraine of the 4th convocation

First, I would like to respond to the comment that Ukraine and Russia are antipodes. I absolutely disagree, moreover as far as it deals with the relations between Russian and Ukrainian societies. Their relations are not conflicting. That was a remark, and now, to the point.

First. It seems to me that today relations between Ukraine and Russia are overshadowed by a systemic crisis. Let us at least briefly analyse different sectors of our

cooperation – political, economic, and humanitarian. Can we now describe any one of them as demonstrating steady progress? No. For instance, economic cooperation was mentioned, where absolute figures seem to be growing. But the pace of that growth rapidly is in decline! So, I guess that a systemic crisis in the relations between our countries would be a fair assessment.

Second. During the election campaign, I analysed the programmes and statements made by the key participants of the election process. In fact, the political forces now

forming the legislative branch and those about to form the executive branch have not presented an integral programme or concept of Ukrainian-Russian relations. I am sure that the relations between our countries deserve the development of concepts of bilateral relations and comprehensive integral programmes, instead of some fragmentary positions, spontaneous splashes of ideas and attempts at their implementation. Unfortunately, during the election campaign, the positions of the political forces were absolutely situational. Of course, in such a situation, it is senseless to speak about a possible breakthrough in the relations between Ukraine and Russia and overcoming the systemic crisis. In the course of the discussion, it was more than once stressed that on the state level, neither Moscow nor Kyiv has a strategy of development of relations between the two countries.

Third. I cannot agree that some economic problems, including the rise in gas prices, represent a reaction of the Russian Federation to the European integration of Ukraine and the authorities' plans of integration in the North Atlantic Alliance. What should we say about Belarus then? Belarus is not rushing to the EU, let alone NATO, and does not make such declarations, but also faces the problem of a rise in the prices gas. Evidently, the increase in gas prices on the part of Russia is caused by other reasons that should be viewed in the context of the general trends of the global economy.

Fourth. It was said during this meeting that bilateral relations should be viewed not as interstate but as relations between societies. I agree, but contacts exist on both the interstate and the public level. Speaking about the value-based nature of the latter, one should properly interpret the notions of freedom, justice, and faith. On the other hand, interstate relations should be professional, systemic and

strategic, not spontaneous. Sorry, but mutual osculation is a relic of the past, some optional addition to professional, calculated, rational schemes of relations between the two states, where economic cooperation should be a priority.

The organisers of our consultative meeting presented very interesting material. One of its paragraphs is titled “Politicisation of economic cooperation”. I see it as a disaster when economic cooperation becomes a hostage to politics. This should not be the case in the relations between Ukraine and Russia.

Summing up, I would like to say the following. As you all know, both in Russia and in Ukraine, they tend to ask “who’s to blame?”, and lose time to find the answer to the question “what to do?”. In this connection, I would like to propose three ideas. They may be not systemic, but seem important to me. *First* – indeed, we should avoid politicisation of economic cooperation. I suppose analysts know how to do that. *Second*, we should take an inventory of the problems in the relations of Ukraine and Russia. Otherwise, we will all the time reflect, react to specific problems and conflicts that already arose, while they can’t but arise in the course of economic cooperation, as there are natural difficulties in the development of political systems and so on. So, a possible conflict situation should be forecast and foreseen, rather than dealt with *post factum*. *Third*. The distillation of what I said may be presented by a quotation from the materials presented to us: “probably, in the middle run, Ukrainian-Russian relations will present a tangled conglomerate of pragmatic partnership, competition in a number of sectors, and, possibly, conflicts. However, one thing is certain – there is no reasonable alternative to the establishment of transparent, mutually beneficial and good neighbourly cooperation between Ukraine and Russia”.



THE COMMONWEALTH NEEDS A NEW WIND

Anatoliy KAZAKOV,

*Assistant to the Chairman of Executive Committee – CIS Executive Secretary,
Deputy Director of Financial Department*

I will speak also as the Chairman of the Coordinating Council of the CIS Business Centre of Economic Development, which handles a number of large-scale interstate economic projects. Despite all difficulties of political relations, in the recent two years Ukrainian-Russian economic contacts have been on the rise. Last year, bilateral economic cooperation increased by 15-20%.

I would like to concentrate on the issues taking place in the CIS. Over the past two years, trade within the Commonwealth increased by 40%, exceeding \$110 b. Why such a rise? Because the free trade zone began to work and the four freedoms have been implemented: freedom of movement of goods, capital, services and people. We now have only 200 exceptions per 11 thousand commodity items. They are to be entirely removed by 2012, when a customs-free area will be established.

At the 2005 summit of the heads of governments in Tbilisi, Ukraine proposed cancellation of the existing restrictions by 2008, but their rapid removal seems impracticable. Nevertheless, the free trade zone is working. For two years now, contacts on the level of the presidents and heads of governments are underway in the CIS and summits are held, which is very significant.

Nevertheless, we must admit the economic and political stagnation of the CIS. The Commonwealth needs a second wind and a new economic strategy with the common innovation and investment space being one of its elements.

Today, the CIS Executive Committee is drafting a comprehensive programme of innovative enterprise development through 2015. Within the framework of the programme, an annual innovative forum is held. In 2005, such a forum in Alushta gathered not only representatives from CIS states, but also European participants from Poland, Finland and Norway. This year, we proposed to hold in Crimea a kind of innovative mini-Davos forum to discuss the issues of innovative development, including in the context of solution of the topical problem of energy conservation. Today, a number of serious projects are underway to that end, because quite soon, the Russian gas will be converted into synthetic fuel for export. Of course, the prices will go up. So, today, the problems of energy conservation are particularly relevant.

At today’s meeting, bilateral relations were analysed in detail, but there were few proposals and very little has been said about what is being done in practice to strengthen those relations. In this connection, I would like to tell you about the CIS Business Centre of Economic



Development, its concrete deeds and practical programmes. We invited to the Centre major institutes from different countries, including Ukraine, and worked out a number of serious programmes. First of all, these are innovative programmes. Additionally, the CIS Financial-Banking Council is being set up, and we invited all big banks of the Commonwealth to take part. Since 21 programmes worth \$10 b. have been developed within the CIS, capital should be accumulated for their implementation. The same goal is pursued by the International Innovative Centre. The Business Centre has already commenced the development of a number of important projects. First of all, that is chemical conversion of natural gas into synthetic fuel. The projects of the Kerch tunnel and the port of Alya (North-South corridor) are being considered. A highly important

project of a transport route to Europe across Ukraine also deserves mention here.

The Business Centre has established the Ukrainian Centre of Economic Development of the CIS, now operational and rapidly developing. I do not think that we should speak about any obstacles for cooperation on the level of medium and small business. Such contacts are growing and should be further promoted through our joint efforts.

I believe that the difficult period in bilateral relations will pass, political stability will come, and economic cooperation will be the basis for the development of Ukrainian-Russian relations. ■



RETURNING TO OLD RELATIONS MAKES NO SENSE

Vitaliy SHYBKO,
People's Deputy of Ukraine

I am an optimist by nature, so I cannot describe the relations between Russia and Ukraine in the terms of "crisis", "antipodes", "coolness" and so on. I guess that we, politicians and experts, should be very careful using such terms,

because people listen to our opinion and assess us.

During a recent excursion to the Kremlin I heard: "so you are Ukrainians, we are at war now...". That is, such absolutely groundless negative terms influence public consciousness. All this is unlikely to promote the improvement in bilateral relations.

I am optimistic, because: *first*, we are eternal neighbours and will never part; *second*, there is business and businessmen who, if we recollect the Marxist formula, cross all borders. Today, the presence of Ukrainian business in Russia is visible. In its turn, Russian capital plays a notable role in internal Ukrainian processes. I guess that those two economic stabilisers will not let us turn to the road of destruction often predicted by some politicians in their deductions.

In my opinion, we have attained a new level in the development of our relations. When I keep hearing that our countries have lost a lot, I automatically ask myself: what have we actually lost? CPSU? A common government? A single national economic complex? We lost what will never come back. Why turn back to old relations, if mankind and two countries like Russia and Ukraine know new ways and mechanisms of cooperation. I guess that if we are aware of that and promote that awareness in the public consciousness of our citizens, many problems will be easier to resolve.

Discussing the NATO subject, one should think: who, as a matter of fact, has gone further in cooperation with

the Alliance – Ukraine or Russia? Evidently, Russia has more mutual commitments in relations with NATO than Ukraine. This is normal, because in the present situation, the NATO factor is important. If Russia disregards it, it will probably be out of the present-day global processes. Speaking about relations in the energy sector, we should probably build them on the basis of pragmatic, market-based approaches. Otherwise, we will continue to accuse each other, look for who is to blame, and preserve unclear, non-transparent relations giving rise to rumours and mutual mistrust.

At today's meeting interesting thoughts were expressed about the CIS, SES and other regional organisations. I guess that we should work out trans-border and regional relations on the bilateral level between Russia and Ukraine. Let us start with mutual understanding and cooperation, and only then refer to Belarus, Kazakhstan and other countries – members of the regional unions. If Ukraine and Russia correctly build their relations and manage to find consensus, then other states will see that we are capable of this and have the appropriate toolset.

Let me share one more idea with you. Recently, I've often attended sittings of the CIS commissions. And when the participants start working out some model laws, discrepancies arise immediately, because the interests of Kazakhstan and Russia, Kazakhstan and Ukraine, etc. do not coincide. The situation should not be overly dramatised, but when we build partnership in the post-Soviet space, within the SES or in other formats, the interests should be coordinated on the bilateral level.

A lot has been said here about achievements and prospects of Ukrainian-Russian cooperation. We now set the basis for new relations, and representative bodies, governments, diplomats should join efforts in that domain. ■



TO PROMOTE COOPERATION ON DIFFERENT LEVELS

Larisa VDOVICHENKO,
Chief Advisor to the Chairman of the Federation Council of the Russian Federation

I guess that we should complement the existing hierarchic approach to our relations with another, now dynamically developing, network approach. If we have no extended horizontal ties, we will have no effective and advanced political relations.

I will start from a minor thing. I can say for sure that many young people who live in Moscow and have access to the Internet use it to communicate with their contemporaries in Ukraine. They discuss all the problems, from cultural to political. They discuss them freely, have their forums, and maintain a permanent dialogue, thus establishing the channels of communication that that can really form

the basis for our relations. **I guess that such a network approach should be promoted on all levels – in the Internet and in other communication channels.**

The relations among non-government organisations (NGOs) present another important aspect. I will cite one example: in 2005, St. Petersburg hosted the first Congress of non-government organisations from CIS states, involving representatives of Baltic countries. All participants unanimously said that they needed a platform for communication, a permanent mechanism of cooperation among non-government organisations. The Congress was held under the auspices of the Federation Council. Now, the contacts among NGOs are promoted by the Public Chamber led by academician Velekhov. The Chamber is trying to create a mechanism of cooperation among NGOs and establish horizontal ties in civil society.

The third level of those horizontal ties is presented by contacts among local authorities. Russia is currently implementing a reform of the local government intended to decentralise government, transfer powers and investments to the local level, for local authorities to solve problems of the population on their own. The Tenth Congress of Local Regional Authorities of Europe will be held soon, to be attended by a delegation of the Federation Council. The Congress will discuss that critical line of reforms in Europe and in Russia. In Ukraine, as far as I know, the reform of the local authorities is also on the agenda.

Relations between local Russian and Ukrainian authorities are an important sector of cooperation, because they may be used to establish horizontal ties and channels forming a firm legal framework of partnership on the interstate level. In the course of the discussion, it has been said about the importance of establishing direct ties among enterprises. In this connection, I would like to note the following. Today, the entire economy is developing by the chain principle. Such a chain may be started in one country and end in another. The future belongs to that principle of cooperation, because such a chain of enterprises accumulates the advantages of each of the member states.



TO STEP UP THE ACTIVITY OF EXPERTS ON THE INTERSTATE LEVEL

Oleksandr PROHNYMAK,

Member of Kyiv City Council, President of the Forum Association

The problems of relations of our two countries discussed at today's meeting are without a doubt relevant. As regards the mechanisms and ways of settlement of those relations, they were generally outlined in the materials of the previous round-tables and at our meeting. Voluminous analytical documents are being drawn up and concrete proposals are being made, but unfortunately the authorities usually disregard all of them.

The work of the diplomatic agencies of our countries, various interstate commissions and working groups brings no results in terms of the strategy of development of both countries and the aspirations of their peoples. **It is absolutely evident that constructive results may be attained only if we together work out the entire system of the required mechanisms that can work synchronously in the specific conditions of each country. Unbiased expert substantiation of the algorithm of action of all structures active on the intra- and interstate level is of key importance here.**

Our legislators should provide support for the technological ties like those that previously existed between Ukrainian and Russian enterprises and are now unfortunately lost. We should keep this in the focus of our attention, especially in the new, advanced sectors.

The relations among innovative actors may be pointed out as a separate line of activity. Our countries had perfect scientific schools, institutes that turned out specialists of the world level. Where are those specialists today? Some of them left for the West, some publish their ideas in various publications without patenting them. Now, the problem of protecting intellectual property is very acute. One way or another, horizontal ties among innovative actors present an extremely important part of our relations. Such contacts should be backed legislatively to encourage their development. Then, we will have a solid base for political relations.

Ties among innovators are also important for the solution of the problem now closely monitored all over the world, including in the USA and European states. Namely, this is the problem of non-proliferation of dual-use technologies. It is on the agenda, especially in the context of fighting terrorism.

The participants of the meeting spoke about the different perceptions of various economic problems. Not long ago, during the Federation Council visit to Ukraine, it was proposed to draw up a vocabulary of terms of the Single Economic Space and the Free Trade Zone. The idea was to provide for uniform understanding of the terms used, including in the legislation. It seems to me that such a vocabulary could simplify understanding and harmonisation of the legislation dealing with economic cooperation.

Summing up, I would like to speak in support of the idea of setting up the Consultative Council and hope that the Council, if active on a permanent basis, will be able to give useful advice for the development of relations between Ukraine and Russia ■

The discussion of Ukrainian-Russian topics at the expert level reveals a multitude of diametrically opposed views and scenarios, which incidentally are often well grounded. So, to develop a single system of activity acceptable for both countries, Ukraine and Russia, one should proceed not only from the priorities set by the governments, but also take into account public opinion, electoral expectations and the peoples' interests.

In this connection, it should be noted that civil society is in the making both in Russia and in Ukraine. This explains the status of non-government and political organisations and the content of mass media, not always exerting adequate influence on the public consciousness. Both in Russia and in our country, NGOs are usually activated during election campaigns. As a result, their prioritisation of Ukrainian-Russian relations is often confined to the duplication of the position of the parties that sponsor them.

It seems to me that it is the absence of a system in the work of NGOs that prevents them from becoming a



bridge between the authorities and the people. Sociological surveys present one of the most effective methods of solution to that problem. Exactly on their basis, well-substantiated recommendations may be produced, thus enabling the authorities to adjust their actions if they want to preserve their position during elections.

The role and effectiveness of experts and the degree of their responsibility for the proposals made remain



TO UNIFY THE TERMS OF BILATERAL DIALOGUE

Aleksei MAKARKIN,

Deputy General Director, Center for Political Technology

I would like to maybe somewhat paradoxically further one idea voiced here. Namely, the need to unify Russian-Ukrainian terminology applied in the legislation, including economic. This is essential. **But it**

may be even more urgent not just to unify but to unite the terminology of communication of our political elites and expert communities.

Evidently, such compatibility is still present. The very fact of today's meeting, with its rather tense though honest and constructive dialogue, is testimony to the compatibility of Russian and Ukrainian expert communities. Compatibility of the political communities of Ukraine and Russia also persists, for the time being.

In this connection, I would like to draw your attention to the relations between the political elites of Russia and EU countries. We are observing a dialogue between sides that often do not understand one another at all. Assume that Europe speaks of democracy, while the majority of Russian politicians and experts immediately see expansion disguised as democracy. Europeans speak about human rights, but we immediately resort to the formula of dual standards. That is, mutual misunderstanding is total.

To be true, such occasional terminological problems in politics do not rule out the resolution of specific issues. For instance, Russia and Europe used to have very sharp differences on the Chechnya issue. Now, they have been smoothed out. Other concrete issues – political, humanitarian – have also been resolved. But despite all this, the Russian-European contacts are disharmonious to the extent of different political expert terminology. As a

a problem. **Without arranging expert activity on the interstate level, it will be rather difficult for the public and official bodies to adequately respond to the processes taking place in bilateral relations,** let alone provocative statements by some representatives of the top echelons of government that sometimes stir up tension. I guess that today's meeting will help us make the necessary step to resolving the outlined problems. ■

result, the relations may be based on the Cold War formula – “peaceful coexistence”. Now, they are approaching that state – we somehow coexist, and even agree on some issues. But these are the relations of, generally speaking, alien political expert communities.

The relations with Ukraine are now different, due to the inertia of the Soviet past. After all, all know Russian as the language of communication, many studied in the same educational institutions and so on. But I am afraid that with time, that factor of inertia will weaken. Even now, very serious differences are observed between the expert communities in the assessment of many events and trends. I read very interesting materials that were presented to us. They show that the Russian and Ukraine expert communities give an entirely different assessment of the role of specific political figures in interstate relations. Ukrainian experts believe that on the Ukrainian side, bilateral relations are best promoted by President V. Yushchenko, on the Russian – by B. Nemtsov. Meanwhile, Russian experts point out, respectively, V. Yanukovich and President V. Putin, while B. Nemtsov is close to the bottom of that list. We are not simply beginning to differently assess concrete events. We are in fact starting to think differently.

I would like such meetings to somehow institutionalise our contacts, including through the establishment of joint structures, for instance, the Consultative Council. **I would not like our relations to be described with the little comforting formula of “peaceful co-existence” in order to achieve a political, psychological and terminological mutual understanding between the Russian and Ukrainian public.** ■



WE SHOULD RATIONALLY FORECAST THE DEVELOPMENT OF BILATERAL RELATIONS

Oleksandr LYTUVENKO,

Head of the State Security Department

of the National Security and Defence Council of Ukraine Staff

I would like to point out a few things that seem rather important for our dialogue. Some panellists made emphasis on the language problems,

on the problems of mutual understanding and terminology. It has been said that we still speak the same language. I dare doubt that and share another opinion expressed here. Indeed, the same terms are used, the same clichés, but very often, the meaning is different. The situation will be deteriorating every year. In my opinion, this deserves special attention.

Most problems in the interstate and inter-public Russian-Ukrainian relations are confined to the lack of knowledge and, more than that, reluctance to know each other. We (and especially the Russian Federation) are trying to “extend” to the neighbouring country the laws specific to the development of our societies and look at our neighbours through our own lenses. It was rightfully said that Ukraine is seen in Russia, and especially Russia is seen in Ukraine, as an internal factor. It was stated how important it is to realise that our relations cannot be purely rational. In such conditions, the task of creation

of a domestic Ukrainian school of Russian studies is critical.

Our relations bear some “magic taste”. Say, the problem of Ukraine’s accession to NATO is in the centre of discussion and disputes are underway as to how damaging that could be for Russia and whether or not it threatens Russian interests. But let us look a little further – assume, Ukraine joins NATO, so what? The Danube will not flow in the reverse direction, the sky will not fall on the Earth, and Ukraine and Russia will not “drift” 10 thousand kilometres apart. We will remain neighbours. NATO is maybe the most demonstrative but far from the only example proving the acute need for rational forecasting, – i.e. assessment of the present and would-be situation and application of effective

mechanisms of communication. In such conditions, it is highly important to conduct joint studies and design a mechanism that would guarantee interaction and mutual exchange of the results.

And the last thing. We should concentrate exactly on the problem of interstate relations. We always talk about the establishment of a public dialogue, of humanitarian and cultural relations, of economic contacts. But we should also be aware that in the present situation, economics cannot be separated from politics. De-politicisation of economic relations is a great and beautiful illusion. **So, if we fail to establish interstate relations with account of the present-day realities, our contacts on different levels will certainly be useful, but their effectiveness will still leave much room for improvement.** ■



TO BUILD NORMAL BILATERAL RELATIONS

Viktor CHERNOMYRDIN,

Ambassador Extraordinary and Plenipotentiary of the Russian Federation to Ukraine

I would like to thank the organisers of today’s meeting for the produced materials that should by all means be presented to politicians and state leaders of Russia and Ukraine, as they bear the opinions

and assessments of the parties that largely coincide and give an idea of what is going on in bilateral relations and who is to blame. On top of that, today’s meeting should give an answer to the main question – “What to do?”

