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Title:

**“Russia’s policies towards Belarus and Ukraine:
towards integration or disintegration?”**

Author:

Clelia Helena Rontoyanni

Supervisor:

Professor Stephen L. White

Degree:

PhD in Social Science

Institution:

**Department of Politics,
Faculty of Social Sciences,
University of Glasgow**

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Abstract

Russia's relations with Belarus and Ukraine have been particularly substantive and multidimensional, involving high levels of interaction and encompassing a wide range of salient issues in the political, military, economic and societal spheres. In the second half of the 1990s, their institutional framework was developed to reflect the different processes of bilateral integration between Russia and Belarus, on the one hand, and of a less far-reaching cooperation between Russia and Ukraine, on the other.

This work analyses and compares Russo-Belarusian and Russo-Ukrainian relations since the mid-1990s, examining their role in domestic politics and placing them in the wider international context. It is concerned with the formulation of objectives and strategies guiding Russia's policies towards Belarus and Ukraine, surveying the perspectives of different elite groups and public opinion. It investigates linkages between issues in bilateral relations along with Russia's use of various policy instruments. Relative gains in Russia's economic relations with Belarus and Ukraine respectively are considered in order to assess the effectiveness of economic levers in each case.

The evolution of the Russia-Belarus Union forms a major part of the study, looking beyond its institutional development into the progress actually made in attaining declared objectives, particularly economic convergence and unity in terms of foreign and defence policy. Likewise, the contractual basis of relations between Russia and Ukraine is examined and contrasted with actual tendencies in bilateral social and economic interaction as well as with the development of political and military cooperation. The material and conceptual factors shaping the external orientations of Belarus and Ukraine are explored with a view to understanding their diverging positions towards Russia.

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The author wishes to thank her supervisor Prof. Stephen White for his invaluable guidance and support. She would also like to thank him and his colleagues Profs. Margot Light and John Löwenhardt for their kind permission to use the results of the public opinion surveys conducted for their project "Europe's Outsiders". The author is grateful to many people who have contributed to the preparation and conduct of the fieldwork, including the experts and officials who agreed to be interviewed. The assistance of Drs. Rouben Azizian, Åse Grodeland, Steven Main, James Sherr, Steve Webber and Nadia Lisovskaya has been especially valuable. Prof. Löwenhardt and Roy Allison have also offered helpful advice at different stages of this work.

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List of abbreviations

ABM	Anti-Ballistic Missile (Treaty)
BPF	Belarusian Popular Front
BSF	Black Sea Fleet
CFE	Conventional Forces in Europe (Treaty)
CIS	Commonwealth of Independent States
CPRF	Communist Party of the Russian Federation
CSCE	Conference for Security and Cooperation in Europe
EBRD	European Bank for Reconstruction and Development
EC	European Community
EEC	European Economic Community
EU	European Union
FDI	Foreign Direct Investment
FIGs	Financial-Industrial Groups
FM	Foreign Minister
FOM	Public Opinion Foundation (Russian initials)
GDP	Gross Domestic Product
IMF	International Monetary Fund
KGB	Committee of State Security (Russian initials)
KIIS	Kiev International Institute of Sociology
LDPR	Liberal Democratic Party of Russia
MFA	Ministry of Foreign Affairs
MIC	Military-Industrial Complex
MOD	Ministry/Minister of Defence
NATO	North Atlantic Treaty Organisation
NIS	Newly Independent States
NISEPI	Independent Institute for Socio-Economic and Political Studies (Russian initials)
OECD	Organisation for Economic Cooperation and Development

OSCE	Organisation for Security and Cooperation in Europe
PCA	Partnership and Cooperation Agreement
PfP	Partnership for Peace
PM	Prime Minister
MU	Russian Movement of Ukraine
ROMIR	Russian Public Opinion and Market Research (Russian initials)
SSR	Soviet Socialist Republic
START	Strategic Arms Reductions Treaty
TACIS	Technical Assistance to the Commonwealth of Independent States
UCEPS	Ukrainian Centre for Economic and Political Studies
UCPCCRS	Ukrainian Centre for Peace, Conversion and Conflict Resolution Studies
UES	United Energy Systems
UN	United Nations
UNDP	United Nations Development Programme
US	United States
USIA	United States Information Agency
USSR	Union of Soviet Socialist Republics
VAT	Value-Added Tax
VTsIOM	All-Russian Centre for the Study of Public Opinion (Russian initials)
WTO	World Trade Organisation
WWII	World War Two

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Commonwealth of Independent States - European States



Introduction

Russia, like the rest of the states that resulted from the dissolution of the Soviet Union, is still a relatively new actor in international affairs. Having inherited the diplomatic apparatus and certain attributes of a global power (such as membership of the United Nations Security Council) from the Soviet Union, Russia initially gave secondary attention to its immediate neighbourhood. As Russian foreign policy has had to rationalise its objectives, the Commonwealth of Independent States (CIS) and Russia's European environment have been increasingly clearly identified as the primary foci of Russian concern. Forming integral part of both these international environments, Belarus and Ukraine have risen in prominence among Russia's external priorities. Sometimes overshadowed by international headline-making issues such as relations with NATO, the upgrading of relations with Belarus and Ukraine has been one of the principal endeavours of Russian foreign policy since the mid-1990s. Russia has since embarked on a bilateral process of political, economic and military integration with Belarus and has taken steps in the direction of reaching political understanding and forging close economic and military cooperation with Ukraine.

Belarus and Ukraine are Russia's closest neighbours, but not in a geographical sense alone. They are in many ways of special significance to Russia, not least due to their largely shared East Slavic and Orthodox cultural heritage and dense inter-societal relations, blurring the line separating the domestic from the international sphere. They are among Russia's most important trading partners, still linked to their larger neighbour by a multitude of economic relations, many of which vital to the prosperity of all three countries' most promising economic sectors. Their bilateral relations with Russia are of pivotal importance, not only to their own positioning in the international environment, but equally to Russia's efforts to promote centripetal tendencies within the CIS and advance a less NATO-centric European security system. Belarus is, thus, valued as Russia's closest reliable ally, while, as a leading Russian foreign policy expert has noted, "a Ukraine that is allied to Russia is

probably the sweetest dream of the Russian elite".¹ From a European perspective, the evolution of Russia's relations with Belarus and Ukraine is bound to form a crucial determinant of whether the dynamics prevailing on the eastern boundary of the enlarged Euro-Atlantic community (following the expansions of NATO and the European Union into Central Europe) will be primarily those of stability and cooperation or tension and confrontation.

Research objectives

This work will be concerned with the sources, the instruments and the results of Russia's policies towards Belarus and Ukraine, focusing on the second Yeltsin administration and the first year and a half of the Putin presidency.² It is a period in which the open-ended debates about Russia's future and role in the world, which characterised the early post-Soviet years, lost much of their salience in the face of the need to find concrete solutions to a range of imminent problems in Russia's relations with its neighbours. Relatively narrow economic (e.g. division of Soviet assets and liabilities; new trading arrangements; debt settlement mechanisms; revival of industrial cooperation), political (e.g. border recognition) and military issues (e.g. Russia's use of military installations outside its territory) have constituted a very substantial agenda. At the same time, Russia's relations with Belarus and Ukraine have been shaped by longer-term economic interests and broader political ends. These relate to the multi-faceted process of Russo-Belarusian integration and to the search for a viable partnership with Ukraine, despite their leaderships' divergent visions concerning European security arrangements and the future of the CIS. Examining the linkages within this wide array of issues would offer a promising way of gaining insights into the complex dynamics of Russia's interaction with two of its most important neighbours.

Moreover, Belarus and Ukraine appear especially suitable as comparative cases, as they share a number of features affecting their relations with Russia:

¹ Alexei Bogaturov, "An inside outsider", in Tom Casier and Katlijn Malfliet (eds.), Is Russia a European Power? The Position of Russia in a New Europe, Leuven: Leuven University Press, 1998, p. 87

² The first Yeltsin presidency (as well as that of Leonid Kravchuk in Ukraine and the Kebich leadership in Belarus) will be looked at primarily as background to later political decisions.

continued salience of a mixed Soviet/Orthodox/East Slavic cultural heritage linking them to Russia; high (albeit different) degrees of economic dependence on their Eastern neighbour; and a current position as 'outsiders' in the ongoing process of European integration.³ A juxtaposition of Russian considerations applying to each of these two countries is intended to illustrate the relative weight of different factors and concerns in Russian foreign policy formulation. The examination of diverging strategies (or lack thereof) and policy outcomes in Russia's relations with Belarus, on the one hand, and those with Ukraine, on the other, may serve to identify effective policy instruments as well as constraints in connection to Russian policy objectives in this region. A comparative analysis of the foreign policy orientations of the Lukashenko and Kuchma administrations (the respective leaderships of Belarus and Ukraine since 1994) will aim to pinpoint the domestic and external factors underlying their diverging approaches to relations with Russia.

The emphasis on Russia's policies does not assume that all initiatives originate exclusively from Russia and that the role of Belarus and Ukraine is limited to merely responding to Russian incentives or pressures. This has clearly not been the case of the integration process with Belarus, in which initiative have come predominantly from the Belarusian leadership, while Russian policy-makers have taken a more cautious approach. However, due to its overwhelming political, economic and strategic weight and – at least theoretically – superior bargaining power, Russia remains by far the most influential actor in this region. It is on this basis that closer scrutiny is devoted to the emergence and pursuit of Russian policy preferences. Likewise, relations between Belarus and Ukraine will be beyond the scope of this study, as they have been far less extensive and substantive than those between each of the two countries and Russia. More broadly, the relations of Russia, Ukraine and Belarus with third states and organisations will not be a subject of investigation in their own right, but will be considered only in so far as they function as inputs in Russo-

³ This term has been borrowed from the classification employed by M. Light, J. Löwenhardt and S. White in the research project The Outsiders: Russia, Ukraine, Belarus, Moldova, and the New Europe (part of the Economic and Social Research Council's "One Europe or Several?" programme). It denotes European states which are neither members of NATO and/or the EU ('insiders') or in the process of accession to these structures ('pre-ins').

Belarusian and Russo-Ukrainian relations. Russian, Belarusian and Ukrainian domestic politics or the three leaderships' domestic policy agendas (e.g. government reshuffles; economic reform strategies) will also be referred to the extent that they underlie particular developments in relations between Russia, on the one hand, and Belarus and Ukraine, on the other. The complex issues of Crimean separatism and of the ethnic Russian and Russophone populations in Ukraine will not be examined in detail, but from the narrower perspective of their impact on inter-state relations between Russia and Ukraine.

This is not to suggest a rigidly limited definition of the foreign policy realm (as opposed to domestic politics and policy) or restrict the scope of research to interaction between foreign ministries. Given the very substantial economic element to Russia's relations with Belarus and Ukraine, attention needs to be paid to the positions and activities of state economic agencies (e.g. trade and finance ministries; customs committees), regional administrations and enterprises engaging in major transactions with political implications (e.g. energy exports). These may not always be consistent with the declared objectives expressed by the institutions competent to formulate and express official policy in the field of external relations. This may also be the case with other governmental agencies (e.g. defence ministries), regional authorities and national legislatures. In the present study, official policy will be identified with the positions taken by the executive branch (also to be referred to as a given country's political leadership) and more specifically of the presidency (assisted by the Security Council) and the foreign ministry, which are in charge of foreign relations in all three countries under consideration. For the purposes of simplicity, the names of the three countries or those of their capitals will at times be used to denote the executive authorities (e.g. "Is Russia blackmailing Ukraine?"). This usage is not meant to convey the assumptions that the states in question behave as unitary actors⁴ or that inter-societal interaction (the 'human aspect' of international relations) is not relevant to this study. The main focus will remain on the national (state) level of policy formulation, which, in this particular re-

⁴ No such assumption underlies the use of the collective term 'the West' to refer to NATO, the European Union and their member-states. It is not intended merely as a convenient shorthand, but also to denote common positions (e.g. with regard to the Lukashenko regime) or to take account of political discourse (in Russia, Belarus and Ukraine) reflecting perceptions of the West as a whole.

gional context, maintains its function as a mediator between sub-national actors (e.g. regional authorities) and the wider international environment.

Sources and Methods

Secondary Literature

Russian foreign policy since the collapse of the Soviet Union has been the object of extensive research. The role of ideas (i.e. conceptions of national identity drawn from different interpretations of history and resulting in different notions of Russia's appropriate role in the international environment) in the evolution of Russian foreign policy has been explored (among others) by Iver Neumann, Ilya Prizel, and David Kerr.⁵ Kugler and Kozintseva have analysed the interaction between external factors (especially Western powers' foreign policies) and the formulation of Russian foreign policy preferences. They present credible forecasts of Russia's future international behaviour based on a rigorous examination of stated preferences and projected capabilities.⁶ The relationship between developments in Russia's domestic politics and foreign policy change has been thoroughly investigated in a study by Malcolm, Pravda, Allison, and Light.⁷ Mark Webber, and the volumes edited by Dawisha and Parrott have integrated the above aspects in the examination of Russia's relations with the states of the 'near abroad'.⁸ Richard Latter's study as well as two highly informative and analytically rich volumes edited by Baranovsky, and Al-

⁵ Iver B. Neumann, Russia and the Idea of Europe, London: Routledge, 1996; Ilya Prizel, National Identity and Foreign Policy, Cambridge, CUP, 1998; David Kerr, "The New Eurasianism: The Rise of Geopolitics in Russia's Foreign Policy", Europe-Asia Studies, Vol. 47, No. 6, 1995, pp. 977-988

⁶ Richard L. Kugler and Marianna V. Kozintseva, Enlarging NATO: The Russia Factor, Santa Monica, California: RAND, 1996

⁷ Neil Malcolm, Alex Pravda, Roy Allison, and Margot Light, Internal Factors in Russian Foreign Policy, Oxford: OUP/Royal Institute of International Affairs, 1996

⁸ Mark Webber, The International Politics of Russia and the Successor States, Manchester: MUP, 1996; Karen Dawisha and Bruce Parrott, Russia and the New States of Eurasia, New York: Cambridge University Press, 1994; K. Dawisha and B. Parrott (eds.), The Making of Foreign Policy in Russia and the New States of Eurasia, Armonk, New York: M.E. Sharpe, 1995; K. Dawisha and B. Parrott (eds.), The International Dimension of Post-Communist Transitions in Russia and the New States of Eurasia, Armonk, NY: M.E. Sharpe, 1997

lison and Bluth respectively have been concerned with the security dimension of these relations.⁹ Moreover, there exist several edited volumes surveying post-Soviet Russia's policies towards various regions of the world, all of which contain chapters on Russia's relations to either the other post-Soviet states taken as a whole, or to the Western newly independent states in particular.¹⁰ In his thorough analysis of the Russian reaction to NATO enlargement, J.L. Black devotes extensive attention to Ukraine's interaction with the Alliance and the consequences for Russo-Ukrainian military-political relations.¹¹ A major research project by White, Light and Löwenhardt has explored foreign policy preferences among the elites and mass publics in Russia, Ukraine, Belarus and Moldova, with these countries' relations with NATO and the EU forming the primary focus of the analysis.¹²

Relations between Russia and Ukraine have been one of the issues covered by books related to either Ukraine's role in the international field or to the country's overall development.¹³ An edited volume by the Zürich Center for Security Studies and Conflict research deserves particular mention. Its papers represent in-depth, authoritative examinations of the considerations underlying Ukrainian foreign policy (domestic politics; elite and mass public conceptions

⁹ Richard Latter, Russia, its Neighbours and the Future of European Security, Wilton Park Paper 94, London: HMSO, 1994; Vladimir Baranovsky (ed.), Russia and Europe: The Emerging Security Agenda, New York: SIPRI/ Oxford University Press, 1997; Roy Allison and Christopher Bluth (eds.), Security Dilemmas in Russia and Eurasia, London: RIIA, 1998

¹⁰ Blackwill, Robert D. and Karaganov, Sergei A. (eds.), Damage Limitation or Crisis?, Washington: Brassey's Inc., 1994; Leon Aron and Kenneth M. Jensen (eds.), The Emergence of Russian Foreign Policy, Washington D.C.: U.S. Institute of Peace Press, 1994; Peter Shearman (ed.), Russian Foreign Policy since 1990, Boulder CO: Westview Press, 1995

¹¹ J.L. Black, Russia faces NATO expansion: bearing gifts or bearing arms?, Lanham, MD: Rowman and Littlefield, 2000, pp. 175-202

¹² The project The Outsiders: Russia, Ukraine, Belarus, Moldova and the New Europe has been conducted within the "One Europe or Several?" Research Programme of the UK Economic and Social Research Council. Outputs have included: M. Light, S. White, and J. Löwenhardt, "A wider Europe: the view from Moscow and Kyiv", International Affairs, vol. 76, no. 1, 2000, pp. 77-88; M. Light, J. Löwenhardt, and S. White, Russia and the Dual Expansion of Europe, Policy Paper 02/00, Brighton: Economic and Social Research Council, University of Brighton, 2000

¹³ Taras Kuzio, Ukrainian Security Policy, Westport, CT: Praeger Publishers/The Center for Strategic and International Studies, 1995; and Ukraine under Kuchma, London: Macmillan/Centre for Russian and East European Studies (University of Birmingham), 1997

of national identity and interests; security considerations) as well as of particular directions of Ukrainian diplomatic activity (Russia; NATO; the EU; Central Europe; the Black Sea region).¹⁴ A comparable range of topics is covered by two volumes on Ukraine's external relations published by the Ukrainian Research Institute of Harvard University.¹⁵ The monographs by Sherman Garnett and Tor Bukkvoll focus on Ukraine's position in the international security environment, also surveying domestic sources of potential instability and relations with Russia. Both works do not extend beyond the early years of the Kuchma presidency.¹⁶ The studies by Anatol Lieven and Andrew Wilson, which are based on extensive primary research on the ethnic, linguistic and regional cleavages within Ukraine, provide valuable insights into the complexities of Ukraine's choice of external orientation, but do not examine relations with Russia as such.¹⁷ Paul D' Anieri's study focuses specifically on bilateral economic relations, which it examines through the prism of the competing international relations theories. However, it is primarily concerned with the period 1992-1996 and makes little use of primary sources.¹⁸ A more comprehensive and up-to-date study exists in the Russian language, which covers economic and political developments, but not security aspects of the Russo-Ukrainian relationship.¹⁹ The book-length study by Roman Solchanyk is also comprehensive, but appeared after most of the research for the present work had been com-

¹⁴ Spillman, Kurt R., Wenger Andreas, and Müller, Derek (eds.), Between Russia and the West: Foreign and Security Policy of Independent Ukraine, Bern: Peter Lang AG, 1999

¹⁵ Lubomyr A. Hajda (ed.), Ukraine in the World, Cambridge, MA: Ukrainian Research Institute, Harvard University, 1996 and (same editor, title and publisher) 1998

¹⁶ Sherman W. Garnett, Keystone in the Arch: Ukraine in the Emerging Security Environment of Central and Eastern Europe, Washington, DC: Carnegie Endowment for International Peace/ Brookings Institution Press, 1997; Tor Bukkvoll, Ukraine and European Security, Chatham House Papers, London: RIIA, 1997

¹⁷ Anatol Lieven, Ukraine and Russia: A Fraternal Rivalry, Washington DC: United States Institute of Peace Press, 1999; Andrew Wilson, Ukrainian Nationalism in the 1990s: A Minority Faith, Cambridge: CUP, 1997. See also Andrew Wilson, The Ukrainians: Unexpected Nation, New Haven, CT: Yale University Press, 2000

¹⁸ Paul J. D' Anieri, Economic Interdependence in Ukrainian-Russian Relations, Albany: State University of New York Press, 1999

¹⁹ Robert Yezverov, Ukraina: s Rossiei Vmeste ili Vroz'?, Moscow: Ves' mir, 2000

pleted.²⁰ A journal article by economists Krasnov and Brada deserves particular mention, since it represents the only systematic attempt at calculating the overall balance of Russo-Ukrainian economic transactions (including division of Soviet assets and liabilities, trade and debt repayments).²¹ James Sherr's papers offer insightful analyses of strategic and political factors in Ukraine's relations with Russia, concentrating on particular events (division of the Black Sea Fleet, dismissal of Ukrainian Foreign Minister Boris Tarasyuk).²²

The issue of Russo-Belarusian integration has been briefly covered in the work of David Marples on contemporary Belarusian politics and society.²³ A monograph (in Russian) by Nadezhda Pastukhova surveys the history of Russo-Belarusian relations from the formation of the Soviet Union to the present, summarily covering various aspects of the current integration process. There is another book of similar content by Yu. Godin, which, however, appeared after the research for this work had already been completed.²⁴ Other Russian-language book-length publications on Russo-Ukrainian and Russo-Belarusian relations have been principally in the form of collections of articles by experts in specific aspects of bilateral relations (e.g. historical background; mass public attitudes; economic relations; the role of regional factors).²⁵ Such

²⁰ Roman Solchanyk, Ukraine and Russia: The Post-Soviet Transition, Lanham, MD: Rowman and Littlefield, 2000

²¹ Krasnov, Gregory V. and Brada, Josef C., "Implicit Subsidies in Russian-Ukrainian Energy Trade", Europe-Asia Studies, Vol. 49, No. 5, 1997, pp. 825-823

²² Sherr, James, "Russia-Ukraine Rapprochement?: The Baltic Sea Fleet Accords", Survival, Vol. 39, No. 3, Autumn 1997, pp. 33-50; Sherr, J., The Dismissal of Borys Tarasyuk, Occasional Brief no. 79, Camberley, Surrey: Conflict Studies Research Centre/ Royal Military Academy Sandhurst, October 2000

²³ David R. Marples, Belarus: A Denationalized Nation, Amsterdam: Harwood Academic Press, 1999

²⁴ Nadezhda Pastukhova, Soyuz Rossii i Belorussii: Istoriya, Nastoyashchee, Perspektivy, Moscow: Kniga i Biznes, 2000; Yu. F. Godin, Rossiia i Belorussiya na puty k yedineniyu, Moscow: Mezhdunarodnye Otnosheniya, 2001

²⁵ Dmitry E. Furman, Ukraina i Rossiya: Obshchestva i Gosudarstva, First edition, Moscow: "Mir, Progress, Prava Cheloveka"/ Publications of the Andrei Sakharov Museum and Public Centre, 1997; and Belorussiya i Rossiya: Obshchestva i Gosudarstva, Second edition, Moscow: "Mir, Progress, Prava Cheloveka"/ Publications of the Andrei Sakharov Museum and Public Centre, 1998; A. Zverev, B. Koppiters, D. Trenin (eds.), Etnicheskiye i Regional'nye Konflikty v Yevrazii: Rossiya, Ukraina, Belorussiya, Moscow: Ves' Mir, 1997; Leonid Zaiko

articles have not been uncommon in Russian-language academic journals, but Western scholars have paid scant attention to the Russo-Belarusian integration process. A small body of secondary literature concerns the development of the CIS and of sub-regional groupings within the organisation. A book-length study has been published in the Russian language, analysing all aspects of the evolution of the CIS itself (including the emergence of sub-groupings) as well as – in more general terms – bilateral relations between Russia, on the one hand, and Belarus and Ukraine, on the other.²⁶ A number of Russian authors have looked at these issues primarily from a geopolitical perspective, combining historical, strategic and civilisational elements, resulting in largely scenario-based analyses.²⁷

In the Western literature, a relative lack of attention to efforts at re-integration among post-Soviet states seems to be related to the prevalence of a pessimistic view of the CIS. Agreements aimed at re-integration between Russia and Belarus or the 'Eurasian Economic Community' of Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan have typically been met with equally sceptical assessments.²⁸ Sakwa and Webber consider the CIS as a rather amorphous organisation with poor prospects of becoming more cohesive, a view also shared by certain Russian authors.²⁹ Member-states' divergent strategic priorities and most CIS leaders' mistrust of Russian intentions are identified as serious impediments to the evolution of the CIS into a well-functioning organisation, lying at the basis of current 'symptoms' of malfunctioning such as the high rate of unimplemented agreements and not infrequent cancellations of

(ed.), Natsional'no-gosudarstvennye Interesy Respubliki Belarus', Minsk: Analytichesky Tsentr 'Strategiya', 1999

²⁶ A.D. Shutov, Postsovyetskoye prostranstvo, Moscow: "Nauchnaya kniga", 1999

²⁷ Examples include Aleksandr Dugin, Osnovy Geopolitiki: Geopoliticheskoye Budushcheye Rossii, Moscow: Aktogeia, 1997; and Dmitry Trenin, The End of Eurasia: Russia on the Border Between Geopolitics and Globalization, Washington DC: Carnegie Endowment for International Peace, 2001

²⁸ See for example Ustina Markus, "Russia and Belarus: Elusive Integration", Problems of Post-Communism, Vol. 44, No. 5, September/October 1997, pp. 55-61

²⁹ Richard Sakwa and Mark Webber, "The Commonwealth of Independent States, 1991-1998: Stagnation and Survival", Europe-Asia Studies, Vol. 51, No. 3, 1999, pp. 379-415. See also Shutov, Postsovyetskoye prostranstvo

summits.³⁰ The analyses by J. Adams, A. Becker, K. Malfliet, and Welsh and Willerton, on the other hand, discern integrative tendencies (for the most part driven by economic considerations) existing alongside centrifugal ones and identify instances of successful - if partial - attainment of stated goals.³¹ The comparative examination of the CIS and the European Community/ European Union, with reference to regional integration theories developed with the West European context in mind, is used to reveal the relative strengths and weaknesses of the CIS and to suggest fruitful paths for its future development – including in the form of sub-regional groupings.³²

Published primary sources

News media

Research for this work has been heavily based on primary materials.³³ Newspapers from Russia and - to a lesser extent - from Ukraine and Belarus (publications from the Ukraine and Belarus tend to be less readily available), in printed or - occasionally - electronic format, have been the main source of factual information, including statements by political leaders. Wherever possible, care has been taken to cross-reference potentially disputable information, e.g. content of Russo-Ukrainian negotiations on highly sensitive economic issues (fuel debt; sales of enterprises). Newspapers and other news publications (weekly or bimonthly journals) have also been used as a source of political

³⁰ Sakwa and Webber, "The Commonwealth of Independent States", p. 369

³¹ Jan S. Adams, "The Dynamics of Integration: Russia and the Near Abroad", *Demokratizatsiya*, Vol. 6, No. 1, Winter 1998, pp. 50-64; Abraham S. Becker, "Russia and Economic Integration in the CIS", *Survival*, Vol. 38, No. 4, Winter 1996-97, pp. 117-36; Katlijn Malfliet, "The Commonwealth of Independent States: Russian Ambitions in a European (Eurasian) Project?", in Tom Casier and Katlijn Malfliet (eds.), *Is Russia a European Power? The Position of Russia in a New Europe*, Leuven: Leuven University Press, 1998, pp. 91-129; Helga A. Welsh and John P. Willerton, "Regional Cooperation and the CIS: West European Lessons and Post-Soviet Experience", *International Politics*, Vol. 34, No. 1, March 1997, pp. 31-66

³² The theoretical contributions of these studies will be examined in a later section of this chapter.

leaders' statements. In some cases, where the author had no access to relevant primary information, newspaper articles have been used as a source of analytical insights with due caution to identify them as interpretations of events. An effort has been made to use a variety of news publications corresponding to different parts of the political spectrum in each of the three countries in order to compensate for potential biases in the coverage of politically charged issues. For example, newspapers sympathetic to liberal, market-oriented political forces (e.g. Segodnya and Izvestiya in Russia, Belarusskaya Delovaya Gazeta in Belarus) have given wider publicity to problematic aspects of Russo-Belarusian integration, while governmental papers (Rossiiskaya Gazeta in Russia; Sovetskaya Belorussiya in Belarus) have tended to focus on the more successful elements of the process. Nevertheless, the use of diverse sources of factual information has been constrained by the limited availability of certain sources (e.g. the author has had no regular access to many Ukrainian and Belarusian news publications) and by the uneven coverage of relevant issues in different publications. The Russian newspaper Nezavisimaya Gazeta stands out among news publications in terms of the frequency with which it is cited in this study. This is because, unlike other newspapers, it contains a regular section devoted to events in the CIS, extensively reporting on issues pertinent to Russia's relations with Belarus and Ukraine and frequently publishing interviews with prominent members of the three countries' foreign policy communities. In addition to press interviews, the views of the latter have also been acquired from articles they have published (e.g. in the Russian official journal International Affairs or the Belarusian one Belarus v Mire) as well as from interviews conducted by the author (see following section).

Other sources of factual information have included Russian news agencies' reports, particularly the specialised publications Diplomatic Panorama and CIS Daily News Brief by the authoritative agency 'Interfax', which have been available to the author in electronic format on a subscription basis. Supplementary sources have included reputable electronic news publications such as the weekly Russia Journal and regular news and analytical reports by research

³³ In most cases, these are cited in footnotes, but not listed in the bibliography. Only volumes with a bibliographical reference number (e.g. publications by the Russian State Statistics Committee) are included in the bibliography.

institutes with considerable expertise in relevant issues (e.g. East West Institute, Ukrainian Center for Independent Political Research). Wherever possible, the author has sought to trace the information contained in the latter publications to the original sources (official documents; Russian or Ukrainian press). Detailed information related to specific sectors of particular significance to Russo-Belarusian and Russo-Ukrainian economic or military relations (e.g. joint production projects; Russian investment in the Belarusian and Ukrainian energy sectors; joint military exercises) have, in many cases, been drawn from specialised publications (e.g. Russian Ministry of Defence newspaper Krasnaya Zvezda; Rossiskaya Gazeta annex Economic Union) and databases such as www.rusoil.ru for the energy sector.

Official publications and statistical data

Official documents, such as texts of international treaties and agreements between Russia, on the one hand, and Belarus and Ukraine on the other, as well as decrees issued by the Presidents or parliamentary resolutions relating to foreign policy issues, have been extensively studied and compared. Most of these texts are published in full in either of the two official monthly publications of the Russian Foreign Ministry (Diplomatichesky Vestnik and Byulleten' Mezhdunarodnykh Dogovorov). Collections of international agreements and other official foreign policy documents have also been consulted.³⁴

Economic and social indicators (e.g. trade volumes, economic growth rates, migration flows), which are used to assess the impact of purported governmental efforts to strengthen bilateral economic and societal links, are drawn both from the official publications of national and supranational statistical services (e.g. Goskomstat of Russia, Statistics Committee of the Russia-Belarus Union) and also from regional and country reports by international financial institutions (IMF, World Bank, EBRD). Data has in some cases not been consistently col-

³⁴ These have included the Russian Foreign Ministry series Vneshnyaya Politika Rossii: Sbornik Dokumentov and occasional publications such as a volume on Russo-Ukrainian relations (also published by the Russian MFA and the Moscow State Institute of International Relations), Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg.: Sbornik Dokumentov, Moscow, 1998

lected and published, thereby not allowing for reliable comparisons over time.³⁵ Moreover, Western experts, along with many of their colleagues from Russia, Ukraine and Belarus, have serious reservations regarding the accuracy of official statistics published in these countries. The continuing use of barter transactions and the existence of particularly large 'grey' sectors, estimated to represent as much as half of economic activity in these countries, represent almost insurmountable methodological difficulties for the production of reliable statistical information. It is, therefore, barely surprising that Russian data on trade with Ukraine differ from those published by the Ukrainian authorities. Where data from different sources presents significant divergences, figures from both sources will be given. However, the primary purpose of quoting this data is not to gauge the exact levels of transactions, but to identify broad trends and relate them to developments in political relations. Analytical reports by international financial institutions and evaluations by Russian, Ukrainian and Belarusian experts offer credible estimates of macro-economic processes, helping to put official statistics into perspective.