We are in a situation where everyone avoids answering this question. This primarily refers to politicians and state leaders. I may be one of the few present who personally took part in the events of the early 1990s, when the Soviet Union fell apart. Then, the task stood as follows: – let us part at once and forever and work and live as sovereign states. This meant building bilateral relations without palliatives and preferences. The CIS was set up to coordinate positions. Then, we used to think that all contacts should be established from the ground up. But even at that time, we, representatives of the Russian side, realised how grave the consequences could be.

We did not know how to “divorce” and live on one’s own. But it was clear from the economic situation that life would be tough for all. Maybe for Russia it might be a bit easier to overcome the crisis, but the others could not manage that.

For me as the head of government, the situation with Ukraine aroused particular concern. Why? Because there were strong, tangled integration ties, and such an abrupt break could deliver a colossal blow to the Russian economy, and even a harder blow to the economy of Ukraine. Then, it was decided to mitigate the possible negative consequences.

In the Ukrainian press and in the discussions of Russian analysts, I sometimes come across a question – did Chernomyrdin know why, say, such a price of gas was set? Only for the metallurgy and everything dealing with the chemical industry not to stop here in Ukraine. In that case, Russia would have been left without fertilisers, pipes and a range of metal products used in the Russian industry. I was well aware of this. That is why I made such a decision.

I guess that bilateral relations have never seen more difficult times. There are natural reasons for this. I

should say that in the 1990s and at the beginning of this century, the relations between our states were uneasy. We actively sought contacts with L. Kuchma’s administration and the former governments, and finally, after a long discussion, realised the need for mutual compromise. Economic relations improved immediately. In five years, the trade turnover increased from \$9 b. to \$20 b. Is that good or bad? Let me cite some figures. Take 2005 – those figures were already mentioned here: direct trade with the Russian Federation amounted to \$20 b., with services – \$23 b., accounting for almost 29% of the entire Ukrainian trade. Ukraine’s trade with the CIS makes 39.4% of all its foreign trade, with the EU – 29.9%, with GUAM – 1.9%, with the USA – 2.4% (I took 2005 as more typical, when Ukraine’s economy continued to grow mechanically). Is that good or bad? Do we use those figures in our political relations and do we take them into account? I guess not always. Sometimes, those figures are underestimated, sometimes, emotions dominate.

Economisation of relations is a very good word, but unfortunately, politics cannot be separated from economics. There can be no good economic relations if the political contacts are bad. Of course, economy should go ahead of politics, but this is not the case, so far. More than that, we want it to be vice versa.

I am deeply convinced that today, a lot in our relations depends on the professionalism of politicians and statesmen. It was already said today about the geopolitical aspects of relations. Sometimes, Ukraine is an object of a game, and the game is taken seriously here. There are manipulations not to the benefit of Ukraine, and to the detriment of Russia. Russia is as if a stumbling block. This is not the first time that somebody get irritated when life and the economy begins to improve in Russia and the branches of power demonstrate accord.

This happened in the not so distant past and is happening today. I do not want to describe the situation with the term already mentioned at the meeting – “the Cold War”, but the tonality, in essence, is such. Our countries should not compete in the strength of foreign influence and find out where the centre of democracy lies. Our peoples do not deserve this. We should compete in raising the wellbeing of our nations.

What is the stumbling block, or the irritant, in our today’s relations? We already mentioned NATO, the



EU. The problem of the vector of Ukraine's drive to the European Union, as they say, has already “cooled down”. By the way, Russia never objected to it. We always told our Ukrainian partners – be realists, you'll be admitted when you are ready. But why should one vector substitute or deny all other vectors?

Today, the problems of NATO, the Black Sea Fleet, Transdnistria, the “democracy belt” and GUAM are in the forefront. Let us dwell upon one of them – NATO. This is a serious issue. Everybody talks and writes about it. But did anyone explain intelligibly, why Ukraine wants so much to join NATO? Or, what does Ukraine need it for? Maybe we in Russia do not understand? But I can say what will follow. No matter if this is good or bad for us, if we are afraid or not. We are not afraid of anyone. We maintain and develop normal partner relations with NATO. But we are not going to enter anywhere. You should explain not only to us but to the Ukrainian people what accession to NATO will bring. Take, for instance, the situation in Feodosiya – people immediately learned what was brought in – I guess that they were not told what for. This aroused concern. Had you explained, maybe, nobody would have blocked anything there. The same with NATO – you did not explain anything in your own country, and want others to understand you. This is a big problem.

Ukraine and Russia are strategic partners. More than that, we are *very* strategic partners, because both Russia and Ukraine maintain strategic partnership with many states. But we speak about special partner relations between Ukraine and Russia, because in their framework, all issues may be resolved, including the issue of prices. But when neighbouring states join the North Atlantic military alliance, then, sorry, partnership should be viewed from a different angle. Will there be strategic partner relations? Really, we will not part, we will stay neighbours. But will this do any good? What will the effects of that situation be? If the effects will be positive – explain this in Ukraine, and to the Russian side.

But we know what will follow. We know and see conflicts between NATO members, remaining unresolved for decades, if the people disagree. Why don't we talk about that frankly?

On the other hand, when I hear the presentations, I want to defend the Ukrainian side. The present situation has natural reasons, too – the dramatic presidential elections in Ukraine could not but influence the year of 2005. That is why it can be viewed as a year of missed opportunities. First, euphoria, then, adaptation, and next, new elections! So it happened and always happens in all

countries going through an election campaign, a change of power, of government – all that has an effect on relations. And today, with no government in Ukraine and Parliament not operating, the bilateral dialogue cannot be stopped. Today's discussion is highly needed, you must be heard, your assessments must be made public, but those assessments should be unbiased, fair and correct. That is why I am telling representatives of the Russian side: be quiet, hold something inside and take into account the real situation in Ukraine.

Policy rests on assessments, in the first place, and assessments are produced by you – people read you, listen to you, refer to you, analyse you, and it is highly important that you are heard. And we are all professionals finding who's to blame, we are the same here.

I am often asked: will the gas price rise? It should be noted that those prices can be raised in different ways. Everything can be done in different ways, but those ways should do no harm. To avoid harm, talks should be held. Now, nobody holds talks in essence.

I have already told that Russia is also raising domestic gas prices. This is a headache for me as a gas man, as a minister, because our largest branch is the most costly, and God forbid that branch brings losses, God forbid rush, for the branch always operates with an outlook of seven to ten years ahead. In Russia the rise in gas prices is also unpopular. It is not easy for us to raise them. I can say, for comparison (by the way, the same was said by the President of Ukraine): today, the price of gas for households in Russia is \$51 for 1,000 cubic metres, in Ukraine – \$30. At that, we are raising prices proceeding from many factors. Can that be done in Ukraine, or not? Ukraine used to buy gas at some price and sell it, proceeding from its capabilities. I will cite one example – in 2005 and in 2004, you in Ukraine bought gas for \$50, and resold it for \$90. This is for the state to decide, for the national government, proceeding from the economic expediency and its professional approaches.

One could say that world prices are on the rise. What do we think of this? But this can be done differently. The relations of Russia and Ukraine are so wide and their integration is so deep that one might think how to resolve the issues of pricing policy to avoid great harm to the economy. The problem is being solved, and, you know, has always been solved at the negotiating table.

Well, thank you for today's sincere conversation. I say again – that's good that you maintain dialogue. The more we meet the better we know each other and the easier it is to make decisions. ■



TO MAKE UP FOR THE DEFICIT OF THE REGIONAL SECURITY

Oleksandr CHALY,
Deputy President, Industrial Group consortium

I share the opinion that today we are witnessing the deepest crisis in Ukrainian-Russian relations over the entire period of independence. This is a systemic crisis, a crisis of trust in the first place and a crisis of

different views of further strategic development of the two countries in different geopolitical coordinates, as seen by the ruling elites.

I disagree that our relations are now transparent – our history saw no more Byzantine-style that in the current Ukrainian-Russian relations. Signing of the gas deal alone

will go down in its annals. I also cannot share the opinion that Ukraine demonstrates a policy independent of Russia. **Ukraine depends on the Russian Federation, as never before. In the result of the policy of the two recent years, we are systemically and structurally dependent in the key domains. All this is only the rhetoric of independence, for today, two or three strategic decisions in Moscow can fundamentally change the situation in Ukraine and destabilise our relations.**

In this connection, I would like to concentrate on what should be done to bring our relations out of the present crisis. I share the opinion that there are two

alternatives – either we find a way out of the crisis, ensure that bilateral relations will be strategic and qualitatively new, we find the formula for new Ukrainian-Russian partnership for the 21st century; or we forget about strategic partnership altogether. This will also be a new quality of partnership. But I guess that this is not the solution we are trying to find today.

By the way, the results of the polls presented by the organisers of the meeting show the full consensus among Ukrainian and Russian experts describing the factors of crisis in our relations. First of all, these are the problem of Ukraine's accession to NATO and the gas relations. On the other hand, another, very positive consensus in expert positions is observed – today, the European integration of Ukraine creates no problems in bilateral relations.

I would like to explain one important thing to our Russian colleagues, for official Moscow to hear this. After 2004, Ukraine, having got rid of nuclear arms and obtained some guarantees of independence and territorial integrity, there appeared two alliances. The fairy tales of Mikhail Gorbachev and Helmut Kohl of a united Europe are over for Ukraine. On one side, there lie the EU and NATO, an economic bloc and a security bloc, on the other – the Russian security bloc and the Russian economic bloc.

For the first time, we felt a lack of regional security. The country that gave up nuclear arms has no other tools but the UN security umbrella. We realised this during the conflict around the Tuzla Island. This is a fact of our history and the Russian side should realise that the Ukrainian elite feels a lack of security. And NATO is nothing more than a tool with which a part of the Ukrainian elite wants to make up for such a lack. I want our Russian colleagues to realise one more thing. Ukrainian society is not united (and, I am sure, will not be such in the decades to come) about going back under the Russian regional security umbrella. I want these two fundamental things to be understood.

Another important aspect, also very precisely recorded by experts – **today, there are no strategic ideas of progress in our relations whatsoever.** (Only some 15% of experts on both sides see some strategy in bilateral partnership). More than that, our relations bear traits of an anti-strategy. We tend to tell each other what we do not want, rather than try to formulate what we expect from the partner.

We are well aware what Russia does not want – it does not want Ukraine to be in NATO. I consider such concern of the Russian Federation legitimate. Russia is a great power that bears the burden of its security on its own. Beyond a doubt, NATO enlargement creates problems for it in this respect. Any sane Ukrainian must admit that. But then, we would like to hear from Russia not only “no” and “you must not”, but also a clear stand on the guarantees of our security in a new, alliance-based security system on the Eurasian continent.

I seems to me that the time has come in the context of that key problem of our further strategic partnership for the Russian Federation to consider extension of security guarantees for Ukraine, formulated in the Memorandum of Security Guarantees in Connection with Accession to the Treaty on Non-Proliferation of Nuclear Weapons (the Budapest Memorandum).

The Memorandum is a politically binding document. Probably, the time has come for the Russian Federation to consider this issue and say: well, you want to join

NATO, but there are other opportunities. Russia is ready to enhance those guarantees and make them legally binding. Maybe, dialogue should be initiated among other signatories to the Memorandum. First of all – China (my contacts show that it entirely agrees with this approach), France, England, the USA.

It seems to me that such an approach would make the discussion positive. More than that, today, ever more political forces in Ukraine (including in Parliament) want further enhancement of Ukraine's security on the principles of non-allied status and neutrality. We are looking for our own formula, by analogy with the Finnish, Swedish, Swiss models. So I am eager to learn the opinion of official Moscow on this issue.

The gas relations are another problem. In 2000, I was involved in the settlement of a similar situation. Then, we managed to do that transparently, on the interstate level. I guess that today, one should be aware that any new Ukrainian government will review the gas deal reached on the corporate level, because our strategic intergovernmental agreements of 2000-2001 contain two important commitments of the parties. First: Ukraine guarantees for the Russian Federation the transit, and Russia for Ukraine – the balance of gas. Second – any changes in the gas price and in transit tariffs should first be recorded in an intergovernmental protocol. I am sure that under a professional approach, we will find the proper solution.

The essence of a new qualitative formula of strategic partnership between our countries should lie in the common perception by Ukraine and Russia of Ukraine's place in the future geo-strategic, geopolitical and geo-economic structures of the present-day global and regional environment. We should come to such common perception. In this context, I support the proposal of the Razumkov Centre materials regarding the reactivation of the Ukraine-Russian strategic group. If our states are unable to do that, let us try to restore it in the public format. Proceeding from a positive approach the group should with utmost sincerity review the relations in the triangles of NATO-Ukraine-Russia, EU-Ukraine-Russia, Ukraine-Russia-SES and examine strategic partnership in the energy sector in the region from Turkmenistan to Ukraine.

We should initiate positive ideas and admit that both parties are responsible for the current situation. Civil society institutions should apply pressure on the state government. The current situation in Ukraine is favourable for that – the foreign policy will be determined by Parliament. We should move from confrontational ideas to positive ones. There is no alternative.

Summing up, I would like to stress the following. In order to work out a strategic vision of our relations, the ways of solution of the two key problems must be found. **The first** is the problem of NATO, the problem of security guarantees for Ukraine from Russia as a party to the Budapest Memorandum. Today, Ukraine faces a situation similar to that of Austria in 1952. The uncertainty of its status posed a serious problem for European security. Ukraine's situation after the expansion of security alliances on the Eurasian continent is very much the same. **Second**, mutual strategic compromise must be found on the problems of cooperation in the energy sector. I want the Russian side to hear us, and official Moscow to display more initiative. ■



TO FORM A FUNCTIONAL INTEGRATION MODEL

Lidiya KOSIKOVA,

Leading Research Fellow, Institute of Economy of the Russian Academy of Sciences

Our Institute's Centre of the CIS and Baltic States has been studying new independent post-Soviet states and surveying theoretical and applied issues of their cooperation with Russia since 1991. We always stressed the significance of Russian-Ukrainian relations, which are extremely important in the context of developments in the post-Soviet space and modern world, as well as for the new structures on the European continent. From this viewpoint, we are extremely concerned with the deterioration of political or economic relations between the two countries.

The premise of the previous presentation was right – Ukraine is now calling upon Russia: understand, if we are not with you, this does not mean that we are against you. With the change of government, Ukraine clearly set its foreign policy goals and highlighted the key points. It prioritised the course of European integration and development of good-neighbourly relations with Russia. This enables to assess the situation in the field of economic cooperation without prejudice. In my opinion, the official Russian policy lacks clear understanding that Ukraine took the path of independent development and building political independence and economic sovereignty. Ukraine is looking for its place in today's world and, despite all importance of the Russian vector, the former is weighing and assessing its role in modern global processes. We cannot question Ukraine's choice and should form our bilateral ties with account of that choice.

It seems to me that the interstate relations were overshadowed by attempts to impose on Ukraine the Eurasian model of integration, rejected by Ukraine all those years. Such attempts were many, starting with the Treaty of Economic Union, to which Ukraine acceded as an associated member. In 1997, after the Russia and Belarus Union was formed, Ukraine was invited to join the union for promised economic benefits. But President L. Kuchma said that Ukraine would not allow it to be driven into the "third Slav corner". In fact, it refused the Eurasian model of integration understood by Ukraine (maybe incorrectly) as the possible restoration of the former allied relations.

In 2000, when the Eurasian Economic Community (EurAsEC) was established, Ukraine was also invited to join. I remind you that that was a difficult period in the economic development, following the recent default. Ukraine actively pushed the idea of a free trade zone. It seemed that the accession to EurAsEC offers the advantages of a free trade zone and a future customs union. But even that proposal was rejected – Ukraine became only an observer in EurAsEC.

All this proves that Ukraine steadily abided by its concept of development and its approaches to integration in the post-Soviet space. However, the Russian side failed to make the relevant conclusions on the official level. As a result, I guess, the SES concept appeared in 2003, in its initial form indeed seen as a duplicate of the defunct Treaty of an Economic Union, as an attempt at recreating an economic union, this time, by the "four".

As you know, the initial SES concept underwent serious changes exactly because of the Ukrainian position. The "four" gave up the idea of setting up an organisation of regional integration, attempts of establishing a currency union, and creation of a supranational body. The Yalta meeting approved the concept presuming a different pace of integration. Now, our relations with Ukraine on the issue of the single economic space are deadlocked.

More than that, the current situation rules out the implementation of that project in any form, because the development of the all-embracing body of laws and agreements rests on the position of Ukraine, ready to sign only a small package, i.e., to set up a free trade zone. Now, we should ultimately realise that SES as an integration project, probably designed as some alternative to the EU project (I will remind you that it was commenced on the eve of eastward expansion of the EU), has failed.

This does not mean however that we should forget about reintegration. It seems to me that time has come for Ukraine to revise its position, because the model of the Single Economic Space fundamentally differs from that of EurAsEC. Now, entirely different approaches dominate in the Commission working on that project.

Global experience knows different models of integration, with the institutional model dominating. I mean the functional model. In other words, we are not setting up an organisation with a strong supranational body that with time may turn into some federation of states. That is not a clone of the European Union, and nothing prevents Ukraine from participating in cooperation projects within the SES.

We in our institute are developing a concept of transformation of the SES project as a functional integration project that might promote relations on the corporate level, among businesses, and encourage implementation of branch projects. The concept presumes the involvement of the SES in the formation of the pan-European economic space, which would best meet the interests of both Russia and Ukraine in the context of cooperation in the European domain important for both countries.

We treat Ukraine as the East of Europe – one of the post-Soviet East European countries now undergoing geopolitical transition, between an enlarged Europe and the post-Soviet space (the CIS). **To be sure, a new model of relations for that group of countries must be worked out, with account of their aspiration for closer cooperation with the EU, including some forms of membership.** (The latter is highly doubtful though. Ukraine has been proposed only the status of a neighbour, which may be revised after 2008 upon the adoption of a new agreement on enlargement).

Meanwhile, one should keep in mind the colossal interests of Ukraine in the relations with Russia and not deprive our key partner of certain preferences for political motives. However, this should be a subject of negotiations, with unconditional mutual concessions.

Evidently, in the forthcoming years, bilateral relations would be best suited by the WTO+ formula, that is, cooperation on the principles of international trade, complemented with preferences in those sectors where interstate agreements can be made, in sectors critical for both sides (aerospace industry, etc.).

As regards multilateral cooperation, it seems to me that we should view the involvement of Ukraine and the Russian Federation in the SES project from a different angle. There are opportunities for interaction, including within the framework of the energy dialogue proposed by the EU. We should stop looking at Ukraine and Russia as antipodes, as two poles polarising the post-Soviet space, two centres forming pro-Russian and seemingly anti-Russian unions.

Ukraine and Russia can be two centres cementing the Eurasian geo-economic space. To that end, serious

surveys should be conducted and common approaches be found. ■



TO THINK IN TERMS OF THE NATIONAL INTERESTS

Yevhen FILINDASH,
People's Deputy of Ukraine

I would like to touch upon one of the subjects of today's Consultative meeting – stereotypes and myths hindering bilateral cooperation. Indeed, many in the political elite of our countries continue to preserve various stereotypes, myths and even complexes, leaving their imprint on Ukrainian-Russian relations.

The Russian political establishment tends to traditionally view Ukraine as a little brother that is trying to be emancipated and deserves punishment. Part of the Ukrainian elite (in particular, some rightist politicians) historically have an inferiority complex, viewing Russia through its prism as the empire of evil with all ensuing consequences.

We see this not only from separate statements but also from concrete actions by state executives who should behave as statesmen, not as politicians and politicians. For instance, some of our officials speaking live presume to make statements of possible disintegration of Russia.

As regards Russia, one might cite the recent example of an excursus into the Küçük-Kaynarci Peace Treaty, which aroused much comical commentary. On both sides, such actions are made by people behaving as politicians, thinking not in terms of the interests of the countries but in terms of the forthcoming elections, I guess.

This mainly harms average citizens, who in their majority are not interested in geopolitical subjects, rather in basic issues, starting with the price of gas and ending with the problem of use of travel passports for travelling

abroad. Will the latter complicate travel and should a person crossing the border in his own car be afraid of close attention of the Russian or Ukrainian traffic police because it bears the plates of another country?

Some public opinion polls, including those presented today, show that **both Russia and Ukraine see a trend towards deterioration of the attitudes of young and middle-aged citizens toward their neighbouring countries.** Such moods are formed by the political elite and mass media, including television in the two countries, which give mainly negative reports about the neighbouring country.

Of course, such information background influences public perception. If that trend continues, it can endanger the relations and positive mutual perceptions of Ukrainians and Russians. Ukrainians and Russians should think about this.

There are contrary examples, too. Recently, the perception of Ukraine in Poland and Poland in Ukraine has been improving. The thing is that the political elites of the two countries pursue a target-oriented policy to that end.

Meanwhile, Ukrainian-Russian relations, as I said, unfortunately witness the opposite trend – “rejoice, the neighbour's home burned down”. In reality, this is extremely dangerous, because when a neighbour's home starts burning, fire can spread around. Thank God, our homes are not on fire yet. But sparks twinkle, and we should extinguish them, rather than kindle them. ■



THE BALANCE OF INTERESTS LIES IN THE EFFECTIVE MIX OF POLITICS AND ECONOMY

Tamara GUZENKOVA,
Lead Research Fellow, Russian Institute of Strategic Studies

I would like to briefly dwell upon the key notions and categories often mentioned by the participants of today's discussion. These are the notions of **stereotypes, strategy, cooperation and crisis.** We began our discussion with the problem of stereotypes. Evidently, that is a problem that seriously needs to be tackled.

Stereotype is a phenomenon intrinsic to human consciousness, and we see actually all the reality in the form stereotypes. Stereotypes may be good or bad, false or based on some real processes. Stereotypes exist among the expert community and the population. And if we build the appropriate hierarchy and understand which stereotypes are meant, we will call a spade a spade and not use some of the notions and categories discussed in the expert community in the negative meaning.

The materials presented by the organisers note that the territory of Ukraine is the scene of a struggle between Russian and US interests. This is a certain negative stereotype. I believe that that stereotype rests on real processes.

Strategy is another notion. Unanimously declaring the absence of a clear strategy, we as experts greatly lighten our task. No strategy – well, let us invite something. I suggest that a strategy exists, but it is multifaceted and multilevel. For instance, it was formulated in the Big Treaty. We dare state that real processes – social, economic and political – of the past 10 years changed our countries so greatly that strategic provisions of the Big Treaty no longer meet the present day realities.

But on the other hand, strategic aims and goals may be explicit and implicit, declared and undeclared. Strategies may be national or private, including corporate strategies. I believe that many political and economic actors of geopolitics and regional politics have their strategies and in one way or another implement them. The problem is that those strategies very often run contrary to one another.

Cooperation is a very complex problem, especially in the context of Russian-Ukrainian relations. Talking of cooperation, we should distinguish many phenomena and processes. Rivalry and competition are the processes now covered by the notion of Russia-Ukraine



cooperation, where two strategic partners are in a state of sound competition, but if such sound competition turns into poor cooperation, then problems arise.

A lot has been said today about the balance between politics and economics. **In my opinion, the concept of economic determinism and pragmatism has failed. It is clear that without the effective mix of politics and economics (I would also add the humanitarian sector), a balance of relations and interests is out of the question.** These are the things that should be calculated very precisely and accurately. We should determine the shares and volumes in which political contradictions produce an insurmountable obstacle for effective cooperation, and vice versa, what economic processes can facilitate political interaction among countries.

And, finally, expertise, analysis and forecasts. It seems to me that the key problem lies in incompatibility or poor comparability of the forecasts, recommendations and analyses produced by the Ukrainian and Russian sides. Each side produces an analysis for itself, and when presented to a strategic partner, it appears that common grounds are few or entirely absent. I have read a number of interesting Russian documents, in particular, the Concept of new economic relations. It is a good document, but Ukrainians are not likely to accept it.



FOR “DÉTENTE” IN UKRAINIAN-RUSSIAN RELATIONS

Volodymyr FESENKO,

Chairman of the Board, Penta Applied Political Research Centre

I agree with the thesis expressed today that we should better understand each other. And the atmosphere of today's meeting. The quiet, open and benevolent dialogue gives an example that should be followed by politicians and statesmen.

For me, the present relations between Ukraine and Russia very much resemble the relations between Yu. Tymoshenko's Bloc and “Nasha Ukraina”. By word of mouth, these are aspirations for a union, coalition, or strategic partnership, in practice – political and information wars. And the assessment of the state of Ukrainian-Russian relations described today as a “Cold War” is basically true.

I will concentrate on what should be done to extricate ourselves from this situation. If we are in a state of “Cold War”, we should in the first place work for a “détente” in the most varied forms.

As the first step, we should taboo all signs of enmity to the neighbouring country by officials. If a deputy foreign minister or another high-ranking official ventures upon harsh, inimical statements about the partner, the following day he should not just go on leave, but resign altogether. The Russian side should do the same. If the leadership of the State Duma or any official dares to make hostile statements against Ukraine, the Russian leadership should respond similarly strongly.

Such a taboo should cover the official position of the Russian and Ukrainian media. We should not tolerate acts bordering on anti-state propaganda and hostile statements against strategic a partner in the state-owned mass media.

The second step should be the rationalisation of relations. We should clearly identify our interests in the

So, in my opinion, the main task is to jointly work out some analytical material – hard, tough, exposing painful points, clearly showing to what each party may consent entirely, partially, or will never consent. Then, we will more distinctly see the prospects of our further interaction.

And the last thing. Despite all our talk of partnership and equality, Russia always turns a greater and, so to speak, heavier partner at negotiations. But the Russian Federation can be vulnerable. In this respect, speaking of security problems, the signals of some guarantees on the part of Ukraine are also highly important. Previous presentations mentioned problems dealing with NATO and the system of security. But the political environment where *Realpolitik* is done is divided between “hawks” and “doves”. The proposals announced by O. Chaly address “pigeons”, while policy is currently made by “hawks”. To whom should the Russian Federation give a signal? What proposals may be acceptable for joint Russian-Ukrainian projects?

We should identify the priorities of acceptable coexistence of our countries. This is important, because there are a great many sectors of relations, where developments in the near future can further deteriorate rather than improve interstate relations. And so far, there are no signs of rapid improvement of the present situation. ■

relations with our partner, make kind of an audit and see where our interests really coincide and where problematic issues exist. We should identify the spheres of possible cooperation, as we cannot be partners in all areas. We should find the ways of dealing with the most urgent problems in our relations. Those problems are mentioned in the materials presented to us. They were discussed here and certainly should be resolved. Finally, we should work out and have in stock effective mechanisms of bilateral cooperation.

In this connection, I would like to continue the subject mentioned in the previous presentations. Recently, I received from my Russian colleagues the Concept of Relations between the Russian Federation and Ukraine in the inter-parliamentary sphere. Proposals are contained in the materials presented at today's meeting. Maybe we should set up a joint working group, examine the two documents and try to find common grounds and domains where the recommendations cannot be brought together.

The third step deals with the statement of interests. We should give up manifestations of extremes, both explicit and implicit. Such an extreme is observed in the perception of Russia in Ukraine – a stake on the strategic break-away from the Russian Federation at any cost. Movement towards NATO is a tool of such a breach. Is such an approach acceptable for us? This question demands a clear answer. In my opinion, Russia should always remain a priority in our foreign policy, as this meets our interests. The other extreme is presented by the stake on geopolitical absorption of Ukraine in one or another form and the return of historic Russian lands. If Russia adheres to that approach, there will be nothing strategic in our relations. We should say frankly: in the near future, only limited partnership will be possible.

Both experts and the population prioritise economic cooperation. I would like to support the idea expressed today

that such cooperation should be based on WTO principles. Furthermore, we have common interests, for instance, in the modernisation and development of the energy sector and transport infrastructure. Russia seeks to increase the deliveries of its energy resources to Europe. Why should we compete and put a spoke in the wheels of the Russian Federation? Our interest lies in helping Russia in the attainment of that goal on mutually acceptable terms.

On the problem issues. I guess that this time, it deals not only with the search of a compromise but with a quest for new paradigms of their solution. For instance, one of the possible new paradigms in the solution of the NATO problem may be presented by the active neutrality of Ukraine. Evidently, both Russia and Ukraine should think about the creation of a new security system in Europe. NATO is seen as a relic of the Cold War preventing the development of a regional security system in Europe and in the post-Soviet space. It means that a new European regional security system should be set up. The Black Sea Fleet is another challenge. Apart from the settlement of the disputed issues, we should think of the problem of 2017. What solutions are possible within the framework

of the new paradigms? In my opinion, one solution may be offered by the limitation and reduction of the military in the Black Sea area, involving not only Ukraine and Russia but also Turkey and the Balkan states – NATO members. I mean the establishment of a new multilateral regional security system in the Black Sea area.

The legitimisation, recognition of the problem of the Russian language in Ukraine is another issue. This process is underway, but should be legalised. Then, the problem in relations with Russia will largely be settled. On the other hand, Russia should clearly state that the language problem is for Ukraine to decide, and stop treating the Russian-speaking population in Ukraine as the fifth column, as a Russian enclave temporarily living on enemy territory.

And the last thing. When coming to Russia, Russians often jest, asking: "When will you give Sevastopol back to us?" Unfortunately, many a true word is spoken in jest. I do hope that in the not so distant future, we will hear a different question upon arrival in Russia: "When will we implement joint projects – today, tomorrow, the day after tomorrow?" ■



UKRAINE SHOULD REALISE THE SPECIFICITY OF RUSSIAN POLICY

Mikhail VINOGRADOV,

*Head of the Political Consulting Department,
Propaganda Centre of Communicative Technologies*

In my opinion, the acute crisis in Russian-Ukrainian relations largely arises from the fact that the population and the elite of the two countries exaggerate the importance of Ukraine for Russia and of the Russian Federation for Ukraine. As a result, any home political or foreign political move of Ukraine is seen in Moscow as either pro-Russian or anti-Russian. But they in Moscow do not care to think that 90% of such decisions are motivated by an entirely different logic. And they in Ukraine think that if Russia looks down on Ukraine (which it does), this means that it bears some global strategic plans with respect to Ukraine. Meanwhile, Russia has not fewer problems with strategy than Ukraine.

What can be done to mitigate the relations between our countries: to wage wars not every three months, like Russia and Georgia, but not more often than once a year? I guess that Ukraine should realise the specificity of Russian foreign policy. It has three dimensions. The first one deals with integration. In this area many good things are being accomplished, but there are bad policies being conducted as well. The second one deals with corruption. It is well known, and there is no need to speak about this in Ukraine. Finally, the third one is imitational. That is, a certain problem has been fabricated in the relations with Georgia or Ukraine to subsequently make concessions at negotiations with the EU or G8 in exchange for some reciprocal compromise. Such is the design of Russian foreign policy in relation to Ukraine.

How can the negative trends in public opinion and in Ukraine's perception by the Russian elite be reversed? Today, the Cold War was mentioned, and in this connection I would like to remind you of one very effective weapon of the Cold War arsenal – foreign broadcasting. In other words, by adapting yourselves to the sentiments of the Russian elite you should speak in the language it understands. For instance, a special information centre might be set up in Moscow. Or publish brief (or detailed) information about the developments in Ukraine in the Internet.

This is important, because a Russian expert not immediately dealing with Ukrainian problems has to look through 10-15 web sites, including in the Ukrainian language. Maybe a special website should be created where an expert could start delving into the Ukrainian situation in the language understandable to them. It might present monthly press reviews, summary documents and materials, either elaborated (for experts) or brief to be read by state officials.

There should be consultations between the Russian press, businessmen, political figures and Ukrainian politicians representing different parliamentary factions in order for the Russian side to get answers to the main questions in Russian-Ukrainian relations.

In its turn, Ukraine should adapt itself to the Russian agenda to publicise the Ukrainian subject. Say, the recent address by President V. Putin might be used to draw attention to the developments in Ukraine. For instance, to explain in the context of the GUAM summit that GUAM is a structure uniting countries facing the problem of separatism. For the Russian elite this is clearer than talk of the Community of Democratic Choice. The situation with the Black Sea Fleet might be presented with an explanation of all the mythology of the idea of the military-strategic importance of the navy, which is very widespread in Russia nowadays.

Returning to the idea of an information centre, I would like to note that such a centre might present a platform for popular diplomacy, for expert consultations, for discussion of further initiatives. Maybe the Verkhovna Rada might sponsor such a structure. In my opinion, this would soften the climate of relations between our countries and mitigate or curtail wars between Ukraine and Russia. We see that today, Russia has a more serious enemy than Ukraine – Georgia. They in Russia now more rarely oppose "bad" Ukraine to "good" Belarus. With the aggravation of the relations between Moscow and Minsk, Ukraine has a chance of such political rehabilitation in Russia. ■

THE STATE AND PROSPECTS OF BILATERAL RELATIONS: EXPERT OPINIONS IN UKRAINE AND RUSSIA

At present, Ukrainian-Russian relations are experiencing a growth in tension, emergence of new acute problems and notable complication of dialogue on a number of issues. Such a situation surely requires an all-round analysis of the “problem area” in bilateral cooperation, search of ways and mechanisms of forming a productive format for Ukrainian-Russian partnership. The involvement of the expert communities in both countries in this process seems highly important in this respect.

To that end, Razumkov Centre and the Russian Public Policy Centre Foundation acting within the framework of a joint project in April-May, 2006 simultaneously conducted expert polls in Ukraine and Russia devoted to the topical problems of bilateral cooperation¹. The summary results of the polls present a kind of “remote dialogue” between the expert elites of Ukraine and the Russian Federation. Proceeding from the comparison of opinions and positions, the following conclusions may be drawn.

First. Experts rather critically assess the present state of bilateral cooperation, describing it as either unstable or deteriorating. They report that both Ukraine’s policy with respect to the Russian Federation and Russia’s policy with respect to Ukraine show negative trends. According to the polled experts, Russia’s state and political elite view the present Ukrainian leadership with a great deal of criticism. The media environment of bilateral partnership also looks problematic in the eyes of experts. The fact that the majority of representatives of expert communities is convinced that neither Ukraine nor Russia has a clear strategy of action with respect to each other cannot but cause concern.

Second. Both in Ukraine and in Russia, experts mentioned among the most problematic factors in bilateral relations the further deepening of Ukraine’s cooperation with NATO, conflicts in the gas sector, and different positions of the sides on the settlement of the Transdnistrian conflict.

Third. Despite all differences in perceptions of the situation in Ukraine and the Russian Federation, the socio-economic situation in Ukraine is viewed more negatively. The internal political stability in Ukraine is also seen as more questionable. However, Russia far yields to Ukraine in terms of the progress of democracy.

Fourth. Experts rather critically assess the foreseeable prospects of bilateral cooperation. However, despite all differences in opinions on the priority of the factors contributing to rapprochement between the two countries, the overall assessments give grounds to speak about the strong potential for Ukraine-Russia rapprochement. Both Ukrainian and Russian experts show a pragmatic approach, suggesting that cooperation in trade and economic relations and in the energy sector should be promoted in the first place.

1. PROGRESS OF BILATERAL RELATIONS

The opinions of experts from both countries regarding the current status of Ukrainian-Russian cooperation fully coincided. Most of the polled described them in terms of “**instability**” (among the Ukrainian experts, such an assessment was produced by 35.8%, among the Russian – 38.6%) and “**deterioration**” (37.6% and 39.6%, respectively). Noteworthy, in both groups, very few polled noted “**progress**” in the relations between Moscow and Kyiv. In other words, a very critical idea of the current state of bilateral cooperation dominates in the expert circles of both countries.

The assessments of Ukraine’s policy with respect to Russia generally coincide. Most respondents describe it

as uncertain and controversial (on the Ukrainian side, this opinion is shared by 60.6% of the polled, on the Russian – by 53.5%). In other aspects however, the opinions are split. Ukrainian respondents are more disposed to see that policy as a pragmatic, mutually beneficial partnership (27.5%). Among Russians, four times fewer respondents shared that opinion (6.9%). In turn, Russian experts more frequently described Ukraine’s policy with respect to the Russian Federation as a desire to improve its standing at the expense of the neighbour (20.8%). On the Ukrainian side, the share of such assessments was statistically insignificant (1.8%).

There are evident differences in the opinions of the Russian policy with respect to Ukraine. Ukrainian experts more tend to see it as a desire to improve its standing at the expense of the neighbour (57.8%) and as

¹ The polls were conducted simultaneously on April 26 – May 17, 2006. They covered representatives of the legislative and executive branches (in the capitals and in the regions), concerned ministries and agencies, business circles, leading government and non-government think-tanks and international journalists specialising in the problems of Ukrainian-Russian relations. In the Russian Federation, 101 experts were polled, in Ukraine – 109.

clearly unfriendly (35.8%). In turn, most of the polled (53.5%) on the Russian side described the policy of their country towards Ukraine as uncertain and controversial, a quarter of respondents (24.8%) – as a pragmatic, mutually beneficial partnership. That is, despite all differences in positions, critical assessments of Ukraine's policy with respect to the Russian Federation and of the Russian policy towards Ukraine clearly dominate in the expert communities of both countries.

With few differences, the answers to the question of the prevalent attitude of the Russian state and political elite to the present Ukrainian authorities were rather uniform. According to 66.1% of Ukrainian experts, a negative, critical attitude prevails. This opinion is shared by 52.5% of the Russian respondents. However, in Russia, more polled (41.6%) is sure in the domination of pragmatic, restrained relations. Among the Ukrainian experts, a similar position was reposted by 30.3%. One way or another, judging from the general assessments, the overall perception of the present Ukrainian authorities cannot be termed as "positive, benevolent".

Expert opinions on the mass media activities in both countries in the context of bilateral cooperation deserve attention. The absolute majority of Ukrainian experts believes that the Russian media cover Ukrainian problems either mainly critically (57.8%), or very critically (35.8%). The Russian assessments in this respect are more reserved. 65.3% of the polled suggests that the national mass media cover the Ukrainian events mainly critically, 17.8% called the coverage of Ukraine in the Russian media neutral and reserved.

In turn, divergence is observed in the assessments of the Ukrainian media covering the Russian problems. The positions of Ukrainian experts were essentially reduced to two assessments: "neutral, reserved" (47.7%) and "mainly critical" (34.9%). In the Russian group, the opinion of "mainly critical" (50.5%) and "very critical" (18.8%) coverage of the Russian events by the Ukrainian media prevailed. In other words, the Russian problems in Ukraine and the Ukrainian – in the Russian Federation are covered with a great deal of criticism. Judging by the assessments, a positive format of information products is out of the question.

Experts are rather critical in assessing the effects of V. Yushchenko's team coming to power for the bilateral relations. Ukrainian experts in their majority think that the election of the present Ukrainian President generally had a negative effect on Ukrainian-Russian relations. Such was the opinion of 57.8% of the polled. Every fifth respondent (21.1%) is sure that his influence was positive. Roughly the same number of respondents (20.2%) noticed no influence whatsoever.

Among the Russian experts, the negative perception of the effects of V. Yushchenko coming to power is more evident. 78.2% of respondents negatively assessed that event. Approximately one-seventh (13.9%) saw no effects. It may be assumed that the foreign policy of Ukraine's new government became more open and revealed a number of acute problems that were either disregarded or frozen. Probably this was one of the reasons causing the growth of tension in bilateral contacts.

Noteworthy, according to experts, neither Ukraine nor Russia has a clear strategy of action with respect to each other. The overwhelming majority of the Ukrainian respondents (85.3%) is sure that Ukraine does not have

such a strategy. Only one in seven polled (13.8%) gave an affirmative answer. A similarly large majority of the polled on the Russian side (82.2%) noted the absence of a strategy of relations with Ukraine in Russia. The opposite opinion is shared by only 15.8% of the polled. Proceeding from expert opinions, it may be said that bilateral relations evidently lack the idea of the prospects of cooperation between Kyiv and Moscow and approaches to the creation of a new format of partnership. The conclusion is that bilateral cooperation is momentary and lacks a thorough and all-around forecast of long-term consequences of the countries' actions regarding each other.