Survey evidence

There is a very considerable body of survey research of public and – to a lesser extent – elite opinion in Russia, Belarus and Ukraine, whose analysis presents methodological problems similar to those of official statistics. The Russian, Ukrainian and Belarusian press as well as many academic studies in these countries very often cite survey results without publishing information as to the methodology employed. For the purposes of this study, however, only surveys accompanied by methodological information (time and location of survey; size and composition of sample; polling organisation) are used. In addition, preference is given to reputable institutes, known for the professionalism of their researchers and the high methodological standards employed in their surveys. These include the 'Public Opinion Foundation' (FOM), the 'All-Russian Centre for the Study of Public Opinion' (VTsIOM) and the company

³⁵ For example, annual trade statistics until 1994 were given in roubles without reference to rates of inflation or the exchange rate between the rouble and the dollar, which showed very dramatic fluctuations during that period.

'Russian Public Opinion and Market Research' (ROMIR) in Russia; the 'Novak' institute and the 'Independent Institute for Socio-Economic and Political Studies' in Belarus; the 'Kiev Centre for Political Research', the 'Kiev International Institute of Sociology' and the 'Ukrainian Institute for Social Research' in Ukraine. Surveys commissioned by foreign organisations such as the US State Department and carried out by reliable local organisations (including the above) have also been employed. The survey series 'New Russia Barometer' organised by the Centre for the Study of Public Policy, University of Strathclyde, has provided a wealth of reliable data regarding Russian public opinion. In this context, special reference needs to be made to the project The Outsiders: Russia, Ukraine, Belarus, Moldova, and the New Europe by Margot Light, Stephen White, and John Löwenhardt, whose authors kindly allowed the author of the present study access to their survey results prior to their publication.³⁶

In most cases, questions concerning foreign policy or other aspects of inter-state and inter-societal relations are not the subject of surveys on a regular basis, but are usually examined as they become topical as a result of political events. Moreover, comparisons over time are complicated by the fact that questions relating to the same issue are posed in different ways (e.g. "Do you support integration with Belarus?"; "How would you vote in a referendum on a Union-state with Belarus?"), with potentially considerable ramifications for respondents' answers. The possibility that respondents may have felt inclined to give a reply in line with their state's official policy due to uncertainty about the impartiality and the status of the interviewers must also be considered. These problems may be partly overcome through the juxtaposition of findings on the same or very similar questions from different survey organisations. It is, thus possible, to discern consistent patterns in the policy preferences of different constituencies (differentiated in terms of age; political ideology; ethnicity; locality of residence; religious and linguistic affiliation) among political elites and mass publics. Comparisons of findings, in conjunction with specific questions investigating particular components of broader questions (e.g. questions offering respondents choice over alternative forms of inter-state relations or over different considerations in favour of closer relations with a neighbouring state),

³⁶ More details about the 'Outsiders' project are given in note 12.

offer insights into the dynamics affecting relevant policy preferences among the mass electorates and elite constituencies in the three countries.

Public opinion analysis is relevant to this study, as a combination of geographical, identity-related and economic factors place relations among Russia, Ukraine and Belarus at the top of the key foreign policy issues of interest to the three countries' electorates. Due to Ukraine's particular structure of political cleavages, characterised by acute ethnic, linguistic, religious, and regional divisions, foreign policy questions (and in particular relations with Russia and with NATO) have been among the most salient issues affecting electoral outcomes and polarising Ukrainian society.³⁷ As far as Russia and Belarus are concerned, the prominence given to bilateral relations (as well as to Russo-Ukrainian relations) in political leaders' discourse and also in the media suggests that the issue's appeal to the electorate is estimated to be significant enough to form part of policy-makers' considerations. The latter have been investigated in greater depth by means of interviews with members of the three countries' foreign policy communities³⁸ and foreign officials with relevant expertise.

Elite interviews

The author conducted 67 semi-structured interviews. Two interviews with diplomats from the countries concerned were conducted in Britain in December 1998. A further 24 interviews took place in Moscow between 15 and 30 June 1999, and between 23 November and 17 December 1999; two in Yaroslavl' (15 December 1999); 19 in Kiev between 26 October and 5 November 1999; and 20 in Minsk between 9 and 20 November 1999. About three quarters of the interviews were conducted in Russian. The findings from these interviews have been followed up and supplemented by numerous conversations the author has subsequently conducted with some of the interviewees and with other

³⁷ The role of social cleavages in the Ukrainian public's foreign policy preferences and voting behaviour is examined in detail in Chapter Four.

³⁸ Foreign policy communities or elites are understood to include individuals, who by virtue of their political influence or professional expertise are in a position to participate in the formulation of their country's foreign policy to a higher degree than most members of the electorate.

members of the three countries' foreign policy communities in the context of international conferences and similar occasions.

English was used only in cases where the interviewees were entirely confident in their ability to express themselves fluently. Many interviewees (especially government officials and advisers) preferred to maintain confidentiality. Some declined to be quoted even by position or institutional affiliation and were strongly averse to having the conversation recorded on tape, while some objected to written notes being taken as well. In order to maximise interviewees' inclination to speak candidly, their statements were not recorded in any way during the conversation, but were transcribed as fully as possible by the author immediately afterwards. Though few interviewees were prepared to give the author permission to quote them by name, this option has not been taken for the purpose of uniformity in the use of interview materials in this study. An appendix listing interviewees (with the exception of those who did not wish their details to be disclosed) is provided at the end of the study. A confidential list of interviews (including names of officials not listed in the appendix) has been entrusted to the Head of the Department of Politics, University of Glasgow, and may be made available - upon written request - only to *bona fide* researchers.

Interviewees were drawn from the following elite sections: academic experts on foreign policy and external economic relations; government and parliamentary committee advisers; members of parliament and leaders of political parties; foreign ministry and other government officials; military officers; business leaders and representatives of regional authorities (in Russia); researchers from official and non-governmental think-tanks, e.g. Russian Institute for Strategic Studies, Institute of Europe (Russian Academy of Sciences), Centre for Current International Problems (Diplomatic Academy of the Russian Foreign Ministry), Carnegie Centre (Moscow), East-West Institute (Kiev), National Institute of Russian-Ukrainian Relations (part of Ukraine's Council for National Security and Defence), National Institute of Strategic Studies (Kiev); journalists; and Western European diplomats.

The content of the interviews varied depending on each interlocutor's area of activity and expertise in order to maximise opportunities for obtaining information and insights unavailable (or hardly available) in published sources. A set of common questions were put to all interviewees from each country in an ef-

fort to estimate the relative prominence of competing viewpoints and explore differences of opinion among different sections of national elites (e.g. on the economic expediency of integration for Russia and for Belarus; on the prospects for Ukraine's integration with the European Union or with Russia and Belarus). In each country, a balance between respondents belonging to circles supporting the current administration and those sympathetic to different sections of the opposition was sought. Still, the small size of the sample and the practical difficulties involved in selecting a random sample do not allow us to claim that the views expressed by the interviewees accurately represented those of their country's elite as a whole. Indeed, it is not possible to consider the views of a group of interviewees belonging to a particular section of the elite (e.g. government advisers) as representative of those of that elite section. However, interviewees were asked to contrast their personal opinions with what they perceived as the views of their peers. In most cases, they were quite open in identifying differences of opinion among their colleagues (e.g. members of the same political party, officials in the same government agency).

Despite the above-mentioned methodological shortcomings, elite interviewing has been indispensable to this study. It has furnished factual information unavailable from other sources at the time of the research (e.g. on the progress achieved in the implementation of agreements). It has enabled the author to gather a considerable variety of perspectives on the relevant issues, some of which contradicted preliminary hypotheses (e.g. the admission by some Ukrainian interviewees from government circles that economic pressure on the part of Russia has been greatly exaggerated to gain concessions from Western governments and institutions). Finally, interviews were most enlightening in revealing shifts in elite opinion. The author's conscious search for market-minded Russian politicians warning against integration with Belarus on the grounds of economic cost, a position widely expressed in 1997, proved fruitless two years later.

Theoretical perspectives

The dominance of Realism

Interstate relations in the post-Soviet context have been the object of rather scant attention from international relations theorists, while policy-centred analyses have only in few cases sought to assess the applicability of different theoretical propositions (drawn from the principal international relations theories) to this region.³⁹ Most of the relevant analytical studies and especially those of Russian, Ukrainian and Belarusian scholars have been informed by the Realist school of thought, which views struggle for power among states as the immutable essence of international relations. Realist theory represents a very long-standing tradition, encompassing a great number of authors from different generations and parts of the world with diverse views on many important aspects of international relations, e.g. on the role of ethics; on the relevance of domestic politics to the making of foreign policy; or even on which aspects of public policy fall within the remit of foreign policy. The neo-Realist school, inspired by the work of Kenneth Waltz, differs from so-called classical Realism in explaining foreign policy actions with reference to systemic and structural factors (international anarchy in the sense of absence of a global authority with legitimacy and powers of enforcement over those of state authorities; balance of power and the distribution of capabilities among states within the global or a regional system), downplaying the role of domestic politics, identity-related and other psychological factors.⁴⁰

Most Russian, Ukrainian and Belarusian authors assign high importance to geographical factors, economic and military capabilities as determinants of foreign policy objectives. The relative military capabilities of Russia and the enlarged NATO are given particular prominence in accounting for Russia's in-

³⁹ See for example Mark Webber, *The International Politics of Russia and the Successor States*, Manchester: MUP, 1996; Paul J. D'Anieri, *Economic Interdependence in Ukrainian-Russian Relations*, Albany: State University of New York Press, 1999

⁴⁰ A classic text in this school is by Kenneth M. Waltz, *Theory of International Politics*, Reading MA: Addison-Wesley, 1979

terest in closer relations and/or integration with Belarus and Ukraine.⁴¹ However, these analyses cannot be placed within the neo-Realist framework, as they take explicit account of domestic, cultural-historical and psychological factors (notably the shared sense of identity uniting Russians, Belarusians and many Ukrainians). They are discernibly influenced by nineteenth-century geopolitical theories and can be said to reflect a broader Realist perspective in the sense that they conceive of the international environment as essentially competitive, with a strong emphasis on strategic considerations. It is worth noting, however, that, in the aforementioned accounts, competitive elements prevail in the analysis of Russia's relations with non-CIS countries (especially with the membership of NATO), whereas Russia's relations with Belarus and Ukraine are viewed primarily in the context of an identitive community characterised by predominantly cooperative and integrative dynamics.

Most of the Western literature as well as accounts by Russia-sceptic Ukrainian authors look at Russia's relations with Belarus and Ukraine from a Realist perspective and regard power accumulation (in its various forms, including international prestige) and projection as the driving force of Russian policy.⁴² Psychological factors in the form of an alleged 'neo-imperialist' mentality are often recognised as a reinforcing factor.⁴³ The strengthening of state sovereignty (ostensibly served by the pursuit of close ties with NATO, the United States and the EU and by resistance to Russian initiatives) is identified as Ukraine's 'vital interest'. From this perspective, Belarusian foreign policy appears as an anomaly, as that of a state that is not aware of its own best inter-

⁴¹ Examples include A.D. Shutov, Postsovyetskoye prostranstvo; N. Pastukhova, Soyuz Rossii i Belorussii; and D. Trenin, The End of Eurasia

⁴² For a classical Realist definition of fundamental state interests and analysis of a policy of diplomatic prestige as an alternative to the exercise of power (ability to control policy outcomes against other actors' objectives) requiring expenditure of material resources, see Hans J. Morgenthau, Politics Among Nations, Fifth edition, New York, NY: Knopf, 1978, especially pp. 77-78

⁴³ See for example John Edwin Mroz and Oleksandr Pavliuk, "Ukraine: Europe's Linchpin", Foreign Affairs, May/June 1996, pp. 52-62; Yaroslav Bilinsky, "Russia, Ukraine and the West: An Insecure Security Triangle", Problems of Post-Communism, January/February 1997, pp. 27-33; O. Belov et al. (eds.), Ukraine 2000 and Beyond: Geopolitical Priorities and Scenarios of Development, Kyiv: The National Security and Defence Council of Ukraine, National Institute for Strategic Studies, 1999; and D'Anieri, Dilemmas of Interdependence.

est. In line with the Realist tradition, security (in the narrow sense of preservation of territorial integrity and state sovereignty) and the consolidation of state power with regard to external and sub-national actors are presented as the primary interests informing decision-makers. Economic aspects of foreign policy are treated in an instrumental fashion, as means of political influence (in the case of Russia) and as necessary conditions for the consolidation of state sovereignty (in the case of Ukraine and Belarus).⁴⁴

Realism, like other theoretical perspectives on international relations, offers a set of analytical categories (e.g. power; state sovereignty; national interest) and assumptions (e.g. primacy of security considerations; competitive nature of international politics), which have rather limited explanatory power in their own right. Although it may not be possible to cast off antecedent theoretical assumptions prior to proceeding with analysis, this study will strive to identify foreign policy actors' own assumptions about the international environment and – to the extent possible – adhere to their usage of theoretically ambiguous concepts. Thus, there will be no attempt to define the three countries' respective national interests apart from the conceptions of their leaderships and the different sections of their foreign policy communities. Despite the dominance of Realist theoretical perspectives in Russian, Belarusian and Ukrainian thinking about international affairs, several other perspectives have been reflected in political leaders' discourse about foreign policy and are concerned with factors salient in this particular international context.

Interdependence theory

Interdependence is a term often used in Russian, Belarusian and Ukrainian officials' arguments regarding economic relations among their countries. This refers to high levels of bilateral transactions (between Russia and Ukraine and between Russia and Belarus), some of which are essential to the functioning of their economies and may not be substituted within a sufficiently short time-scale and/or at sufficiently low cost to allow them to shift in line with changes in

⁴⁴ For a Realist theoretical examination of the role of economic factors in international relations, see Charles P. Kindleberger, Power and Money: The Politics of International Economics and the Economics and the Economics of International Politics, New York, NY: Basic Books, 1970

political priorities. Trade within certain industrial sectors, energy supplies from Russia and transport routes to the European market through Belarus and Ukraine are examples of such long-standing economic transactions with substantial implications on foreign policy options. Some theorists belonging to the Realist school recognise economic interdependence as a factor mitigating the salience of considerations related to military security and state sovereignty and enabling cooperative patterns to prevail in certain aspects of a given state's external relations.⁴⁵ In the latter case, non-coercive instruments (exercise of influence rather than power) become more relevant.⁴⁶

The theory of complex interdependence, however, as developed by Keohane and Nye, represents a departure from the Realist tradition. Complex interdependence is as a meso-theory formulated to account for relations in specific regional contexts (as opposed to macro-theories referring to the world system as a whole). It highlights the input of inter-societal and trans-national links (e.g. informal elite networks; civil society groups; trans-national economic conglomerates) existing along side inter-state relations between governments. It also argues that inter-state relations comprise a wide array of issues, some of which equally feature in the domestic policy agenda or affect particular domestic constituencies (e.g. external trade regimes; multi-lateral approaches to economic stabilisation), without any rigid or clear hierarchy favouring military security concerns. In such contexts, the role of military force loses its relevance as a policy instrument, not only as a result of cost-benefit calculations, but primarily due to critically reduced mutual threat perceptions.⁴⁷ These factors shape the negotiating patterns pursued by foreign policy actors (e.g. linkage strategies; agenda formation) and the resulting policy outcomes.⁴⁸ Russia, Belarus and Ukraine represent a regional context, in which most of the defining elements of complex interdependence are present (with the exception of a prominent role played by international organisations). Complex interdepend-

⁴⁵ For example, Arnold Wolfers, Discord and Collaboration: Essays on International Politics, Baltimore: John Hopkins Press, 1962, pp. 153-165; Klaus Knorr, The Power of Nations: The Political Economy of International Relations, New York, NY: Basic Books, 1975, pp. 3-4

⁴⁶ Knorr, The Power of Nations, p. 4

⁴⁷ Robert O. Keohane, and Joseph S. Nye, Power and Interdependence, Second edition, London: Harper-Collins, 1989, pp. 23-29

⁴⁸ *Ibid.*, pp. 29-35

ence could, therefore, provide a useful framework in considering the multi-faceted complex of relations (e.g. indebtedness; cross-border investment activities; military cooperation arrangements; discord over strategic or economic priorities) between Russia, on the one hand, and Belarus and Ukraine, on the other.

Identity theory

This regional context presents additional features, most notably the legacy of a shared (albeit not identical) cultural-historical background, lying at the basis of high mutual relevance and identity-informed mutual perceptions. These factors may have a direct (decision-makers' own perceptions) or indirect (through the intervening factors of public opinion and domestic politics) contribution to the definition of external priorities, threat assessments and even the selection of policy instruments. National identity has been studied as a psychological phenomenon, whereby a mass of people identify themselves and are prepared to act as a collective entity (a nation) with reference to a common set of national symbols.⁴⁹ In recent foreign policy literature, conceptions of national identity have been recognised as a major factor affecting states' definitions of their values (e.g. the relative importance attached to state sovereignty and welfare maximisation) and, consequently, their foreign policy priorities.⁵⁰ As Prizel has noted, the conduct of foreign policy by appeal to a legitimising mythology corresponding to the prevalent conception of national identity "provides the political elite with a ready tool for mass mobilisation and political cohesion". This function acquires increased salience "in countries where the political elite feels particularly vulnerable" and "legal institutions play a relatively marginal role in the process of nation-building".⁵¹ The search for a post-Soviet Russian identity could be advanced by a foreign policy seeking continuity with positively perceived aspects of the Soviet state such as great power status and unity (in

⁴⁹ William Bloom, Personal Identity, National Identity, and International Relations, Cambridge: CUP, 1990, p. 52

⁵⁰ See for example Philippe G. Le Prestre (ed.), Role Quests in the Post-Cold War Era: Foreign Policies in Transition, Montreal & Kingston: McGill-Queen's University Press, 1997; Ilya Prizel, National Identity and Foreign Policy

⁵¹ I. Prizel, National Identity and Foreign Policy, pp. 19-20

some form) with the other successor countries. Given Ukraine's divisions along regional and ethno-linguistic lines, foreign policy could be expected to serve the function of a nation-building tool at the same time as competing conceptions of national identity would be likely to influence the formulation of foreign policy.

Theories of regional integration

Integration represents the officially declared foremost objective of Russo-Belarusian relations and - more arguably - that of the CIS as a whole, albeit in a looser sense. The objective has substantial political support also in Ukraine - both on the mass and elite levels. Russian, Belarusian and - to a lesser extent - Ukrainian political leaders and officials tend to use the term integration - more or less - interchangeably with others such as 'unification' or even 'cooperation' without defining their content. More important perhaps are these terms' normative connotations, which are highly context-dependent. In Belarus, where the majority of the population appears to attach little intrinsic value to independent statehood and maintains overall positive images of the Soviet Union and Russia, a politician could expect the terms 'unification' and 'union' to generate favourable responses among the electorate. By contrast, in Western Ukraine, where most of the population is very sensitive about national sovereignty and distrustful of Russia, speaking of 'pragmatic co-operation' may be more acceptable. The term 'integration' will be retained in this study by virtue of its common usage in both Western European post-Soviet political discourse - including official documents - as a special form of co-operation involving common decision-making and a higher element of enforcement. It is intended to be continuous, long-lasting and conducive to community-building - usually through the establishment of some supranational institutions, but not to the point of a formal merger of states.⁵²

Approximately half of the present study concerns the integration process between Russia and Belarus, which has drawn inspiration from other such processes in other parts of the world (primarily Western Europe). These have formed the object of a substantial body of case studies and comparative analy-

⁵² Welsh and Willerton, "Regional Co-operation and the CIS", p. 37

ses, which have sought to identify factors observed in most instances of successful implementation of integrationist projects. All studies support the conclusion that integration processes are initiated only among states characterised by considerable economic interdependence and cross-border social interaction, such as that linking Russia, Ukraine and Belarus even after the dissolution of the Soviet Union. In addition to placing the Russo-Belarusian integration process into a comparative perspective, theories of regional integration could help uncover dynamics particular to regional contexts with high levels of economic and inter-societal interaction (or regional subsystems⁵³), which might be observed also in Russo-Ukrainian relations. They may also shed light to the operation of factors differentiating Ukraine from Belarus with regard to their approaches to Russia.

High levels of transactions (i.e. communications, trade, mobility of persons) and/or cultural homogeneity have been linked to the emergence of a regional identity ('we feeling'), providing a favourable societal climate for a process of integration.⁵⁴ Neo-functional theory, which has been formulated with reference to West European integration, denies that cultural homogeneity must be antecedent to the initiation of an integration process. A common sense of identity is supposed to follow the gradual empowerment of a new supranational centre through the accumulation of functional competences.⁵⁵ Similarly, Nye has suggested that the level of transactions prior to the initiation of an integration process is less relevant than elite expectations of a growth in mutually beneficial transactions once the process is under way.⁵⁶ A shared culture, in-

⁵³ The notion of regional subsystems does not refer to integration processes, but to highly inter-connected (in terms of 'similarity or complementarity' and degree of interaction) regional contexts. Louis J. Cantori and Steven L. Spiegel, The International Politics of Regions: A Comparative Approach, Englewood Cliffs, NJ: Prentice-Hall, 1970, pp. 7-20

⁵⁴ Karl W. Deutsch, "Communication Theory and Political Integration", in Philip E. Jacob and James V. Toscano (eds.), The Integration of Political Communities, Philadelphia and New York: J.B. Lippincott Company, 1964, pp. 51-54; Etzioni makes the point that most cultural values are politically irrelevant - with the exception of shared political symbols and rituals. Amitai Etzioni, Political Unification: A Comparative Study of Leaders and Forces, New York: Holt, Rinehart and Winston, 1965, p. 3;

⁵⁵ Ernst B. Haas, The Uniting of Europe, Stanford, CA: Stanford University Press, 1958, p.16

⁵⁶ J.S. Nye, Peace in Parts: Integration and Conflict in Regional Organization, Boston: Little, Brown and Company, 1971, p. 77

creased transactions, and a sense of common identity may be necessary as 'solidifiers', especially as the process comes to encompass politically sensitive functions.⁵⁷ Convergence in national elites' attitudes and policy preferences is another factor deemed causally relevant to the initiation and evolution of regional integration processes. Neo-functional theory expects a shared sense of identity among national elites to result from the process of integration - by means of elite *engrenage* (socialisation). The launching of the process, however, is hypothesised to depend upon national elites' perception of common interests, such as the perception of a common external threat. Similarity between domestic political systems and policies favoured at the national level is considered necessary to the success of an integration process.⁵⁸

Internally cohesive, democratic states with a pluralistic distribution of interests have been viewed as optimally suited to a process of regional integration.⁵⁹

In the case of Russia, Belarus and Ukraine, extensive survey research points to predominantly positive memories of Soviet-era political unity and socio-economic integration (high levels of inter-republican transactions), along with an antecedent perception of cultural similarity (Western Ukraine being a striking exception).⁶⁰ These factors might compensate for the weakness of pluralistic interest-group structures, to which neo-functional theory ascribes the function of transforming elite *engrenage* into mass support for the integration process. In so far as elites in Russia, Ukraine and Belarus still display considerable continuity with the personnel of the Soviet party-state apparatus, they could be said to have already undergone a process of *engrenage*. All three countries have presidential political systems, comprising ideologically similar political forces and characterised by a rather weak rule of law. The compatibility of national policies has been rather problematic due to the diverse courses

⁵⁷ A. Etzioni, Political Unification, pp. 36-37

⁵⁸ Ernst B. Haas, "International Integration: The European and the Universal Process", International Organization, Vol. XV, No. 4, Autumn 1961, reprinted in International Political Communities: An Anthology, Garden City, N.Y.: Double and Company, 1966, pp. 120, 123

⁵⁹ *Ibid.*, p. 126

⁶⁰ See for example L.A. Sedov, "SSSR i SNG v obshchestvennom mnenii Rossii", VTSIOM: Monitoring Obshchestvennogo Mneniya, Vol. 27, No. 1, January-February 1997, p. 14; M.I. Beletsky and A.K. Tolpygo (Kiev Centre of Political Research and Conflict Studies), "Natsional'no-kul'turniye i ideologicheskiye orientatsii naseleniya Ukrainy", Polis, Vol. 46, No. 4, 1998, p. 86

of economic reform and the divergent views of NATO held by the leaderships of Russia and Belarus, on the one hand, and that of Ukraine, on the other.

Economic incentives, according to which an integration process is seen as a means of promoting growth by creating economies of scale, underpin the empirical observation that most integration processes have arisen among states with similar levels of socio-economic development. This refers to the fact that participating states tend to fall within the same general category of wealth without precluding considerable disparities among them.⁶¹ Some integration theorists such as Nye regard symmetry in economic size as an additional structural condition assisting regional integration.⁶² Others consider that the prospects of an integration process may be enhanced by the presence of “a powerful core area providing a centripetal force”.⁶³ Comparative analyses of the CIS and the European Community in its formative stages suggest strong asymmetries in economic development and Russia’s overwhelming size as systemic weaknesses in the CIS context.⁶⁴ Russia, Belarus and Ukraine present less heterogeneity than the CIS as a whole, not only in terms of GDP per capita, but also in terms of economic structure. Russia’s disproportionate economic and military size may hinder integration by fostering fears of Russian hegemony among Ukrainian and Belarusian elites. At the same time, it - at least theoretically - enables Russia to assume the role of political leadership, which would entail devoting a comparatively higher proportion of its assets as rewards to make integration attractive to other states.⁶⁵

Outline of structure

The considerations contributing to the formulation of Russian objectives with regard to Belarus and Ukraine will be examined in Chapter One. The interplay of external developments (such as the expansion of NATO) and Russia’s do-

⁶¹ A. Etzioni, Political Unification, pp. 21-22

⁶² J.S. Nye, Peace in Parts, pp. 80-81

⁶³ Bruce Russett, International Regions and the International System, Chicago: Rand McNally, 1967, p. 21. See also Karl W. Deutsch, The Analysis of International Relations, Third Edition, Englewood Cliffs, N.J.: Prentice-Hall International, 1968, pp. 243-245

⁶⁴ Welsh and Willerton, “Regional Co-operation and the CIS”, pp. 45-46

⁶⁵ A. Etzioni, Political Unification, p. 45

mestic political processes will be explored, with a particular focus on the implications for the Russian leadership's definition of the country's strategic interests in the former Soviet region. The shifts in the Russian elite's perceptions of the wider international environment and the resulting rethinking of Russian foreign policy, which occurred in the mid-1990s, will be revisited with a view to understanding the positions of Belarus and Ukraine in Russia's broader foreign policy agenda. The role of the East-Slavic/Orthodox nexus in the formation of a post-Soviet Russian national identity will be looked at from the perspective of its contribution to the search for particular types of relations (integration; close partnership) with Belarus and Ukraine. The views and policy inputs of different political forces and elite sections (such as the military leadership and certain influential economic constituencies) as well as those of public opinion will be surveyed, drawing on primary sources. The array of outcomes favoured by these constituencies will be located in terms of priority in official policy (some may not feature in the official policy agenda at all), distinguishing between bottom-line and maximum objectives.

Chapter Two will compare the policy instruments used to further Russian objectives with regard to Belarus and Ukraine respectively. Discrepancies between stated Russian objectives and actual outcomes will be investigated to identify constraints (whether structural, e.g. economic interdependence, or of a more reversible nature, e.g. poor negotiating strategies) on Russia's ability to translate its superior resources into bargaining power vis-à-vis the Ukrainian and Belarusian authorities. A section of this chapter will look into the conditions linked to Russian economic support to Belarus and contrast them with the record of Russo-Ukrainian economic relations (focusing especially on the division of Soviet assets and on energy supplies). It will thus seek to assess the accuracy of the common suggestion that Russia has used economic coercion (or blackmail) to force Ukraine into political concessions. Divergences in the approaches of different political forces, sections of the Russian executive and relevant business interests as to the optimal use of economic instruments with regard to Belarus and Ukraine will be related to inconsistencies in Russian policy. Divisions between the positions of the executive, the Duma and leftist-nationalist political forces with respect to issues with the potential to undermine Ukraine's cohesion as a state (most notably, the status of Crimea and that of

the Russian language) will be examined to evaluate the potential for Russia's employing intervention in these issues as a policy instrument.

Chapter Three will be concerned with the results of these policies. It will analyse and compare the contractual framework of Russia's relations with Belarus (Friendship treaty; Customs Union agreement; treaty on the formation of a Community; treaty on a Belarus-Russia Union; treaty on equal rights of citizens; treaty on the formation of a Union-state) and with Ukraine (Black Sea Fleet Accords; Friendship, Partnership and Cooperation treaty; treaty on Economic Cooperation for the years 1998-2007). The evolution in the institutional structure of the Russia-Belarus Union and in the scope of its activities will be placed in comparative perspective in the light of theory developed with reference to integration processes in other parts of the world. Another section will consider how cohesive the Union has been in terms of foreign policy coordination and military cooperation. The distance between Russian and Ukrainian positions in these fields will equally be examined. Trends in bilateral economic and social transactions will be surveyed and outcomes in key sectors (e.g. customs and monetary union between Russia and Belarus; industrial cooperation and cross-border investment between Russia and Ukraine) will be measured against treaty provisions. The main aim will be to pinpoint the factors that have hindered the implementation of agreements and the attainment of declared objectives in some sectors as well as those that have enabled progress in others.

The foreign policy orientations of the Ukrainian and Belarusian leaderships will be considered in Chapter Four, going back to the Kravchuk presidency (Ukraine) and to the Kebich leadership (Belarus) in order to understand the rationale of the policy adjustments made by the Kuchma and Lukashenko administrations. In analysing the two leaderships' choice between a Russia-centred course and one focused on the EU and/or NATO, the relative weight of economic concerns, public opinion and other considerations underlying elite policy preferences (e.g. sectional interests, domestic policy agendas) will be assessed. The perspectives of the principal political forces and elite sections within each country will be presented (as drawn from the writings, public statements and interviews of their representatives) to estimate the extent to which changes in the relative influence of these constituencies may reflect on official policy towards Russia. Factors such as dependence on the Russian economy, notions of national identity and international standing will be probed in order to

in order to account for the Belarusian and Ukrainian leaderships' different degrees of responsiveness to actual and putative incentives and/or pressures presented by Russia, the EU or other external actors (e.g. NATO).