2. FACTORS INFLUENCING UKRAINIAN-RUSSIAN RELATIONS

The range of expert opinions on the reasons and factors influencing bilateral cooperation is of interest. Ukrainian experts produced the following rating of the reasons for the deterioration of relations between Kyiv and Moscow. First of all, they noted the "attempts of the Russian Federation to maintain Ukraine in the sphere of its influence using various forms of pressure" (56%) and "Ukraine's desire to leave the sphere of Russian influence and pursue an independent foreign policy" (53.2%). They were followed by "Russia's non-acceptance of Ukraine's course of accession to NATO" (28.4%). Noteworthy, none of the polled reported that the relations did not deteriorate.

Russian experts reported a different rating of the factors deteriorating the relations between the two states. Equal numbers of respondents (41.6% each) gave priority to two reasons: Ukraine's desire to leave the Russian sphere of influence and non-acceptance of Ukraine's course of accession to NATO by Russia. Interestingly, the third important negative reason (33.7%), as seen by the Russian experts, was the absence of a strategy of bilateral relations of the parties (as we already noted, experts saw no strategy of the parties in the relations with each other). Noteworthy, the Russian experts more painfully than Ukrainian respond to Ukraine's course of Euro-Atlantic integration as a factor complicating Russian-Ukrainian ties.

In the assessment of the factors exerting negative influence on bilateral relations, the positions of both expert groups actually coincide. Both Ukrainian and Russian experts noted the following negative factors: further deepening of Ukraine's cooperation with NATO (mentioned by 85.3% of the Ukrainian respondents and 77.3% of the Russian), followed by the problems in the gas sector (75.2% and 72.3%, respectively). The difference of the parties' positions on the problem of the Transdnistrian settlement ranked third (52.3% and 53.5%). The problem of the Russian Black Sea Fleet in Crimea is next (50.5% and 46.6%), followed by the negative attitude of the Russian leadership to Ukraine's involvement in the Community of Democratic Choice (49.6% and 46.6%). Therefore, the rating of the problem factors, as seen on both sides, was identical. Noteworthy, according to common assessments, the European integration of Ukraine does not exert a critical negative effect on the bilateral partnership. Evidently, the expert circles of the two countries have a common idea of the importance of the problem factors.

Nevertheless, there are some differences in positions. For the Russian experts, the negative effects of restrictions in bilateral trade and different approaches to the SES format are much less important than for the Ukrainians.

The expert assessments of the character of influence of Ukrainian and Russian state and political figures on the development of bilateral relations are of interest. Those assessments are largely illustrative, reflecting the range of expert sympathies, evidently conditioned by different motives. In this case, they show some general trends.

According to Ukrainian experts, among the Ukrainian state and political figures, bilateral relations are the best promoted by President V. Yushchenko (54.1%), Prime Minister Yu. Yekhanurov (50.5%) and Ukraine's NSDC Secretary A. Kinakh (45.9%)². According to Russian experts, the three "positive" leaders are: the leader of the Party of Regions V. Yanukovych (62.4%), former Parliament speaker V. Lytvyn (46.5%) and Yu. Yekhanurov (39.6%). One should also pay attention to the rather high assessments of the positive influence of the CPU leader P. Symonenko (36.6%), who ranked fourth. The positive influence of Ukraine's President on bilateral cooperation was noted by 17.8% of the Russian experts. The high share of respondents not familiar with the activity of many Ukrainian state and political figures is rather striking.

The comparison of expert assessments of the influence of Russian state and political figures produces a similar picture. Russian respondents note the positive influence exerted on the bilateral relations by Russian President V. Putin (62.4%), Foreign Minister S. Lavrov (61.4%), and Prime Minister M. Fradkov (48.5%). The three leaders reported by Ukrainian experts look as follows: SPS leader B. Niemtsov (60.6%), Russia's President V. Putin (22.9%) and Foreign Minister S. Lavrov (22%). As we see, the difference in the assessments is substantial.

3. COMPARATIVE ASSESSMENTS OF THE SITUATION IN UKRAINE AND RUSSIA

During the poll, experts assessed the situation in both countries in different domains. The analysis of the answers produces the following summary conclusions.

First of all, both Ukrainian and Russian respondents far more critically view the socio-economic situation in Ukraine than in Russia. The ratio of the negative assessments of the state of the national economies of Ukraine and Russia given by Ukrainian experts is 54.2% to 9.2%, respectively. They suggest that the standard of living in Ukraine is lower than in neighbouring Russia (the ratio of negative assessments was 68.8% to 45.9%). The opinions of the Russian experts are close to those of their Ukrainian colleagues – in general, they more negatively assess that present state of Ukraine's economy and the wellbeing of its citizens. The greatest imbalance was observed in the critical assessments of the Ukrainian and Russian economies (72.3% to 16.8%).

Second, in both groups, experts tend to believe that Russia far yields to Ukraine in some aspects of democracy. First of all, this refers to freedom of speech. The ratio in the critical assessments of Ukraine and the Russian Federation by Ukrainian experts made 1:21 (3.7% to 78.9%). The Russian respondents are much more reserved, but even they gave preference to Ukraine – 1:2.5. A similar picture is observed regarding civil rights and freedoms. Respondents in both groups believe that the situation in Russia in that domain is worse than in Ukraine. Furthermore, experts on both sides more critically view anti-corruption measures in Russia than in Ukraine.

Third, representatives of both expert communities more negatively assess some aspects of the home political situation in Ukraine than in Russia. This primarily refers to the home political stability. Such a position of experts may be largely attributed to the problems in inter-regional relations and difficulties in the formation of the parliamentary coalition. Similarly, both Russian and Ukrainian experts more negatively described the level of trust in the government in Ukraine than in Russia. However, the general assessments of inter-regional relations are such that the situation in Ukraine is better than in Russia.

Some differences are observed in expert assessments of the international image of Ukraine and Russia.

According to the Ukrainian respondents, Ukraine has a generally positive image on the international scene (assessed as positive by 8.3% of the polled, mainly positive – by 71.6%). A negative assessment was produced by one-fifth of the polled (19.2%). Most of the Russian experts also generally positively assessed Ukraine's image (positive – 2%, mainly positive – 57.4%). However, one-third of respondents (33.7%) called it negative.

Expert opinions on the international image of the Russian Federation somewhat differed. Ukrainian respondents are more critical in assessing it (positive assessments were given by 43.1% of the polled, negative – 56.9%). In the assessments of the Russian experts, a positive perception of the image of their country prevails (by a narrow margin though) – it is viewed as positive by 49.5% of respondents, negative – 43.6%).

4. PROSPECTS OF BILATERAL COOPERATION

According to the majority of the Ukrainian and Russian experts, there will be no fundamental improvement in bilateral cooperation in the near future. Ukrainian respondents tend to believe that in the forthcoming years, instability will persist and relations will be aggravated from time to time. Such was the opinion of 69.7% of the polled. This opinion is shared by the majority (74.3%) of the Russian experts. The shares of optimistic respondents who believe that the relations will improve are rather low (among the Ukrainian polled – 15.6%, the Russian – only 8.9%). Such pessimistic forecasts are conditioned by the growing tension in the relations between the two countries, difficulties in the bilateral dialogue, and absence of noticeable changes for the better. Evidently, such "conservation of instability" noted by experts hardly meets the interests of the two countries.

There are differences in the positions of Ukrainian and Russian experts regarding the priority of the factors of rapprochement between the two countries. Representatives of the Ukrainian expert community are more pragmatic, suggesting that the rapprochement between the countries in the first place might be promoted by the coincidence of economic interests. This opinion, among others, was reported by 60.6% of the polled. The political will of the state leaders ranked second (46.8%), followed by the common historic past (31.2%). Noteworthy, Ukrainian respondents mentioned the economic dimension of rapprochement twice more frequently than historic.

The above factors also make the three top priorities noted by the Russian respondents, but in an entirely different sequence. Russians put in the first place the historic past

² At the time of the poll, A. Kinakh occupied that position.

(53.5%). The coincidence of economic interests ranked second (47.5%), followed by the political will of the state leaders (42.6%).

Comparing the assessments given by the groups of experts, two things deserve mention. *First*, such factors as the coincidence of political interests (evidently, due to the different foreign policy course of the two countries) and common democratic values appeared in the shadow. *Second*, noteworthy, very few respondents, both in Russia and in Ukraine, suggest that nothing can promote the rapprochement of the two countries. In other words, respondents believe that Ukraine and Russia can find a common language.

The picture of expert opinions on the prospects bilateral relations is complemented by their idea of Ukraine's steps the best meeting Russia's interests. The Ukrainian respondents mentioned here, in the first place, the transfer of Ukraine's gas transportation system under joint control (52.3%). Actually the same number of respondents noted Ukraine's refusal from joining NATO (51.4%). Next, the polled experts mentioned measures at Ukraine's deeper involvement in SES (48.6%).

Quite naturally, Russian respondents see as the "main step" of Ukraine meeting the Russian interests its refusal from the accession to the North Atlantic Alliance (58.4%). The second most important step of official Kyiv might be presented by granting the official status to the Russian language (44.6%). Regarding the third step of Ukraine, the positions of experts in both groups coincided – it was Ukraine's greater involvement in the SES (33.7%).

In this connection, it should be said that the expert groups somewhat differently view the hierarchy of Russia's national priorities in the relations with Ukraine. On the other hand, respondent assessments are probably influenced by the psychological factor of the "reality" of hypothetical Ukrainian activities in the interests of the Russian Federation.

Both Ukrainian and Russian experts suggest that in the first place, trade and economic cooperation should be furthered. That domain was mentioned by 82.6% of Ukrainian and 81.2% of Russian respondents. But beyond that, the positions seriously differ. Ukrainian experts mentioned the energy sector (70.6%) as the second important domain, scientific-technological cooperation went third (42.2%), followed by the policy domain (32.1%). In the Russian list, the policy domain was second (62.4%), the energy sector – third (46.5%), the humanitarian domain – third (37.6%). Interestingly, both groups viewed the security sector as less important. Probably the prospects of effective cooperation in that domain look uncertain in the context of Ukraine deepening relations with NATO, seen by experts as the main "irritant" in the bilateral relations.

In principle, experts are united as to what political forces in Ukraine may be associated with the possible improvement in bilateral relations. Both groups in first place mentioned the Party of Regions and "Our Ukraine". However, the Ukrainian experts gave third place to Yu. Tymoshenko's Bloc, while the Russian respondents – to the political force led by N. Vitrenko, whose contribution to the improvement of Ukrainian-Russian relations is evident for less than 4% of the polled Ukrainian experts. ■

Assessment of the present situation of Ukraine-Russia relations, % of polled experts



The way Russian mass media covers Ukrainian issues, % of polled experts



Assessment of Ukraine's policy with respect to Russia, % of polled experts



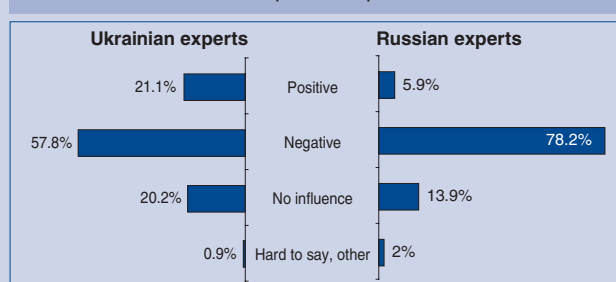
The way Ukrainian mass media covers Russian issues, % of polled experts



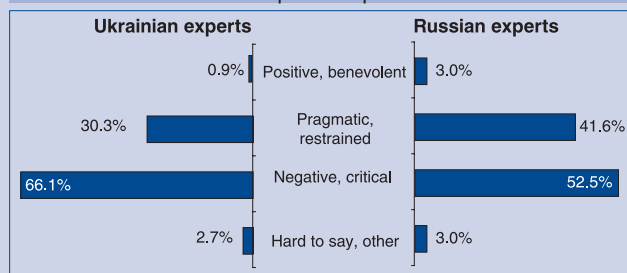
Assessment of Russia's policy with respect to Ukraine, % of polled experts



The effect of Victor Yushchenko's team coming to power on Ukraine-Russia relations, % of polled experts

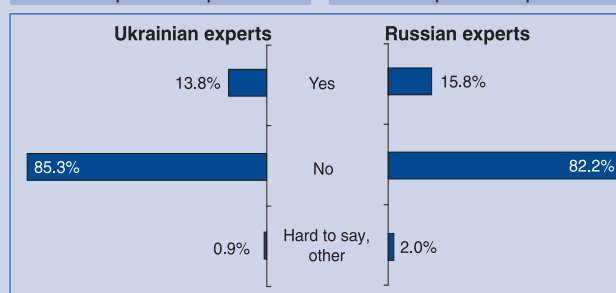


What is the prevalent attitude of the Russian state and the political elite to the present Ukrainian authorities?, % of polled experts



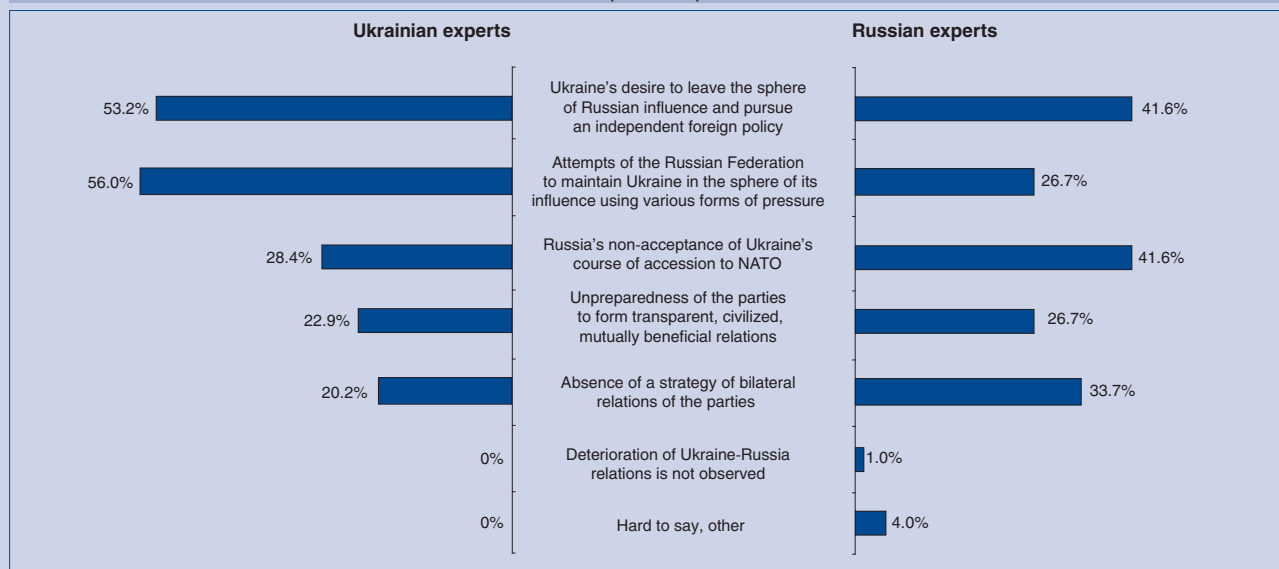
Does Ukraine have a clear strategy of action with respect to the Russian Federation?, % of polled experts

Does the Russian Federation have a clear strategy of action with respect to Ukraine?, % of polled experts



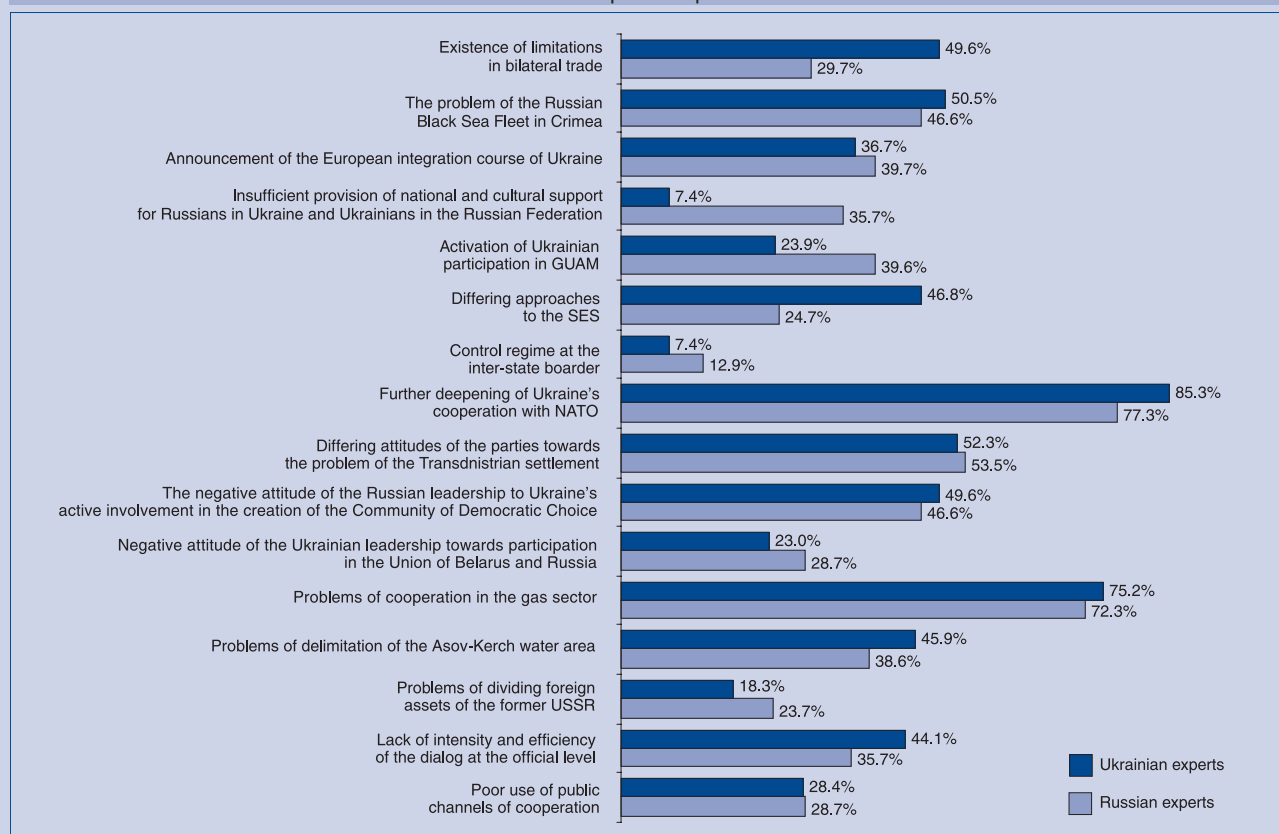
WHAT FACTORS INFLUENCE RELATIONS BETWEEN UKRAINE AND RUSSIA?

Main reasons and factors for the deterioration of Ukraine-Russia relations*, % of polled experts



* experts were asked to mark no more than two answers.

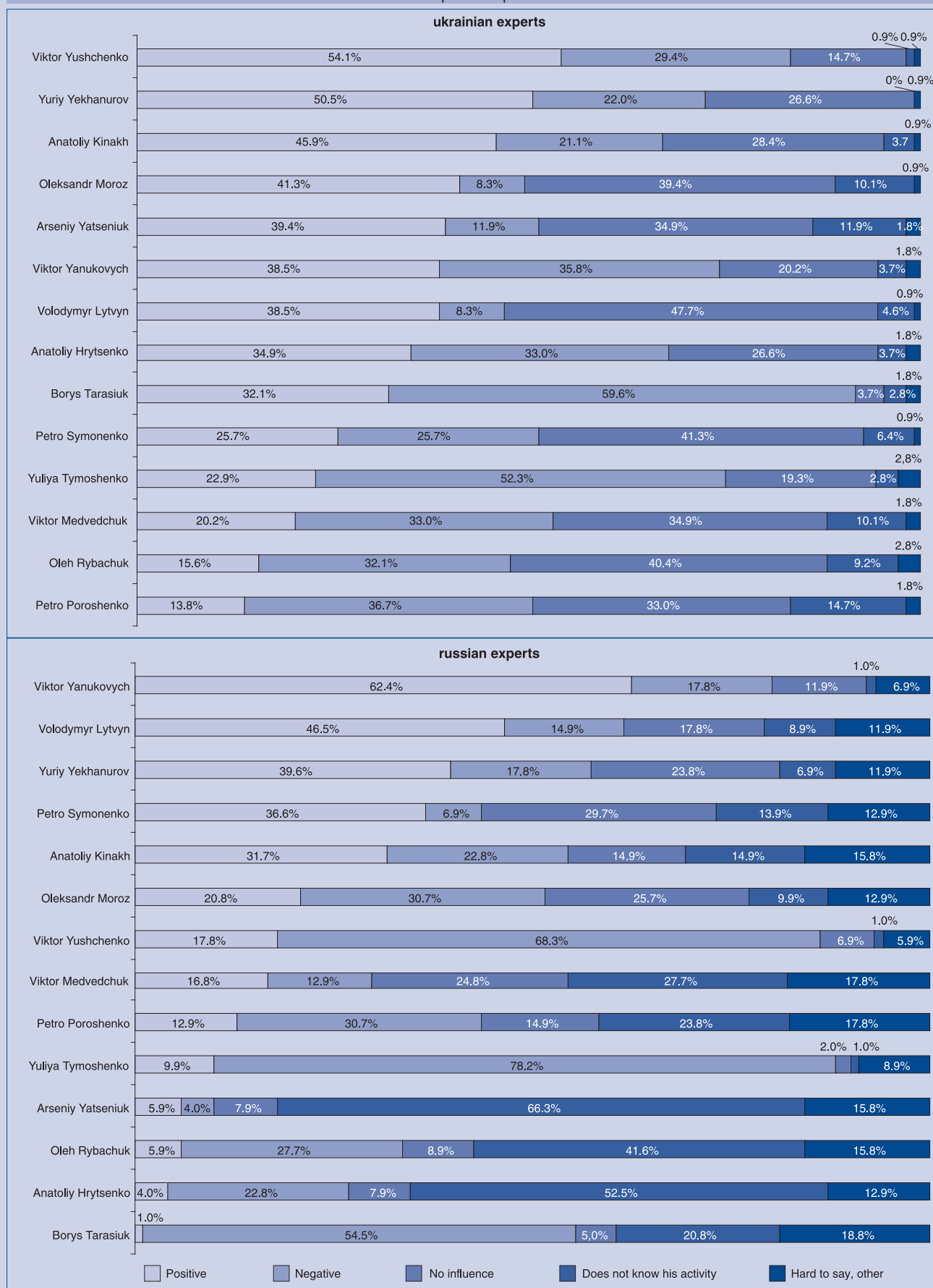
Factors exerting negative influence on Ukraine-Russia bilateral relations*, % of polled experts



* On the scale from "1" to "5", where 1 – the factor has no negative influence and 5 – maximum negative influence. The diagram presents only answers "4" and "5". This diagram does not reflect answers "refuse to say" and "hard to say".

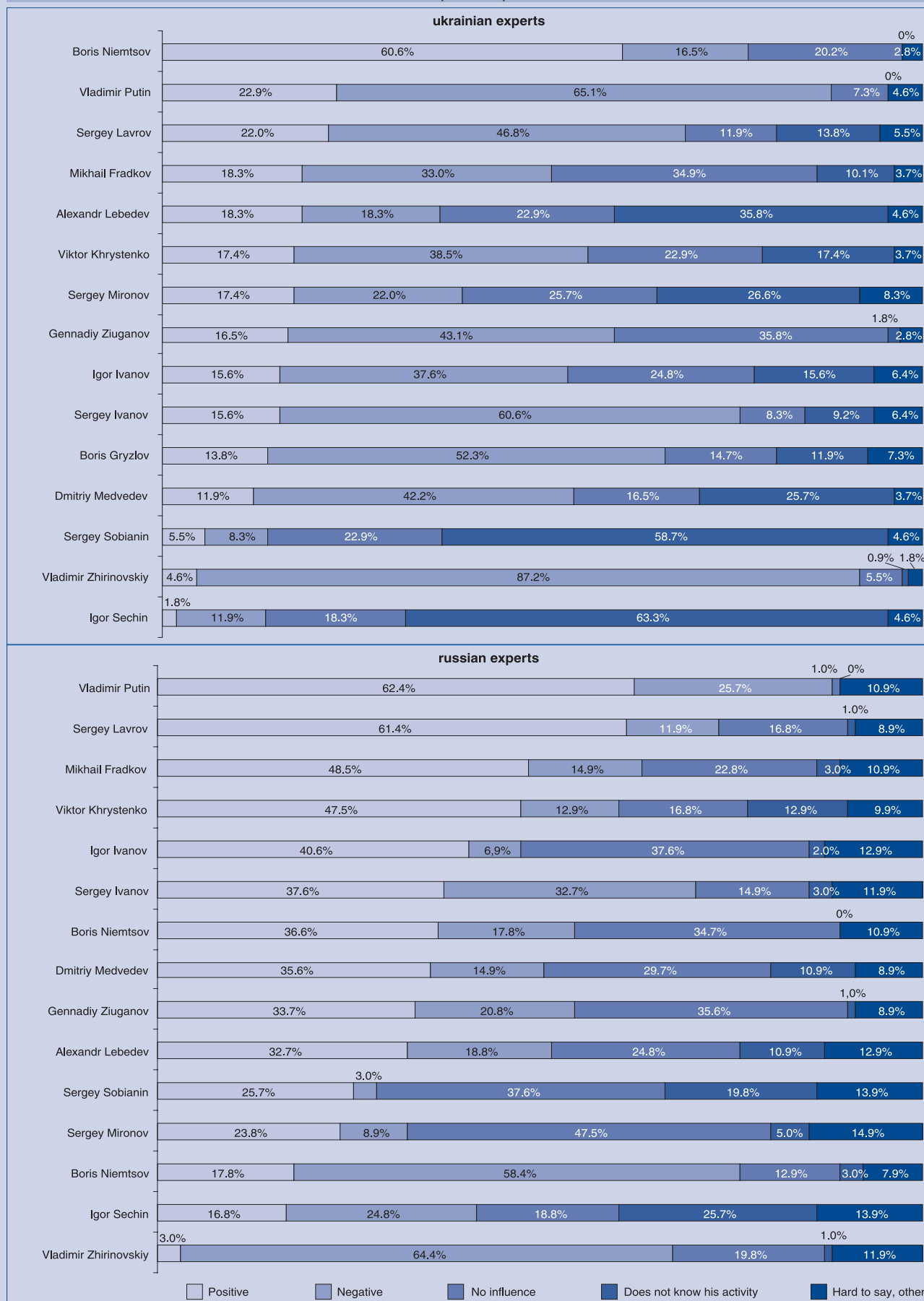
WHAT FACTORS INFLUENCE RELATIONS BETWEEN UKRAINE AND RUSSIA?

**Influence of Ukrainian state and political figures on the development of Ukraine-Russia relations,
% of polled experts**

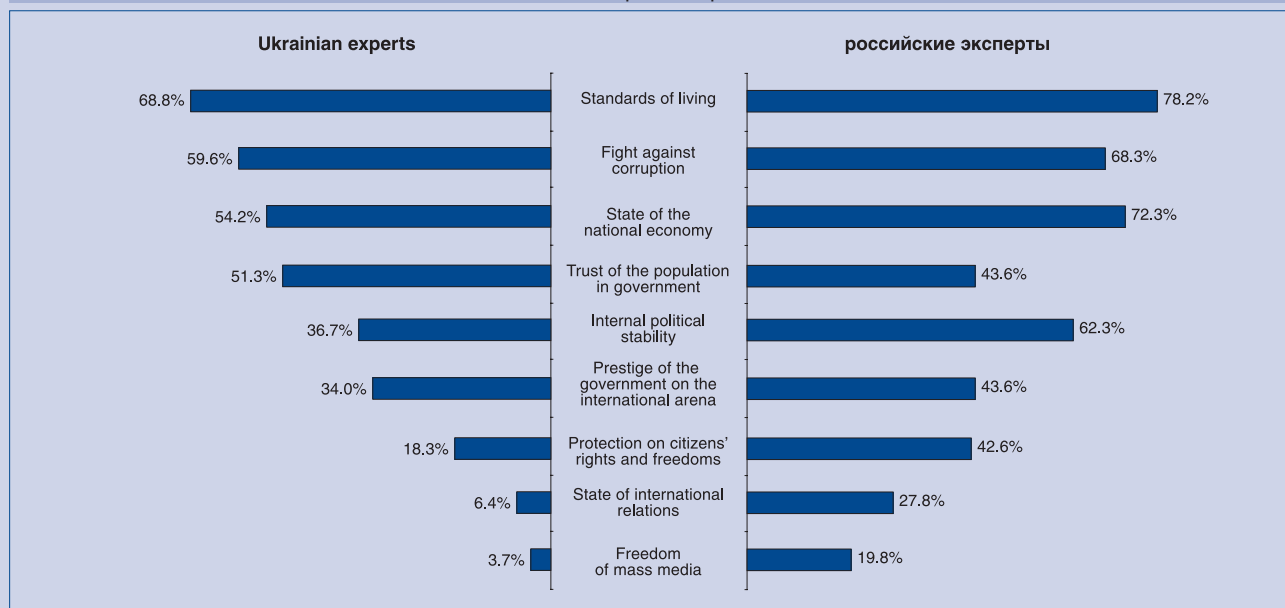


WHAT FACTORS INFLUENCE RELATIONS BETWEEN UKRAINE AND RUSSIA?

**Influence of Russian state and political figures on the development of Ukraine-Russia relations,
% of polled experts**



The negative assessments of the state of the following domains of Ukraine*, % of polled experts



* On the scale from "1" to "5", where "5" – excellent, "1" – very bad. Diagram shows the sum of "1" and "2" answers. The diagram does not reflect answer "hard to say".

The negative assessments of the state of the following domains of Russia*, % of polled experts



* On the scale from "1" to "5", where "5" – excellent, "1" – very bad. Diagram shows the sum of "1" and "2" answers. The diagram does not reflect answer "hard to say".

How do you assess the international image of Ukraine? % of polled experts



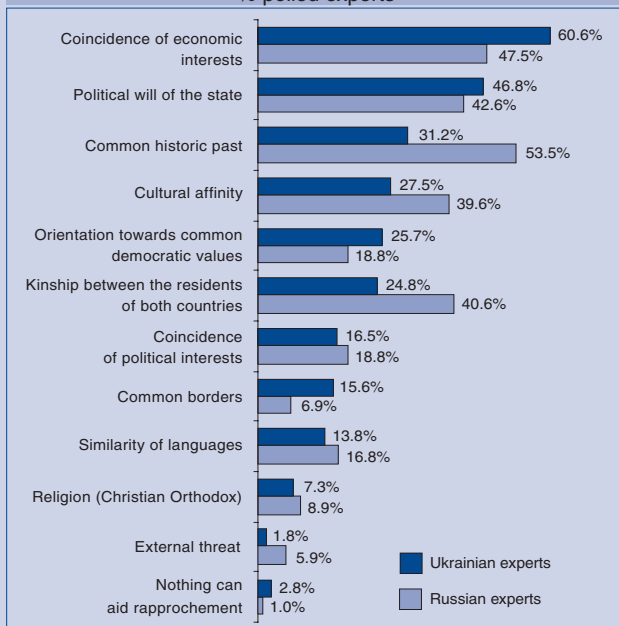
How do you assess the international image of Russia? % of polled experts



Assessment of relationships development prospects between Ukraine and Russia in the nearest future*, % of polled experts

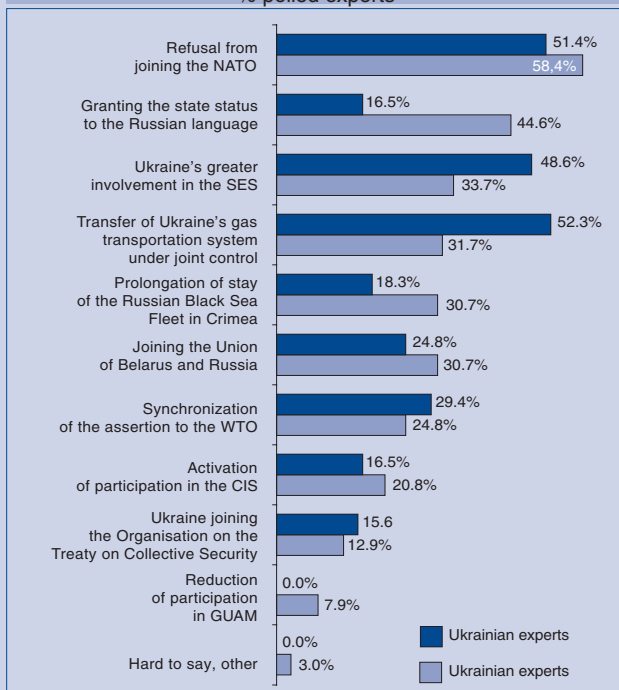


Priority factors of rapprochement between Ukraine and Russia?*, % polled experts



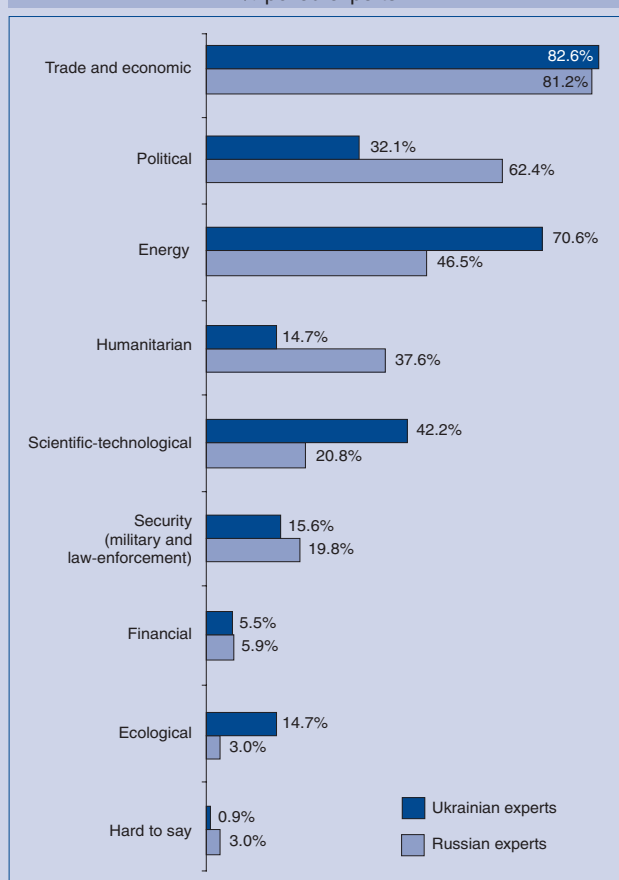
* Experts were asked to mark no more than three options.

What Ukraine's steps would best meet Russian interests, % polled experts

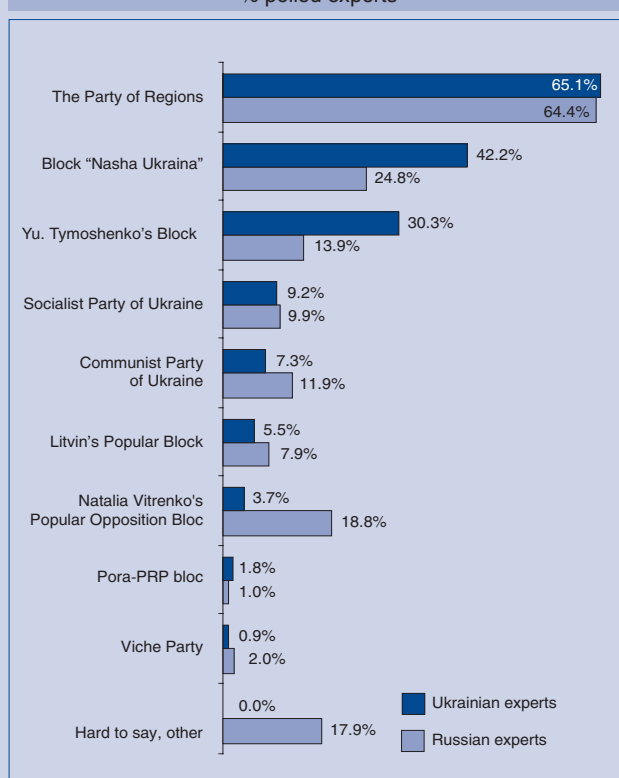


* Experts were asked to mark no more than three options.

In what domains should the cooperation between Ukraine and Russia be developed in the first place? % polled experts



What political forces may be associated with the possible improvement in Ukraine-Russia relations? % polled experts



PROBLEMS AND PRIORITIES OF UKRAINE-RUSSIA RELATIONS IN THE ASSESSMENTS OF UKRAINIAN CITIZENS

As part of its study of the problems of Ukraine-Russian co-operation, Razumkov Centre conducts nationwide public opinion polls¹.

For the Ukraine-Russian consultative meeting "Ukraine–Russia: the Way to a New Quality of Partnership" (May 2006), the Razumkov Centre conducted a special poll of Ukrainian citizens and summed up the results of the sociological surveys of 2001-2006.

Six years of public opinion studies demonstrate the dynamic of Ukraine's public opinion on the problems, priority lines and prospects of Ukrainian-Russian relations. The presented results give grounds for the following conclusions.

1. RUSSIA IN THE SYSTEM OF GEOPOLITICAL PREFERENCES OF UKRAINIAN CITIZENS

If we look into the dynamic of assessments over the past six years, we will see that Ukrainian society steadily demonstrates the domination of preferences for the two main lines of co-operation in foreign policy: with Russia and with the European Union. It should be noted that since 2004 (compared to the previous years), the number of adherents of the priority of Ukrainian-Russian partnership has increased. In January 2006, their share was a record high 43.4% (in May, it made 41.2%).

The support for contacts with EU countries was unstable. During the election campaign (July-November, 2004), it went down on the background of a mass anti-Western campaign. In late 2004 – early 2005, that index substantially increased². However, 2006 saw another decline in the European sympathies of the Ukrainian public. Evidently, the number of the adherents of co-operation with the EU after 2003 increased mainly at the expense of a decrease in the number of respondents supporting priority contacts with the CIS. In February 2005, the "index of importance" of contacts with the CIS states fell record low (7.7%), but in May 2006, it recovered to the level traditional for recent years – 12.4%.

Over the entire examined period, the attitude of Ukrainians to co-operation with the USA remained steadily cautious. The level of support for the priority of Ukraine-US co-operation in 2000-2006 ranged from 2% to 6%. Before 2005, such scepticism could be attributed to a long "frost" in Ukraine-US relations. Now, the thing is that the intensity of the bilateral dialogue has not been translated into concrete, commonly felt socio-economic results to overcome the "inertia of caution".

The overall picture of the geopolitical preferences of Ukrainian citizens has its traditional *regional specificity*. The watershed lies between the positions of

respondents of, on the one hand, the Western, on the other – the Eastern and Southern regions of the country. In the West, the sympathies for co-operation with the EU clearly dominate, in the East and South, people are more disposed to contacts with Russia. In the recent years, that trend has been stable. In May 2006, the ratio between the adherents of priority contacts with the EU and Russia in the country's West equalled approximately 7:1, in the South and the East, vice versa – 1:4 (in those areas, the situation seriously aggravated – in February, 2005, their ratio equalled 1:3).

The positions of respondents in the Central regions that in 2004-2005 seriously shifted in favour of co-operation with the EU, in 2006 regained parity – roughly equal shares of respondents reported their preference of co-operation with the Russian Federation and contacts with the EU (in May 2006, their shares made 32.4% and 30.8%).

The regional polarisation of the foreign political orientations of the population, ensuing from the controversial multi-vectored foreign policy of the previous state leadership, was aggravated during the latest presidential campaign, when the forces loyal to the old establishment in fact provoked confrontation between the West and the East of the country. The inertia of regional confrontation was also observed during the parliamentary campaign of 2006. This is an alarming signal for the present state leadership, revealing serious problems with broad "public legitimisation" of the chosen foreign policy course.