A concluding chapter will outline the most noteworthy findings, considering them from the perspective of different theories of international relations. It will also place them in the wider European context, seeking to make some projections into the medium-term future on the basis of the principal trends observed in the period studied in this work.

Chapter One

The rationale of Russia's pro-integrationist policy towards Belarus and Ukraine

This chapter will seek to account for the ascendancy of Belarus and Ukraine in Russia's foreign policy agenda since the mid-1990s. To this end, it will outline the factors which led to the general reorientation of Russian foreign policy away from the Atlanticist focus of the early post-Soviet period. It will also consider the impact of the search for a post-Soviet Russian identity on Russian foreign policy objectives and on relations with Belarus and Ukraine in particular. Considerations related to security and economic interests will be looked at from the perspectives of different political forces, sections of the Russian administration, other elite constituencies and public opinion. These will be related to preferences regarding Russia's type of relations with Belarus and Ukraine, as reflected in official policy.

The broader context of Russia's foreign policy

The reintegration of the former Soviet space and the advancement of relations with Belarus and Ukraine to a qualitatively new level have progressively moved up in the list of Russia's external priorities as part of a gradual revision of the foreign policy course that was pursued in the first year and a half of independent statehood.¹ The alleged neglect of the 'near abroad' due to a bias in favour of the West and the United States in particular formed the most potent and broadly supported criticism levelled at the early foreign policy of the

¹ This is reflected in the prioritisation of official diplomatic visits to Belarus and Ukraine, which is observable since Andrei Kozyrev's departure from the Foreign Ministry. Minsk and Kiev were the first foreign capitals to be visited by his successor, Yevgeny Primakov, after he became Foreign Minister in January 1996 and again after he was appointed Prime Minister in September 1998. These were equally the first foreign destinations of Vladimir Putin following his election to the Presidency in March 2000 – albeit a visit to London separated those to Minsk and Kiev.

first Yeltsin administration.² The Russian leadership was charged with ignoring the country's interests by not actively seeking to halt and reverse tendencies of disintegration prevalent throughout the former Soviet Union. Intra-CIS trade showed a steady decline and most member-states were striving to increase their independence from Moscow by searching for new economic and strategic partners. The Ukrainian leadership's explicitly stated aspiration of dissociating the country from Russia in order to make it part of Central Europe and the West was particularly disconcerting to the critics of Yeltsin's early diplomatic course.

In turn, the approach and objectives with respect to the former Soviet Union were the first elements of Russian foreign policy to be amended. The "Concept of the foreign policy of the Russian Federation", an official document approved by the President in April 1993, identified integration processes in the CIS as one of Russia's vital security interests.³ Two years later, another official document entitled "Strategic course of the Russian Federation towards CIS states" clarified the policy implications of the above-stated national interest: Russia would seek to assume a leading role in promoting such processes.⁴

The active pursuit of reintegration constituted a major departure from Russia's initial stance on relations with the other successor states. In the early 1990s, Russia's objective had been limited to the establishment of normal, co-operative relations with the independent former Soviet republics on the basis of equality and respect for national sovereignty enshrined in international law. No special attention or treatment, either negative (e.g. diplomatic pressure) or positive (e.g. exports at subsidised prices), was to be directed at other states of the former Soviet Union with the objective of rendering them receptive to Russia's views and interests. Russia's relations to them would be governed by the same principles as those to countries of the 'far abroad' (i.e. states outside the former Soviet Union). To some extent, the reasons behind the revision of

² Since 1996, the term 'near-abroad' has been abandoned in Russian official parlance in favour of the more neutral 'post-Soviet space', which is thought to convey Russia's respect for the sovereignty of its neighbours.

³ "Kontseptsiya vneshnei politiki Rossiiskoi Federatsii", Diplomaticheskyy Vestnik, special issue, January 1993

⁴ "Strategicheskiy kurs Rossii s gosudarstvami Sodruzhestva Nezavisimyykh Gosudarstv", Diplomaticheskyy Vestnik, October 1995, p. 3

this line could be considered as separate from the factors underlying the wider changes in Russia's foreign policy. Reintegration, at least of the form envisaged in the agreements that dissolved the Soviet Union and created the CIS (i.e. a common economic space and unified armed forces managed by inter-state institutions), had not been deemed undesirable or unimportant by the makers of Russia's early foreign policy. Rather, it was thought that a policy of openly sponsoring reintegration would risk provoking mistrust of Russia's intentions among the leaders of other CIS states and, would, therefore, be counterproductive. In addition, assistance to unreformed economies would overstrain Russia's resources during a period crucial to its own economic recovery. It was expected that, once other CIS countries had consolidated their state institutions and reformed their economies according to market principles, they would seek reintegration with Russia on a mutually advantageous - as opposed to a donor-recipient - basis. Appreciating Russia's respect for their independence, they would voluntarily recognise their larger neighbour as their leader by virtue of its superior economic resources, military capabilities, and influence in world affairs.⁵

While it may be contended that the laissez-faire strategy towards the CIS was not allowed sufficient time to produce the outcome anticipated by its authors, it is clear that they had grossly underestimated the value leaders of other CIS states attached to national sovereignty. With the exception of Belarus, there was no sign of CIS leaders perceiving the potential economic gains of market-based integration as attractive enough to set their suspicions of Russia aside. It became clear that reintegration would not take off the ground unless the Russian leadership developed an active policy towards the achievement of this objective. The inadequacy of the laissez-faire strategy alone would probably have prompted Russia to formulate some sort of pro-integration policy even in the absence of significant changes in its domestic politics or its external environment beyond the CIS.

However, since the second half of 1992, the authors of Russia's early foreign policy have gradually lost popular support, posts in the government and

⁵ Yevgeny P. Bazhanov, Rossiia kak velikaya derzhava, Moscow: "Nauchnaya kniga"/ Institute of Contemporary International Studies, Diplomatic Academy (Ministry of Foreign Affairs of the Russian Federation), 1999, p. 27

the Presidential administration, and, consequently, influence over official policy. Foreign Minister Kozyrev and CIS Minister Shelov-Kovedyaev saw their authority wane in line with that of the whole Gaidar team of radical reformers. As the socio-economic policies of the latter angered large sections of the electorate and fell far short of the predicted spectacular economic recovery, visions of Russia's future based on the wholesale adoption of Western economic and political models declined in appeal. Foreign policy in its own right became the object of a major national debate - probably as fierce as the one on economic reform. During the run-up to the Duma election of December 1993, denunciations of Yeltsin's foreign policy as overly pro-Western or even treasonable were very prominent - especially in the electoral campaigns of the 'red-browns' (i.e. the Communist Party, Zhirinovskiy's nationalist LDPR, and a number of smaller parties expressing similar views). The victory at that election of parties using nationalist anti-Western rhetoric came as a shock to many observers in the Western press, leading them to the conclusion that the Russian public was suffering from a version of the Weimar syndrome.⁶ Likewise, they interpreted the increasingly nationalist tone of Russia's foreign policy line as Yeltsin's response to the change in the public's mood.

Yeltsin indeed sought to reduce friction with the Parliament and draw allies from within the 'power structures' (i.e. the Ministries of the Interior, Foreign Affairs, and Defence; the Federal Security Service and the Foreign Intelligence Service), the Armed Forces, and the military-industrial complex. The results of the 1993 and 1995 parliamentary elections certainly strengthened the position of the above sections of the Russian elite, whose members - by and large - had been sceptical of or outright hostile to the idea of 'partnership and integration with the West'.⁷ Attributing foreign policy change primarily to the electoral

⁶ The term Weimar syndrome (based on the example of inter-war Germany) refers to the mindset of a nation, which, as a result of having simultaneously suffered a dramatic deterioration in material well-being and national prestige, becomes inclined to support political leaders advocating discrimination against ethnic minorities at home and/or confrontation with enemies abroad whom they blame for their country's ills. See Stephen E. Hanson and Jeffrey S. Kopostein, "The Weimar/Russia Comparison", Post-Soviet Affairs, vol. 13, no. 3, 1997, pp. 252-283

⁷ Yevgeny Bazhavov, The Changing Foreign Policy of Russia, Moscow: Nauchnaya kniga and Diplomatic Academy/ Institute of Contemporary International Studies, Ministry of Foreign Affairs of the Russian Federation, 1999, pp. 3, 6-7

success of the 'red-browns' is unwarranted. As Margot Light demonstrates in a thorough examination of the evolution of elite views on foreign policy, by mid-1993, a basic consensus had begun to emerge as a result of a growing number of defections from the ranks of 'liberal Westernisers' to those of 'pragmatic nationalists'.⁸ There exist several classifications of participants in the foreign policy debate.⁹ Light offers the neatest model discerning three politically relevant groups: 'liberal Westernisers', who designed post-Soviet Russia's early diplomatic course, aspiring to enlist the support of economically advanced Western democracies for Russia's process of transformation; 'pragmatic nationalists', who favour selective co-operation with the West within the framework of a foreign policy balanced between East and West, and furthering Russia's great power status; and 'fundamentalist nationalists', who reject Western-inspired socio-economic models and see the West as a malevolent force seeking to undermine Russia.¹⁰

As of 1994, the consensus, which was centred around 'pragmatic nationalist' positions, came to be reflected in the official foreign policy line. Russia's foreign policy began to emphasise national interests, economic and strategic, rather than 'universal values' of human rights and democracy. It grew reluctant to forsake opportunities to earn much-needed hard currency through arms or nuclear technology exports to states with dictatorial regimes or poor human

⁸ The views analysed are those of politicians, diplomats, academic experts, and journalists. Margot Light, "Foreign Policy Thinking", in Malcolm, Pravda, Allison, and Light, Internal Factors in Russian Foreign Policy, Oxford: OUP/ Royal Institute of International Affairs, 1996, pp. 35, 51, 71-72.

⁹ For example, Brzezinski and Sullivan divide them into four groups: 'neo-democrats' (Gaidar, Kozyrev), 'national-patriots' (Rutskoi, Khasbulatov, Ambartsumov), 'pragmatic nationalists' (Yavlinsky, Primakov, Lukin, A. Arbatov), and 'right- and left-wing extremists' (Zyuganov, Zhirinovskiy). Dawisha and Parrott's schools of thought correspond to the above categories with the addition of a politically marginal group of Slavophile intellectuals focusing on the need for Russia to rediscover its spiritual traditions (Solzhenitsyn, Rasputin, Shafarevich). See Z. Brzezinski and P. Sullivan (eds.), Russia and the CIS, Armonk, NY: M.E. Sharpe, 1997, pp. 60-64; and K. Dawisha and B. Parrott, Russia and the New States of Eurasia, Cambridge: CUP, 1994, pp. 199-202.

¹⁰ Light, "Foreign Policy Thinking", op. cit., p. 34. Neumann's categories of 'liberals', 'Eurasianists', and 'romantic nationalists' mirror the three groups identified by Light - with the exception that Neumann is more concerned with intellectuals than politicians. See Iver B. Neumann, Russia and the Idea of Europe, London: Routledge, 1996, pp. 200-201, 205

rights records. More importantly, solidarity with the community of 'civilised democratic states' would not necessarily lead Russian diplomacy to endorse the positions of the United States or West European powers on international issues (e.g. armed conflicts between or within third states). On the contrary, it would not hesitate to enter into confrontation with its Western partners in defence of its perceived vital interests. In December 1994, Yeltsin warned of a 'cold peace' in the event that NATO went ahead with its plans of Eastward enlargement.¹¹

The appointment of Yevgeny Primakov as head of the Foreign Ministry did not introduce a radical break with Kozyrev's revised stance, but brought in certain tangible innovations in foreign policy doctrine. The recognition of Russia's great power status was declared as its uppermost national interest and the guiding principle of all its activities in the international sphere.¹² In accordance with this principle, Russian diplomacy would strive for the diversification of the country's ties with its external environment. Non-Western powers such as India or China would be regarded not only as valuable export markets for Russia's military-industrial complex, but also as potential strategic partners. Opposition to the United States' global hegemony and the need to strengthen the trend towards the formation of a multi-polar world became common themes of Russian diplomatic discourse.¹³ The ultimate task of foreign policy would be to accelerate and consolidate the process of Russia's emergence as one of the leading powers in the new multi-polar system.¹⁴

Though debates and criticisms over particular decisions continued (e.g. whether Russia should have signed the Founding Act with NATO in May 1997), Primakov was able to plausibly claim that the fundamentals of foreign policy were no longer subject to contention, but were founded on genuine agreement among the country's major political and societal forces.¹⁵ Instead of

¹¹ See Yeltsin's address to the CSCE summit in Budapest (5 December 1994), Diplomatičeskij Vestnik, January 1995, p. 5

¹² Yevgeny Primakov, Press Conference, Diplomatičeskij Vestnik, February 1996, p. 3

¹³ See, for example, Primakov's interview with Aleksei Pushkov, Nezavisimaya Gazeta, 30 December 1997, p. 1

¹⁴ Igor' Ivanov (First Deputy Foreign Minister), Press conference, 23 December 1996, Diplomatičeskij Vestnik, January 1997, p. 32

¹⁵ Yevgeny Primakov, Press conference, 23 December 1997, Diplomatičeskij Vestnik, January 1998, p. 3

alienating the liberal wing of the political spectrum, the premises of the Primakov doctrine gained the acceptance of its chief representatives, i.e. Yabloko leader Grigory Yavlinsky and the 'young reformers' who occupied government posts during Yeltsin's second term (Chubais, Nemtsov, Kiriyenko).¹⁶ Indeed, Yabloko's party programme for the parliamentary elections of December 1999 closely reflected the Foreign Ministry line in stating that Russia should "strive for the formation of an organised and civilised multipolar world" and resist the "claims of the USA and NATO to unipolarity and to a monopoly in the economic, military and political spheres of international affairs".¹⁷ Part of the explanation consists in that Russian foreign policy did actually become balanced, for it did not replace the former pro-Western tilt with an anti-Western bias. The Russian leadership maintained its efforts for admission into the World Trade Organisation and for full participation in the G7/8. It took pains to offer compromise so as not to allow even the most significant instances of discord (NATO's expansion into Central Europe, and its bombing campaigns against Iraq in 1998 and Yugoslavia in 1999) to irreparably damage its prospects of advantageous co-operation with Western Europe and the United States.¹⁸ Pragmatism, a celebrated feature of the revised Russian foreign policy, dictates that sustained confrontation with the West is neither commensurate with Russia's material resources nor conducive to its security.¹⁹

Indeed, the main components of Primakov's line have continued to define Russia's foreign policy after his departure from the government in May 1999 and after Putin's election to the Presidency in March 2000. The new 'Foreign Policy Concept of the Russian Federation', which was approved by President Putin in July 2000 reaffirms Russia's self-identification as a great power, its opposition to a world order economically and militarily dominated by the United

¹⁶ Vladimir Shlapentokh, "The Changing Russian View of the West", in T. Casier and K. Malfliet (eds.), Is Russia a European Power?, Leuven: Leuven University Press, 1998, pp. 70-73

¹⁷ Bezopasnost', doveriye, budushchee: Predvybornaya programma 'Yabloka' na vyborakh deputatov Gosudarstvennoy Dumy 1999 goda, Moscow: Smysl, 1999, pp. 44-46

¹⁸ There was, however, talk of the Russo-American relations having passed the point of irreversible – at least for the medium term - deterioration. See, for example, Novye Izvestiya, 5 November 1998, p. 2; Segodnya, 20 June 1998, p. 3; Kommersant'-Daily 21 January 1999, p. 1

¹⁹ Bazhanov, The Changing Foreign Policy of Russia, p. 17

States, and the priority granted to relations with CIS countries.²⁰ Putin has also continued working towards the diversification of Russia's foreign partners by means of high-profile visits to China, India and former client states of the Soviet Union like Cuba and North Korea.²¹ As he said, Russia cannot lean "either towards the West or the East. The reality is that a power with such a geopolitical position as Russia has national interests everywhere".²² At the same time, the Putin administration has placed growing emphasis on closer ties with the European Union.²³

Already by the time of Primakov's appointment as Foreign Minister, the entire spectrum of opinion had moved closer to nationalist positions. What had united Russia's bitterly divided foreign policy elites? Rather than a shift in mass attitudes having caused an adaptation of elite perspectives, it appears that the latter as well as the official line expressed by the Foreign Ministry were primarily due to the conclusion that the early approach had been driven by illusory expectations and failed to pay satisfactory dividends. Russia's external environment has changed considerably since the beginning of the 1990s - in a different direction from the one anticipated by liberal Westernisers. Despite their efforts, they failed to convince the outside world to accept Russia as a 'normal' European country.²⁴ The dismantling of the Iron Curtain and the dissolution of the Soviet Union did not give rise to a Euro-Atlantic community (a 'common European home' in Gorbachev's rhetoric or a 'greater Europe without dividing lines' in Yeltsinite parlance), free from rivalries over influence and strategic gains, in which Russia would be recognised as one of the dominant actors. The critics of Yeltsin's early foreign policy stressed that Russia had suffered real losses in political influence, prestige, strategic assets, and even revenue as a result of its - willing or reluctant - retreat from East/Central

²⁰ "Kontseptsiya vneshneye politiki Rossiiskoi Federatsii", Diplomatichesky Vestnik, August 2000, pp. 3-11

²¹ In an interview to Russian television channels ORT and RTR, Putin reiterated the importance of de-ideologised relations with these countries. Interfax, Diplomatic Panorama, 26 December 2000

²² Putin's address to top Foreign Ministry officials as reported by Interfax News Agency, Diplomatic Panorama, 26 January 2001

²³ Putin's annual speech to the Duma, Diplomatichesky Vestnik, May 2001, p. 10

²⁴ Iver B. Neumann, Use of the other: "the East" in European identity formation, Manchester: MUP, 1999, p. 169

Europe and the former Soviet Union - to the advantage of Western states and organisations. Economic gains in the form of foreign investment or financial and technical assistance proved far too limited to compensate for these losses by helping Russia become one of the world's economically most developed states - a trade-off that would have been acceptable to a significant part of the Russian foreign policy elite.²⁵

Gorbachev's rapprochement with the West and Yeltsin's pursuit of cordial relations with Western powers produced substantial benefits in the field of security in the narrow sense of freedom from the threat of military aggression. Russians were and felt more secure than ever before. Public opinion polls repeatedly indicated that the majority of the population perceived no external threat to Russia's security.²⁶ The military doctrine adopted in November 1993 was premised on the assessment that the danger of armed conflict with the West had ceased to exist. Instead, countries on Russia's southern periphery were regarded as the most likely sources of security risks.²⁷ This set of external circumstances would allow Russia to embark on the arduous process of modernising its armed forces and to reduce expenditure on defence - especially on procurement of nuclear and costly conventional weapons to rival NATO arsenals - without jeopardising its security.

NATO's decision to extend membership to Poland, Hungary, and the Czech Republic did not alarm the Russian public.²⁸ It did, nevertheless, provoke negative reactions from almost all Russian political leaders, thus broadening

²⁵ In a survey of elites involved in foreign policy conducted in early 1994 by the reputable All-Russian Centre for the Study of Public Opinion (VTsIOM), half of the respondents said that they would prefer Russia to be "one of the world's 10-15 most developed countries" rather than "one of five great powers". Nikolai Popov, "Vneshnyaya politika Rossii: Analiz politikov i ekspertov", *Mirovaya ekonomika i mezhdunarodniye otnosheniya*, 1994, no. 3, p. 59

²⁶ Richard Rose, "Do Russians want to fight?", in C. Haerpfer, C. Wallace, and R. Rose, *Public Perceptions of Threats to Security in Post-Communist Europe*, Studies in Public Policy no. 293, Glasgow: Centre for the Study of Public Policy, University of Strathclyde, 1997, p. 21

²⁷ Pavel Grachev (Defence Minister) in *Nezavisimaya Gazeta*, 9 June 1994, p. 10

²⁸ In a VTsIOM survey conducted in December 1995 only 0.5% of respondents expressed concern about NATO enlargement. See Institute of World Economics and International Relations (IMEMO), *Obshchestvennoye mneniye i rashireniye NATO*, Moscow: Russian Academy of Sciences, 1998, p. 33

and strengthening the emergent consensus on foreign policy.²⁹ NATO enlargement was perceived as a breach of trust on the part of the West, subverting the spirit of the Two plus Four agreements on German re-unification and the Paris Charter, which had marked the end of the Cold War.³⁰ It meant that the security architecture of Europe would be irreversibly NATO-centric and that Russian proposals for a Europe-wide collective security system based on the OSCE would be shelved. Russian foreign policy elites feared that they would be excluded from decision-making processes on important issues, to whose resolution Russia should be in a position to make an independent contribution. Even after the accession of Poland, Hungary and the Czech republic to NATO, the Russian leadership has continued to express its concern over NATO enlargement. As President Putin said in autumn 2000, "we are against NATO expansion. None of the reasons that gave birth to NATO exist. Still, NATO itself, not only exists, but is expanding, and expanding towards our borders".³¹ Or, in the words of Russian Defence Minister Igor' Sergeev, "the danger (to European security) comes from the South, but NATO is moving to the East. This is what Russia does not understand and is alarmed over".³² Though Putin caused a sensation by declaring that Russia was ready to become a NATO member, he has made it clear that the existing membership of the Alliance would not accept Russia as a full member, which would transform NATO into an organisation with a role similar to Russia's vision of the OSCE.³³ In view of the West's apparent unwillingness to heed Russia's views and interests, Russian officials and political leaders have perceived a pressing need to reinforce the country's status as a great power and, thereby, its weight in international negotiations.

²⁹ The extent of the consensus has been exaggerated by the Foreign Ministry; while it encompasses basic components of Russian foreign policy (e.g. opposition to NATO expansion; desirability of some form of integration with Belarus), there are hardly any broadly supported approaches to their optimal achievement. Author's interview with Russian academic expert, Moscow 22 June 1999.

³⁰ See article by Vladimir Lukin, Chairman of the State Duma Committee on International Affairs, in *Izvestiya*, 12 May 1995, p. 3

³¹ Interfax, *Diplomatic Panorama*, 26 October 2000

³² *Nezavisimaya Gazeta*, 20 January 2001, p. 5

³³ Interfax, *Diplomatic Panorama*, 14 December 2000

The position of Belarus and Ukraine in Russia's role conception

"Russians do not simply want to gain a place under the sun; they would like to restore a special place under the sun."³⁴

A state's foreign policy objectives are formulated and ordered according to the interplay between national decision-makers' conception of their country's appropriate role in the world and the status vested in that state by the outside world.³⁵ In the case of post-Soviet Russia, national foreign policy elites' image of their own country (i.e. role conception), based on their sense of national identity, appears to be at odds with the role that the outside world – especially Western powers and organisations as well as many CIS countries – are prepared to recognise as warranted. National identity has been defined as the "condition in which a mass of people have made the same identification with national symbols – have internalised the symbols of the nation – so that they may act as one psychological group when there is a threat to, or the possibility of enhancement of, these symbols of national identity".³⁶ These symbols include not only a state's flag and anthem, but – most importantly – prevalent interpretations of its history, perceptions of its external environment, and a corresponding notion of the state's rightful place in the world.

Russia in its present form might be a very young state, but it is heir to the long history of the Soviet Union and the Czarist Empire. It has been repeatedly noted that, as the collapse of communism and the – albeit partial – renewal of the Russian elite led to a yet uncompleted reappraisal of this history, Russian national identity is still in flux.³⁷ Indeed, the symbols of national identity must

³⁴ Bazhanov, "The Changing Foreign Policy of Russia", op.cit., p. 15

³⁵ Jean-François Thibault and Jacques Livesque, "The Soviet Union/Russia: Which Past for which Future?", in Philippe G. Le Prestre (ed.), Role Quests in the Post-Cold War Era: Foreign Policies in Transition, Montreal & Kingston: McGill-Queen's University Press, 1997, p. 38

³⁶ William Bloom, Personal identity, National Identity, and International Relations, Cambridge: CUP, 1990, p. 52

³⁷ See, for example, Ilya Prizel, National Identity and Foreign Policy, op. cit., pp. 181-182; Marie Medras, "Towards a post-imperial identity", in Vladimir Baranovsky (ed.), Russia and Europe: The Emerging Security Agenda, New York: SIPRI/ Oxford University Press, 1997, p.

be subject to adaptation in response to profound changes in domestic and external circumstances, if they are to continue to perform the functions of providing the citizenry with a sense of pride and psychological security, forging solidarity based on the notion of a common purpose shared by the mass of the population and their ruling elite, and endowing the state's leadership with popular legitimacy.³⁸ Adaptation became essential, since core symbols of Soviet identity, such as the role of the state as the guarantor of all citizens' welfare and as the leader of international socialism, could no longer be evoked to inspire loyalty on the part of the Russian public or gain international prestige in the post-Soviet period.³⁹ A radically new sense of national identity linked to a role conception of Russia as integral part of a Western community of economically advanced liberal democracies remained far removed from reality and, therefore, became untenable.

Russian leaders still lay claim to one of the source of pride Soviet citizens felt through identification with the state: the status of 'a great state' or a 'great power'.⁴⁰ To be sure, post-Soviet Russia lacks key attributes of the Soviet Union's great power status. It is obvious both to its own citizens and to the outside world that Russia – itself in search of political and socio-economic models – cannot derive international status from pretensions to ideological orthodoxy. Its chronic condition of socio-economic crisis, which the leadership publicly acknowledges, does not allow it to project the image of a world leader in science and technology. Equally well-publicised social problems plaguing the Russian armed forces and their poor performance in the Chechnyan conflict have eroded military might as a source of international prestige. Unlike its predecessor, Russia is neither the leader of an alliance controlling Central and Eastern Europe nor supported by a network of client regimes in the Third

³⁸ Ibid., pp. 58-59, 79, 116

³⁹ Identification with the nation-state on the part of the mass citizenry needs to be based either on economic and social welfare associated with state policies or on the perception of a competitive, hostile external environment against which the state provides material and/or emotional protection. Ibid., pp. 80, 146-147.

⁴⁰ For present-day Russians, the Soviet state and victory in WWII are the two sources of pride in their history that are connected to the state. Similarly, over a quarter of respondents gave 'pride in our great and powerful country' and 'world leadership' as losses as a result of the dissolution of the Soviet Union. VTsIOM, Ekonomicheskiye i sotsial'nye peremeny: Monitoring obshchestvennogo mneniya, vol. 25, no. 5, September/October 1996, pp. 80, 84-85.

World. Still, Russia inherited the Soviet permanent seat in the UN Security Council, which serves as a vestige of former greatness and the cornerstone of efforts for its restoration. Russian foreign policy makers admit that the United States will remain the world's only superpower for a long time. Russia, however, is asserted as one of the 'great powers' alongside China, Japan, Germany or the European Union.⁴¹ This status is justified in terms of the size of Russia's territory and population, its economic potential based on its wealth in natural and human resources, its special responsibility for global security due to its possession of a nuclear deterrent capability, its historical and current diplomatic pre-eminence.

The achievements of pre-revolutionary Foreign Minister Aleksandr Gorchakov, whose active foreign policy returned Russia to the concert of European powers in the wake of its humiliating defeat in the Crimean war, have been praised and presented as the model for Russian diplomacy today.⁴² For its crucial task is seen to be comparable: to make the most of Russia's residual authority as a permanent member of the UN Security Council and of its diplomats' own skill in order to project influence beyond what the country's material capabilities can presently sustain. During this period of supposedly temporary weakness, Russia needs to maintain a high profile in international affairs or risk marginalisation. If Russia turned inward to devote maximal effort and resources to the success of domestic reform, leaving the resolution of any international issues not immediately affecting its own survival to other powers, assuming a major international role, when domestic circumstances improved, would be much harder.

This expectation is most pertinent to the question of Europe's institutional architecture and that of NATO's consolidation as the central decision-making and enforcement structure on the continent, a development the Russian elite deemed politically adverse – over and above any potential security implications. Kugler interprets Russia's negative stance on NATO expansion as re-

⁴¹ Igor' Ivanov (Deputy Foreign Minister), Press Conference, 23 December 1996, Diplomaticheskyy Vestnik, January 1997, p. 32

⁴² Yevgeny Primakov, "Russia in world politics: a lecture in honour of Chancellor Gorchakov", International Affairs (Moscow), vol. 44, no. 3, 1998, pp. 7-12; Igor' Ivanov, speech at the first International Studies Association Convention, Moscow 2001, Diplomaticheskyy Vestnik, May 2001, p. 13

flecting geopolitical imperatives more than concern over the prospect of military aggression on the part of the Alliance.⁴³ NATO enlargement affected Russian foreign policy in an indirect but highly potent manner by altering the perspective from which Russian elites perceive Western intentions and the international environment in general. As Robert Jervis concludes in his classic Perception and Misperception in International Politics, "it is often impossible to explain crucial decisions and policies without reference to the decision-makers' beliefs about the world and their images of others."⁴⁴ As it will be subsequently contended, Russian objectives and policies with regard to Belarus and Ukraine cannot be satisfactorily explained without taking into account the major shift in Russian policy-makers' beliefs about the nature of international politics, which was inextricably linked to the re-emergence of a suspicious or even hostile image of the West and NATO in particular.