The demographic aspect of the geopolitical orientations of Ukrainian citizens is also interesting. In the socially most mobile age group – the youth (18-29 years), "European sympathies" still prevail, although the gap with the adherents of priority contacts with the Russian Federation in May 2006 was almost reduced to naught. The positions of people in the middle age (30-39 years), compared to 2005 (when the adherents of priority co-operation with the EU prevailed), now changed in favour of priority relations

¹ The Razumkov Centre Sociological Service has been holding targeted nationwide polls (with a sample of nearly 2,000 respondents) on Ukrainian-Russian relations since February 2001. The latest poll was conducted on May 11-19, 2006. In all regions of Ukraine, 2,000 respondents above 18 years were polled. The theoretical sample error does not exceed 2.3%.

² This may be attributed to the change of the information climate, sympathy for the Orange Revolution in the EU countries and a sharp political-diplomatic spurt of the new country leadership towards co-operation with the EU.



with Russia. A similar dynamic is observed among the respondents of the following age group (40-49 years). In the elder groups (50-59 years, 60 years and above), sympathies to co-operation with the Russian Federation prevail. In other words, the young generation of Ukrainians is better disposed to co-operation with the EU than the elder generation, giving preference to partnership with Russia.

The answers of respondents to the question of a hypothetical choice of the place of residence are of interest. 62.8% of the polled mentioned Ukraine, 18% – the EU, and one-eighth (12.4%) – Russia. From April 2005 till May 2006, the general picture did not substantially change. However, some regional changes were observed. In the South and East of the country, the preferences to the EU and Russia somewhat changed to the benefit of the latter. At that, the highest share of those willing to live in the Russian Federation is observed in the South of Ukraine (24.4%). The demographic section is also interesting. Most respondents eager to live in the EU (28.4%) belong to the youngest group (18-29 years). With age, the share of the people admitting a hypothetical move to the EU countries goes down, while the number of respondents choosing Ukraine goes up.

2. STATE OF BILATERAL RELATIONS

By and large, Ukraine's population rather critically assesses the state of Ukrainian-Russian relations. Over the examined period, a steady majority of Ukraine's residents termed them as either "unstable", or "bad". At that, slight negative dynamic was observed (in April 2005, compared to June 2003, the total number of critical assessments increased (by 4.6%) and reached 64.1%). However, in May 2006, the general assessments of bilateral relations sharply deteriorated. Compared to April 2005, the number of respondents who termed the relations between the two countries as poor increased five-fold (from 7.7% to 37.7%). Accordingly, the number of the polled calling Ukrainian-Russian relations good fell eight times (from 28.3% to 3.5%). By and large, the number of negative assessments increased from 64.1% to a critical high of 93%. Evidently, such "negative" dynamic ensues from the recent complications in bilateral contacts, growing conflicts, in some cases – confrontation in Ukrainian-Russian relations. Such assessments may well be attributed to the effects of the "gas crisis", and the "meat and milk wars".

In the assessments of the present state of bilateral relations, **some regional differences** were recorded in April 2005 (the residents of the country's South were the

most critical, of the Centre – the most placid³). However, by May 2006 the differences in assessments had actually levelled. The number of respondents terming the relations as good ranged from 2.6% (in the East) to 6.8% (the West). Instability was noted by 51.6% of respondents in the Western regions to 56.8% of the polled in the East of the country. In its turn, the "poor" assessments ranged between 36.5% in the East and 39.9% in the South of the country. However, such unanimity should be seen as nothing more than a statement of facts, because the respondents in the Western regions are likely to treat the deterioration of bilateral relations differently than the residents of the pro-Russian East of the country.

The assessment of the relations correlates with the respondents' opinion that Russia and Ukraine now treat each other much worse. The dynamic of comparative description of the Ukrainian policy towards Russia and, respectively, the Russian policy towards Ukraine from April 2005 till May 2006 reveals negative shifts in public opinion. With respect to both Ukraine and Russia, the critical assessments substantially increased, while the positive ones decreased, accordingly.

This is even more relevant to the Russian policy towards Ukraine. The comparison of the 2005 and 2006 polls shows that Moscow's policy, as respondents see it, became less good-neighbourly and friendly (the number of respondents who share this opinion fell four times – from 25.5% to 6.7%). Instead, the Russian policy became more unfriendly (the share of such assessments increased from 6.1% to 24.8%). The number of respondents describing the Russian policy as uncertain and controversial also substantially increased.

Meanwhile, Ukraine's policy towards the Russian Federation was assessed similarly negatively by Ukrainian citizens. The number of respondents calling it good-neighbourly and friendly fell from 33.8% to 9.9%, while the share of citizens describing Kyiv's policy towards Moscow as unfriendly increased from 4.4% to 17.2%.

Important for the overall picture of assessments of bilateral partnership is the perception of the state of affairs **in the humanitarian sphere**. In 2001-2005, generally positive dynamic of changes was observed in the public opinion, regarding the satisfaction of the national cultural needs of Ukrainians in Russia and, respectively – the Russian-speaking population in Ukraine⁴. (At that, respondents tended to view the Ukrainian situation more positively). The 2006 poll recorded the growth of critical assessments. From April 2005 till May 2006, the number of respondents convinced that the national cultural needs of Ukrainians in Russia are satisfied fully or partially substantially decreased (from 55.9% to 39.4%).

Similar trends are observed in the assessment of the situation in Ukraine. In the same timeframe, the number of the polled who believe that relevant needs of the Russian-speaking population in Ukraine are satisfied fully or partially fell (from 83.4% to 73.7%).

Such changes may be attributed to a few reasons. One is that the language problems are extremely politicised and speculated on during election campaigns in Ukraine. This subject regularly strains bilateral dialogue. In 2005-2006, there were a number of conflicts in the language domain on the official level, resulting in the complication of bilateral relations.

³ According to the April 2005 poll, the South produced the lowest in Ukraine share (17.7%) of the polled terming relations as good, the majority (63%) described them as "unstable", and the country's highest share of people (12.7%) called them poor. In the Centre, the relations between Kyiv and Moscow were termed as good by 35.5% of the polled, unstable – 53%, poor – only 5.2%.

⁴ In 2002-2005, the number of respondents believing that those needs "are fully satisfied" substantially increased: of Ukrainians in Russia – by 7.4%, of the Russian-speaking population in Ukraine – by 5.5%.

It should be mentioned here that before the poll, local councils in some Eastern and Southern regions granted a regional status to the Russian language⁵. The central authorities very negatively reacted to those steps. Such “language” confrontation between the capital and the regions could also influence the assessment of the situation in Ukraine.

It should be noted however that respondents assess the satisfaction of the national cultural needs of the Russian-speaking citizens in Ukraine much higher than of Ukrainians in the Russian Federation.

The assessments of the satisfaction of the national cultural needs of the Russian-speaking population in Ukraine **show some regional specificity**.

The situation is seen especially critically in the country's South, where the share of the Russian-speaking population is high. In that area, the highest share of respondents (23.5%) is convinced that the needs of the Russian-speaking population “are fully satisfied”, while the highest percentage is sure that those needs “are not satisfied”. At that, the number of citizens sharing that opinion from April 2005 till May 2006 doubled (from 12.3% to 26.5%). Similar changes were reported in Eastern Ukraine, where the number of positive assessments (“fully satisfied”) decreased (from 42.7% to 24.3%), with the corresponding growth in negative assessments (from 12.3% to 18.1%). In the Central regions, the ratio of positive assessments seriously shifted in favour of “partial satisfaction” of the national cultural needs. In the West of the country, the respondent positions actually did not change. That area, as in the previous years, produces the highest index of assessment of the satisfaction of the national cultural needs of the Russian-speaking population (60.1% of the polled is sure that those needs are satisfied fully, 21.7% – partially).

3. FACTORS INFLUENCING UKRAINIAN-RUSSIAN RELATIONS

The dynamic of assessment of the factors retarding the development of bilateral relations over the examined period saw substantial changes. By contrast to 2001-2003, in 2005 the list of the negative factors was topped by the development of Ukraine's co-operation with NATO. From April 2005 till May 2006, the number of respondents sharing that opinion substantially increased (from 52.7% to 72.2%)⁶. This trend is not surprising – respondents



spoke of one of the most controversial (maybe the most controversial) aspect of Ukrainian-Russian relations⁷. It is followed by the problems of the Black Sea Fleet and Sevastopol (the importance of that factor increased from 43% to 64%). The top three was closed by “Ukraine's course of integration in the EU” (60%) and “uncertainty (inconsistency) of the foreign political course of Ukraine in relations with Russia” (59.2%). Noteworthy, according to respondents, is the fact that the “weight” of the European integration as a negative factor substantially increased (by 22.5%). As a consequence, co-operation with NATO and the EU went up in the list of negative factors. Evidently, quite a few citizens identify and assess European and Euro-Atlantic integration as a pro-Western vector of the foreign policy complicating relations with the Russian Federation.

There are grounds to state that at present that the Ukrainian public is more concerned that Euro-Atlantic integration can affect the development of Ukrainian-Russian relations. On the one hand, this may be attributed to the anti-NATO stereotypes of the Soviet past, on the other – to the inertia of the information clichés of the past presidential and parliamentary campaigns, where certain political forces playing the Russian “card” imposed an artificial alternative on society: either with the West (NATO and the EU), or with Russia.

Noteworthy, humanitarian problems (standing of the Russian-speaking population in Ukraine) are not seen by the public as a “factor of tension” and rank next to last (29.5%) on that list (above “Ukraine's participation in GUAM”).

It was interesting to find out what, in the respondents' opinion, drives Russia towards Ukraine? Ukrainians believe that in relations with Kyiv, Moscow is primarily interested in the transit of Russian energy resources to EU countries (55.4%), and in the Ukrainian market for Russian goods (48.3%).

Noteworthy, compared to the 2005 poll, the “energy” interests moved from the second to the first position, evidently because of the echo of the “gas conflict” of late 2005 – early 2006. And the “use of the intellectual and scientific potential of Ukraine” was nudged out of third place by a purely political factor – “removal of Ukraine from Western influence” (36.1%). It is worth noting that very few of the polled (12.4%) believes that Russia's interest lies in the promotion of democracy and market reforms in Ukraine. Russia's desire to import Ukrainian goods is assessed almost equally sceptically (17.8%), probably due to the above-mentioned Russian ban on imports of Ukrainian meat and dairy products.

What contributes to the two countries' rapprochement the most? According to respondents, first of all – family ties among the residents of the two countries (43.5%) and the common historic past (37.1%). People are aware of the importance and value of traditional contacts. The coincidence of economic interests was mentioned as another important rapprochement factor (36.7%). Respondents view the external threat the most sceptically. The factor of the similarity of languages is also at the bottom, probably due to the large-scale politicisation of and potential conflict over the “language problem”.

The dynamic of answers to the question “who exerts the greatest positive influence on Ukrainian-Russian relations” deserves attention. The following should be

⁵ In April-May 2006, such decisions were passed by the Kharkiv and Sevastopol city councils, Luhansk and Donetsk regional councils.

⁶ Hereinafter in this subsection, the assessments of the factors influencing Ukrainian-Russian relations build on the comparison of the 2005 and 2006 polls.

⁷ Such assessments are fully in line with the results of the expert poll held in Ukraine – the majority of experts (85.3%) also called the Euro-Atlantic integration of Ukraine the factor exerting the greatest negative influence on bilateral relations.

noted. *First*, compared to 2005, the rating of the positive influence of Ukraine's President substantially decreased (by 19.2%). This is in line with the general negative assessment of bilateral co-operation, whose nature and level largely depend on the country's leader. *Second*, some growth (4%) was observed in the number of respondents convinced of the positive influence of Ukrainian regional leaders on the development of bilateral co-operation. This may be attributed, in particular, to the active pro-Russian position of the Party of Regions that, having united the leaders of the Eastern Ukrainian regions, did well in the recent parliamentary elections. *Third*, Ukrainian citizens, like in the previous years, rather sceptically assess the ability of the Cabinet of Ministers, the Verkhovna Rada and non-government organisations to promote bilateral relations. Their opinion of the positive influence of mass media is also very low.

The assessments of the personal influence of Ukrainian state and political figures on co-operation between our countries are of interest⁸. It appears that according to respondents, bilateral relations are promoted by the opposition leaders V. Yanukovich, N. Vitrenko, and P. Symonenko. This may be attributed to the dissatisfaction with the state of bilateral co-operation, projected to the assessments of the influence of statesmen, and to the generally critical attitude of citizens to the activity of the state institutes.

4. POST-SOVIET INTEGRATION: A VIEW FROM UKRAINE

The results of the recent years (2005-2006) reversed the previously positive dynamic of public opinion on the development of co-operation within the Commonwealth of Independent States. The number of respondents who believe that Ukraine's policy should pursue intensification of contacts within the CIS in April 2005 substantially decreased, compared to April 2003 (from 62.6% to 51%), and in 2006, equalled 47.1%. At that, in 2006, the share of "cautious" respondents convinced that Ukraine should maintain the present level of its relations with the CIS substantially declined. Compared to 2005, radical moods somewhat strengthened – the number of respondents convinced that Ukraine should quit the Commonwealth and build co-operation on a bilateral basis increased from 10.2% to 15.9%.

The declining interest in co-operation within the CIS is largely attributed to this body's ineffectiveness, the growth in conflicts between its member states, the inability

to reduce instability in some regions of the former USSR, and contradictions in the geopolitical interests of CIS states. It may also be assumed that respondents were influenced by the evident scepticism about the prospects of that organisation on the part of the Ukrainian leadership and the CIS leader – Russia.

Evident differences in respondent opinions regarding Ukraine's participation in the Commonwealth are also observed on the **regional level**. In the South and the East of the country, the number of adherents of closer relations with the CIS still makes a vast majority (66.7% and 63.6%), despite some decrease. In the Western regions, a critical perception of Ukraine's involvement in the Commonwealth steadily dominates – the majority either supports the maintenance of the present level of participation (25.6%), or speaks out in favour of quitting that organisation (30%). Only one in five respondents (21.1%) views the future of co-operation with the CIS with optimism.

5. PROSPECTS OF BILATERAL CO-OPERATION

A steady majority of respondents stands for deeper co-operation with the Russian Federation. From November 2002 till April 2005, their number stood still at 69%, and in 2006 – somewhat decreased to 62.2%. In turn, in 2005-2006 the number of respondents standing for the curtailment of co-operation and a decrease in Russian influence on Ukraine somewhat declined (from 5.8% to 13.6%). However, those changes do not alter the overall picture of respondent positions on that issue in principle. In the public's opinion, confidence in the need to further contacts with Russia steadily dominates.

At present, among all regions the highest support for deeper co-operation with Russia is naturally observed in the country's South and East – 81.4% and 77.5%, respectively. Their share is the lowest in the West – 34.7% of the polled is sure that relations with the Russian Federation should be intensified. However, they still surpass those who suggest that contacts with Russia should be curtailed. In other words, in all regions of Ukraine, the adherents of deeper relations between Kyiv and Moscow are in the majority. From the demographic angle, the situation is similar. In all age groups, the adherents of deeper partnership with the Russian Federation dominate – from the youngest age group (53.5%) to the oldest (72.9%).

The prioritisation of different sectors of bilateral co-operation by Ukrainian citizens is also interesting. Respondents produced rather a pragmatic rating. In their opinion, trade and economic contacts should be developed in the first place (71.2%), followed by co-operation in the energy sector (55.2%). The latter index somewhat increased compared to 2005. The relations in the political domain ranked third, while the importance of political contacts slightly decreased. The same refers to the security sector. Noteworthy, now as before, the majority of the polled does not view contacts in the humanitarian sector as a priority.

What are the prospects of Ukrainian-Russian relations in the forthcoming years? The respondents' opinions on this subject are divided. However, the prevalence of cautiously critical assessments is evident. Say, 22.9% is sure that the relations between Ukraine and Russia will improve. 29.6% of respondents guess that the relations will remain unchanged. Such a stand may hardly be termed as optimistic, given that the majority of citizens negatively described the present state of relations. Every fifth polled (21.5%) believes that Ukrainian-Russian relations will deteriorate. Noteworthy, a quarter (26%) remained undecided. The residents of the South of Ukraine are a bit more optimistic in this respect, while the respondents living in the Western regions were more critically-minded. ■

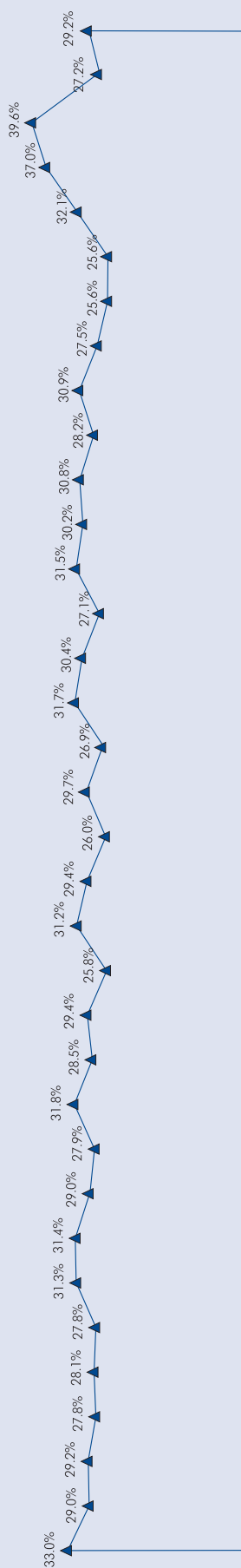


⁸ Clearly, such descriptions are mainly illustrative.

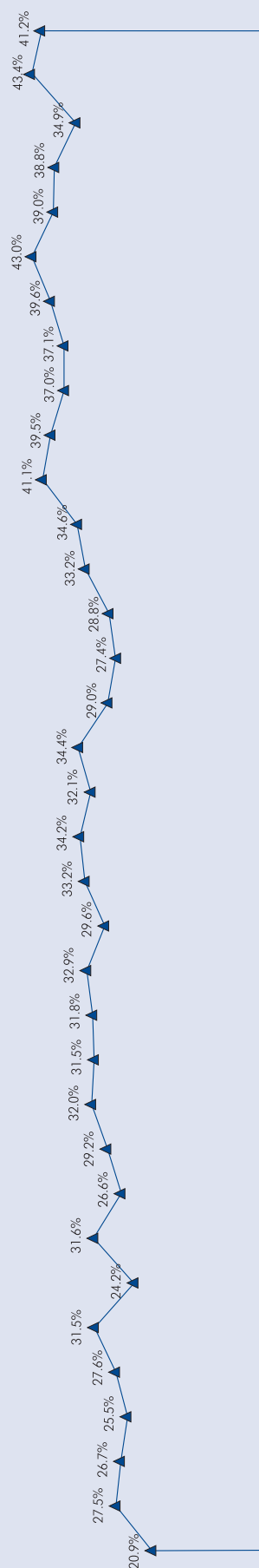
WHAT DIRECTION OF FOREIGN POLICY IS A PRIORITY FOR UKRAINE?