NATO enlargement prompted a change of paradigm in Russian foreign policy circles, for it was seen as fundamentally inconsistent with 'new thinking', a theoretical perspective on international politics that Gorbachev had elevated to an official doctrine and foundation of his foreign policy. Even though the term 'new thinking' was eliminated from official parlance after Gorbachev's ouster from power, its core principles continued to guide the external orientation of post-Soviet Russia at least until the middle of 1993. 'New thinking', which resembled the Western liberal internationalist or Idealist tradition in stressing international co-operation based on 'universal human values', served as the justification for Soviet and, subsequently, Russian efforts to eliminate antagonism with the West and become integrated in the 'community of democratic states and correspondingly the highly developed world economy'.⁴⁵ The acceptance of 'new thinking' by most of the Russian foreign policy elite had been at best tentative or merely superficial and had rested - to a large extent - upon their perception of the West's behaviour as benevolent to Russia and beneficial to its role conception. Once NATO expansion dealt a fatal blow to any such per-

⁴³ Richard L. Kugler with Marianna V. Kozintseva, Enlarging NATO: The Russia Factor, Santa Monica, CA: RAND, 1996, p. 19

⁴⁴ Robert Jervis, Perception and Misperception in International Politics, Princeton, NJ: Princeton University Press, 1976, p. 28

⁴⁵ Andrei Kozyrev, "Preobrazheniye ili Kafkianskaya Metamorfoza: Demokraticeskaya Vneshnyaya Politika Rossii I eyo Prioritety", Nezavisimaya Gazeta, 20 August 1992, pp. 1, 4

ceptions, Russian foreign policy was redesigned according to theoretical principles that were considered to have proved more reliable than those of 'new thinking'.⁴⁶

Apart from the Marxist-Leninist tenets placing the systemic dynamics of capitalism at the root of inter-state conflict, Soviet theory about international relations shared assumptions similar to those of the Realist paradigm that had prevailed in academic and policy-making circles in most Western countries after the end of WWII. The concept of 'correlation of forces', closely analogous to the Realist 'balance of power', formed the principal analytical tool in the examination of the competition between states for the accumulation of power,⁴⁷ the currency of the international system – convertible into increased security, economic gain, political influence, or prestige.⁴⁸ The Soviet/Russian variant, influenced by 19th century European theorists of geopolitics such as Mackinder, assigned particular importance to a country's geographical position, the size of territory and population under its control as determinants of its status in the international system.⁴⁹

In the post-Soviet period, as Marxist theoretical principles were abandoned even by Communist analysts,⁵⁰ the above paradigm found new ideological underpinnings in a mixture of Western Realism, nationalism, pan-Slavism and

⁴⁶ At this point, it is important to bear in mind that, as it was noted in the previous sections, the principles of 'new thinking' had started losing ground in Russia's foreign policy debate before the issue of NATO expansion came to the fore. Indeed, it will be argued that the fact that more traditional perspectives had already been on the ascendancy greatly contributed to the prevalent perception of NATO enlargement as a development threatening Russia's interests and identity. Thus, NATO enlargement did not produce, but *decisively* reinforced an existing movement away from 'new thinking' tenets as the foundation of Russia's foreign policy.

⁴⁷ The major difference between the Realist 'balance of power' and the Soviet 'correlation of forces' consisted in that the latter concept was mainly applied to blocs of states rather than individual powers, for Soviet analysts were primarily concerned with comparing the capabilities of the capitalist and socialist blocs of states.

⁴⁸ For a discussion of the concepts of power, influence, prestige, etc. see Karl W. Deutsch, The Analysis of International Relations, Third Edition, Englewood Cliffs, N.J.: Prentice-Hall International, 1968, especially pp. 47-48

⁴⁹ Hence the Russian designation of the academic discipline of international politics as 'geopolitics' (geopolitika). See K.S. Gadzhiev, Vvedeniye v geopolitiku, Moscow: Logos, 1998, pp. 3, 12

⁵⁰ For example, Viktor Ilyukhin (Communist Party deputy and Chairman of the State Duma Committee on Security), in his book Natsiya, gosudarstvo, bezopasnost' (Moscow: "Tsentr kniga", 1999), makes no reference to Marxist concepts.

derpinnings in a mixture of Western Realism, nationalism, pan-Slavism and 'Eurasianism'.⁵¹ The latter component, developed by Russian émigré thinkers of the 1920s, focused on the notion of Russia as a distinct civilisation, intimately linked to both Europe and Asia, but part of neither. The role of a domestically and internationally strong state as the guarantor of this unique civilisation was a core element of Eurasianist theory. The Russian state, thus, had a claim to the status of a leading power in the international arena and to being the primary locus of identification of Russia's ethnically and religiously diverse population. In its original conception, Eurasianism had represented a compromise between the ideas of nineteenth-century Slavophiles, advocating isolationism in order to protect the purity of Russian culture from the harmful influence of the West, and those of Westernisers, wishing their country to adopt Western European models of political organisation and be closely involved in European affairs.⁵² In the post-Soviet period, prominent Russian historians and political scientists such as L. Gumilev, A. Dugin and K. Gadzhiev revisited the theories of Trubetskoy, Savitsky and other Eurasianist thinkers to provide appropriate frameworks for conceptualizing Russia's role in today's international environment.⁵³

In the debate on Russia's foreign policy, the Eurasianist notions of distinctiveness from both Europe and Asia and necessity of great power status provided the ideological basis of the foreign policy consensus between liberals and 'red-browns' as the justification for the assertive diplomatic course geared towards the attainment of international recognition of Russia as a great

⁵¹ Hannes Adomeit, "Russia as a 'great power' in world affairs: images and reality", International Affairs, vol. 71, no. 1, 1995, p. 45

⁵² Prince Nikolai S. Trubetskoy, Naslediye Chingiskhana, Moscow: Agraf, 1999; Savitsky, Pyotr, Kontinent Yevraziya, Moscow: Agraf, 1997

⁵³ Unlike other present-day Eurasianists, Dugin, despite his emphasis on Russia's unique geopolitical and civilisational role as a Eurasian power, diverges from early Eurasian thinkers in rejecting the notion of Russia as a culturally diverse, multi-ethnic state. Instead, he advances the Slavophile idea of the Slavic-Orthodox Russian nation's messianic role as the bearer of the Eurasian civilisation, on which he bases the claim that the preservation of a multiethnic empire represents the only acceptable form of Russian statehood. Aleksandr Dugin, Osnovy Geopolitiki: Geopoliticheskoye Budushcheye Rossii, Moscow: Aktogela, 1997, pp. 188-190; Gadzhiev, Vvedeniye v Geopolitiku

power.⁵⁴ They were resurrected by certain 'pragmatic nationalist' experts, such as Yevgeny Ambartsumov (Chairman of the Russian Parliament's Joint Committee on Foreign Affairs until 1995), Vladimir Lukin (former Ambassador to the US and later Chairman of the Duma Foreign Affairs Committee) Sergei Karaganov (director of the Foreign and Defence Policy Council), and then presidential advisers Sergei Stankevich and Andranik Migranyan to argue for an independent diplomatic course geared towards maximising Russia's political influence and safeguarding its strategic interests - especially in the former Soviet area.⁵⁵ Eurasianist arguments formed the ideological foundation for a role conception whose realisation requires the attainment of great power status based on leadership of post-Soviet states.⁵⁶

The policies proposed to advance this role conception coincided with prescriptions derived from an interpretation of Russia's external environment within the theoretical framework of 'geopolitics'. In particular, the 'need' for some form of reintegration with the other newly independent states that made up the core of the Soviet Union (Ukraine, Belarus, Kazakhstan) was put forward as a geopolitical precondition for Russia's return to the status of a global power. This perceived need was deemed all the more imperative due to the assessment that the US had started to regard almost the whole world, including parts of the former Soviet Union, as its sphere of influence.⁵⁷ Russian policy-making circles' apparent receptiveness to Eurasianist-geopolitical theories

⁵⁴ Iver B. Neumann, "The Geopolitics of Delineating 'Russia' and 'Europe': The Creation of the 'Other' in European and Russian Tradition", in Carrère d'Encausse et al., Is Russia a European Power? The Position of Russia in the New Europe, Leuven: Leuven University Press, 1998, pp. 18-19

⁵⁵ See, for example, Andranik Migranyan's article in Nezavisimaya Gazeta, 12 January 1994, pp. 1,4, in which he advocates the proclamation of 'the entire geopolitical space of the former Soviet Union' as an exclusive sphere of Russia's vital interests. In defence of the compliance of such a move with international norms, he draws a parallel with the Monroe Doctrine, which had defined the whole of North and South America as a sphere of influence of exclusive US jurisdiction.

⁵⁶ David Kerr, "The New Eurasianism: The Rise of Geopolitics in Russia's Foreign Policy", Europe-Asia Studies, Vol. 47, No. 6, 1995, pp. 977-988; S. Neil Mac Farlane, "Russian Conceptions of Europe", Post-Soviet Affairs, vol. 10, no. 3, 1994, pp. 234-269

⁵⁷ A. Migranyan, "Geopolitika: Rossiya i blizhnoye zarubezh'e", Nezavisimaya Gazeta, 18 January 1994, p. 5

raised significant concern in Ukraine and other CIS countries.⁵⁸ Some of the more radical but influential theories have presented former Soviet republics' independent statehood as a 'geopolitical anomaly' and a fundamental threat to Russian security interests.⁵⁹ However, the author's interviews with Russian officials and experts suggest that such theories have had an uneven influence, their insights being called upon primarily to interpret the motives of the US and NATO rather than to directly inform Russian policy in the CIS.⁶⁰

Yeltsin described NATO enlargement as an attempt by certain Western forces to create new spheres of influence and isolate Russia.⁶¹ Indeed, according to Samuel Huntington's The Clash of Civilizations and Zbigniew Brzezinski's The Grand Chessboard, the two Western works on international relations most widely read both in academic and policy-making circles in Russia, this is exactly the course of action prescribed for the advancement of the West's civilisational and strategic interests. The two authors disagree about the optimal boundaries of Western expansion. Whereas Huntington argues that mainly Orthodox countries such as Ukraine and Belarus cannot be harmoniously incorporated in the Western (Catholic-Protestant) community of states and would be best left in Russia's sphere of influence, Brzezinski is adamant about the strategic necessity of Ukraine becoming firmly allied to the West and, thus, a barrier to Russian ambitions.⁶² Not surprisingly, the Russian experts who are most alarmed by NATO enlargement, which they view as the product of Western hostility towards Russia and US aspirations to absolute global hegemony, often interpret Western and especially US strategy in terms of Brzezinski's containment theory. They expect the West to intensify its efforts to lure Ukraine

⁵⁸ R. Ya. Yezverov, Ukraina s Rossiei: Vmeste ili Vroz'?, Moscow: Ves' Mir, 2000, p. 74

⁵⁹ Dugin's theory, which is often cited by Russian officials and government advisers, contends that "Belarus should be regarded as a part of Russia" and that it "should be integrated with Russia in the closest way possible", while "Ukraine must be an administrative unit within a Russian centralised state" (allowing for cultural and linguistic autonomy). Dugin, Osnovy Geopolitiki, pp. 348-349, 376-377

⁶⁰ Moscow, June and November-December 1999

⁶¹ "Foreign policy priorities", President's message to the Federal Assembly (16 February 1995), Diplomatichesky Vestnik, March 1995, p. 5

⁶² See Samuel P. Huntington, The Clash of Civilizations and the Remaking of World Order, New York, NY: Simon and Schuster, 1996, p. 167; Zbigniew Brzezinski, The Grand Chessboard: American Primacy and its Geostrategic Imperatives, New York: Basic Books, 1997.

and possibly Belarus into its sphere of influence, depriving Russia of allies in Europe:

“If Russia had Ukraine’s support, it would be a great power. As Brzezinski says, with Ukraine Russia is an empire. Without Ukraine, there is no empire. Therefore, the West does not want to see Russia and Ukraine united in the international arena.”⁶³

According to analyses attributed to Russian Intelligence Service sources, NATO has almost succeeded in eliminating Russian influence in Europe and is seeking to reduce Russia’s leverage in the CIS.⁶⁴

In this context, it is extremely important for Russian foreign policy that Belarus and Ukraine unequivocally choose Russia and the CIS over the West as the principal long-term focus of their external orientation. Such a choice on the part of the Belarusian and Ukrainian leaderships would establish a limit to the expansion of the West’s influence at the expense of that of Russia. Even in the eyes of those members of the Russian political elite such as Yabloko leader Grigory Yavlinsky, whose generally positive image of the West does not predispose them to infer that NATO statesmen’s intentions coincide with those of Brzezinski, NATO’s territorial expansion appeared as politically damaging for Russia.⁶⁵ It undermines the credibility of Russia’s claim to great power status, which underlies the political elite’s attempts to use foreign policy as a means of strengthening national identity. Moreover, it hinders the advancement of Russian foreign policy makers’ projects for a ‘common European home’ or ‘a Europe without dividing lines’, in which their conception of Russia as a leading power could materialise. These projects, however, were thwarted in large part because of Central European countries’ mistrust of Russia and their desire to irrevocably become part of the West by joining NATO and the European Union.

Belarus and Ukraine’s adoption of an external orientation centred on Russia would be crucial to the latter’s international image, for it would represent a

⁶³ Author’s interview with an academic expert in the Diplomatic Academy and senior adviser to the Russian MFA, Moscow, 24 June 1999.

⁶⁴ *Segodnya*, 10 April 1999, p. 3

⁶⁵ Grigory Yavlinsky, “The NATO Distraction”, *Transition*, 21 March 1997, p. 33

counterweight to Central Europeans' perception of Russia as potential threat to European security. It would also provide Russian diplomacy with a reliable source of support for its positions and initiatives, which would be invaluable in view of the tendency on the part of Central European states to adhere to the positions taken by the institutions they wish to join.⁶⁶ The importance Russian foreign policy elites assign to actual Belarusian and potential Ukrainian diplomatic support cannot be overestimated, especially with respect to Russian diplomacy's exertion to resist the monopolisation of decision-making on European affairs by a NATO-centric institutional architecture.⁶⁷ A leading Russian academic expert on Ukraine went so far as to assert that NATO enlargement into Central Europe would have never taken place, had the Ukrainian leadership been unambiguously opposed to it.⁶⁸ Conversely, Ukrainian or Belarusian dissent from Russia's stance on various international issues would be highly embarrassing to Russian diplomacy. If Russia's positions failed to be upheld by its immediate neighbours, ostensibly sharing in the same historical and cultural tradition and whose security and welfare depend on Russia much more than those of any other European state, their credibility would suffer to the point of all but eliminating their chances of gaining broader acceptance. As an eminent Russian scholar and foreign policy advisor has put it, without Belarusian and Ukrainian backing, "it will be much more difficult for Russia to attain

⁶⁶ Pal Dunay, Tamas Kende and Tamas Szócs, "The Integration of Central and Eastern Europe into the Common Foreign and Security Policy of the European Fifteen", in Marc Maresceau (ed.), Enlarging the European Union, London: Longman, 1997, pp. 327-335

⁶⁷ On Russian diplomacy's continuing efforts to place the OSCE at the centre of decision-making on European security, even after NATO enlargement, see Foreign Minister Igor' Ivanov's statements in Segodnya, 9 April 1999, p. 2

⁶⁸ Author's interview, Moscow, 21 June 1999. Ukraine's official position on NATO enlargement simultaneously emphasised both Central European states' right to freely choose their external orientation and apprehensions that Ukraine might be reduced to a 'buffer' between East and West. See the interview with Boris Tarasyuk (Ukraine's Deputy Foreign Minister at the time), Transition, 28 July 1995, p. 19. The Ukrainian leadership's eagerness to forge cordial relations with the Alliance, however, created the impression - both in Russia and the West - that it actually welcomed NATO's move to the East, a position carefully omitted from official statements to avoid aggravating Russia.

positive results in European and world politics, to play the traditional role of an influential power in the international arena".⁶⁹

Given the failure of the CIS to develop anything remotely resembling a common foreign policy, many Russian foreign policy makers seem to regard integration with Belarus and some form of close partnership with Ukraine as essential building blocs in a medium-term project to transform the CIS from a rather incoherent arrangement into a distinct community of states paralleling that made up by existing and aspiring NATO and EU member-states. The Union with Belarus in particular is seen as the nucleus of the CIS and its success is hoped to increase the attractiveness of integration with Russia in the eyes of other CIS countries, thus promoting centripetal tendencies.⁷⁰ This rationale was expressed in President Putin's annual address to the Duma in April 2001, in which Belarus was the only state mentioned among Russia's policy priorities.⁷¹ Putin also described the ostensible qualitative improvement in relations with Ukraine as one of Russian diplomacy's principal achievements during the first year of his presidency, reiterating the priority given to the post-Soviet region and relations with Ukraine in particular.⁷²

Security considerations

In addition to political objectives, most sections of the Russian elite deem integration with Belarus and a special partnership with Ukraine vital for reasons related to military planning.⁷³ According to many Western and Russian ana-

⁶⁹ Anatoly D. Shutov (Director of the CIS Centre, Institute for Contemporary International Studies, Diplomatic Academy), Ukraina: vremya strategicheskikh reshenij, unpublished paper, spring 1999, p. 1

⁷⁰ V. E. Kovalenko (Deputy Director of the 2nd CIS Affairs Department, Russian MFA), "O vne-shne politicheskom izmerenii soyuza Belarusi i Rossii", in Diplomatic Academy (MFA of the Russian Federation) and Embassy of the Republic of Belarus in the Russian Federation, Soyuz Belarusi i Rossii: vybor sdelan, Minsk: Polymnya, 1998, p. 70

⁷¹ Diplomatichesky Vestnik, May 2001, p. 10

⁷² Putin's interview to the Ukrainian media, 6 February 2001. Diplomatichesky Vestnik, March 2001, p. 42

⁷³ Author's interviews in Moscow, June and December 1999. All respondents viewed strategic considerations as the most important or one of the most important reasons for reintegration with Belarus and Ukraine's priority in Russian foreign policy. Interviewees represented various

lysts, the motivation of the Russian side in concluding the broad-ranging treaties and agreements with Belarus is almost entirely reducible to interest in a permanent military alliance.⁷⁴ Almost all Russian experts would agree that strategic considerations form one of the most important, if not the most important factor, affecting Russian policy towards Belarus and Ukraine.⁷⁵ As it will be argued in the sections to follow, it would nonetheless be inaccurate to suggest that integration with Belarus and close partnership with Ukraine serve a merely instrumental function in Russian foreign policy elites' strategy for furthering their role conception of Russia as a great power and strengthening the country's military position.

Following the creation of national armed forces on the part of several CIS countries - including Ukraine - and the abolition of the CIS High Command in 1992, the Russian military leadership has been keen on preserving control of or access to military installations in other former Soviet republics - even outside the CIS (e.g. the Skrunda radar base in Latvia) - in a drive to salvage as high a degree of integrity in the former Soviet military capabilities as possible.⁷⁶ This task was seriously complicated by the determination of four CIS states (Ukraine, Moldova, Georgia, and Turkmenistan) to minimise Russian influence on their defence policies and their refusal to sign the CIS Collective Security Treaty (Tashkent, 1992). The Foreign Policy Concept and the Military Doctrine document of 1993 declared that Russia had both a responsibility and a fundamental security interest to maintain order in the CIS.⁷⁷ The Russian military would continue to make substantial commitments beyond the borders of the Russian Federation, either in the form of peace-keeping forces in vari-

sections of the Russian elite, including academic experts (Institute of Europe, Russian Academy of Sciences; Diplomatic Academy of the Russian Foreign Ministry), government advisers (Analytical Centre of the Government of the Russian Federation; Russian Centre for Strategic Studies); Duma advisers; parliamentarians of left-wing and right-wing factions; business leaders (Gazprom; League of Security Enterprises); members of the Armed Forces.

⁷⁴ Steven J. Main, Russia-Belarus Union Treaty: Politics versus Economics?, Paper presented at the conference entitled "Moscow, the Regions, and Russia's Foreign Policy", Scottish Centre for International Security, University of Aberdeen, 8 May 1999

⁷⁵ Author's interviews with academic experts and policy advisers, Moscow, 15-30 June 1999.

⁷⁶ Mark Webber, The International Politics of Russia and the Successor States, Manchester: MUP, 1996, p. 176

⁷⁷ The document was published in Rossiiskiy Vesty, 18 November 1993, pp. 1-2

ous conflict regions (Dnestr region, Abkhazia, Tajikistan) or as forces assisting militarily weak CIS states with the defence of their borders against infiltration from Islamist militants. To this end, numerous bilateral agreements providing the Russian Armed Forces with basing or passage rights were negotiated and concluded with several CIS member-states in Central Asia and the Caucasus.⁷⁸

From the point of view of the primary justification of Russian military activity beyond Russia's own borders (i.e. conflict prevention or containment), Belarus and Ukraine did not qualify as priority concerns - especially once agreement was reached with the Moldovan authorities on the withdrawal of the 14th Russian Army from the breakaway Dnestr region.⁷⁹ By the end of 1994, Belarus and Ukraine had ratified the START 1 Treaty and the Nuclear Non-proliferation Treaty, which meant that all nuclear weapons on their territories would be transferred to Russia or destroyed, thus removing another source of Russian anxiety. Instead of waning, Russian military interest in Belarus and Ukraine intensified at that time, as the conclusion of bilateral agreements, which will be examined in the next two chapters, indicates. The military leadership in particular expressed grave apprehensions regarding the prospect of admission of the Czech Republic, Hungary and Poland into NATO and stressed the renewed strategic importance of Belarus and Ukraine.⁸⁰

⁷⁸ In March 1995, Russia signed an agreement with Georgia providing for the establishment of four military bases on the territory of the latter and Russian patrols of its border with Turkey. A treaty with Armenia, which was concluded in the same month, allowed Russia to use the Gyumri base for the next 25 years. Russia also has basing agreements with Kazakhstan, and border protection agreements with Kyrgyzstan, Turkmenistan and Tajikistan. See Roy Allison and Christopher Bluth (eds.), Security Dilemmas in Russia and Eurasia, London: The Royal Institute of International Affairs, 1998, pp. 18-21. During the Istanbul OSCE summit of November 1999, Russia agreed to dismantle the Vaziani and Gudauta bases (Georgia) by mid-2001. Interfax, Diplomatic Panorama, 18 July 2000

⁷⁹ Russia has confirmed its intention to withdraw its troops from Moldova by the end of 2002, as it was agreed during the OSCE summit of November 1999, which took place in Istanbul. Interfax, Diplomatic Panorama, 26 July 2000.

⁸⁰ Defence Minister Igor' Rodionov, in his speech at a conference on CIS integration, identified NATO expansion as a 'potential source of a military threat to Russia' and called for military reintegration among CIS members to counter this danger. Nezavisimaya Gazeta, 26 December 1995, p. 1

Initially, the evaluation of the new strategic situation took the form of estimating increases in NATO member-states' combined capabilities with a view to negotiating adjustments in the Conventional Forces in Europe treaty. The treaty placed ceilings on the number of troops and weapons of various types that could be stationed on the territory of each state to the west of the Ural mountains with the intention of keeping an approximate balance between the forces of NATO and those of the former Warsaw Pact.⁸¹ Russian military leaders argued that NATO enlargement would significantly alter this balance to Russia's disadvantage, since NATO would have 54 divisions in Europe compared to only three Russian ones.⁸² Western experts doubted that, given its dramatically reduced defence budget, the Russian military's resources would allow for a major reinforcement of European military districts in the short or medium term, even if the CFE was amended to that effect. At that stage, the calculations of the Russian military leadership were geared towards a hypothetical situation of confrontation, for which it is the task of militaries to prepare, even when the political context makes its occurrence seem rather remote.⁸³ The low priority given to defence in Russia's budgetary politics suggests that political decision-makers, including the then Communist-dominated Duma, did not perceive NATO as an actual threat to the country's security nor saw the implementation of plans for the integration of Russia and Belarusian armed forces as urgent.⁸⁴

Russian perceptions of a threat emanating from NATO have increasingly acquired a security as opposed to a political character as a result of the Alliance's campaigns against Iraq in 1997 and 1998 and Yugoslavia in 1999, which, in contrast to previous NATO campaigns at the beginning of the decade, were launched without sanction from the UN Security Council and without

⁸¹ The original CFE treaty was signed in 1990. After the breakup of the USSR, national ceilings for the successor states were set by the CFE-1A Agreement of 1992.

⁸² See statement by Colonel- General Valery Manilov (First Deputy Head of the General Staff), in "Are Russian Generals Afraid of NATO?", *The Russia Journal*, electronic version at www.russiajournal.com/Rj08/10-nato.html, p. 1

⁸³ *Ibid.*

⁸⁴ Duma-endorsed budgetary allocations to defence in the period 1992-1995 amounted to 4.4 to 5% of the country's GDP, while actual expenditure has been estimated as significantly lower. See Christopher Bluth, "Russian military forces: ambitions, capabilities and constraints", in Allison and Bluth (eds.), *Security Dilemmas in Russia and Eurasia*, op. cit., pp. 80-81

prior consultation with Russia. Russian political and military leaders unanimously condemned NATO's operations in Yugoslavia, which they saw as 'open aggression against a sovereign state'. The proclamation of a new strategic concept on the part of NATO, which provides for intervention in conflicts beyond the territory of member-states, with or without a UN mandate,⁸⁵ exacerbated the anxiety of the Russian military and political elites.⁸⁶ The possibility of a NATO military attack against Russian forces, either on the territory of another state of the former Soviet Union or in the Russian Federation itself, began to be treated as a contingency for which Russia's armed forces should actively prepare.

Before the above NATO operations, perceptions of NATO as a military threat had been largely confined to 'red-browns' in the Russian parliament and, probably, sections of the military leadership. In January 1997, a Communist initiative led to the formation of the characteristically named 'anti-NATO group' uniting 254 Duma deputies from several factions. Its purpose was to lobby in favour of ending any form of co-operation with the Alliance and a firmer stance against its plans for eastward enlargement. It very soon established close co-operation with sister groups in the Belarusian and Ukrainian parliaments.⁸⁷ Duma Chairman Gennady Seleznyov of the Communist Party became the champion of a campaign to awaken the Presidency and the government to the perceived imminent threat represented by NATO, warning that Russia might find itself targeted by NATO's nuclear weapons.⁸⁸ The presence of Communists in the Primakov government had strengthened officials' receptiveness to hard-line anti-NATO positions. Public opinion also provided fertile ground for alarmist rhetoric, with almost two-thirds seeing NATO's campaign as 'a direct threat to Russian security', even though the vast majority disagreed with 'red-brown' Duma leaders who called for Russian weapons and troops to be sent to Yugoslavia.⁸⁹ As NATO's actions in Yugoslavia appeared to vindicate the fears

⁸⁵ See paragraphs 31 and 48 in "The Alliance's Strategic Concept", NATO Press Release NAC-S(99)65, 24 April 1999

⁸⁶ *Rossiiskaya Gazeta*, 27 April 1999, pp. 1, 7

⁸⁷ *RFE/RL Newslines*, 9 July 1997, www.rferl.org/newsline1997/08/3-CEE/cee-090797.html

⁸⁸ *Izvestiya*, 10 April 1999, p. 2

⁸⁹ According to a Russia-wide public opinion poll conducted in April 1999 by the Public Opinion Foundation (Moscow), 70% of the Russian public identified NATO's campaign as 'a direct threat to Russia's security'. The percentage was as 61% for the most pro-Western section of

expressed by the 'red-browns', the Foreign Ministry and the Presidential administration came under growing pressure to reflect 'red-brown' views in official statements and policy.⁹⁰

Still, it is highly unlikely that the official response, which seems to augur a substantive reconsideration of Russia's defence policy involving a preparedness to increase military expenditure⁹¹ and a willingness to take practical steps in the direction of military co-operation with Belarus and Ukraine, is the product of political considerations alone. In 1996, then Defence Minister Igor' Rodionov had called for a new military doctrine taking into account Russia's interest in military cooperation and integration with CIS countries, which was being undermined by the West, and of the new military threats – even hypothetical – created by NATO's expansion into Central Europe.⁹² In April 1999, Deputy Head of the Presidential administration Sergei Prikhodko agreed with Duma Defence Committee Chairman Roman Popkovich that Russia's military doctrine would have to be revised.⁹³ The new military doctrine, which was adopted by Presidential decree in April 2000, lists the build-up of military forces near the borders of the Russian Federation and those of its allies, and the deployment of troops on the territories of Russia, bordering and friendly states without approval from the UN Security Council among the main external threats to Russia's security.⁹⁴ Marshal Igor' Sergeyev, Russia's Minister of Defence at

the Russian electorate, i.e. Yavlinsky's supporters. The results are available on the Foundation's website at: www.fom.ru. For an example of Duma calls for Russian military assistance to Yugoslavia, see statements by then Security Committee Chairman Viktor Ilyukhin in The Russia Journal, vol. 2, no. 9, 29 March - 4 April 1999, electronic version at www.russiajournal.com/rj9/rj9/1-if.htm

⁹⁰ Author's interview with senior researcher at Moscow Diplomatic Academy and adviser to the Foreign Ministry, Moscow, 22 June 1999.

⁹¹ In January 2000, the government announced a 150% increase in spending on defence procurement. Nezavisimaya Gazeta, 28 January 2000, p. 1.

⁹² See Rodionov's article in Nezavisimoye Voennoye Obozreniye, 28 November 1996, pp. 1,4

⁹³ Sergei Prikhodko quoted in Izvestiya, 10 April 1999, p. 1. For the statements of Roman Popkovich as reported by Itar-Tass, 28 April 1999, see CDI Russia Weekly, 30 April 1999, www.cdi.org/russia/apr3099/html, p. 16

⁹⁴ The draft military doctrine was published in Krasnaya Zvezda, 9 October 1999, p. 3. See also the interview of First Deputy Chief of General Staff Valery Manilov in the same newspaper on 8 October 1999, p. 1. The approved text was published in Nezavisimaya Gazeta, 22 April 2000, pp. 5-6

the time, made the following statement: "What is happening in Yugoslavia now can happen in any country, not only in Europe, which seeks to carry out its own independent policy".⁹⁵ A few days later, he announced plans to reverse planned reductions in the country's armed forces due to the need to face up to NATO's new strategic concept. "This alarms not only me as the Defence Minister, but also the President of Russia. The steps which NATO took against Yugoslavia increase our anxiety".⁹⁶ An increased reliance on a nuclear deterrent with a special emphasis on tactical nuclear weapons as a counterweight to NATO conventional forces' overwhelming supremacy is reflected in the January 2000 version of Russia's National Security Concept.⁹⁷ In the words of Russian Chief of General Staff Anatoly Kvashnin, if there is a question of Russia being attacked by NATO, "*everything* in the armed forces' disposal should be utilised".⁹⁸

Even politicians and foreign policy experts from the liberal wing of the Russian political spectrum expressed grave concerns about NATO's readiness to intervene militarily wherever Western leaders deemed fit and recognised the Union with Belarus as of utmost strategic importance.⁹⁹ Russian military experts published estimates of NATO's capability to inflict damage on Russia and allied Belarus in a campaign similar to those against Iraq and Yugoslavia: Before the admission of Central European states,

"NATO could use in such a campaign only 550 out of its 5300 combat aircraft. It could reach just the boundary of Smolensk-Bryansk-Kursk, but the whole of Belarus falls within its operations zone. With the admission of Hungary, Poland, the Czech Republic and other East European countries, the Alliance's military infrastructure will have the possibility to advance to the East by 650-750 km. Its unified armed forces will be reinforced by 17% in their tactical aviation capabilities. NATO will have 290 air bases at its disposal, including some built by the Soviet Army. Up to 3500 combat aircraft could be concentrated on them. The use of these air

⁹⁵ Igor' Sergeev, quoted by Itar-Tass, 31 March 1999, translated in CDI Russia Weekly, 2 April 1999, www.cdi.org/russia/apr0299/html, p. 16

⁹⁶ Igor' Sergeev quoted by Interfax, 7 April 1999, translated in CDI Russia Weekly, 9 April 1999, www.cdi.org/russia/apr0999/html, p. 10

⁹⁷ Sobranlye Zakonodatel'stva Rossiiskoi Federatsii, February 2000, pp. 691-704.