% of the polled

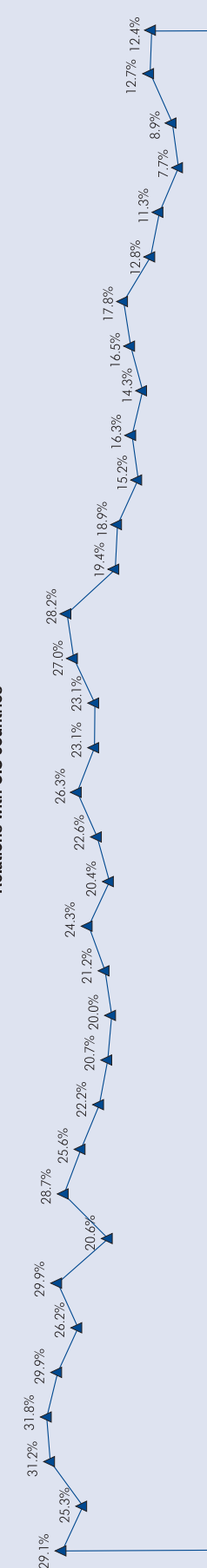
Relations with the EU countries



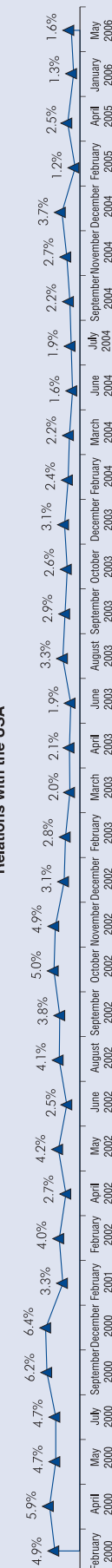
Relations with Russia



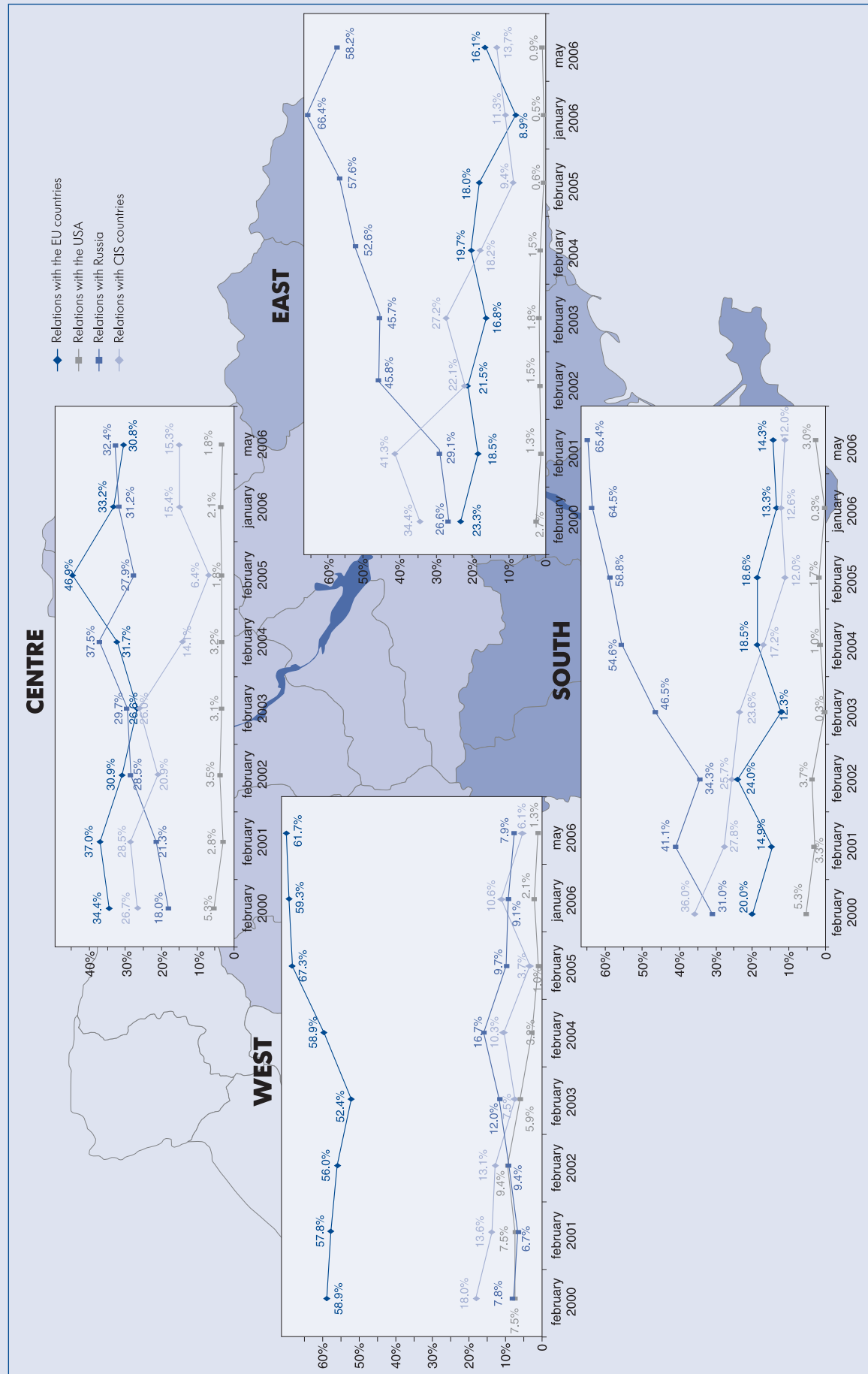
Relations with CIS countries



Relations with the USA

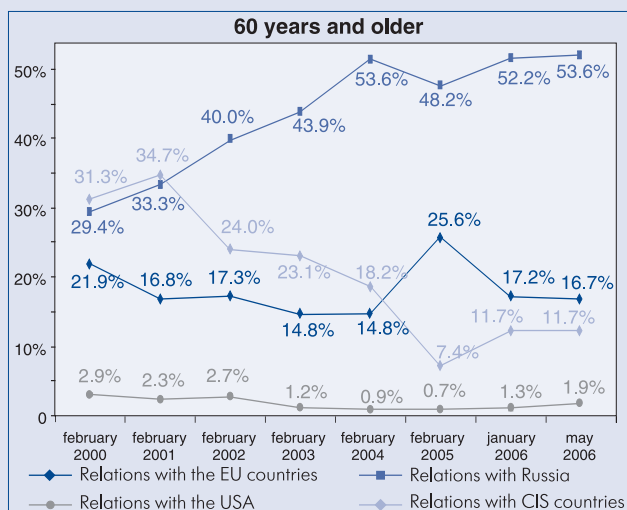
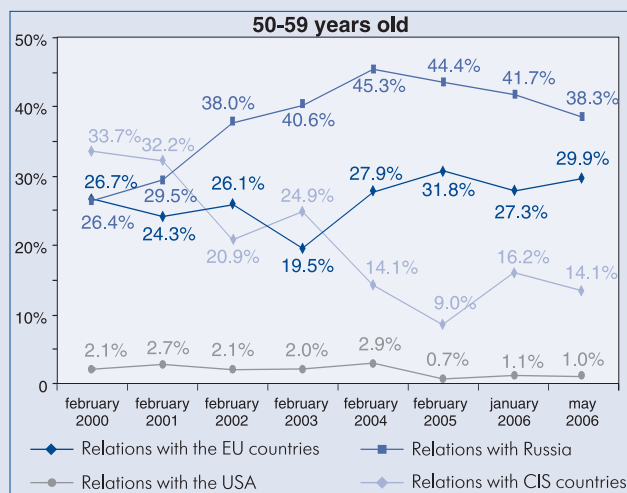
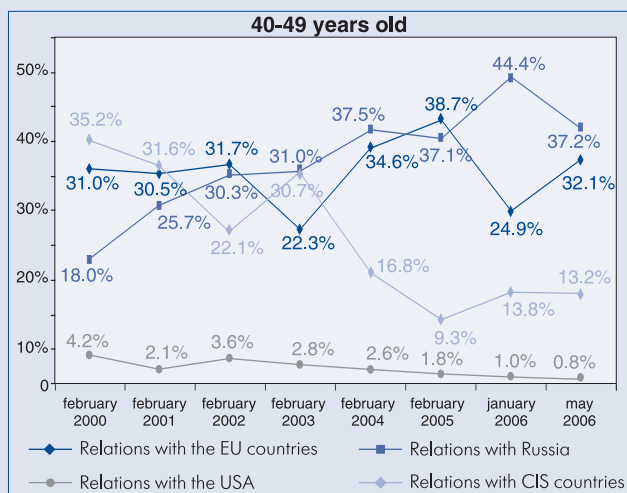
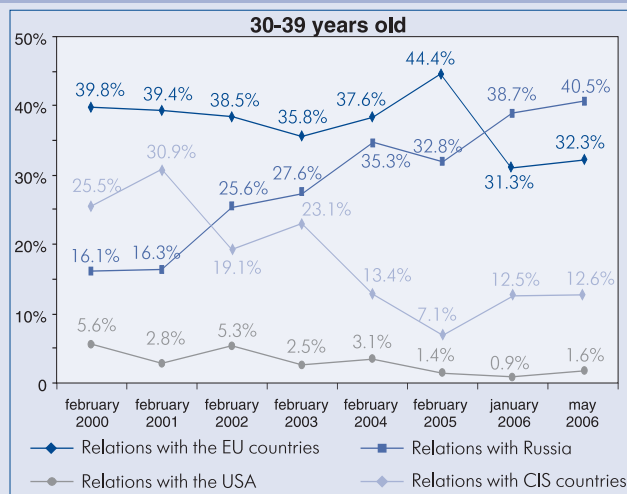
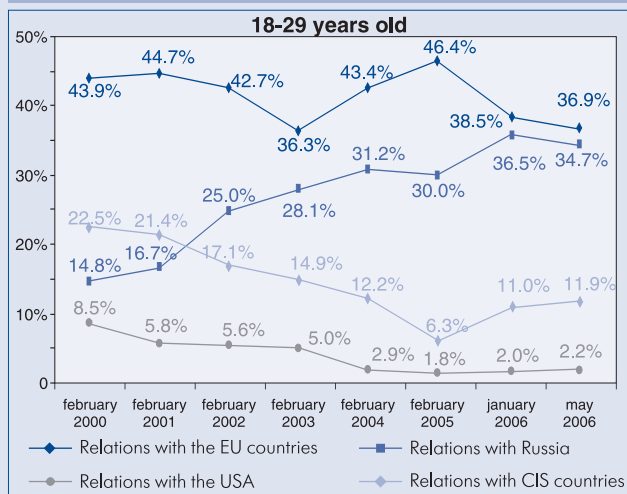


WHAT DIRECTION OF FOREIGN POLICY IS A PRIORITY FOR UKRAINE?
% of the polled



WHAT DIRECTION OF FOREIGN POLICY IS A PRIORITY FOR UKRAINE?

% of the polled



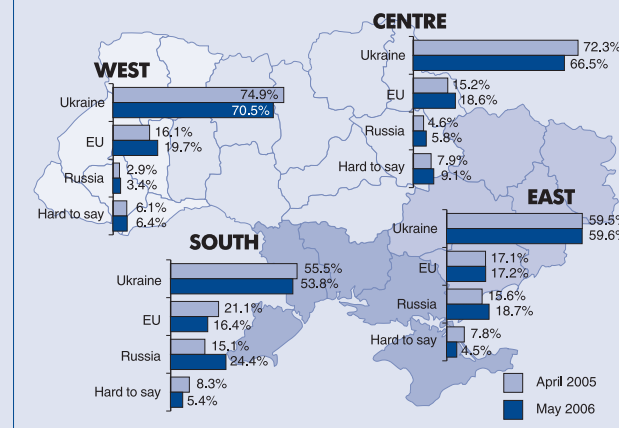
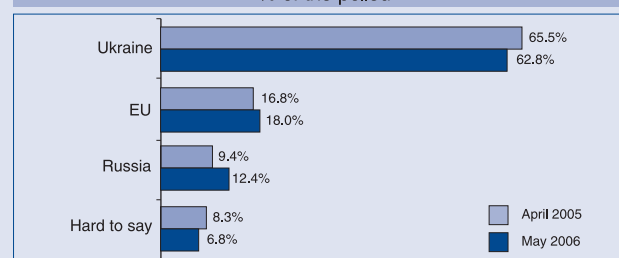
Where would you like to live if you could choose?

% of the polled

	18-29	30-39	40-49	50-59	60+
EC	30.8 / 28.4	21.1 / 22.4	16.0 / 17.7	10.9 / 11.8	6.4 / 8.1
Russia	7.2 / 12.5	9.2 / 12.3	9.3 / 12.1	9.5 / 12.5	11.6 / 12.7
Ukraine	51.6 / 51.2	61.0 / 59.3	66.0 / 62.4	75.9 / 70.6	76.2 / 73.7
Hard to say	10.4 / 7.9	8.7 / 6.0	8.7 / 7.9	3.7 / 5.1	5.8 / 5.4

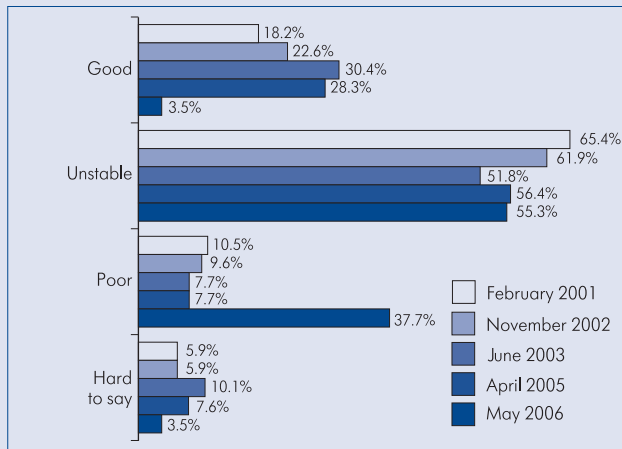
Where would you like to live if you could choose?

% of the polled

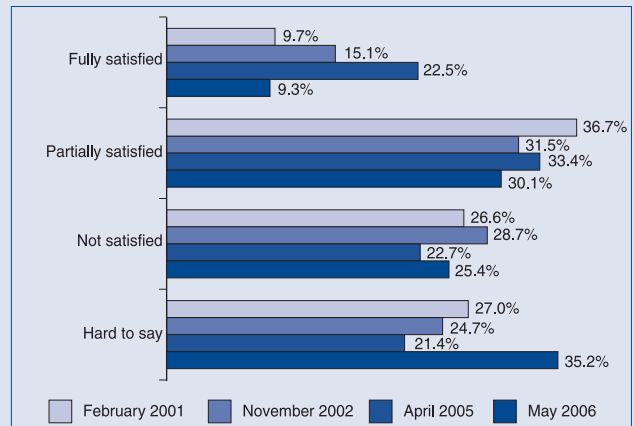


WHAT FACTORS INFLUENCE RELATIONS BETWEEN UKRAINE AND RUSSIA?

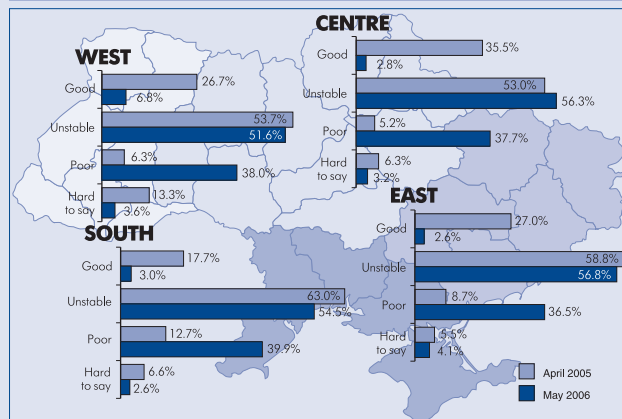
How would you assess the relations between Ukraine and Russia?
% of the polled



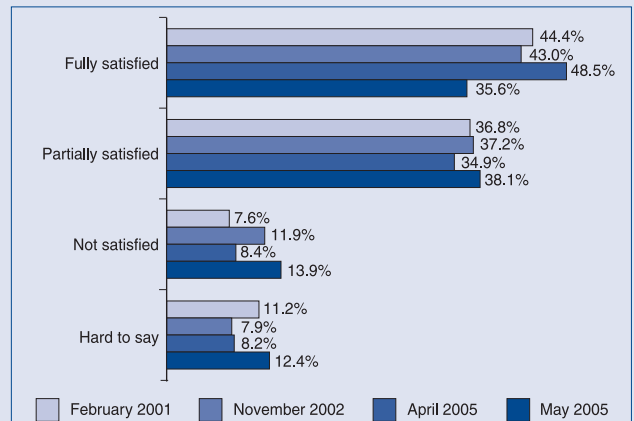
Are the national cultural needs of Ukrainians in Russia satisfied?
% of the polled



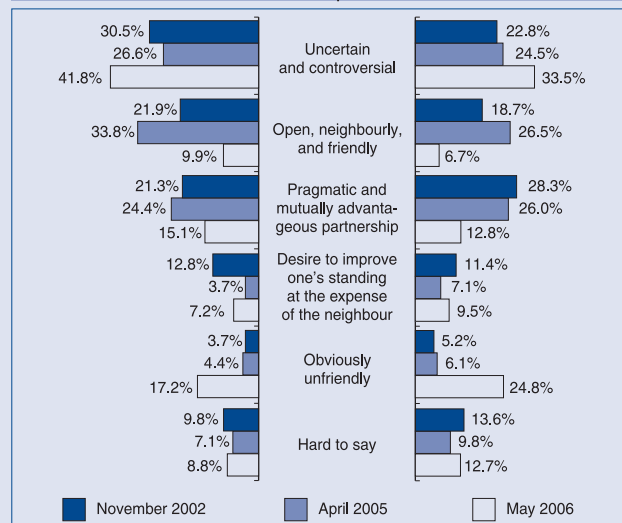
How would you assess the relations between Ukraine and Russia?
% of the polled



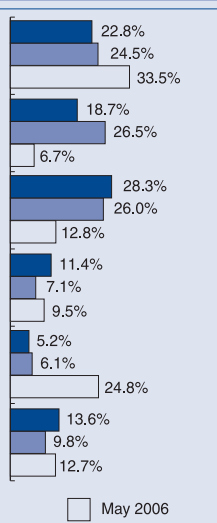
Are the national cultural needs of the Russian-speaking population satisfied in Ukraine?
% of the polled



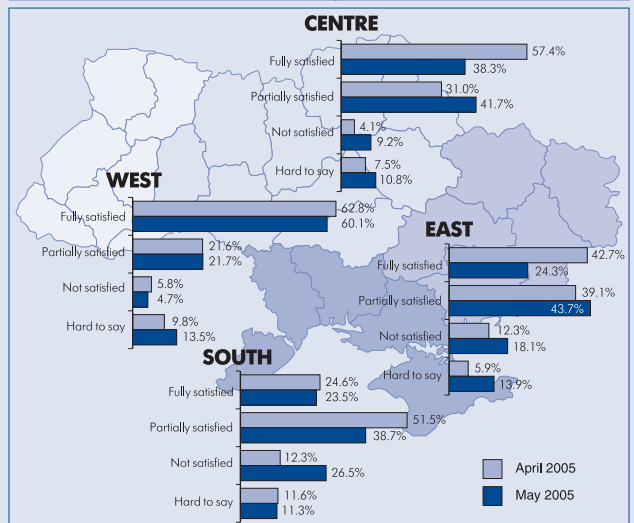
Assessment of Ukraine's policy towards Russia
% of the polled



Assessment of Russia's policy towards Ukraine
% of the polled



Are the national cultural needs of the Russian-speaking population satisfied in Ukraine?
% of the polled

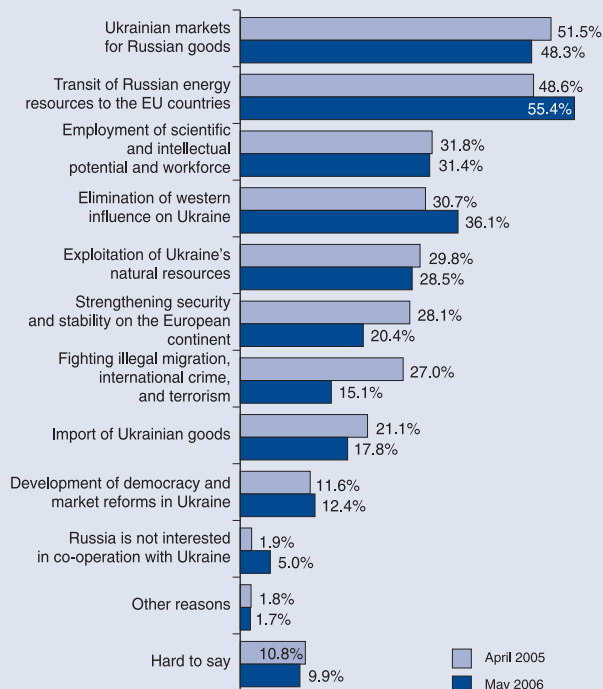


WHAT FACTORS INFLUENCE RELATIONS BETWEEN UKRAINE AND RUSSIA?