⁹⁸ Izvestiya, 31 March 1999, p. 2

⁹⁹ Author's interviews, Moscow, December 1999.

bases will allow the whole of NATO's tactical aviation forces to inflict missile and bomb strikes up to the Volga region."¹⁰⁰

A more pessimistic assessment comes from the analytical summaries of the General Staff:

"In Europe, the combat strength of NATO forces will increase by 15% in personnel, 20% in tanks, and 15% in combat aircraft. The zone of reach for NATO aviation from Polish airfields in respect of Russian territory will extend to the Murmansk-Kotlas-Samara-Grozny boundary."¹⁰¹

In the strategic environment created since NATO's self-sanctioned intervention in Yugoslavia,

"Russia could not live without Belarus. The radar station at Vileika (Belarus), the joint air-defence alert system and other forms of very close and extensive military co-operation are immensely important to Russia's security. With Belarus, Russia's border with NATO is extended by 700 km. Without it, NATO would reach Smolensk oblast. Russia is surrounded by 16 states - none of them except Belarus can be relied upon as a friendly, allied state. Belarus is Russia's only dependable ally."¹⁰²

Marshal Sergeyev visited Minsk soon after the beginning of NATO's operations in Yugoslavia to speed up the implementation of a number of measures designed to reinforce the two states' joint defence as provided for in the treaties signed by their Presidents.¹⁰³ The joint exercises entitled 'Zapad (West) 99', which took place between 21 and 26 June 1999 and concentrated on anti-aircraft defence, left no doubts as to the fundamental reason for the Russian military's interest in an integrated defence system between Russia and Belarus.¹⁰⁴ NATO's campaign occasioned similar interest in co-operation with

¹⁰⁰ V. I. Romanenko, General-Major, in "Rol' soyuza v reshenii problem voyennoi bezopasnosti dvukh stran", in Soyuz Belarusi i Rossii: vybor sdelan, op. cit., p. 76

¹⁰¹ RIA-Novosti Daily Review, DR012599, 25 January 1999, p. 10

¹⁰² Author's interview with senior adviser to the Foreign Ministry, Moscow, 24 June 1999.

¹⁰³ The Russia Journal, vol. 2, no. 9, 29 March - 4 April 1999, electronic version at www.russiajournal.com/rj9/rj9/1-if.htm, p. 1

¹⁰⁴ Krasnaya Zvezda, 10 August 1999, p. 1

Ukraine, which was reportedly subjected to Russian pressure in order to allow the passage of Russian aircraft and, possibly, troops through its territory on their way to Yugoslavia. Western military experts expect that Russia might feel under pressure to act quickly and "use the levers at its disposal to shift Ukraine's trajectory from 'Euro-Atlantic' integration to Slavic union".¹⁰⁵ Already in 1997, following the conclusion of the Accords on the division of the Black Sea Fleet, Yeltsin's Press Secretary Sergei Yastrzhembsky had recognised that "Ukraine and NATO are very closely linked. The closer our relations with Ukraine, the less of a headache NATO will be."¹⁰⁶ Marshal Sergeyev, during a visit to Kiev, stated that "Ukraine and Russia should have a common defence space."¹⁰⁷ Ukraine's frequent hosting of and participation in military exercises within the framework of NATO's 'Partnership for Peace' (PfP) programme and NATO's financial support for the Ukrainian military have alarmed Russian policy-makers.¹⁰⁸ In view of President Kuchma's statements about integration into 'Euro-Atlantic structures' and his cordial relations with Western leaders and NATO officials, Russian officials and analysts have interpreted these developments as indications that the Ukrainian leadership may be contemplating NATO membership.¹⁰⁹

The expansion of NATO into Central Europe, the announcement of its new strategic concept, the intervention in the Kosovo crisis, Western criticism of Russia's operations in Chechnya in 1999-2000, and the United States' plans to effectively withdraw from the 1972 ABM treaty form a chain of events which led to a cumulative increase in Russian perceptions of a security threat emanating from the West. While Russian policy-makers do not expect NATO to intervene militarily in the post-Soviet space in the near future, they do not rule out such a

¹⁰⁵ See the analysis by James Sherr, in Directorate General of Development and Doctrine (Royal Military Academy Sandhurst), Reaction to Events in Kosovo, Camberley, Surrey: CSRC, July 1999, p. 15

¹⁰⁶ Kommersant'-Daily 31 May 1997, p. 1

¹⁰⁷ Segodnya, 28 August 1997, p. 3

¹⁰⁸ Russia and Belarus have also joined the PfP programme, which comprises different forms of co-operation in military matters between NATO members and members of the Euro-Atlantic Partnership Council. Unlike Ukraine, however, they have shown little enthusiasm for participation in PfP activities. Ukraine's participation in the PfP will be examined in more detailed in Chapter Three.

¹⁰⁹ Author's interviews, Moscow, December 1999.

possibility in the medium and long term, especially since Russia's military preparedness is likely to decline further.¹¹⁰ In the coming years, should Russia's relations with NATO countries be free of new tensions resulting from crises such as the ones mentioned above, the salience of military-strategic calculations may subside as a factor in Russia's relations with Belarus and Ukraine.

The idea of a Slavic Union in Russian domestic politics

The integration process between Russia and Belarus is ostensibly based on "the firm foundation of a common destiny, common historical roots and traditional friendship of fraternal peoples, the indissoluble nature of their ties of kinship, (their) spiritual and cultural closeness".¹¹¹ Some of these terms of reference (e.g. 'traditional friendship', 'fraternal peoples') tend to be commonplace in agreements between Russia and other CIS states. The ethnic, spiritual and cultural elements linking Russia to Belarus differentiate the Union from other integration efforts like the Customs Union of the Five. Tellingly, the Treaty on the Formation of a Community of Russia and Belarus was signed only a few days after the agreement to create a Customs Union, which - apart from Russia and Belarus - also included Kazakhstan and Kyrgyzstan (and later Tajikistan).¹¹² President Nazarbayev of Kazakhstan complained that, not only had his country not been invited to join the Community, but he had not even been informed that two of his integration partners were planning to proceed to a deeper level of integration so quickly. The presence of Patriarch of Moscow and all Rus Aleksy II in the ceremony launching the Russia-Belarus Community indicated that what was at issue was more than wider and deeper integration (the treaty between Russia and Belarus crucially differed from the Customs Union treaty in containing clauses on military integration): it was an exclusive 'family' club.

¹¹⁰ Ibid.

¹¹¹ "Declaration on the further unification of Belarus and Russia" (25 December 1998), Diplomatichesky Vestnik, January 1999, p. 44.

¹¹² The 'Treaty on the Deepening of Integration' was signed by Russia, Belarus, Kazakhstan and Kyrgyzstan on 29 March 1996. The 'Treaty on the Formation of a Community' was concluded by Russia and Belarus on 2 April 1996.

Officially, the treaties concluded between Russia and Belarus are open to internationally recognised states that share the objectives and principles of the Community/Union.¹¹³ So far, Yugoslavia has expressed an interest in joining the Union and, indeed, its Parliament was granted observer status in the Union's Parliamentary Assembly. Given the numerous problems in the implementation of economic agreements between Russia and Belarus, the accession of territorially incongruent states with low levels of pre-existing economic interdependence would further complicate the current process. The founders of the Union would wish to see it widen in the future with the admission of other CIS states. Parliamentary groups campaigning for membership of the Russia-Belarus Union exist in Ukraine, Armenia and Kazakhstan.¹¹⁴ Ukraine has been singled out by Russian politicians as the ideal third member of the Union. Duma Speaker Gennady Seleznyov, in an address to the Verkhovna Rada, invited Ukraine to join the Union of Russia and Belarus.¹¹⁵ Russia's Communists along with other left-wing parliamentary factions have been particularly vocal in calling for the re-unification of the Soviet Union's Slavic core¹¹⁶ and have been the main organisers of an unofficial assembly, which brings together like-minded Russian, Ukrainian and Belarusian parliamentarians campaigning for this cause.

Belarus and Ukraine have been favoured as Russia's partners of choice for a variety of reasons, including their strategic and/or economic significance to Russia. Their ethnic and/or cultural affinity to the population of Russia was interpreted as conducive to positive popular attitudes towards Russia and as a distinct reason to re-integrate. Already before the dissolution of the Soviet Un-

¹¹³ Article 18, Treaty on the Formation of a Community; article 7, Treaty on the Union of Belarus and Russia, op.cit.

¹¹⁴ The Ukrainian Parliament's inter-faction bloc "For cooperation among sovereign Slavic peoples" and the "Armenian popular initiative Russia-Belarus-Armenia" have also been granted observer status in the Parliamentary Assembly of the Russia-Belarus Union. Press service of the Parliamentary Assembly of the Union of Belarus and Russia, Soyuz Belarusi i Rossii: 100 voprosov i otvetov, Moscow: Klub "Realisty", 1999, pp. 29-30.

¹¹⁵ Kommersant'-Daily 30 September 1998, p. 4

¹¹⁶ In its campaign for the Duma election of December 1999, the CPRF proposed the unification of Russia, Belarus and Ukraine into a single 'union state' as the primary objective of Russian foreign policy alongside the restoration of the country's military might. 15 shagov k Pobede!, 12 November 1999 (election campaign flyer)

ion, author Aleksandr Solzhenitsyn had argued that the Soviet state should be dismembered and that Russia, Ukraine, Belarus and Northern Kazakhstan should unite in a single 'Russian' state.¹¹⁷ According to the census of 1989, ethnic Russians formed 13.2% of the population of Belarus, with the titular nationality representing 77.9%. In Ukraine the respective rates were 22.1% and 72.7%, and in Kazakhstan 37.8% and 39.7%.¹¹⁸ Among titular nationalities of Soviet republics, Belarusians had the lowest level of adherence to their native language (80%), followed by Ukrainians with 88%. Belarusians also had the highest rate of knowledge of Russian as a second language (60%), with Ukrainians close behind at 59%.¹¹⁹ Belarusians and Ukrainians had the highest rates of ethnically mixed marriages (mostly with Russians), whereas inter-marriages among Russians and Kazakhs were rather uncommon.¹²⁰ In Soviet times, it was quite common for Russians to temporarily move to other republics, especially Belarus and Ukraine, to study, serve in the armed forces, or work.

Though no significant political force subscribes to Solzhenitsyn's ideas as such, many members of the Russian elite perceive a need to preserve and strengthen the historic, cultural and social bonds (e.g. ethnically mixed families; mobility across republics) uniting the peoples of Russia, Belarus, and Ukraine and treat them as a major consideration in favour of integration in their own right. As a left-wing politician put it, "Russians, Ukrainians and Belarusians are one people, descendants of the Kievan Rus. They were artificially broken up and now they wish to unite."¹²¹ Or as a liberal Duma deputy put it,

¹¹⁷ Literaturnaya gazeta, 18 September 1990, p. 1.

¹¹⁸ According to the estimates of Kazakh population experts, the emigration of ethnic Russians has combined with the higher birth rates of Kazakhs to bring the population of ethnic Kazakhs up to 44.3% and that of Russians down to 35.8% as of 1994. See Ingvar Svanberg, "Kazakhstan and the Kazakhs" in Graham Smith (ed.), The Nationalities Question in the Post-Soviet States, London: Longman, Second edition, 1996, p. 323

¹¹⁹ The data refers to ethnic Belarusians and ethnic Ukrainians, who (according to the census of 1989) represented 78 and 73% in the Belarusian and Ukrainians SSRs respectively. State Statistics Committee of the USSR, Natsional'ny Sostav Naseleniya SSSR, Moscow: 'Finansy i Statistika', 1989, pp. 78, 88.

¹²⁰ Smith, The Nationalities Question, pp. 216, 323

¹²¹ Author's interview with Georgy Tikhonov, Chairman of the State Duma Committee on CIS Affairs and leader of the All-Russia Sociopolitical Movement 'Soyuz'. Moscow, 29 June, 1999.

“Russian, Belarusian, and Ukrainian people have always been very close, like one nation.”¹²² The historical accuracy of such statements is highly contested, especially by non-Russian accounts.¹²³ What concerns us is that similar views appear to be widely held by the Russian elite - even among the liberal wing of the political spectrum (i.e. members and supporters of ‘Yabloko’ and the ‘Union of Rightist Forces’), whose representatives have refrained from employing the rhetoric of Orthodox-Slavic solidarity either during the conflict in Yugoslavia or with regard to the Union with Belarus.

At the same time, politicians are fully aware of the Russian public’s nostalgia for Soviet-era unity,¹²⁴ which is particularly pertinent to Slavic peoples, whose separation from Russia dealt the hardest blow to post-Soviet Russian identity. A survey of the Russian elite conducted by ROMIR (Moscow), found that 59.9% of respondents disagreed with the statement that “Russia and Ukraine should be absolutely independent countries”, while 53% thought that the Russian mass public would also disagree with that statement. The percentage disagreeing with the same statement referring to Belarus was 64.1. More than three quarters (77%) of the elite respondents believed that most Russian citizens would not support Russia and Belarus being completely separate from each other.¹²⁵ Evidence from public opinion surveys indeed indicates that

¹²² Author’s interview with Vyacheslav Igrunov, Deputy Chairman of Yabloko and of the Duma Committee on CIS Affairs, Moscow, 8 December 1999.

¹²³ For a summary of Ukrainian historiography as well as on the debates surrounding the definition of ‘Rus’ and their origins, see Paul Robert Magocsi, A History of Ukraine, Toronto: University of Toronto Press, 1996, pp. 18-21, 52-54, 67-68; and Andrew Wilson, Ukrainian Nationalism in the 1990s, Cambridge: CUP, 1997, pp. 3-4. For alternative interpretations of Belarusians’ descent, see Jan Zaprudnik, Belarus: At a Crossroads in History, Boulder, CO: Westview Press, 1993, pp. 6-9; and U.M. Ignatouski, Karotki narys gistorii Belarusi, Minsk: “Belarus”, 1992, pp. 31-34.

¹²⁴ According to a survey by the US Information Agency, 71% of the Russian citizens regret the dissolution of the Soviet Union. USIA, Opinion Analysis, M-240-960, 23 December 1996. A survey by the Public Opinion Foundation (sample of 1500) asked the same question (whether they regretted the breakup of the USSR) in January 1999 and received 85% positive answers. Detailed results can be obtained electronically from www.fom.ru/reports/72/o901001.html

¹²⁵ At the same time, 44.3% of respondents estimated that most of the Ukrainian public would favour complete independence from Russia, whereas only 9.2% thought that such a position would be supported by Belarusian public opinion. The survey took place in September 2000 and was based on a sample of 500 (business leaders, government officials, parliamentarians,

closer ties with Belarus and Ukraine are favoured to a higher extent than with Kazakhstan (68.7% as opposed to 54.9%), Armenia (47.3%) and other post-Soviet states.¹²⁶ This diversification of attitudes towards post-Soviet states according to the presence of a Slavic and/or Rossophone population is corroborated by another study, which suggested that more than three quarters of the Russian public wanted close ties to Ukraine and Belarus, more than half with Moldova and Central Asian states, while less than half saw such ties to the states of the Caucasus or the Baltics as desirable.¹²⁷ In a VTsIOM survey conducted in May 1997, 35% of respondents named Ukraine as Russia's main partner in the CIS, followed by Belarus with 33%, while 34% wished to see no differentiation between CIS countries.¹²⁸ Perceived ethno-cultural similarity, experience of intermarriages and harmonious mixed communities, positive memories of former political unity and common statehood, all seem to contribute to the Russian public's order of preferences.

The salience of ethnic and cultural factors in generating support for reintegration has been discerned only by one survey known to the author, in which 79% of respondents in Russia (the survey covered both Russia and Belarus) endorsed the following answer to the question about the reasons for uniting Russia and Belarus in a single state: "Russians and Belarusians are historically one people, they are spiritually close, and have similar languages, cultures, and traditions." 76% agreed that "it is necessary to restore the political, economic, cultural, and family ties that were disrupted as a result of the breakup of the USSR". The only consideration that drew more support (82.9%)

journalists, scientists) drawn from 10 Russian cities. Respondents were not offered a choice of institutional arrangements other than 'absolute independence'. The results are posted at www.romir.ru/socpolit/socio/10-2000/cis.htm

¹²⁶ Survey conducted by VTsIOM in January-February 2000 based on a sample of 1940 respondents as part of the ongoing project The Outsiders: Russia, Ukraine, Belarus, Moldova, and the New Europe by Stephen White et al. within the ESRC "One Europe or Several?" research programme.

¹²⁷ R. Rose, "Do Russians want to fight?", op.cit., p. 23. The low rates of support for closer ties to the Baltic states despite the presence of sizeable Slavic minorities appears to be the result of the perception of these states as 'anti-Russian' due to grievances – especially in the cases of Estonia and Latvia - arising from their treatment of the Russophone populations.

referred to an expected increase in the two countries' defence capabilities, which would enable them to counter a potential military threat on the part of NATO.¹²⁹ Popular support for the Russia-Belarus Union tends to fluctuate, not below the level of a comfortable absolute majority. A survey conducted in May 1999 indicated that 30% of Russian citizens would like the integration process to be accelerated, 38% wanted it to keep to its current schedule, while only 16% favoured slowing it down.¹³⁰ In January 1999, the Public Opinion Foundation (FOM, Moscow) repeated a survey conducted in April 1997, asking respondents how they intended to vote in a referendum on the unification with Belarus, and found that support levels had increased from 62% to 77%.¹³¹ Other polls indicate that the Russian public tends to view the Union with Belarus chiefly as a worthy national cause - regardless of calculations involving material costs and benefits, and would like to see Ukraine join as well.¹³² According to a US Information Agency survey, 76% of Russian citizens wished Russia and Ukraine to unite.¹³³

With regard to the creation of a 'Union state' (a concept somewhat more controversial than 'integration'), the opinion of 42.4% of respondents was 'quite positive', with another 23.8% describing their attitude as 'very positive', 19.1% expressing indifference and only 10.4% viewing such a development nega-

¹²⁸ Results cited by Yevgeny Golovakha and Natal'ya Panina, "Rossiisko-ukrainskie otnosheniya v obshchestvennom mnenii Ukrainy i Rossii", in D. E. Furman (ed.), Ukraina i Rossiya: Obshchestva i Gosudarstva, Moscow, "Prava Cheloveka", 1997, p. 260

¹²⁹ Unpublished survey conducted in May-June 1999 using a sample of 1062 respondents by the Centre of Sociological Studies, Foundation for National and International Security (Moscow).

¹³⁰ USIA Office of Research and Media Reaction, Russia/NIS Opinion Alert, L-30-99, 14 May 1999, p. 1. These are the results of a telephone survey conducted by USIA in Moscow and St Petersburg between 10 and 12 May 1999 using a sample of 700.

¹³¹ Support was highest (88%) among Zyuganov's electorate and lowest (70%) among Yavlinsky's voters. The survey sampled 1500 respondents from 56 towns in 29 oblasts. Detailed results can be obtained electronically from www.fom.ru/reports/72/o901001.html

¹³² Ekho Moskv, 2 December 1999.

¹³³ USIA Office of Research and Media Reaction, Opinion Analysis, M-12-97, 24 January 1997, p. 4. The survey (commissioned by USIA) was conducted by ROMIR between 16 and 31 October 1999 using a sample of 1800.

tively.¹³⁴ A later survey by the Centre of Sociological Studies (Foundation for National and International Security, Moscow) indicated that 67% of Russian citizens were prepared to vote in favour of a Union state in a referendum.¹³⁵ The vagueness surrounding the notion of a 'Union state' appears to have created a considerable degree of confusion as to its compatibility with the preservation of national institutions of government. In surveys, where respondents were given a choice of alternative forms of integration, support for full political unification was much lower than the rates of those intending to vote in favour of a 'Union state'. Most of the Russian public appears to believe that Russia and Belarus should remain independent states with close ties in the economic, military and political spheres.¹³⁶ In the aforementioned FOM survey of January 1999, 37% of respondents said they would like Russia and Belarus to unite in a single state, while 36% expressed preference for close economic and political relations between separate states. Another survey conducted by the same foundation two months later found only 17% of Russian public opinion supportive of a single state. Almost two thirds (73%) said that Russia and Belarus should retain independent statehood.¹³⁷ The survey by the Centre of Sociological Studies offered respondents a choice among a confederation, a federation and a unitary state, which gathered 23%, 45% and 12% of preferences respectively.

In this context, as the aforementioned liberal deputy explained, "to speak against the Union with Belarus would equate to electoral suicide" for any serious politician or political party. During the campaign for the 1999 Duma election, all main parties with the exception of the 'Union of Rightist Forces', whose programme devoted minimal attention to foreign policy issues, recognised the Union with Belarus as of cardinal importance to Russia, while several propounded the accession of other states of the former Soviet Union – particularly

¹³⁴ The survey was conducted between 20 and 21 November 1999 by ROMIR (Moscow) using a sample of 1500 from 40 Russian regions. The results can be obtained from the ROMIR website at www.romir.ru/socpolit/vvps/december/belarus.htm. A possible drawback of this survey might be the rather general wording of the question ("How are you disposed towards the creation of a Union with Belarus?"; possible answers "very negatively", "rather negatively", "quite positively", "very positively", "do not know/ do not wish to answer").

¹³⁵ See note 129.

¹³⁶ Chapter Four will present the preferences of the Belarusian public, which are quite similar.

¹³⁷ See www.fom.ru/reports/df/t904116.html

Ukraine and Kazakhstan.¹³⁸ Support for the Union has come to be regarded as a “test of patriotism”.¹³⁹ Not coincidentally, Presidents Shaimiev of Tatarstan, Rakhimov of Bashkortostan, and Aushev of Ingushetia, federal units with Muslim, non-Slavic titular nationalities, have been among the boldest critics of the Union with Belarus. As Aushev has pointed out, Russia’s minority ethnic groups have not been consulted in this process.¹⁴⁰ Liberal and centrist politicians, especially the ones from the self-styled pragmatic parties of power (‘Our Home is Russia’ and, since late 1999, ‘Unity’) have been more careful than others to downplay - but not deny - notions of Slavic-Orthodox unity as part of the rationale underlying the Russia-Belarus Union. The contradiction between the espousal of ethno-cultural principles in official policy and Eurasianist ideas, which portray Russia’s ethnic and religious diversity as a source of strength and which lie at the basis of Russia’s foreign and nationalities policies, has been glossed over.¹⁴¹ Indeed, Communist leader Gennady Zyuganov, in his book “Invincible Russia”, presents - not all that convincingly - Slavic-Orthodox unity and Eurasianist vastness and diversity as complementary, if not mutually reinforcing foundations for the rebirth of Russia as a strong state.¹⁴²

The only politicians campaigning for the votes of the Russian electorate as a whole to express outright opposition to integration with Belarus have been Valeriya Novodvorskaya and Konstantin Borovoy, leaders of the marginal - in the sense of lacking parliamentary representation or ties to the ruling elite - ‘Democratic Union’ and ‘Party of Economic Freedom’ respectively.¹⁴³ All other

¹³⁸ ‘Yabloko’, 19 Dekabrya – vse na vybory!, election campaign flyer no. 6, 10 December 1999; Programma Obshcherossiiskoi politicheskoi organizatsii ‘Otechestvo’, Moscow: ‘Otechestvo’, 1999, pp. 112-120; CPRF, 15 shagov k Pobede!, 12 November 1999 (campaign flyer); Programma LDPR, Moscow: LDPR, 1998, pp. 26-27

¹³⁹ Dmitry Trenin, “Belorussko-rossiiskaya integratsiya: Na puti k soyuzu nezavisimyykh gosudarstv”, Brifing Moskovskogo Tsentra Karnegi, vol. 1, no. 1, January 1999, p. 1

¹⁴⁰ Nezavisimaya Gazeta, 9 December 1999, p. 9

¹⁴¹ On the influence of Eurasianist thinking on Russia’s nationalities policy see R. Abdulatipov et al., Natsional’naya Politika Rossiiskoi Federatsii, Moscow: “Slavyansky Dialog”, 1997, pp. 4-5, and the “Concept of the State Nationalities’ Policy of the Russian Federation”, *ibid.*, p. 11. According to the 1989 Soviet census, which is the most recent, ethnic Russians formed 81.5% of the population in the Russian Federation, with the rest divided among some 180 linguistically and culturally diverse ethnic groups.

¹⁴² G.A. Zyuganov, Rossiia Neodolimaya, Moscow: ITRK, 1999, pp. 24-25

mocratic Union' and 'Party of Economic Freedom' respectively.¹⁴³ All other criticisms of the process currently under way have been directed either at Lukashenko and his regime or at particular flaws in the provisions of bilateral agreements, but have not disputed the desirability of integration in itself. This is the case even for Grigory Yavlinsky and Yegor Gaidar, who are typically identified as opponents of integration.¹⁴⁴ Yavlinsky, in an interview in which he favoured economic integration and opposed the creation of common governmental institutions on the grounds that this would advance only the personal interests of Yeltsin and Lukashenko, stated that: "We are fraternal peoples, we are linked by the blood of the Great Patriotic War (WWII). It is not up to Lukashenko and Yeltsin to unite our peoples, we are united by our entire history."¹⁴⁵ Gaidar, addressing a conference on the problems of integration between Russia and Belarus (Moscow, 18 March 1999), questioned the legitimacy of the integration process due to the lack of democratic institutions in Belarus and suggested that Russia and Belarus "solve the questions of our Slavic brotherhood, commonality (of culture), etc." ideally in a united Europe or alternatively within the Russian Federation. He also proposed Belarus becoming part of the Russian Federation as the only viable form of integration.¹⁴⁶

While it is safe to assert that all mainstream political forces in Russia support some form of integration with Belarus, any form of merger of the two states is highly controversial. Gaidar's proposal is, of course, absolutely unacceptable to the Belarusian side. The idea of a Russo-Belarusian federation of equals is favoured by some sections of the Communist party as a partial restoration of the Soviet Union. It is, however, staunchly opposed by the leaders of Russia's so-called 'ethnic republics', who have expressed their determination not to allow Belarus superior status in a new federal or confederal structure.¹⁴⁷

¹⁴³ On Novodvorskaya's rejection of ethnic ties as a basis for integration, see her interview in Belarusskaya Delovaya Gazeta, 10 December 1999, electronic version available at www.bdg.press.net.by/1999/12/1999_12_10.687/index.htm

¹⁴⁴ See for example S.V. Astakhanova, "Soyuz Belarusi i Rossii v zerkale politicheskikh mnenii", in Soyuz Belarusi i Rossii: vybor sdelan, op. cit., p. 90.

¹⁴⁵ Obshchaya Gazeta, 12-19 May 1999, reprinted in Byulleten' Belarus Segodnya (Moscow), Special Issue "Union of Belarus and Russia", May 1999, p. 6

¹⁴⁶ Byulleten' Belarus Segodnya, May 1999, pp. 8-9. The Duma adopted a law allowing foreign countries or part thereof to become federal units of Russia in June 2001.

¹⁴⁷ Nezavisimaya Gazeta, 9 December 1999, p. 9

As neither of these scenarios seems realistic, the dominant perspective among Russia's political elite suggests emulating the experience of EU integration, but with a stronger military element and prospects of advancing to a higher level. This proposed end-state of the integration process tends to be described by the ambiguous concept of a confederation. It would involve the preservation of national government institutions, but reserve policy-making in a set of key areas (defence and foreign policy, monetary policy) to intergovernmental institutions.¹⁴⁸ Such a form of integration would indeed exceed the level of centralisation characterising common policy-making in the EU.

It is not possible to establish the exact proportion of Russian politicians and officials who consider integration as desirable by virtue of its promoting a sense of unity between East Slavic populations - rather than as merely instrumental to calculations regarding electoral advantage, defence or influence in the international arena. All that can be said is that many members of the Russian elite (among whom one can find academics, business people, military officers, as well as politicians and state officials) genuinely see little distinction between Russian and post-Soviet Orthodox-Slavic cultural identity as attributed to the mass of Belarusians, Ukrainians and Russians alike. Moreover, in line with Huntington's theory, many regard this cultural identity to be under threat of erosion - with such fears being closely intertwined with perceptions of security threats emanating from NATO expansion and activism. Such a mind-frame is reflected in the views of the leader of a Russian business association:

"We (his business colleagues) have been brought up to believe that a strong state is a good thing. This is especially important now with events in Yugoslavia. NATO is advancing the interests of Catholic and Protestant states against Slavic-Orthodox countries. Ideally, we would like re-unification with all former Soviet republics starting with Belarus. Ukrainians, Russians, and Belarusians have one face, one culture, one history. We have always supported the Union (with Belarus) because it strengthens our state and its security, even though from the point of view of our business interests we are very cautious."¹⁴⁹

¹⁴⁸ Author's interviews, Moscow, June and November-December 1999.

¹⁴⁹ Author's interview, Moscow, 1 December 1999.

There appears to be remarkable convergence between elite and mass attitudes on the desirability of integration with Belarus (and, if possible, Ukraine), which sharply differentiates the Russo-Belarusian Union from the European Community/Union, whose example it is supposed to be following. In the West European context, the strategy of 'integration by stealth' was devised to bypass the objections of national-minded politicians and preserve the 'permissive consensus' of mass publics concerned with the protection of national sovereignty and cultural distinctiveness. Hence the competences of the European Community (and those of its predecessor, the European Coal and Steel Community) were initially restricted to technical and economic questions within the realm of 'low politics' as opposed to the 'high politics' of security and foreign policy, which are closely associated with state sovereignty and national sensitivities. Neo-functional theory hypothesised that integration in the field of 'high politics' would be possible once elite socialisation and the transfer of popular loyalties from national to supranational institutions had eroded preoccupation with national sovereignty. In the case of Russia, however, as a result of residual nostalgia for Soviet 'greatness' and identification with a 'broader Russian nation' exceeding the boundaries of the state (to include Belarus and Ukraine), high-profile moves towards integration with Belarus, far from arousing public opposition, are likely to increase the approval rates of office-holders.

Apart from giving the Russian public an increased sense of security from external attack, military integration between Russia and Belarus has a symbolic appeal by creating an impression of a 'stronger' state, of a partial return to the might of the Soviet Union. It is possible that, in some cases, Russian politicians may have sought to exacerbate mass perceptions of external and internal threats as a means of compensating for state institutions' inability to function as providers of public welfare and draw popular legitimacy from this source.¹⁵⁰ The establishment of common governmental structures¹⁵¹ and of

¹⁵⁰ For a sceptical view of the Russian leadership's manipulation of the public's threat perceptions see Andrey Pyontkovsky, "Putinism, Part II", The Russia Journal, issue 48, 14 February 2000, electronic version available at www.russiajournal.com/start/columns/article_48_2281.htm. For a theoretical analysis of the sources of popular identification with the state see Bloom, Personal Identity, National Identity, and International Relations, op. cit., p. 151.

¹⁵¹ The institutions of the Russia-Belarus Union will be examined in Chapter Three.

equal rights for Russian and Belarusian citizens (freedom of movement; access to education, health care, social security benefits, and employment) appeal to much of the Russian public wishing to see the negative consequences of the dissolution of the Soviet Union minimised or redressed. The ideological appeal of a Union tends to be stronger among the older generations who grew up and spent most of their adult lives as citizens of the Soviet Union, an argument used by President Lukashenko when he urged the Russian leadership to speed up efforts to bring the benefits of integration to ordinary people.¹⁵² Integration for the people's welfare has been used as a slogan to generate positive publicity, but remains one of the less immediate priorities in the Russian leadership's interest in the venture. Reversing the West European model, integration in 'high politics' domains (defence, foreign policy, common political institutions) has taken precedence over welfare maximisation through the formation of a common economic and legal space. This has occurred because implementation in policy areas related to 'high politics' tends to be less complex, while, in this case, national identity functions not as a barrier to but as a motive - albeit auxiliary - for integration.

The economic rationale of integration

Economic arguments in favour of reintegration with Belarus and/or Ukraine tend to be more controversial than political, security or identity-related considerations. No one has put forward a detailed balance-sheet of projected losses and gains, and the limited experience of the imperfectly implemented economic agreements with Belarus does not offer adequate grounds for the evaluation of competing views on the issue. Part of the Russian elite encompassing 'red-browns' and a section of the political centre - including many government officials - consider reintegration as unconditionally beneficial to Russia's economy. This perspective stems from a positive evaluation of the Soviet economic system - at least of the closely integrated inter-republican division of labour, if not necessarily of central planning. The dramatic decline in economic transactions between Russia and other former Soviet republics, which ensued from

¹⁵² Nezavisimaya Gazeta, 16 October 1999, p. 5

the dissolution of the Soviet Union and the collapse of the rouble zone in 1993, is seen as one of the principal causes of the continuing economic crisis - both in Russia and in other post-Soviet states. Therefore, exiting the crisis requires the restoration of the USSR-wide transaction network to as full an extent as possible. Belarus and Ukraine are rated as more valuable integration partners compared to other CIS countries because of their higher levels of economic development and closer interdependence with Russia. The general population appears to share this assessment. According to a survey conducted by VTsIOM, 47.4% of respondents said that closer economic ties to Belarus would bring 'a lot' or 'some' benefit to Russia, while 45.6% thought so with respect to Ukraine. The rates for Baltic and Central European states, whose per capita GDP is higher than that of Belarus or Ukraine, were strikingly lower - an average of 24.3% for the three Baltic states and 25.8% for Central European countries.¹⁵³ Another survey by the Public Opinion Foundation indicated that 54% of Russians expected the Union with Belarus to raise the standard of living in both countries, while 40% thought that it would take a few years for Belarus to catch up with standards of living in Russia.¹⁵⁴ Whereas more Russians (33%) believed that standards of living were higher in Russia than in Belarus (26%), they also estimated that the economic crisis was more acute in Russia (46%) than in Belarus (18%).¹⁵⁵

The aforementioned section of elite opinion tends to assign particular value to economic self-sufficiency, especially reducing dependency on Western loans and imports. Russia is far from self-sufficient in food production, whereas Ukraine is a net exporter of foodstuffs and Belarus is one of the main sources of food imports to Russia.¹⁵⁶ Since the financial crisis of August 1998, the cost of Western imports has increased sharply, thereby boosting the attractiveness of more affordable alternatives from Belarus, Ukraine and other CIS countries,

¹⁵³ Survey conducted as part of the ongoing project *The Outsiders* by White et al., op. cit.

¹⁵⁴ The survey sampled 1500 respondents from 56 towns in 29 oblasts in January 1999. Detailed results can be obtained electronically from www.fom.ru/reports/72/o901001.html

¹⁵⁵ Survey conducted by the Public Opinion Foundation in March 1999. Detailed results are available at www.fom.ru/reports/9e/t904118.html and www.fom.ru/reports/74/t904120.html

¹⁵⁶ Interstate Statistical Committee of the CIS, *External Economic Activities of CIS Countries*, Moscow, 1999, pp. 279, 393; Ministry of Statistics of Belarus and State Committee for Statistics of Russia, *Belarus i Rossiya: Statistichesky sbornik*, Moscow, 1999, p. 122

which usually offer the advantage of barter as opposed to hard currency payments. Many members of the political elite from Communist, nationalist, and governmental circles see many other advantages to creating a more autarkic economic area through integration with Belarus and ideally Ukraine as well. They praise the Belarusian machine-building and consumer-goods industries, whose capacity had been designed to cover USSR-wide requirements and therefore far exceeds the needs of the country's population,¹⁵⁷ for their low-priced products whose quality is supposed to rival those of western imports. They also tend to have an overall positive view of the Belarusian economy, often endorsing the Belarusian approach to economic reform as preferable to the more radical policies pursued in Russia or Ukraine. State ownership of major enterprises and state financing of key industries, as practised in Belarus, are popular with much of the Russian centre-left.¹⁵⁸ Such arguments are supported by citing positive indicators of socio-economic conditions in Belarus - most notably its relatively low external debt; among the highest growth rates in the CIS since 1996;¹⁵⁹ the highest ranking among CIS countries in the UN human development index; low unemployment; and relatively regular payment of salaries and pensions.¹⁶⁰

Members of the more liberal sections of the Russian elite tend to be more sceptical both about the fundamental health of the Belarusian economy and about the quality of its industrial output. Many of them deem economic union with Belarus and Ukraine as potentially beneficial in creating economies of scale, recognising that Russia itself remains too weak to compete in the global

¹⁵⁷ In 1990, Belarus exported 96% of tractors, 91.5% of motor vehicles, 85% of refrigerators, 84% of industrial machinery, 77% of television sets it produced. I.V. Prokof'ev, "Promyshlenny kompleks", in E.M. Kozhokin (ed.), Belorussiya: Put' k Novym Gorizontam, Moscow: Russian Institute for Strategic Studies, 1996, p. 62

¹⁵⁸ In a speech to the Parliamentary Assembly of the Russia-Belarus Community, State Duma Chairman Gennady Seleznyov (CPRF) praised the Belarusian economic model. Kommersant'-Daily 12 March 1997, p. 4

¹⁵⁹ The GDP of Belarus showed positive growth for the first time in 1996 (2.8% as opposed to decline of 3.5% in Russia and of 10% in Ukraine), 10.4% in 1997, 8.3% in 1998 and 1.5% in 1999. EBRD, Transition Report 1999, p. 73

¹⁶⁰ Author's interviews, Moscow, June and November-December 1999. Belarus is in 68th place (as opposed to Russia's 72nd and Ukraine's 102nd) in the index calculated by the UN Development Programme, available at www.undp.org/hdro/98hdi2.htm

market - at least in the short and medium term. As one interviewee said, "we [Russia, Belarus, and Ukraine] have very similar socio-economic conditions, e.g. equally cheap labour, and the same low standards of production, which means that we can sell most of our products only to one another."¹⁶¹ Most Russian economic actors (enterprise directors, regional administrations, officials from the economic ministries) see reintegration in this light. Due to the structure of economic interdependence within the Soviet Union, there is relatively little duplication between commodities produced in Belarus, Russia and Ukraine.¹⁶² Instead of fearing competition, in most cases - with the notable exception of alcoholic beverages - Russian producers associate reintegration with the restoration of production lines broken up after the dissolution of the Soviet Union. This option for generating growth and employment was increasingly favoured, as it became clear that foreign investment would probably remain far too limited to bring about a revival of Russian industry in the foreseeable future. So long as trade barriers and/or superior standards continue to make Western markets virtually impenetrable for most Russian producers, recovering Soviet-era customers represents an effective means of expanding trade.

Since the August 1998 crisis, self-sufficiency as an economic objective has been gaining ground among Russian government circles - not as an alternative to integration in the world economy, but as a mechanism for reducing the vulnerability of Russia's economy to the whims of the global market and the leverage of foreign governments. Russia's most lucrative industries, fuel and raw materials exporters and the military industry, support reintegration as a mechanism for maximising control over their operating environment. The ability of Russian industry to deliver finished products is limited by its reliance on components and - less often - raw materials from other post-Soviet states. This reliance is particularly pronounced in Russia's strategic industries, fuel production and machine-building, especially weapons manufacturing.¹⁶³ Belarus used

¹⁶¹ Author's interview, Moscow, 8 December 1999.

¹⁶² This has begun to change in some sectors, where Russia and Ukraine have been driven to establish self-sufficient production lines. These cases will be discussed in Chapter Three.

¹⁶³ Although Russia retained about 80% of Soviet MIC enterprises, finished commodities can be produced without the need of components from other CIS countries only in 20% of cases. Anatoly D. Shutov, Postsovyetskoye prostranstvo, Moscow: "Nauchnaya kniga", 1999, p. 49

to be known as 'the assembly shop' of the Soviet Union. It has a very high concentration of enterprises belonging to the former Soviet military-industrial complex (MIC), most of which were founded after WWII and employed the most sophisticated technology available in the Soviet Union. The production lines of many of Russia's most advanced weapons systems such as the S-300 air-defence missiles or the 'Topol' tactical missiles include Belarusian enterprises.¹⁶⁴ Interdependence between Russian and Ukrainian MIC enterprises is particularly significant in the aviation and aerospace industries.¹⁶⁵ The reliability of component supplies is crucial to Russian exporters' ability to deliver contract obligations on time and maintain their credibility in competitive non-CIS markets. Because these industries are very investment-intensive, it is far more cost-effective to secure supplies through the creation of transnational financial-industrial groups (FIGs) rather than to build new component-producing installations in Russia. According to a Russia-Belarus Union official, "with Belarus, Russia's defence industry is very strong, almost self-sufficient; if Ukraine joined the Union, it would be even stronger."¹⁶⁶

Russian energy exporters are also keen to bolster their credibility - especially in the West European export market, which depends on their ability to promptly transport the required quantities of fuel through the pipelines crossing the territories of Belarus and Ukraine.¹⁶⁷ Theoretically, Russian ownership of the pipelines as well as fuel storage facilities connected to them should maximise the reliability of fuel transportation. In practice, the reluctance of the Belarusian and Ukrainian authorities to cede control of such strategic assets means that Russian concerns are unlikely to acquire a stake large enough to allow their operations the desired level of autonomy. Moreover, legal ownership in itself would not automatically rid Russian energy companies from the pilfering

¹⁶⁴ Vladimir Peftiev (Chairman of 'Beltekheksport'), "VPK Belarusi na poroge", Vestnik Vozdushnogo Flota, September-October 1999, p. 28

¹⁶⁵ G.G. Tishenko, S.F. Belov, and I.I. Gaidayenko, "Oboronny potentsial", in in E.M. Kozhokin (ed.), Ukraina: Vektor Peremen, Moscow: Russian Institute for Strategic Studies, 1994, pp. 56-57

¹⁶⁶ Author's interview, Minsk, 19 November 1999.

¹⁶⁷ Russian oil is transported to European markets through the 'Druzhba' pipeline, which has two sections - one crossing Ukraine and another crossing Belarus. There are two pipeline systems transporting gas through Ukraine ('Soyuz' and 'Bratstvo'). The Belarusian section of the new Yamal-to-Europe gas pipeline was completed in autumn 1999.

of fuel meant for export to Central and West European markets nor would it provide them with effective levers for ensuring that Belarusian and Ukrainian consumers pay their bills.¹⁶⁸ More than any other business sector, Russian energy exporters essentially rely on the cooperative behaviour of the Belarusian and Ukrainian authorities. The Russian oil and gas industries are actively involved in economic integration with Belarus, which they see as a framework for long-term arrangements guaranteeing their interests.¹⁶⁹ The aim of arrangements falling under the rubric of 'unified transport and energy systems' is to approximate transportation and distribution conditions within the Russian domestic market.

If successfully implemented, the harmonisation of economic legislation, tax standardisation and monetary union would greatly assist the expansion of Russian business activities in all sectors of the Belarusian economy, which has so far been discouraged by excessive state regulation, higher taxes, unfavourable banking laws, and multiple exchange rates. FIGs are an integration mechanism useful to many of Russia's most profitable enterprises for gaining control over Belarusian and potentially Ukrainian plants in so-called strategic sectors excluded from privatisation.¹⁷⁰ Apart from the MIC, FIGs are attractive to Russian oil and metal-exporting companies interested in a number of chemical, oil-processing and metallurgical plants in Ukraine and Belarus. It is hoped that vertically integrated transnational FIGs may be more successful in drawing foreign investment than individual enterprises. In the case of Ukraine, where the authorities have not been as enthusiastic as those of Belarus in restoring economic ties to Russia, Russian enterprises have been seeking to acquire controlling blocks of shares - usually by setting up Ukrainian subsidiaries. The attempts of Russia's gas monopoly 'Gazprom' to acquire equity in Ukrainian energy-complex assets in exchange for gas payments arrears will be examined in the following chapters.

¹⁶⁸ As it will be shown in Chapter Two, gas exports have been particularly susceptible to this problem.

¹⁶⁹ Author's interview with 'Gazprom' executive, Moscow, 10 December 1999.

¹⁷⁰ FIGs are established by intergovernmental agreement and are mostly made up of state- or oblast-controlled enterprises.

Conclusion: minimum and maximum objectives

Integration with Belarus represents an umbrella objective for the advancement of several interests endorsed to different degrees by the various sections of the Russian elite. It has gathered almost universal support from the elite and the general public because it corresponds to Russia's broader foreign policy aspirations and widely accepted definitions of its strategic and economic interests. Changes in the international environment, most notably the fragmentation of the CIS and the erosion of trust between Russia and Western powers - particularly as a result of NATO enlargement and its preparedness to take military action in defiance of Russia's objections - contributed to the increased salience of considerations related to external security. These have combined with internal factors driving the centre of the Russian political spectrum away from liberal positions to place resistance to the erosion of Russia's political, economic and cultural influence to the advantage of 'the West' at the top of the foreign policy agenda. In this respect, Belarus's long-term alignment with Russia is of paramount importance as a source of consistent diplomatic support, as a means of strengthening defence capabilities on Russia's western flank, and as a de facto barrier to the expansion of Western influence.

These objectives could be achieved through the establishment of a military alliance with mechanisms for consultation aimed at reaching a common approach to international issues - without the need for supranational structures or economic integration. Only some academic experts and politicians from the "Union of Rightist Forces" advocate such a limited arrangement. Reintegration with Belarus has a powerful symbolic-identitive appeal for many members of the Russian elite and for the majority of the Russian electorate, which favours the restoration of political, economic, cultural and social bonds to CIS countries - especially Slavic-Orthodox Belarus and Ukraine. For most of the Russian political elite, the popular legitimacy and political capital provided by the idea of integration embodied in the institutional apparatus of the Russia-Belarus Union and its largely non-military functions seem to be as vital as its strategic advantages. Russian policy-makers have been considering the development of a confederal structure, but have tended to take a gradual approach due to the difficulties anticipated in delineating the competences of na-

tional and Union institutions as well as determining the relative weight of the two states in common policy-making processes. They have been equally concerned about the danger of triggering a renegotiation of Russia's internal federal arrangements. Finally, they have been very cautious about lending plausibility to arguments portraying Russia as a 'neo-imperialist' state eager to undermine its neighbour's independent statehood.¹⁷¹

'Virtual integration', i.e. the conclusion of seemingly far-reaching agreements with little practical content, is seen by some analysts as a low cost-high impact strategy for temporarily improving the rulers' popularity rates. Russian policymakers realise that the success of economic integration with Belarus forms a precondition for the Union's attractiveness to Ukraine. Besides, transport routes (by road, rail, air, sea, or pipelines) through Belarus and Ukraine are of supreme importance to almost every sector of the Russian economy and are, in the minds of many members of the foreign policy community, connected to the geopolitical calculations related to the zero-sum-game of Western expansion and loss of Russian influence.¹⁷² The Russian foreign policy makers are acutely concerned about the political and strategic implications of projects to extract oil from the Caspian Sea and transport it to Western markets without Russian participation and are determined not to allow this form of Western influence creep closer to Russia's European borders.¹⁷³ Belarus as a transport route has the additional function of averting the economic and strategic isolation of Kaliningrad oblast in view of the inclusion of Poland (and possibly the Baltic states in a second wave of enlargement) in NATO and the European Union.¹⁷⁴ Economic integration provides ample opportunities for package deals

¹⁷¹ Such arguments were put forward in a draft declaration on the future of Russo-Ukrainian relations proposed by a group of nationalist deputies in the Ukrainian Parliament. Nezavisimaya Gazeta, 14 September 2000, pp. 1,5

¹⁷² See the report on the Russo-Belarusian Union published by the Russian Institute of Strategic Studies, the Council for Foreign and Defence Policy and the Politics Foundation in Nezavisimaya Gazeta-Stsenarii, April 1997, pp. 1, 2

¹⁷³ Nezavisimaya Gazeta, 25 March 2000, p. 5; Shutov, Postsovyetskoye prostranstvo, op.cit., pp. 230-233, 240-242 . These projects are linked to the intention of Georgia and Azerbaijan to apply for admission to NATO. See G. Voitlovsky, "Kaspiisky vopros i interesy Rossii", Vneshnaya Torgovlya, 1998, no. 7-9, p. 3

¹⁷⁴ Vyacheslav Nikonov, "Belorussiya vo vneshei politike Rossii", in Sherman Garnett and Robert Legvold (eds.), Belorussiya na pereput'e: v poiskakh mezhdunarodnoi identichnosti,

furthering Russian political and strategic objectives as well as a series of economic interests. These relate to a drive to revive trade and vertically integrated industrial production by resurrecting Soviet-era transaction networks and creating new ones - on an intergovernmental, inter-regional, or commercial basis. Thus, the distance separating what could be described as Russia's minimum objectives with respect to Belarus (long-term strategic alliance; reliable transportation routes; common institutions) from the maximum objective of a tightly integrated - in military, economic, and political terms - community appears rather insignificant. Still, the Russian elite attaches certain minimum conditions (e.g. that emission of a single currency would be controlled by Moscow) to the development of such an integrated community. These will be discussed in detail in the next two chapters.

In principle, all considerations in favour of integration with Belarus apply to Ukraine as well. In strategic as well as economic terms, Ukraine's importance to Russia is almost universally perceived to outweigh that of Belarus. Most Russian opinion as well as the elite would very much like to see Ukraine as the third member of the Union formed by Russia and Belarus. Still, most members of Russia's foreign policy community are fully aware that the political priorities of the Ukrainian leadership dictate a strategy of reducing Russia's leverage and effectively rule out reintegration - at least until the end of President Kuchma's second term of office in 2004. Even though maximum objectives with respect to Belarus and Ukraine are essentially the same, Russian foreign policy experts recognise that official policy needs to concentrate on more modest objectives, realistically attainable under current circumstances.¹⁷⁵ At a minimum, Russia's goal would be to discourage Ukraine from applying for admission to NATO and opposing Russian diplomatic positions, outcomes which would - at the very least - seriously undermine Russian claims to regional leadership. Strengthening Russian companies' vis-à-vis their Western competitors in key sectors of the Ukrainian economy (notably banking, media, oil and gas, and defence industry) is also considered desirable and not entirely

Moscow: Carnegie Centre, 1998, p. 77. Latvia's decision to sell the Mazhikyaisky oil-refining plant to an American company instead of Russia's 'Lukoil' and turn to more expensive oil imports from the Middle East was interpreted as the product of US pressure in connection with Latvia's application for NATO membership. *Nezavisimaya Gazeta*, 16 October 1999, p. 4

¹⁷⁵ Author's interviews, Moscow, June and November-December 1999.

unrealistic. The model of US-Canada (or US-Mexico) relations tends to be favoured by the Russian foreign policy community for Russia's relations with Ukraine - at least for the near future. The successful attainment of these minimum objectives would create a foundation for pursuing reintegration - within the Russia-Belarus Union or in a separate framework, if and when Ukraine's domestic politics provide conditions more conducive to this end.

Chapter Two

Levers of influence in Russia's policies towards Belarus and Ukraine

In principle, Russian policy-makers' considerations with respect to Belarus and Ukraine have been very similar, with the political (and identity-inspired), strategic and economic arguments that have underpinned the course of integration with Belarus being equally applicable to Ukraine. As we have seen in the previous chapter, however, Russian diplomacy has taken into account the Ukrainian leadership's reluctance to follow the example of Belarus. It has, therefore, formulated more limited policy objectives pertaining to relations with Ukraine compared to those guiding Russian policy towards Belarus. This chapter will seek to relate Russia's use (or restraint from the use) of various policy instruments to its overall foreign policy goals and to the differentiated objectives towards its two neighbours.

Amitai Etzioni's leadership theory of regional integration, which closely corresponds to Russian aspirations in the post-Soviet region, and interdependence theory, which most accurately describes Russia's policy resources in relation to Belarus and Ukraine, have been selected as the main analytical tools for examining Russia's choice among possible policy instruments. A wide range of such instruments will be discussed in connection with Russia's relations with both Belarus and Ukraine: communications (including public statements by politicians not representing the Russian government); various forms of interference in domestic politics (e.g. in connection with the situation of Russophone populations); territorial claims; threats (or absence thereof) of military force; and an array of economic levers (e.g. various types of subsidies; trade concessions or restrictions; deliberate diversion of economic transactions). The effectiveness of Russia's use of available policy instruments will be assessed, with consideration being given to a multitude of constraints (e.g. policy incoherence related to bureaucratic politics in the Russian administration; overt or implicit pressure from domestic public opinion or external actors).

Russia as a leader?

Different theories of regional integration converge in treating the presence of a leading power as a necessary condition for the successful take-off of an integration process. The leading state (or core of leading states) is defined not merely in terms of size and resources, but - more importantly - in terms of behaviour. Russia is unambiguously the leader in terms of size and resources - not only vis-à-vis Belarus and Ukraine, but in the post-Soviet region as a whole. Russia's relations with Ukraine and Belarus involve high levels of economic transactions, which could be substituted only in the medium to long term at very considerable cost. In addition, major political events and - under certain circumstances - social upheaval (e.g. dramatic decline in living standards leading to mass protest or out-migration) in Ukraine and Belarus have the potential to affect decision-making in Russia - especially in the fields of defence and foreign policy. Likewise, political and economic changes in Russia (e.g. the financial crisis of August 1998) may have far-reaching consequences for Ukraine and Belarus. Hence, relations between the three countries are characterised by interdependence.¹

As will be shown in this chapter, in this case, interdependence is asymmetrical in the sense that that for Russia the cost of finding alternatives to its present transactions with Belarus or Ukraine is lower than the costs that would be incurred by either of the latter, should their interaction with Russia be reduced. Fuel imports from Russia cover up to 90% of energy requirements in the economy of Belarus and almost two thirds in the case of Ukraine.² In turn, 70% of Russian exports to European markets are transported through the territory of Belarus and another 20% through Ukraine. Besides, Russian politicians have - at least putatively - significant opportunities to interfere in the domestic matters of Ukraine or Belarus, which could not be matched by the role of their Ukrainian or Belarusian counterparts in Russia's internal affairs. In foreign policy, as Sherman Garnett has noted, "Ukraine's 'breathing space' depends on Russian policy and actions more than any other external factor", an observation with

¹ This definition of interdependence as an analytical concept in international relations is taken from Robert O. Keohane and Joseph S. Nye, Power and Interdependence, Second edition, London: Harper-Collins, 1989, pp. 8-11

² Ustina Markus, "Energy Crisis Spurs Ukraine and Belarus to Seek Help Abroad", Transition, 3 May 1996, pp. 14-17

equal validity as far as Belarus is concerned.³ Against this background, Russia appears less vulnerable to changes caused by other actors affecting its relations with Belarus and Ukraine. It could, therefore, threaten to initiate such changes, which would be particularly costly to Belarus or Ukraine (e.g. a redirection of its fuel transit route from one of the two countries to the other), in order to attain the objectives analysed in the previous chapter. Thus, Russia's superior resources constitute a potential source of power, the latter being defined as control over outcomes. Resources are translated into power through political bargaining, in which the more dependent actors have the opportunity to distort the dominant actor's ability to attain its desired outcomes to the degree that its superiority of resources would suggest.⁴ The question is to what extent Russia's resources have been effectively converted into policy instruments to shape the integration process with Belarus according to Russian preferences and to influence Ukrainian decision-makers in the direction of a Russia-centred foreign policy.

Neo-functionalism, the dominant theory pertaining to the development of integration in post-WWII Western Europe, explains the conclusion of integration treaties partly with reference to the role of leading states (France and Germany) in offering economic concessions to smaller states, while setting limits to their political demands.⁵ The theory known as 'intergovernmentalism', the main rival of neo-functionalism, is based on the principles of the Realist school of international relations and highlights lowest-common-denominator bargains struck by top-level national leaders. Power relationships are crucial to the outcomes of these negotiations, with larger resource-rich states acting as leaders by 'buying off' their smaller partners through 'side-payments' (rewards not directly flowing from formal integration arrangements).⁶ According to Etzioni, the leading state "devotes a comparatively high proportion of its assets to guiding a process and leading other units (states) to support it".⁷ Initiation of the process

³ Sherman W. Garnett, Keystone in the Arch: Ukraine in the Emerging Security Environment of Central and Eastern Europe, Washington DC: Carnegie Endowment for International Peace, 1997, p. 41

⁴ Keohane and Nye, Power and Interdependence, pp. 11-19, 53

⁵ E. Haas, The Uniting of Europe, Stanford, CA: Stanford University Press, 1958, pp. 241-251

⁶ Walter Mattli, The Logic of Regional integration, Cambridge: CUP, 1999, pp. 28-29

⁷ Amitai Etzioni, Political Unification, New York: Holt, Rinehart and Winston, 1965, p. 45

is one of the defining characteristics of political leadership in this context.⁸ The leading state exercises 'integrative power' (i.e. it makes other states follow its guidance), which may be 'identitive', 'utilitarian' or 'coercive' depending on the policy instruments used - rhetoric/propaganda, economic incentives or sanctions, and military force or threats thereof respectively.⁹ Transactionalism and network analysis offer an alternative, narrower definition of leadership by identifying the unit (in this case, the state) with the highest density of transactions/communications to other units in the system as the leader.¹⁰

For the transactionalist and neo-functional theories, if a process of integration is to succeed, rewards need to be received before burdens (implementation costs) are incurred.¹¹ Etzioni, clearly differentiates between the motivation and strategy of the leading power and those of other units. In an asymmetric community, the leading state offers to other member-states more material assets than it receives from them.¹² Moreover, it does not do so from an intention to obtain - at some point in the future - more economic assets than it has invested. Instead, it seeks to derive 'symbolic (identitive) gratification' such as prestige gained from the status of leadership.¹³ As it has been shown in the previous chapter, expectations of economic advantage are secondary to political and strategic considerations in the overall motivation structure underpinning re-integration as a top priority of Russian foreign policy. In addition, the stress is on achieving certain key economic objectives (notably, maximisation of control over the external economic environment through stable transportation routes and vertically integrated production lines) rather than on relative gains or even a positive balance sheet in terms of revenue and expenses.

Apart from economic instruments, the leading state may employ ideologically charged appeals along with other conventional diplomatic methods of persuasion, resort to threats of violence or even use military force to coerce weaker states into participation in an integrated community. Etzioni, however, observes

⁸ Ibid., p. 295

⁹ Ibid., pp. 37-39

¹⁰ David Knoke and James H. Kuklinski, Network Analysis, Beverly Hills, CA: Sage, 1982, pp. 19, 24-25

¹¹ Karl W. Deutsch et al., Political Community and the North Atlantic Area, Princeton: Princeton University Press, 1957, p. 71; Ernst B. Haas, The Uniting of Europe, Stanford, CA: Stanford University Press, 1968

¹² Etzioni, Political Unification, op. cit., p. 77

¹³ Ibid., p. 315

that the use of military instruments undermines smaller states' identification with the community, thereby impairing the long-term prospects of the community's survival. He concludes that heavy-handed attempts to accelerate a process of integration occurring at a time when at least one of the prospective member-states has serious reservations are bound to fail. A temporary slowdown awaiting favourable conditions may prove a more productive approach, as in the case of Norway's hesitancy over joining a Nordic common market.¹⁴ Finally, effective communications, responsiveness on the part of the leading power to the needs of smaller states (e.g. practical demonstration of solidarity through prompt provision of assistance to a weaker state facing a crisis), and a fair representation of smaller states' interests in decision-making on community matters are found to enhance a community's chances of success. The following sections will examine Russian policy-makers' choice of instruments and overall strategy with regard to managing the integration process with Belarus and overcoming the Ukrainian leadership's negative stance on the issue.

Reassurance and identitive appeals as policy instruments

The Russian leadership, both under Yeltsin and Putin, has been rather cautious in its statements and its use of the media for the purposes of promoting the cause of integration with Belarus and fostering Russia-friendly attitudes among the Ukrainian elites and mass public. Indeed, the initiative for integration with Belarus did not come from the Russian side, but from the Belarusian leadership. Only after Prime Minister of Belarus Vyacheslav Kebich proposed an economic union with Russia in 1993 did a few Russian foreign policy experts such as Migranyan and Stankevich begin to advocate integration with Belarus, Ukraine and possibly Kazakhstan without waiting for CIS-wide consensus on the matter.¹⁵ The Communists and Zhirinovskiy's LDPR in particular started their careers in post-Soviet Russian politics by calling for the resurrection of the Soviet Union and, with this objective in mind, watched the signs of CIS disintegration (the formation of national armed forces; the collapse of the rouble zone; and the sharp decline in trade among former Soviet republics) with espe-

¹⁴ Ibid., pp. 323-324

¹⁵ See for example the article by Sergey Stankevich in *Delovoy Mir*, 20 July 1994, p. 1

cial dismay.¹⁶ Once re-integration with Belarus was put forward, they welcomed it enthusiastically as a more realistic alternative to the reunification of all former Soviet republics in a single state or even as a first step in that direction. The most vocal support for the process of Russo-Belarusian integration has come from the leadership of the left-wing factions of the Russian parliament and nationalist politicians such as Moscow mayor Yury Luzhkov.¹⁷ Duma Chairman Gennady Seleznyov and Chairman of the CIS Affairs Committee between 1995 and 1999 Georgy Tikhonov, like Belarusian President Lukashenko, have repeatedly called on Ukraine to become the third member of the Union of Russia and Belarus.¹⁸ Their appeals employ Russia's supposed leadership of the Slavic-Orthodox world as an ideological asset. Statements in this spirit have come also from Russia's military leadership. Colonel-General Leonid Ivashov, Head of the International Cooperation Department in the Ministry of Defence, blamed NATO and the United States for "waging a struggle against Slavic unity" by seeking to undermine the Belarusian leadership and setting Ukraine against Russia. He concluded that Slavic peoples could survive "only by demonstrating a high level of solidarity."¹⁹

The Russian Parliament's weekly newspaper Rossiiskaya Federatsiya and its fortnightly journal Rossiiskaya Federatsiya Segodnya regularly give positive coverage to matters relating to the Union. The Duma has sponsored various activities by civil society organisations aimed at promoting integration between Russia, Belarus and Ukraine, such as the Moscow congress of June 2001 entitled "Three countries – one people".²⁰ Seleznyov is also Chairman of the Par-

¹⁶ In March 1996, the Duma led by the 'red browns' passed a resolution (by 250 to 98 votes) denying the legality of the Belovezh agreements concluded in 1991 by the leaders of the Russian, Ukrainian, and Belorussian SSRs, which dissolved the Soviet Union and founded the CIS in its place. Segodnya, 16 March 1996, p. 1

¹⁷ See Luzhkov's statement, calling for faster integration and denouncing the role of Chubais in slowing down the process, in Nezavisimaya Gazeta, 29 April 1997, pp. 1, 3.