Is Russia interested in co-operation with Ukraine?

What guides this interest?*

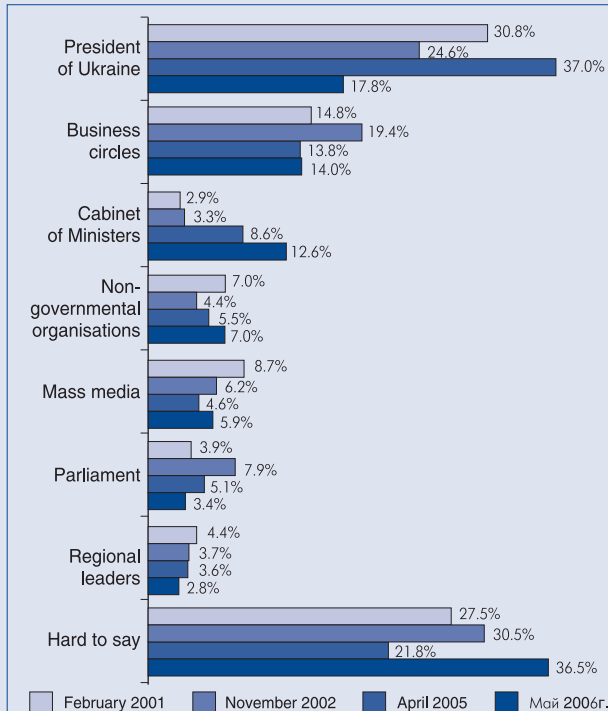
% of the polled



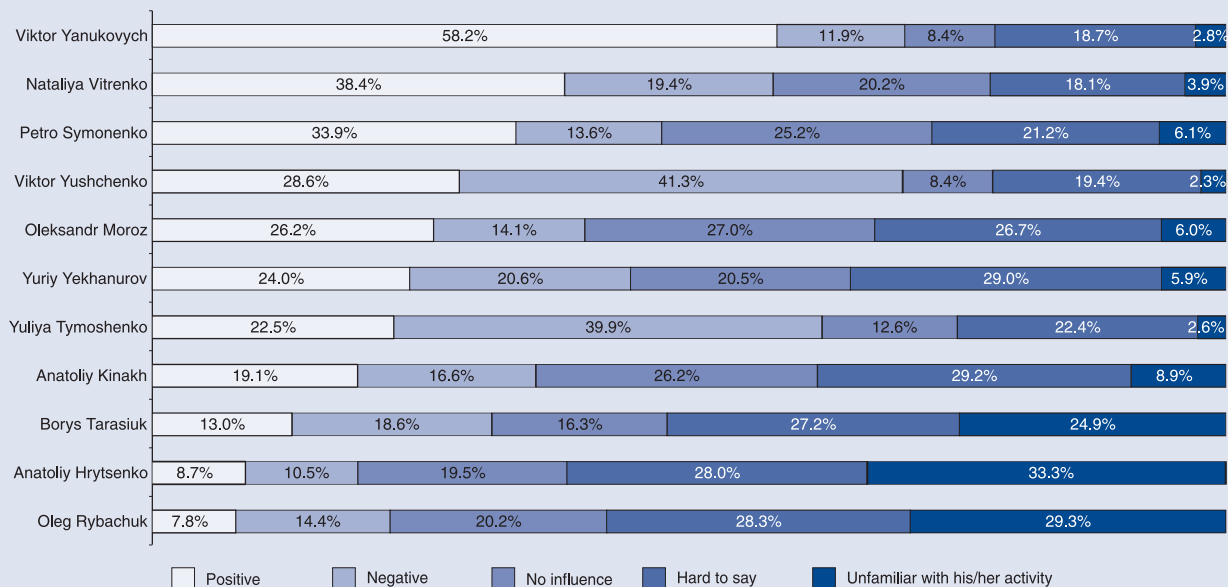
* Respondents were asked to check off all acceptable answer choices.

Who exerts the greatest positive influence on the development of Ukraine-Russia relations?

% of the polled

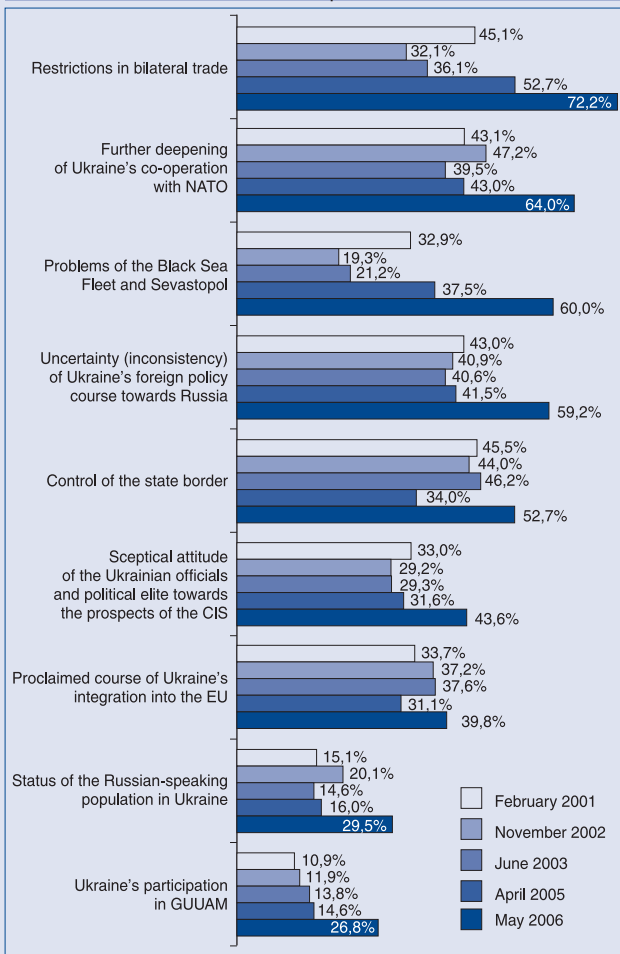


Influence of Ukrainian officials and political leaders on the development of relations between Ukraine and Russia, % of the polled



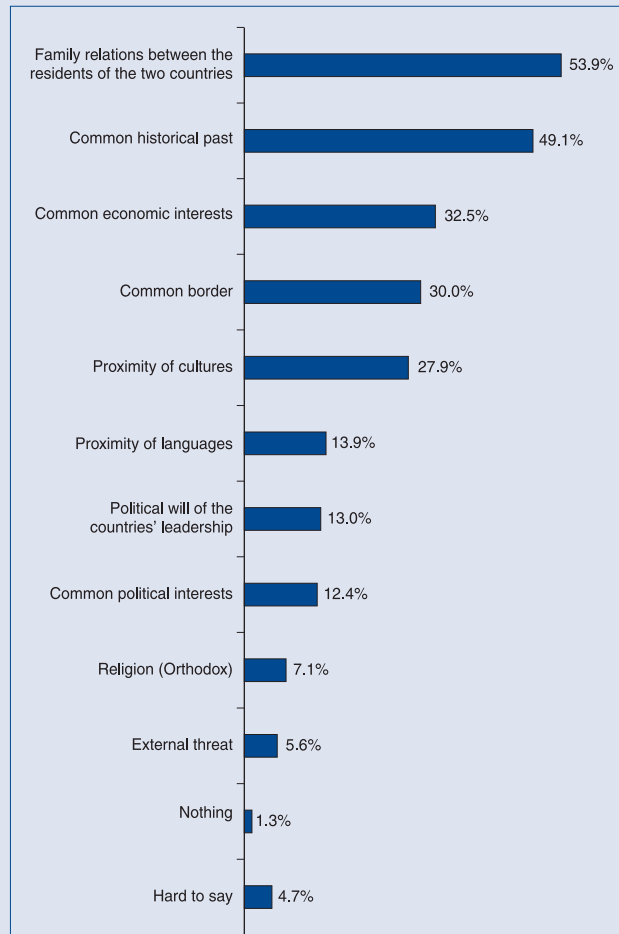
WHAT FACTORS INFLUENCE RELATIONS BETWEEN UKRAINE AND RUSSIA?

Factors that exert substantial negative influence on Ukraine-Russia relations,*
% of the polled



* Respondents assessed the factors on a five-point scale, whereby "1" means that the factor exerts no negative influence and "5" — the factor exerts substantial negative influence. The diagram presents the sum of "4" and "5" grades.

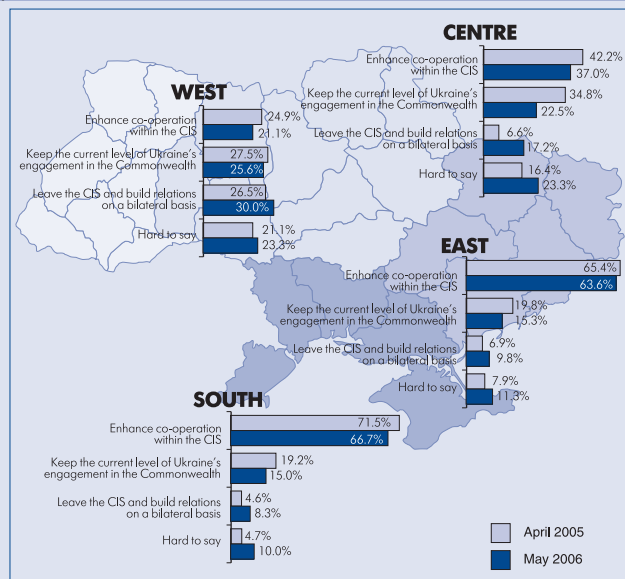
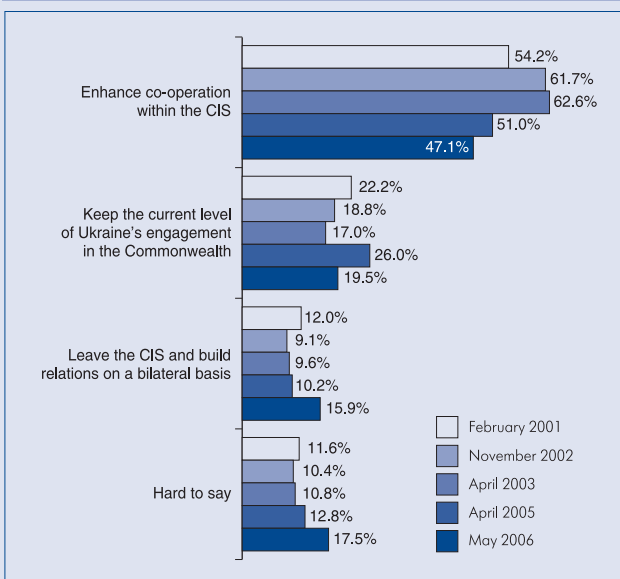
What can contribute to the rapprochement of Ukraine and Russia the most?*
% of the polled



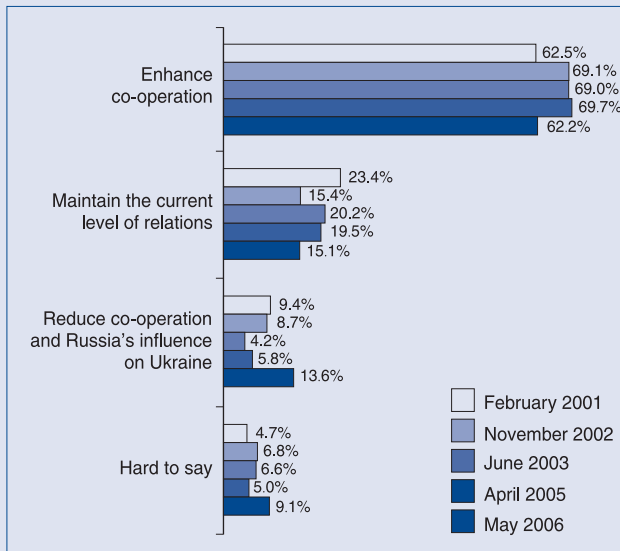
* Respondents were asked to check off not more than three answer choices.

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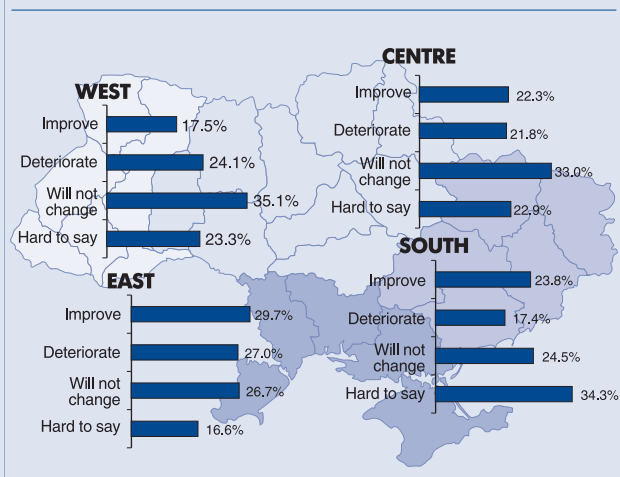
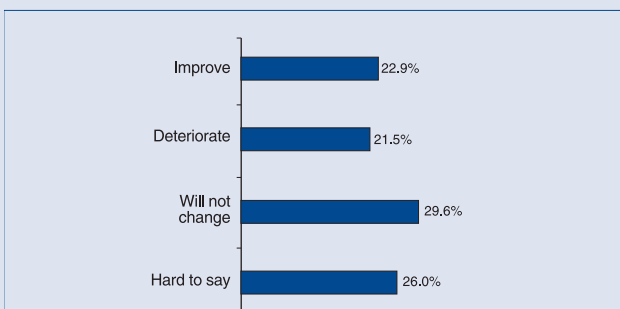
What should the policy of Ukraine towards the CIS be?
% of the polled



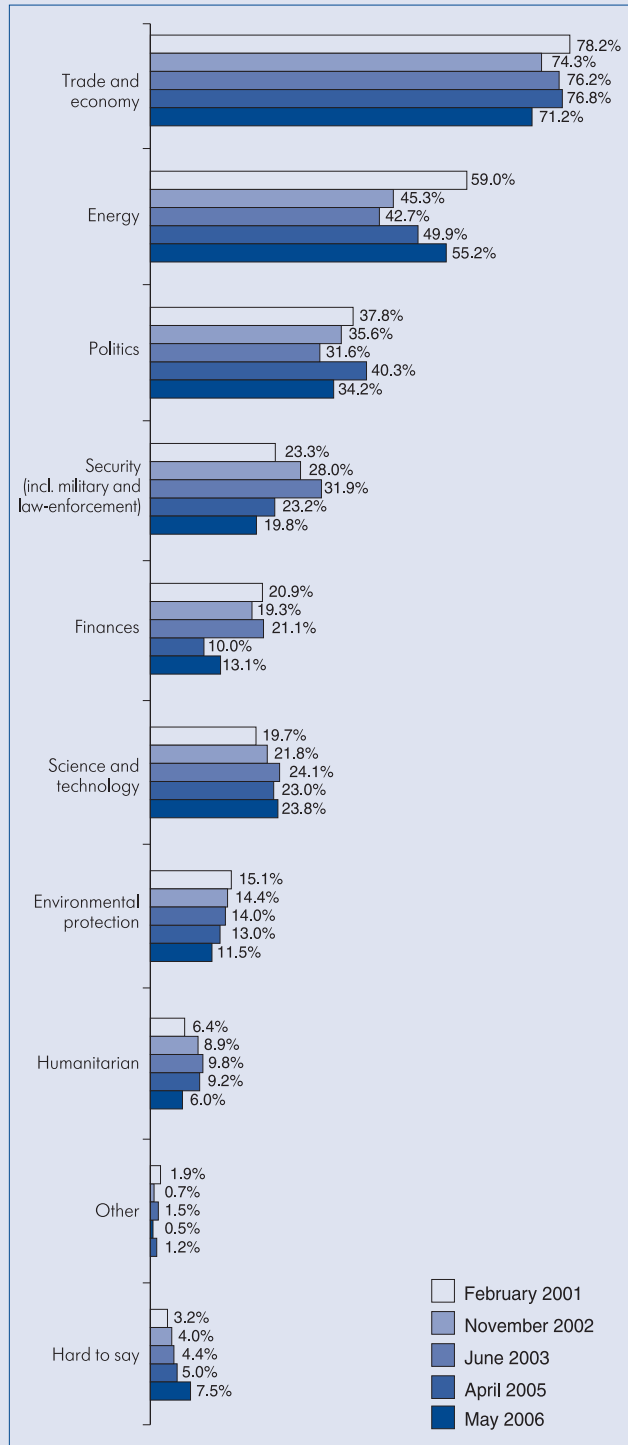
What should Ukraine's policy towards Russia be? % of the polled



How will relations between Ukraine and Russia change under the presidency of Viktor Yushchenko? % of the polled

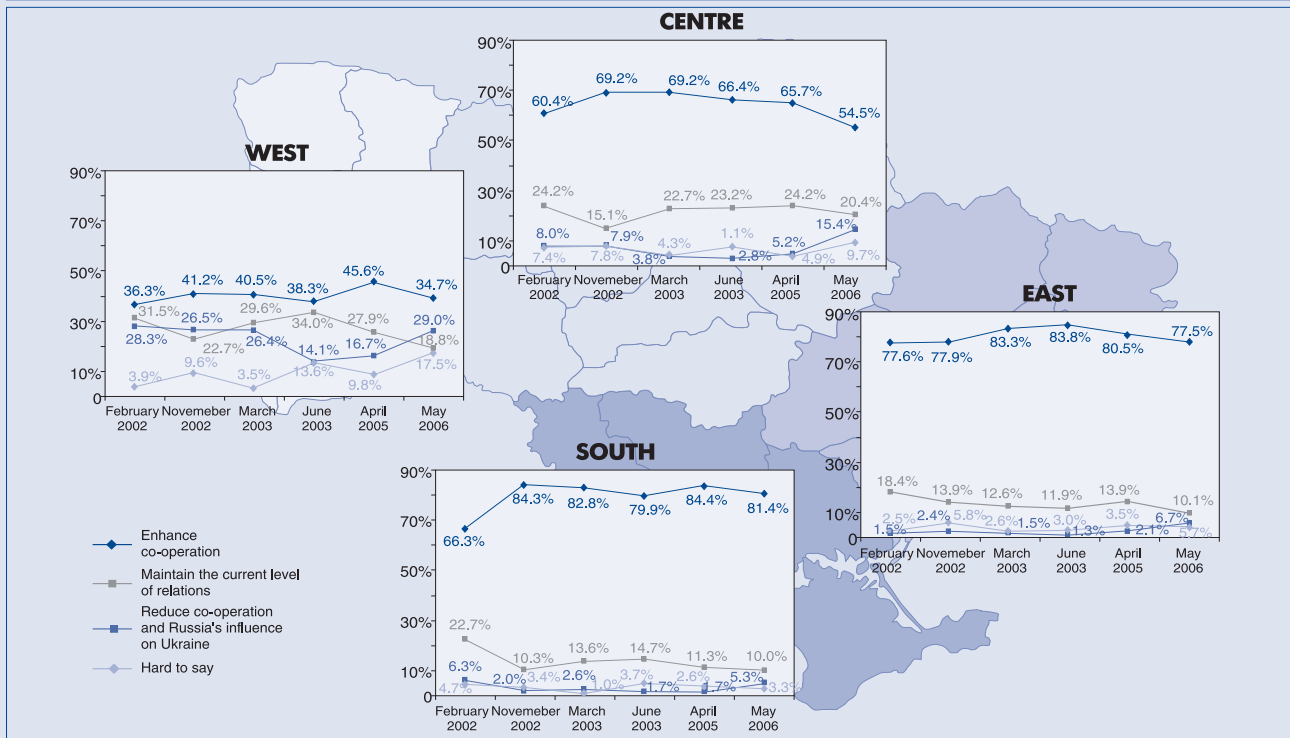


In which spheres should Ukraine and Russia develop co-operation first of all?*



* Respondents were asked to check off not more than three answer choices, which they consider to be the most important.

What should Ukraine's policy towards Russia be? % of the polled



What should Ukraine's policy towards Russia be? % of the polled