¹⁸ Seleznyov cited in Kommersant'-Daily, 30 September 1998, p. 4

¹⁹ Interfax News Agency, Diplomatic Panorama, 24 April 2000

²⁰ The congress of East Slavic peoples discussed alternative integration models for a "Union of Three", along with cultural, historical and economic issues. Most participants represented organisations from Russia, Belarus or Ukraine, while there were delegates from Yugoslavia, Transdnestria and Central Asian counties. Nezavisimaya Gazeta, 5 June 2001, p. 5

liamentary Assembly of the Russia-Belarus Union,²¹ which has been a source of demands for faster and deeper integration and of criticism - directed primarily at the Russian executive - of failures to implement treaty provisions within the specified timescale. At the same time, the Assembly has also been advertising the advantages of integration and the positive achievements of the Union through a series of publications, which includes a quarterly information bulletin (Informatsionny Byulleten') issued since 1998 and the weekly Soyuz. Arguments in favour of expanding the Union's membership and Ukrainian membership in particular often appear in these publications.²² The Assembly in cooperation with the Russian Parliament has been leading the expansion of Union activities into the sphere of civil society. The Union Public Chamber, which held its first congress in Moscow in April 2000, was established as an association of Russian and Belarusian social organisations aiming to "promote integration processes between the two states in order to ensure the soonest establishment of a single union state." Organisations from Russia, Ukraine, Armenia, Moldova and Yugoslavia have applied for membership in the Union Public Chamber.²³ Some of them have been granted observer status in the Parliamentary Assembly of the Union. In this respect, the Assembly's role as a 'locomotive of integration' resembles the function envisaged by neo-functionalists for the supranational bodies of the European Community, the Commission and the Parliament.

Other organisations campaigning for integration with Belarus include the "Belarusian-Russian People's Unity Movement", chaired by Nikolai Gonchar and backed – among others – by Aleksandr Lebed and Boris Fyodorov, Georgy Tikhonov's "All-Russia Movement 'Soyuz'", and the "Public Committee to Promote the Union of Russia and Belarus", which is supported by Luzhkov, former Deputy Duma Chairman (1995-1999) Sergei Baburin and the association "Reality". Their meetings are regularly attended by Russian parliamentarians – especially from left-wing factions – and their Ukrainian counterparts.²⁴ The rationale behind this activism is to increase public support for the Union, not just

²¹ The Parliamentary Assembly is made up of members of the two countries' parliaments delegated by their respective colleagues.

²² See for example, Press service of the Parliamentary Assembly of the Union of Belarus and Russia, Soyuz Belarusi i Rossii: 100 voprosov i otvetov, Moscow: Klub "Reality", 1999, p. 20

²³ Itar-Tass, 25 April 2000; Nezavisimaya Gazeta, 6 June 2001, p. 5

²⁴ Nezavisimaya Gazeta, 17 July 1997, p. 2

in Russia and Belarus, but also in potential member-states, and to raise the profile of the issue as 'a popular demand', thereby bringing the weight of public opinion to bear upon the leaders of existing and potential members.²⁵ In spring 2001, on the initiative of the Committee for CIS Affairs, an inter-faction group "For the Union of Ukraine, Belarus and Russia" was set up in the Duma with the purpose of undertaking initiatives promoting Ukraine's accession to the Russia-Belarus Union.²⁶

Civilian members of the Russian government and the Presidential administration, however, have hardly employed appeals to a common identity as a means of increasing the legitimacy of the Union or increasing its attractiveness to potential member-states. They have been wary of statements that could discredit the current integration process in the eyes of sceptics in Belarus and Ukraine by encouraging its association with any variant of Russian nationalist ideology. Rather than presenting the Union with Belarus as the embodiment of 'Slavic brotherhood' or as an attempt to resurrect Soviet-era inter-republican relations, the stress has been on forging relations of a new type in the image of the European Union. The EU model is used in an implicit contrast with the Soviet Union to portray the new Union as voluntary, non-hierarchical and compatible with state sovereignty.²⁷ Given that the Belarusian leadership is explicitly committed to maximum integration with Russia and has been actively advocating its merits not only to the country's population but to Russian constituencies as well, there is little need for the Russian authorities to direct pro-integrationist rhetoric at Belarus.

Such rhetoric would antagonise the Ukrainian leadership, which has rejected – at least for the short term - integration with Russia and Belarus in favour of the 'European choice' involving accession to the EU, whereas integra-

²⁵ Georgy Tikhonov (Chairman of Duma CIS Affairs Committee, 1995-1999), for example, accused Ukrainian President Kuchma of deceiving his own people by promising integration with Russia and pursuing integration with NATO instead. Interview in Parlamentskaya Gazeta, 24 December 1998, p. 4

²⁶ A group with the same name has already been operating in the Ukrainian Parliament for several years. Belarusskaya Delovaya Gazeta, 3 April 2001, p. 3. The inter-parliamentary group (made up of Russian, Belarusian and Ukrainian parliamentarians) with the same title held its founding conference in Grodno (Belarus) on 4 June 2001. Zerkalo Nedeli, 9-15 June 2001, p. 4

²⁷ The equality of member-states and the retention of their sovereignty are enshrined in the treaties concluded by Russia and Belarus. These provisions have been criticised as incompatible with plans for a common defence and monetary union.

tion with Russia and Belarus is advocated by the Communists and other opponents of the Kuchma regime.²⁸ Representatives of the Russian executive have deemed it expedient to maintain good relations with the Kuchma administration and have, therefore, refrained from inviting Ukraine to become the third member of the Union. Instead, they have restricted their statements to the letter of treaty provisions, which merely mention the possibility of admitting new members. In April 2000, Secretary of the Union Pavel Borodin was the first Russian official close to the executive branch to speak of a possible enlargement in three to five years' time and to identify Ukraine and Kazakhstan as potential new members.²⁹ Russian foreign policy-makers see rhetorical appeals as counter-productive, for they would be likely to prod Ukrainian foreign policy to become even more decidedly pro-Western. They have not commented on Ukraine's declared aspiration to join the European Union (though they have repeatedly expressed categorical opposition to NATO membership for any post-Soviet state) from fear of prodding Ukrainian foreign policy to become even more decidedly pro-Western. The successful implementation of economic integration with Belarus, bringing tangible economic benefits, is considered as the most promising way of persuading a future Ukrainian administration to look towards Russia rather than waiting indefinitely for admission to Western structures.³⁰

Moreover, Russia's executive has sought to clearly dissociate official foreign policy from a series of State Duma initiatives that alarmed the leaders of other CIS countries and Ukraine in particular. These include the resolution of March 1996 denouncing the Belovezh agreements of 1991, which dissolved the Soviet Union, and the resolution forbidding the division of the Black Sea Fleet (October 1996) and providing for the financing of the city of Sevastopol from the

²⁸ President Kuchma dismissed the idea of Ukraine's accession to the Russia-Belarus Union saying that it has not yet produced any tangible results. Seleznyov's proposal that Ukraine should join the Union was applauded by the leftist fractions of the Ukrainian Parliament. Golos Ukrainy, 30 September 1998, p. 1

²⁹ Nezavisimaya Gazeta, 18 April 2000, p. 1. It should be noted that Borodin made this statement in the capacity of a Union official, having ceased working - at least formally - for Russia's Presidential administration three months earlier.

³⁰ Author's interview with senior official from the Russian Foreign Ministry, Moscow, 2 December 1999.

Russian federal budget.³¹ The resolution was passed unanimously, indicating that deputies from centrist and liberal factions had supported it.³² This led British analyst James Sherr to suspect that Russian policy towards Ukraine rested upon a covert division of labour between the executive branch and the Duma – at least during the run-up to the conclusion of the agreements on the Black Sea Fleet (May 1997).³³ By that time, Russian negotiators had accepted a rewording of “Sevastopol will be the main base of the Russian Black Sea Fleet” to “the Russian BSF will be based in Sevastopol” to accommodate Ukrainian apprehensions of implicit territorial claims.³⁴ If on that occasion Chernomyrdin’s government encouraged liberals and centrists in the Duma to side with the ‘red-browns’ in order to demonstrate to the Ukrainian side the kind of policy options Russian diplomacy could resort to in the event its demands were not met, this has not been a consistent tactic. Overall, the Russian executive has been highly sensitive to accusations of ‘neo-imperialist’ intentions originating from the Ukrainian elite and has striven to avoid actions that might bolster their plausibility.

The unconditional recognition of Ukraine’s borders in the ‘Friendship, Partnership, and Cooperation Treaty’ of May 1997 gave rise to acute concern among ‘patriots’ in the Parliament who accused Russian negotiators of “opening the way to Ukraine’s accession to NATO”.³⁵ Opponents of the treaty objected to its renunciation of claims to the Crimea and Sevastopol in particular. They feared that the elimination of territorial disputes between Russia and Ukraine would enable the latter to meet one of NATO’s criteria for aspiring

³¹ In 1992 and 9 July 1993, the Duma’s predecessor, the Russian Supreme Soviet, had passed two resolutions declaring the transfer of Crimea to Ukraine in 1954 illegal and claiming Sevastopol as a subject of the Russian Federation respectively.

³² The act was passed by 337 votes to 0 with five abstentions. Segodnya, 17 October 1996, p. 1

³³ James Sherr, “Russia-Ukraine *Rapprochement?*: The Black Sea Fleet Accords”, Survival, vol. 39, no. 3, Autumn 1997, p. 37

³⁴ This rewording was agreed during the Sochi negotiations of June 1995. The Duma’s resolution was disavowed by the Russian Foreign Ministry, Nezavisimaya Gazeta, 18 October 1996, pp. 1, 3

³⁵ Statement by Deputy Duma Chairman Sergei Baburin, Nezavisimaya Gazeta, 14 January 1999, p. 3

members.³⁶ Due to Luzhkov's and Lebed's dogged fight in the Council of the Federation to prevent the treaty from entering into force, the government had to engage in a prolonged struggle to convince both houses of Parliament to ratify the 'Big Treaty'.³⁷ As Foreign Minister Ivanov argued, advancing territorial claims against Ukraine would be indefensible in the international community and could lead only to the deterioration of bilateral relations.³⁸ The treaty's requirement that each of the parties will "refrain from actions directed against the other and prevent the use of its territory to the detriment of the other" and the Black Sea Fleet agreements' provision that Russian forces would be based in the Crimea – including Sevastopol – at least for 20 years were presented as safeguards against Ukrainian membership of NATO. It was expected that the recognition of Ukraine's territorial integrity by the Russian Parliament would reassure the Verkhovna Rada and prompt it to endorse Russia's military presence in Crimea by ratifying the Black Sea Fleet accords.³⁹ In the longer term, such steps are expected to contribute to the gradual erosion of perceptions of Russia as an "imperialist state", which have been cultivated with significant success by prominent members of the Ukrainian foreign policy community.⁴⁰ They should also enhance Russia's international image as a country respecting the sovereignty of its neighbours and weaken arguments like those of Brzezinski-

³⁶ Georgy Tikhonov (then Chairman of the State Duma Committee on CIS Affairs), interview with Parlamentskaya Gazeta, 24 December 1998, p. 4. The treaty, however, did not resolve the question of the Azov Sea, whose division is supported by Ukraine, whereas Russia proposes its common use as a lake.

³⁷ The Duma, thanks to the support of the CPRF leadership, ratified the treaty in December 1998 (by 243 to 30 votes), almost a year after its ratification by the Ukrainian Parliament (by 317 votes to 27) in January 1998. Having postponed the treaty's ratification a month earlier, the Federation Council voted in favour (106 votes to 25, 17 abstentions) on 17 February 1999. Kommersant'-Daily, 18 February 1999, p. 3. On Luzhkov's and Lebed's opposition to ratification, see Nezavisimaya Gazeta, 28 January 1999, p. 1.

³⁸ See Ivanov's article in defence of the treaty in Nezavisimaya Gazeta, 23 January 1999, p. 3

³⁹ Ibid. The Ukrainian Parliament indeed ratified the agreements in March 1999, just a month after the ratification of the 'Big Treaty' by Russia's Federation Council.

⁴⁰ Author's interview with senior official from the Russian Foreign Ministry, Moscow, 2 December 1999. On the role of Ukrainian officials in propagating negative perceptions of Russia, see Arkady Moshes, "Konfliktny potentsial v Rossiisko-Ukrainskikh otnosheniyakh", in A. Zverev et al. (eds.), Etnicheskiye i regional'nye konflikty v Yevrazii: Rossiya, Ukraina, Belorussiya, Moscow: Ves' Mir, 1997, pp. 25-26.

ski, which use Russia's ostensibly imperialist intentions to gather international support for Ukraine's admission to NATO.⁴¹

A combination of neglect and reluctance to antagonise the Ukrainian leadership by any kind of interference in the country's domestic affairs led to conspicuous inaction on the part of the Russian government with regard to the declared objective of supporting Russian language and culture in Ukraine. This question does not arise in the case of Belarus, where Lukashenko restored Russian to the status of second state language alongside Belarusian not long after he became President.⁴² In autumn 1998, the Duma formally protested at the restriction of Russian-language broadcasting in the Crimea and the abolition of Russian as an official language of the Autonomous Republic.⁴³ Despite well-documented, widespread resentment caused by the so-called 'Ukrainisation' policies among Russian-speakers in Eastern and Southern Ukraine or even in Kiev,⁴⁴ the Russian executive had previously made no attempt to present itself as the protector of Russian speakers' interests in Ukraine. Not until February 2000, did the Russian Foreign Ministry issue a statement criticising the Ukrainian authorities' policies aimed at expanding the use of the Ukrainian language in education, the workplace and the media.⁴⁵ The Russian Ministry also asked OSCE High Commissioner on National Minorities Max van der Stoep to investigate provisions for the use of the Russian language in Ukrainian edu-

⁴¹ For such an argument see Yaroslav Bilinsky, "Ukraine, Russia, and the West", Problems of Post-Communism, January/February 1997, pp. 32-33; Alexander Goncharenko, Ukrainian-Russian Relations: An Unequal Partnership, London: Royal United Services Institute for Defence Studies, 1995, pp. 13-18, 26-27

⁴² Russian remains the language employed by government authorities and state television in Belarus, while Russian television channels – especially ORT - are received throughout the country.

⁴³ Segodnya, 24 October 1998, p. 2

⁴⁴ Anatol Lieven presents such evidence from interviews with Russophone residents of Eastern Ukraine in his book Ukraine and Russia: A Fraternal Rivalry, Washington DC: US Institute of Peace, 1999, pp. 55-58, 101. Focus-group research conducted by SOCiS-Gallup (Kiev) on behalf of the US State Department in December 1999 corroborated Lieven's findings with regard to Kiev, Kherson, Donetsk, and Simferopol. Thomas Klobucar, Ukraine and the World, Washington DC: Office of Research, US Department of State, April 2000, pp. 15-16

⁴⁵ The Foreign Ministry and Russia's Human Rights Representative criticised the Ukrainian government's draft resolution "On Additional measures to Widen the Functions of Ukrainian as the State Language" for "forcing out the Russian language". Ukrainian Centre for Independent Political Research, Research Update, Vol. 6, No. 161, 21 February 2000.

cation establishments.⁴⁶ The authorities of the Russian Federation have refrained from any involvement in the dispute between Kiev and Khar'kov city council regarding the decision of the latter to use the Russian language in local administration. The Khar'kov council plans to conduct a referendum on this question (probably to coincide with the parliamentary and local elections of March 2002), with Ukrainian Russophone organisations campaigning for referenda in other predominantly Russophone regions as well.⁴⁷ Again, no support (moral or material) has been forthcoming from the Russian government.

No effort has been made to encourage Ukraine's Russophone population to identify with Russia in order to increase or mobilise the considerable popular support for integration with Russia.⁴⁸ Speaking at a conference of the 'Russian Movement of Ukraine' (RMU) and of the 'International Forum of Ukraine', RMU leader Aleksandr Svistunov stressed that the Russophone population of Ukraine could not count on financial or other assistance from Russia (e.g. for electoral campaigns of affiliated parties and candidates) and had to rely on its own forces.⁴⁹ No financial or other support was given to civil-society organisations working for the preservation of Russian language and culture in Ukraine, nor did the Russian government establish any agencies of its own with such functions.⁵⁰ The decision to open a branch of Moscow State University in Sevastopol was applauded by the Russian Foreign Ministry, but was primarily the product of Luzhkov's initiative.⁵¹ When transmission of the Russian state-controlled channel ORT was discontinued in 1995 on the grounds of its debts to the Ukrainian authorities, leading to mass protests in Eastern Ukraine, there

⁴⁶ The High Commissioner found provisions overall satisfactory, but forwarded a list of recommendations (mainly regarding increased parental choice over the instruction of Russian language in Ukrainian-language schools) to Ukrainian Foreign Minister Anatoly Zlenko. Communications (January-April 2001) between the High Commissioner, on the one hand, and the Russian and Ukrainian Foreign Ministers, on the other, are published in OSCE document [HCNM.GAL/1/01](#) of 7 May 2001.

⁴⁷ The council has also requested the Council of Europe (Parliamentary Assembly's co-rapporteur on Ukraine, Hanne Severinsen) to look into the matter. [Nezavisimaya Gazeta](#), 8 May 2001, p. 5

⁴⁸ Detailed opinion poll data on this question is provided in Chapter Four.

⁴⁹ [Nezavisimaya Gazeta](#), 23 February 2001, p. 5

⁵⁰ A. Lieven, [Ukraine and Russia](#), pp. 72-74, 89-90

⁵¹ Luzhkov concluded the relevant agreement with the Crimean authorities during his visit in January 1997, [Segodnya](#), 18 January 1997, p.1

was no reaction from the Russian government, which made no attempt to settle the debt question.⁵²

Several members of the Russian foreign policy community interviewed by the author suggested indifference on the part of the Yeltsin administration as the main explanation for the state of affairs described above. Still, two Russian television channels (ORT and NTV) and several radio stations continued to be received at least in certain parts of Ukraine.⁵³ Following the inter-governmental agreement "On cooperation in television and radio broadcasting", which was signed during Ukrainian Foreign Minister Zlenko's visit to Moscow in October 2000, ORT, NTV and RTR are reportedly being broadcast more or less throughout Ukraine.⁵⁴ Besides, the main Ukrainian television networks are partially owned by media tycoons controlling their Russian counterparts.⁵⁵ These Ukrainian television channels have been overall loyal to Kuchma and could by no means be said to voice the line of the Russian leadership. On the particular issue of the Russia-Belarus Union, however, their coverage has been probably more extensive and positive than the Kuchma administration may have preferred it to be.⁵⁶ The rather modest amount of 100 million roubles, most of which is likely to be spent on Russophone mass media, was allocated from the Russian federal budget of 2001 for the support of 'compatriots' in the Baltics and the CIS.⁵⁷ As Aman Tuleyev (governor of Kemerovo oblast'; former CIS Affairs Minister) remarked in this connection, over the years, lack of resources and political will have prevented Russia from behaving as a great power in rendering substantial assistance to its diaspora in the former Soviet Union. In his

⁵² Lieven, Ukraine and Russia, pp. 73-74

⁵³ ORT and NTV have been received in Kiev at all times. At the beginning of 1997, Ukrainian channels UT-2 and "Inter" replaced the Russian ORT and RTR in transmitters covering the 86% Russophone Crimea. Segodnya, 16 January 1997, p. 2

⁵⁴ Nezavisimaya Gazeta, 30 May 2001, p. 5. This is also in line with Ukraine's accession to the "Convention on Transfrontier Television" of the Council of Europe as of July 1996.

⁵⁵ Boris Berezovsky is reported to be one of the main shareholders of UT-1 ("Era"), UT-2 ("1+1"), UT-3 ("Inter"), and satellite channels STB, REN TV, and TV6; Vladimir Gusinsky is a shareholder of "Novy kanal" along with Mikhail Fridman, who is also one of the owners of UT-4 ("ISTV").

⁵⁶ For example, on 27 October 1999, UT-2, not only showed substantial extracts of President Lukashenko's speech to the Russian Duma as part of the main evening news broadcast, but complemented them with a viewers' phone-in poll on the question of Ukraine's accession to the Union.

⁵⁷ Izvestiya, 24 October 2000, p. 1

view, the strengthening of this diaspora had “huge potential to expand our (Russia’s) influence in these countries”.⁵⁸ President Putin has admitted that “we [Russia] are clearly doing too little in terms of protecting our diaspora, culture and language”.⁵⁹

Economic levers

According to Etzioni’s theory, leadership of an integration process involves policies of rewarding its supporters and penalising those who resist it.⁶⁰ More generally, as Realist accounts of foreign aid stress, it is common practice in international politics for states aspiring to regional or global leadership to offer weaker states various forms of economic assistance in exchange for their political loyalty or participation in a military alliance.⁶¹ The effective design and implementation of such strategies requires a clear hierarchy of decision-making authority among relevant governmental structures and smooth co-ordination of their respective tasks. In many cases, outcomes depend on the cooperation of non-governmental actors such as major commercial enterprises operating in the target countries. Their responsiveness to government priorities is especially important to the successful manipulation of economic interdependence, when states – or constituencies within them - resisting integration may be threatened with adverse changes to existing patterns of economic interaction.

Subsidising Belarus

Belarus began receiving side-payments for its loyalty at the time when the official launch of the bilateral integration process was in the pipeline. Two months prior to the conclusion of the treaty ‘On the Formation of the Community of Belarus and Russia’ (April 1996), Russia wrote off debt of around \$1.5 billion. In return, Belarus accepted the ‘zero option’: it renounced claims to So-

⁵⁸ Interview in Nezavisimaya Gazeta, 3 November 2000, p. 8

⁵⁹ Putin’s address to top Foreign Ministry officials as reported by Interfax, Diplomatic Panorama, 26 January 2001

⁶⁰ Etzioni, Political Unification, p. 325

⁶¹ For a classic Realist account, see Hans Morgenthau, “A Political Theory of Foreign Aid”, American Political Science Review, vol. 56, 1962, pp. 301-309

viet assets and compensation for environmental damage caused by Russian forces deployed on its territory. Compensation for the nuclear warheads transferred to Russia would be paid in Russian state bonds. State securities were to cover the Belarusian debt owed to Gazprom, which had been accumulated between 1993 and 1996.⁶² Subsequently, the Belarusian economy has benefited from various forms of subsidisation from Russia, which do not appear in the texts of the integration treaties, but which constitute essential elements of the political arrangements underpinning the allied relationship. During the first CIS economic forum, which took place in St Petersburg in June 1997, Russia and Belarus concluded an agreement on the provision of 500 million roubles in credits from the Russian state budget to Belarusian enterprises to be spent on imports from the Russian Federation.⁶³ In October 1998, a further 400 million roubles were granted (to be repaid between 2000 and 2006 with a provision for non-monetary payments) for the purchase of Russian machinery.⁶⁴

Energy subsidies

According to a Russian foreign ministry official, following the establishment of the Russia-Belarus Community, the prices charged to Belarus for the import of Russian fuel were gradually reduced by approximately 40%. In 1997, Belarus imported Russian gas at around \$49 per 1000 cubic metres, at a time when the price for Ukraine was \$78. In 1999, the price charged to Belarus was down to \$30. The Belarusian side expects this price to drop to \$12 or \$15 after the conclusion of the 'Treaty on the Formation of a Union State' (December 1999) in line with prices charged to consumers in Russian regions bordering Belarus. Although Gazprom has reduced the price charged to Belarus to \$26 (as of January 2000), it is uncertain that an equalisation of prices for consumers in the two countries would meet the hopes of the Belarusian leadership, given that

⁶² Belarusian arrears for fuel deliveries during 1992 were included in the cancelled debt. The agreement 'On the Resolution of Financial Claims' was signed in February 1996, Byulleten' Mezhdunarodnykh Dogovorov, October 1996, pp. 48-49

⁶³ See Irina Selivanova, "Ekonomicheskaya integratsiya Rossii i Belorussii", in D.E. Furman (ed.), Belorussiya i Rossiya: obshchestva i gosudarstva, Second edition, Moscow: "Prava Cheloveka", 1998, p. 323

⁶⁴ Byulleten' Mezhdunarodnykh Dogovorov, March 1999, pp. 84-85

Gazprom and the Russian government plan to gradually liberalise prices in the domestic market over a period of four or five years.⁶⁵

Despite the discount prices, Belarus has often lacked sufficient hard currency to pay for fuel imports. Until mid-1998, its energy debt had reached levels unacceptable to Russian exporters on a few occasions, with supplies being temporarily reduced as a consequence.⁶⁶ In several instances, barter agreements between the Belarusian state authorities and Russian fuel-exporting companies have been worked out with the intervention of the Russian government and the Union bureaucracy. In the autumn of 1998, for example, such a deal allowed for the payment of \$200 million of Belarus's debt to Gazprom by the provision of foodstuffs for the Russian armed forces, which Russia could not afford to import from elsewhere due to the dramatic devaluation of the rouble.⁶⁷ During 1997, barter constituted more than 80% (up to 92.5%, according to some sources) of Belarus's payments to Gazprom. In 1998, payments were made 26% in cash and 74% by the provision of goods and services.⁶⁸ In 1999, the percentage of monetary payments dropped to 8%, leading Gazprom to request cash payment for Belarus's outstanding balance of \$160 million.⁶⁹ During the winter season of 2000-2001, Belarus bought Russian gas from 'Itera' (an alleged Gazprom subsidiary) without any reduction in supplies.⁷⁰ Itera, whose chairman has announced plans for substantial investments (\$ around 200 million) in Belarusian infrastructure, is reported to have proposed to the country's leadership a package agreement involving guaranteed gas supplies for 15-20 years.⁷¹

⁶⁵ Nezavisimaya Gazeta, 28 January 2000, p. 4

⁶⁶ In the first quarter of 1998, Belarus's debt to Gazprom stood at \$470 million. Gazprom reduced gas deliveries to Belarus by 50% for three days in December 1996, by 30% in April and 40% in June 1998, when debt exceeded \$230 million and Belarus failed to make monthly payments of \$25 million, as had been agreed. Izvestiya, 17 June 1998, p. 1

⁶⁷ Belarus borrowed the money from a commercial bank. As soon as Gazprom received the funds, it transferred them to the Russian state towards payment of its tax arrears, which stood at around \$1 billion at the time. In turn, the government used the money to purchase food from Belarus. Izvestiya, 17 October 1998, p. 1.

⁶⁸ Selivanova, "Ekonomicheskaya integratsiya Rossii i Belorussii", p. 324

⁶⁹ Interfax-ANI, 10 April 2000, via www.rusoil.ru/news/index.htm?date=2000-04-11

⁷⁰ Belarusskaya Delovaya Gazeta, 3 May 2001, p. 1

⁷¹ Nezavisimaya Gazeta, 23 May 2001, p. 5

Such arrangements clearly demonstrate the amenability of Russia's energy companies to political pressures. In many respects, Russian energy companies - especially those like Gazprom, where the state is the major shareholder - continue to function more like Soviet-era ministries than like commercial organisations oriented towards the maximisation of profits - at least as far as it concerns their operations in the domestic market. The directors of these enterprises are highly susceptible to government control through a variety of mechanisms. These include state regulation of prices, which has continued to apply to the gas sector after the liberalisation of the oil market, the manipulation of export duties and corporate taxation, pressure for payment of tax arrears,⁷² and - in the case of partly state-owned companies - interference in the appointments of top executives. Gas prices in the domestic market and - to a lesser extent - those of the CIS have been necessarily maintained well below world-market levels, so that consumers are able to pay - albeit irregularly - for their bills.⁷³ In return, the Russian government has regularly acted on behalf of fuel exporters, usually in negotiations for favourable transit fees charged by foreign countries, for the payment of foreign parties' arrears and for the acquisition of equity in major enterprises abroad.

Apart from low prices for gas, Belarus also receives oil from Russia on preferential terms. Until 1996, intergovernmental agreements fixed quantities of guaranteed deliveries of a range of staple products including oil and gas and specified commodities to be supplied in Belarus as payment.⁷⁴ In line with the liberalisation of Russia's domestic oil market, a 1996 agreement stated that Russian oil exporters would be free to negotiate prices with Belarusian import companies based on prices prevailing in the domestic market.⁷⁵ In 1997, Bela-

⁷² Gazprom contributes approximately 30% of state budget revenues, while its tax arrears have typically exceeded \$1 billion.

⁷³ The average price charged for gas exports to CIS countries was \$28 lower (per thousand cubic metres) than that paid by countries outside the CIS in 1995, \$13 lower in 1996 and \$18 lower in 1997. Russian oil prices for CIS countries were - on average - \$34 lower in 1995, \$41 lower in 1996, and \$16 lower in 1997, but in 1998 exceeded prices charged to other countries by an average of \$3. The value of Russian gas exports to the CIS has, however, exceeded that of oil exports by up to 70%. Rossiisky Statistichesky Ezhegodnik, Moscow: Goskomstat, 1999, pp. 557-558, 573

⁷⁴ See for example, the agreement "On the main principles of trade and economic cooperation for the year 1995", Byulleten' Mezhdunarodnykh Dogovorov, June 1995, pp. 58-63

⁷⁵ The same agreement "On pricing policy" provided that gas prices would continue to be fixed

rus paid \$94 per tonne of Russian crude oil, compared to a world market average of \$119.⁷⁶ As consumers within the Russian Federation began paying prices close to the world market average, so did Belarus.⁷⁷ Oil imports are handled by a large number of companies licensed by the Belarusian authorities, some of which have obtained exceptionally favourable deals. In autumn 1999, for example, the major state-owned Belarusian oil company imported Russian oil at \$129 per ton – more than \$60 below the world market price.⁷⁸ The main exporters of Russian oil to Belarus have been 'Surgunefgaz', 'Lukoil', 'Yukos'/'Tomskneft', 'Rosneft', 'Sibneft', 'Bashneft', 'Tatneft' and 'Slavneft'. The latter is itself – to some degree – a product of the bilateral integration process with a special function to assist the integration of the two countries' economies.⁷⁹ 'Slavneft' as well as some others from the above companies have concluded – on the basis of intergovernmental agreements – contracts with the Belarusian authorities guaranteeing regular supplies to Belarusian oil-processing plants, which have been able to function at almost full capacity as a result.⁸⁰ According to these agreements, most finished production is returned to Russia or exported further abroad.⁸¹

It may appear curious, but Russia's energy companies appear to deem the agreements reached with Belarus profitable.⁸² They see them as integral part of a broader understanding that ensures the stable and trouble-free export of their

annually by intergovernmental agreement. Byulleten' Mezhdunarodnykh Dogovorov, June 1996, pp. 58-60

⁷⁶ Rossiisky Statistichesky Ezhegodnik, Moscow: Goskomstat, 1999, p. 557

⁷⁷ In 1998, the price normally charged to Belarusian importers of Russian oil rose to \$105 per tonne, close to the world market average.

⁷⁸ Interview of S. Mishin, Vice-President of 'Belneftekhim' to Interfax-ANI, 7 December 1999, via www.rusoil.ru/news/index.htm?date=1999-12-08

⁷⁹ See statement by Vladimir Putin (PM at the time), Interfax-ANI, 22 October 1999, via www.rusoil.ru. 'Slavneft' is a Russo-Belarusian enterprise whose structure will be discussed in Chapter Three.

⁸⁰ For example, the agreement guaranteeing 8 tonnes of Russian oil annually to the Mozyr oil-processing plant (allowing it to operate at full capacity) provided that 60% of its production would be returned to Russia. Byulleten' Mezhdunarodnykh Dogovorov, April 1995, pp. 20-21

⁸¹ Aleksandr Gordeichik, "Ekonomicheskoe sotrudnichestvo mezhdru Rossiei i Belarus'yu", in Russian Academy of Sciences, Institute of Economic and Political Studies, Rossiisko-Beloruskiye Otnosheniya: Problemy i Perspektivy, Proceedings of the round table held on 2-3 February 1998, Moscow: 'Epikon', 1998, pp. 48-49

⁸² Author's interview with Gazprom executive, Moscow, 10 December 1999.

products to the hard-currency markets of Central and Western Europe. The low fees charged by Belarus for the transit of Russian gas combined with the fact that no incidents of theft from the pipelines or storage facilities have ever been reported make Belarus the most reliable and cost-effective export route for Gazprom. This has encouraged the Russian monopoly to invest in the construction of the Yamal-to-Europe pipeline crossing Belarusian territory. Belarusian transit fees have been half of those demanded by Ukraine (\$0.55 as opposed to \$1.09 for 1000 cubic metres of gas per 100 km) and have been offset against the amounts Belarus owes to Gazprom.⁸³ Since the favourable payment arrangements were introduced in late 1998, Belarus's gas debt has been maintained within relatively modest boundaries – between \$160 and \$250 million.⁸⁴ Compared to the irregular payments and mounting debts of other post-Soviet states and many Russian regions, Belarus appears like a reasonably solvent customer. Gazprom has been promised a major share in 'Beltransgaz', the state-owned company controlling fuel pipelines and related facilities on the territory of Belarus,⁸⁵ but the Belarusian government has not been reluctant to proceed with the privatisation of such enterprises. The 'Programme of Actions' attached to the Union-state treaty of December 1999 provides for the transfer of the Belarusian gas pipeline network to Gazprom by the end of 2000.⁸⁶

Economic relations with Belarus in Russian politics

Objections to Russia's subsidisation of the Belarusian economy expressed by liberals in the Russian opposition, the media and the government itself have caused complications for the integration process. The supply of energy at discounted prices and other credits have been far less of an issue than apprehensions that economic unification with Belarus's retention of mechanisms for in-

⁸³ This level of transit fees was applicable in autumn 1999. Arkady Moshes, "Russian-Ukrainian Relations after Ukraine's Elections", Harvard Programme on New Approaches to Russian Security Memo Studies, Memo no. 82, October 1999, p. 1; electronic version at www.fas.harvard.edu/~ponars/POLICY%20MEMOS/Moshes82.html

⁸⁴ A. Moshes, "Russian Policy towards Ukraine, Belarus, and the Baltic States in the Putin Era", Memo no. 123, April 2000, p. 3; electronic version at www.fas.harvard.edu/~ponars/POLICY%20MEMOS/Moshes123.html

⁸⁵ Izvestiya, 23 April 1998, p. 1

⁸⁶ Byulleten' Mezhdunarodnykh Dogovorov, March 2000, p. 79

dependent economic policy-making would destabilise the Russian economy.⁸⁷ These arguments were strengthened by the experience of the largely dysfunctional customs union, as a result of which the Russian budget was estimated to have been deprived of very substantial amounts of revenue.⁸⁸ Discord over the cost of the integration process reached a peak during preparations for the 'Treaty on the Union of Russia and Belarus'. While the treaty was signed as scheduled on 2nd April 1997 to coincide with the anniversary since the conclusion of the 'Treaty on the Formation of a Community', the final text omitted many of the provisions on economic integration contained in the draft that had been approved by the Duma. The controversial clauses were removed as a result of a last-minute intervention by a group of market-minded members of the Russian government and the Presidential administration (Chubais, Nemtsov, Boiko, Kokh, Yumashev) who were concerned about the potential costs to the country's economy.⁸⁹ Two of the principal Russian participants in the drafting of the original document, Deputy PM Valery Serov and Presidential aide Dmitry Ryurikov, were promptly relieved of their duties, laying bare the deep divisions of opinion and the lack of co-ordination in policy-making within the Russian executive.

As a compromise with the Belarusian side and the irate Duma leadership,⁹⁰ it was agreed that the provisions in question would be renegotiated and incorporated in the Charter of the Union, which was to be legally attached to the treaty. While the Charter was being discussed, Minister without portfolio at the time Yevgeny Yasin expressed support for the idea of unification, but estimated that it would bring no benefit to the Russia's economy so long as Belarus did not adopt reforms to approximate Russian economic conditions.⁹¹ He contended that the mere addition of Belarusian production facilities to those of Russia and the restoration of Soviet-era transactions would hardly be advantageous in a market environment and dismissed President Lukashenko's suggestion that Russia emulate Belarusian economic and social policies as devoid of support in

⁸⁷ For example, see the article by Otto Latsis in Izvestiya, 29 March 1997, p. 2

⁸⁸ Estimates of Russia's losses of income in custom duties vary from 5.5 trillion roubles between April 1997 and December 1996 to around \$1 billion for 1996 alone. See Nezavisimaya Gazeta, 16 December 1996, p. 3; Selivanova, "Ekonomicheskaya integratsiya", p. 325

⁸⁹ Kommersant'-Daily, 1 April 1997, p. 1

⁹⁰ See Seleznyov's statement in protest, Kommersant'-Daily, 2 April 1997, p. 2

⁹¹ See Yasin's article in Kommersant'-Daily, 24 April 1997, p. 5

the Russian government. The Charter of the Union, which was signed on 23rd May 1997, contained relatively minor changes to the earlier drafts. The most note-worthy changes were the following: a new article (Art. 13) committing the Union to the protection of civic and economic liberties; the substitution of references to “uniform standards of social security” by “uniform approaches” in the calculation of benefits (Art. 10) and of those to a joint economic policy by “co-ordination of decisions” (Art. 16); an added emphasis on standardisation of economic legislation and monetary-financial systems (Art. 16); omission of provisions for Union citizenship and passports (Article 17 of the draft); and some weakening of supranational authorities’ competences (Art. 16, 20).

Though the total cost of subsidising the essentially unreformed Belarusian economy has been calculated to exceed \$2 billion annually, such figures are by no means widely accepted, not least because they - arguably – overlook Russian savings resulting from the special relationship with Belarus. In the words of a Yabloko Duma member,

“The Union with Belarus saves Russia money. If Belarus were to distance itself from Russia like Ukraine has, Russia would have to build new military installations on its territory to replace those now used by the Russian armed forces in Belarus, and this would cost a lot. Also, we save from not having to demarcate the border and set up checkpoints.”⁹²

While the economic benefits of integration with Belarus are contested, cost in itself does not deter either liberals or pro-government circles from supporting the overall process. As an adviser to the Russian government said:

“There are many regions of the Russian Federation that absorb more resources than what they contribute to the federal budget. Sakhalin is an example. Does this mean we should give it to Japan?”⁹³

Compared to the Union treaty of 1997, the ‘Treaty on the Formation of a Union State’ of December 1999 provoked little contention over economic matters.

⁹² Author’s interview, Moscow, 8 December 1999. Even though the party supported the Union with Belarus, it continued to argue for its own, ostensibly more realistic and mutually advantageous programme of economic integration. Yabloko fraction declaration of 17 October 1999, available on www.yabloko.ru/Themes/Belarus/belarus-37.htm

⁹³ Author’s interview, Moscow, 30 November 1999.

Part of the explanation lies in the fact that the Union treaty had placed no substantial new burdens on the Russian economy. Appreciation of the strategic advantages derived from the Union (e.g. military bases and stable transport routes) appeared to have widened – more or less proportionally to the re-evaluation of Western intentions in the wake of the massive withdrawal of investments, which accompanied the August 1998 financial crisis, and the events in Yugoslavia. Once the significance of Belarus's loyalty has been taken into account, the price seems relatively small and worth paying even in the eyes of those who regard Russia's financial and macroeconomic stability as the utmost priority.⁹⁴

When liberal politicians raise cost as an issue, it is meant as a criticism of the Russian leadership for not assuming a tougher line towards Lukashenko. Whereas reducing current levels of support for the Belarusian economy would seriously endanger the cordiality of bilateral relations,⁹⁵ Russian negotiators have been insisting that economic reforms in Belarus come before movement towards monetary union. So far, they have had rather limited success in convincing the Belarusian leadership to proceed with privatisation, reduce state regulation of the economy and create a favourable operating environment for private business. In this respect, Russia's position has been – at times – lacking in consistency and credibility – not least because the direction of Russian economic policy appeared uncertain due to the frequent government reshuffles during the last two years of Yeltsin's second term and Putin's initially vague economic programme. At the same time, Russian reformists seem reassured by their success in averting economic unification on the German model. This would have allowed monetary union to precede the liberalisation and stabilisation of the Belarusian economy, thereby potentially jeopardising Russia's own achievements in these fields. The August 1998 crisis cast doubt on the success of Russian economic policy and seems to have led to a more

⁹⁴ The author's conscious search for market-minded Russian politicians warning against integration with Belarus on the grounds of economic cost (a position widely expressed in 1997) proved fruitless in 1999. Tellingly, the Gaidar Institute had ceased to conduct research on the Union's costs.

⁹⁵ Dissatisfied with the pace of economic integration, President Lukashenko had warned that Belarus intended to redress the imbalance in its Russia-focus foreign policy by developing closer ties to the West and, possibly, negotiating relations with NATO independently. These statements, however, failed to raise concern among Russian policy-makers. *Kommersant-Daily*, 6 March 1997, p. 3 and 25 September 1998, p. 2

tolerant view of the Belarusian economic system. A survey by the Public Opinion Foundation (FOM) conducted in 1997 and repeated in 1999 suggested that the Russian public, originally not too enthusiastic about economic aspects of integration with Belarus, became less wary of their consequences during that period.⁹⁶ By 2000, economic support to Belarus was no longer a salient issue in Russian politics. Russia's approval of a credit of over \$200 in support of the Belarusian currency stabilisation in preparation for monetary union provoked hardly any controversy.⁹⁷

Finally, many politicians from the liberal wing and the centre of the Russian political spectrum as well as some government officials have been critical of Lukashenko's heavy-handedness towards the opposition and the media.⁹⁸ 'Yabloko' in particular has argued for progress in economic integration to be made conditional on the liberalisation of Belarusian domestic politics.⁹⁹ At the same time, its leaders have admitted that Russia is not in a strong position to "give Belarus lessons in democracy" considering that more authoritarian regimes than that of President Lukashenko have existed within the Russian Federation itself (e.g. in Tatarstan and Kalmykia) without any pressure from federal authorities.¹⁰⁰ Whereas the Russian government has attempted to facilitate negotiations between the Belarusian President and the underground opposition,¹⁰¹ progress in integration negotiations has not been linked to the

⁹⁶ The survey was first conducted in April 1997 and repeated in January 1999, using a sample of 1500 from 56 localities. It showed a 13-percentage-point decrease (from 40% to 26%) in the share of the Russian public perceiving standards of living in Belarus as lagging behind those in Russia - compared to a survey conducted in April 1997. In the same period, those optimistic that unification would lead to higher standards of living in both countries rose from 54% to 62%.

⁹⁷ Nezavisimaya Gazeta, 1 December 2000, p. 1

⁹⁸ Boris Nemtsov in a debate on NTV's "Glas naroda" stated that he supported the Union with Belarus - only without President Lukashenko, who - in the view of most Russian liberals - as of 20 July 1999 does not hold office legitimately. Nezavisimaya Gazeta, 4 December 1999, p. 5

⁹⁹ Deputy Chairman of Yabloko's Duma faction, Sergei Ivanenko, justified the party's refusal to vote in favour of the Union treaty on the grounds of Lukashenko's establishment of an 'illegitimate parliament', which did not allow for democratic scrutiny of the integration process in Belarus. Kommersant'-Daily, 6 June 1997, p. 2

¹⁰⁰ Author's interview with 'Yabloko' parliamentarian, Moscow, 8 December 1999

¹⁰¹ In November 1996, PM Chernomyrdin and Chairmen of the two houses of the Russian Parliament Stroyev and Seleznyov visited Minsk to mediate a compromise between the Belarusian Parliament and President Lukashenko. The impasse resulted from the latter's move to oust the

improvement of the political situation in Belarus.¹⁰² In October 2000, even Duma deputies from 'Yabloko' and the 'Union of Rightist Forces', who served as observers in the parliamentary election held in Belarus, spoke of "concrete advancements towards the creation of a democratic society" and signed the Duma statement recognising the elections as "conforming with international standards".¹⁰³ This would suggest a substantial decline in the salience of the Belarusian domestic political situation as an objection to further integration on the part of Russia's mainstream political forces.

Blackmailing Ukraine?

The financial implications of the Black Sea Fleet agreements

Allegations of Russia employing 'economic blackmail' by linking issues such as continued energy supplies to Ukrainian political concessions – particularly with respect to the question of basing rights for Russian armed forces in Crimea and Ukraine's attitude to NATO membership – have been quite common both in the academic literature and in statements by members of the Ukrainian elite.¹⁰⁴ Most members of the Russian foreign policy community, however, seem to share a negative assessment of achievements in relations with Ukraine. They identified Russia's lack of stable negotiating positions and inadequate use of its economic trumps (debt, energy supplies, customs duties)

opposition from Parliament on the grounds of that month's referendum on increasing Presidential powers. Nezavisimaya Gazeta, 23 November 1996, p. 1

¹⁰² The only case when the Belarusian regime's behaviour towards the media came close to interfering with the integration process was during the scandal caused by the Belarusian authorities' arrest of Russian journalist Pavel Sheremet in July 1997. Kommersant'-Daily, 22 August 1997, p. 3

¹⁰³ Statements by 'Yabloko' deputy Vyacheslav Igrunov in Belorusskaya Delovaya Gazeta, 16 October 2000, p. 1, and G. Mirzoyev (Union of Rightist Forces) in Rossiiskaya Gazeta, 24 October 2000, p. 1

¹⁰⁴ See Paul D' Anieri, "Dilemmas of Interdependence: Autonomy, Prosperity, and Sovereignty in Ukraine's Russia Policy", Problems of Post-Communism, January/February 1997, pp. 18-19; John Edwin Mroz and Oleksandr Pavliuk, "Ukraine: Europe's Linchpin", Foreign Affairs, May/June 1996, p. 58. Such assessments were also given by three Ukrainian interviewees from non-governmental research institutes and organisations, Kiev, October-November 1999.

as the main failures.¹⁰⁵ In 1996, CIS Affairs Minister Aman Tuleyev had complained that his ministry did not have sufficient control over economic levers (credits, debt rescheduling, customs legislation, investment decisions) to achieve its ends.¹⁰⁶ Trade and customs policy was decided separately from negotiations on the division and basing rights of the Black Sea Fleet (BSF).¹⁰⁷

Responsibility for negotiations on the division of the BSF and on the use of related military installations was effectively taken away from the Foreign Ministry (the CIS Affairs Ministry had never been involved in them), when First Deputy Prime Minister Oleg Soskovets replaced Deputy Foreign Minister Yury Dubinin as the head of Russian delegations visiting Ukraine as of 1995. According to a Russian foreign policy expert, the changes in the Russian delegation's membership, which came to include individuals with very little diplomatic experience, and the lack of clear instructions and forward planning from the Presidential administration led to no less than six consecutive revisions of Russia's negotiating position between 1993 and 1997. This was thought to have significantly eroded Russia's potential to employ economic instruments to back up its demands.¹⁰⁸ Initially, proposals put forward by Russia during 1993-1994 had involved 'buying-off' the share of the Fleet that Ukraine claimed as its own (Ukraine's original position was that the BSF should be divided in half) by writing-off a part of Ukraine's debt. In March 1995, agreement was reached on \$1.4 billion of Ukraine's debt to Russia to be repaid by 2008 with payments starting in 1998.¹⁰⁹ Thus, the debt question was largely disentangled from the BSF negotiations, though Russia's flexibility on this issue certainly contributed to Ukraine's acceptance of compensation for bringing its share of the Fleet down to 18.3% from 50%. With the division of the Fleet, Ukraine's compensation amounted to \$526.5 million, which were deducted from its debt to Russia, an arrangement criticised by some Ukrainian experts as ~~exceptionally generous to the Russian side.~~¹¹⁰ The two sides agreed on the

¹⁰⁵ Author's interviews with advisers to the Russian government, Moscow, June and November-December 1999.

¹⁰⁶ Nezavisimaya Gazeta, 19 December 1996, p. 3

¹⁰⁷ Author's interview at the Russian Institute for Strategic Studies, Moscow, 30 November 1999

¹⁰⁸ Author's interview, Moscow, 21 June 1999

¹⁰⁹ Nezavisimaya Gazeta, 23 March 1995, p. 1; Agreement "On the Restructuring of Ukraine's Debt in State Credits provided by the Russian Federation", in Ministry of Foreign Affairs of the Russian Federation, Moscow State Institute of International Relations, Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg.: Sbornik Dokumentov, Moscow, 1998, pp. 308-310

to the Russian side.¹¹⁰ The two sides agreed on the amount of \$3,074 billion as Ukraine's debt to Russia at the time of the agreement (May 1997).¹¹¹ During 1995-1996, PM Chernomyrdin had reportedly threatened with reductions in gas supplies in case of a stalemate in negotiations regarding basing rights for the Russian BSF.¹¹² Given that gas cuts have been common even for Belarus, whenever payments arrears accumulated, the Russian negotiators would have been merely highlighting their resolve to produce an agreement by threatening with an effectively predetermined outcome. As will be argued subsequently, in view of Ukraine's failure to pay on time, it would have been difficult for the Russian government to avert the cuts, even if it had so wished.

Both before and after the rescheduling of Ukraine's debt, numerous disputes arose regarding, not so much the value of the vessels themselves, as responsibility for the cost of the Fleet's upkeep. Russian negotiators contended that Ukraine's claim to 50% of BSF assets, which was upheld until 1995, was undermined by its failure to cover an equal proportion of the Fleet's expenses.¹¹³ In turn, the Ukrainian side demanded that Russia pay the BSF's taxes, which were estimated at \$133 million a year.¹¹⁴ As no compromise was reached, in January 1996 Russia withheld payments towards BSF costs until the conclusion of the BSF Accords in May of the following year. This placed Ukraine's limited resources under enormous strain and the Fleet faced cuts in electricity supplies due to arrears in utility bills.¹¹⁵ Even after the division of the BSF, many Russian analysts consider its presence on Ukraine's territory as one of

¹¹⁰ The Ukrainian side agreed to this arrangement by the Sochi accord of 9 June 1995. Diplo-maticheskyy Vestnik, July 1995, p. 49. For a critical Ukrainian perspective, see Grigory Perepelitsa, "Osnovnye voennye tendentsii v Chernomorskom regione: ukrainskaya perspektiva", in I. Kobrinskaya and S. Garnett (eds.), Ukraina: problemy bezopasnosti, Moscow: Moscow Carnegie Centre, 1996, p. 37

¹¹¹ Byulleten' Mezhdunarodnykh Dogovorov, October 1999, p. 81

¹¹² Sherr, "Russia-Ukraine *Rapprochement?*", p. 43; author's interviews, Kiev, October-November 1999

¹¹³ According to Colonel Aleksandr Zhukov, Head of the BSF's Finance Department, Ukraine contributed 6.7% of the Fleet's income in 1993, while payments practically ceased as of 1994. Krasnaya Zvezda, 18 May 1995, p. 1

¹¹⁴ This figure was given by A. Senchenko (Deputy PM of Crimea) cited in Segodnya, 26 July 1995, p. 1

¹¹⁵ According to Ukraine's PM (at the time) Lazarenko, the BSF's debt to Ukrainian utilities stood at around \$170 million in August 1996. Segodnya, 28 August 1996, p. 1

the most important sources of Russia's dependence on the goodwill of the Ukrainian authorities.

Debt negotiations since the BSF accords

In 1994, a Russian proposal similar to the one concerning Ukraine's share of the BSF had been advanced with regard to military aircraft. It had been suggested that Ukraine could sell most of the 19 TU-160 and the 23 TU-95MS strategic bombers, which had remained on its territory after the break-up of the Soviet Union, for 200 billion roubles. The plan fell through at the time because Ukraine demanded at least 700 billion. Under START 1 treaty obligations, Ukraine would have to destroy the bombers, which were designed to carry cruise missiles. In November 1999, 11 of the aircraft began to be transferred to Russia in exchange for a \$275 million reduction in Ukraine's gas debt.¹¹⁶ Barter arrangements like those devised to assist Belarus in paying for fuel imports from Russia have also been used in the case of Ukraine, which has similarly found itself unable to settle its bills in full by monetary payments. Until 1997, part of Russian fuel supplies to Ukraine was included in the annual barter agreements concluded by the two countries' governments.¹¹⁷

In early 1998, agreement was reached regarding the payment of \$1 billion for gas arrears by means of machinery and foodstuffs, which, however, failed to be delivered in full due to a poor harvest in Ukraine.¹¹⁸ Other arrangements for bringing down debt levels have included compensation for the nuclear weapons transferred to Russia as a result of Ukraine's accession to the Nuclear Non-Proliferation Treaty as a non-nuclear power and various barter schemes.¹¹⁹ Thanks to these arrangements, Ukraine received nuclear fuel from Russia without making any monetary payments or incurring debt until 1998.¹²⁰ Accord-

¹¹⁶ Reuters via [Russia Today](http://RussiaToday), 21 February 2000, electronic version at www.russiatoday.com/news.php3?id=136575

¹¹⁷ Agreements 'On Trade-Economic Cooperation' for 1994, 1995 and 1996 in [Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg.](#), pp. 266-272, 279-289, 314-329

¹¹⁸ R. Yevzerov, [Ukraina: s Rossiei vmeste ili vroz'?](#), Moscow: Ves' mir, 2000, [Ukraina: s Rossiei vmeste ili vroz'?](#), Moscow: Ves' mir, 2000, p. 35

¹¹⁹ According to such an arrangement, Ukraine was to build housing for Russian servicemen returning from Central Europe and the Baltic states.

¹²⁰ Ukraine imports all fuel used by its nuclear power plants from Russia. These plants cover approximately 43% of the country's electricity needs.

ing to a Russian nuclear industry executive, the barter arrangements represented a form of subsidy, as the goods supplied by Ukraine could have been obtained at lower prices in Russia.¹²¹ Subsequently, Russian exporters demanded that a minimum of 35% of the exports' value be paid in cash. Ukraine's inability to pay for more than a fifth of the fuel ordered resulted in further supplies being withheld in 1998, but payment and supplies resumed in 1999.

Since the demise of the Soviet Union, Ukraine accumulated \$2.7 billion of debt for fuel deliveries between 1991 and 1993, with an additional \$1.4 billion owed to Gazprom for gas supplies in 1994. Under pressure from the IMF, the arrears for the period 1991-1993, which had been confirmed by the intergovernmental agreements of 25 May and 24 June 1993, were rescheduled for 12 years with a two-year grace period ending in January 1998.¹²² The \$1.4 billion debt to Gazprom was converted into Ukrainian government bonds, which could be used to purchase shares in state enterprises to be privatised.¹²³ Economists Krasnov and Brada have estimated that these agreements represent a very substantial hidden subsidy to Ukraine, not only because fuel exports were priced well below world-market levels until the end of 1995,¹²⁴ but also because the interest charged is significantly lower than rates attached to loans from alternative sources. They have calculated the total of implicit subsidies from Russia for the period 1992-2008 to \$12.6 billion, an amount likely to exceed the level of IMF credits to Ukraine.¹²⁵ Likewise, Ukrainian economist V. Dergachev puts the savings to the state budget derived from this restructuring arrangement at the level of \$500 million annually.¹²⁶

¹²¹ Interview given by Vitaly Konovalov, Chairman of the 'TVEL' nuclear fuel-producing enterprise (part of Russia's Ministry of Atomic Energy) to Nezavisimaya Gazeta, 11 November 1999, p. 6

¹²² I. Doronin, "Platezhno-raschetniye otnosheniya gosudarstv byvshego SSSR", Vneshnyaya Torgovlya, 1995, no. 12, pp. 16-17

¹²³ The relevant agreement between the Ukrainian government and Gazprom appeared in Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg., pp. 354-360

¹²⁴ In 1993, Ukraine paid \$80-90 per tonne of crude oil imported from Russia (around 70% of the average world market price), which rose to \$96.5 in 1995 compared to a world market average of \$100. No payment was made for \$900 million worth of oil supplies received during 1994. Yevzerov, Ukraina: s Rossiei, p. 38

¹²⁵ Gregory Krasnov and Josef Brada, "Implicit Subsidies in Russian-Ukrainian Energy Trade", Europe-Asia Studies, vo. 49, no. 5, 1997, pp. 827-829, 835-837

¹²⁶ V. Dergachev, "Dolgaya doroga inostranykh investitsii v ukrainskuyu ekonomiku", Vneshnyaya Torgovlya, no. 1-3, 1998, p. 46

As of 1996, the Ukrainian state has sought to shake off responsibility for gas imports, which were to be undertaken by commercial enterprises, namely 'United Energy Systems of Ukraine', 'Neftegaz Ukrainy' and 'Itera', allegedly a Gazprom subsidiary. At the same time, world-market prices were introduced by intergovernmental agreements both for gas imports and transit fees, which were set at \$80 per 1000 cubic metres and \$1.75 (for the passage of 1000 cubic metres through 100km of pipeline) respectively.¹²⁷ The \$1.75 fee was applied in 1995, of which only \$0.55 was paid in cash. The rest was covered by gas deliveries, whose price remained below world-market levels, hence enabling Ukraine to incur no gas-related debt for that year. As of 1996, the full amount of the transit fee was to be paid in cash, but this has not happened in practice. Ukraine consumes 70-75 billion cubic metres of gas annually (of which it produces 18 billion), while Russia annually exports over 110 billion cubic metres of gas to Central, Western, and Southern Europe through the 'Soyuz' and 'Druzhba' pipelines crossing Ukraine. Therefore, the arrangements detailed above ought to leave Ukraine a surplus of around \$800 million following payment for its own gas consumption.¹²⁸ Substantially lower export prices and transit fees have since been negotiated with 'Neftegaz Ukrainy', which controls the Ukrainian sections of the fuel pipelines, and with 'United Energy Systems'.¹²⁹ The price of gas obtained in exchange for transit services has been around \$35 (the same as the price paid by Western European consumers minus the transit costs), with higher prices applicable to imports payable in cash or commodities.¹³⁰

Ukraine's arrears for gas supplies incurred since 1996 exceeded \$2 billion by the beginning of 2000, of which \$1.4 billion was recognised by the Ukrainian

¹²⁷ During 1993 and 1994, the transit fee had been \$0.65.

¹²⁸ Krasnov and Brada, "Implicit Subsidies", p. 828

¹²⁹ According to Gazprom's agreement with 'Neftegaz Ukrainy', the export price for 1999-2000 was set at \$50 per 1000 cubic metres with a transit fee of \$1.09 per 100km. Nezavisimaya Gazeta, 19 January 2000, p. 4. In the same period, 'United Energy Systems' purchased 30 billion cubic metres of gas for \$40/1000 cubic metres. Den' (Kiev), 25 January 2000, p. 1

¹³⁰ This price has been calculated based on the supply of 34.7 billion cubic metres of gas in exchange for the transit of 119.9 billion (1999). Petra Opitz and Christian von Hirschhausen, Ukraine as the Gas Bridge to Europe?: Economic and Geopolitical Considerations, Working Paper no. 3, Kiev: Institute for Economic Research and Policy Consulting, August 2000, p. 7

government.¹³¹ The exact amounts of gas debt have been very difficult to determine due to disputes regarding the share of debt to be shouldered by the state as opposed to energy-importing companies. In mid-2001, the level of debt (also recognised by Ukraine) stood at \$1.34 billion, though the government of Anatoly Kinakh refused to take responsibility for what it considered “corporate debt”.¹³² A similar situation had developed with regard to the comparably insignificant debt of \$123.5 million claimed by Russia’s ‘United Energy Systems’ for electricity supplies to Ukrainian companies. The Ukrainian government assumed responsibility for only \$7.45 million.¹³³ In 1999, Russian electricity supplies to Ukraine were halted due to non-payment. They were resumed in 2001 following the conclusion of an agreement on the unification of the two countries’ electricity grids.¹³⁴

Gas supplies as an issue in bilateral relations

Disagreements over the level of gas debt have been additionally complicated by the fact that Gazprom’s estimates have included charges for unauthorised removals of gas destined for export outside Ukraine. The problem of gas theft is as old as those of Ukrainian arrears and consequent reductions in supplies. By the beginning of 1999, the phenomenon had reached such dimensions that Gazprom Chairman Rem Vyakhirev sent a telegram to the Ukrainian PM requesting immediate action on the part of his government.¹³⁵ A year later, Ukraine’s Deputy PM Yuliya Timoshenko accused ‘Neftegaz Ukrainy’ of seizing about 130 million cubic metres of gas daily over and above the amounts provided by the contracts with Gazprom, causing Ukraine’s debt to increase by

¹³¹ The \$1.4 figure was recognised by PM Viktor Yushchenko. Reuters via [Russia Today](#), 23 February 2000, electronic version at www.russiatoday.com/news.php?id=137077. The \$2.8 billion figure put forward by the Russian side has been confirmed by Ukrainian Deputy Prime Minister Yuliya Timoshenko. [Nezavisimaya Gazeta](#), 13 January 2000, p. 5

¹³² [Nezavisimaya Gazeta](#), 10 July 2001, p. 5

¹³³ [Nezavisimaya Gazeta](#), 5 March 1999, p. 5

¹³⁴ [Izvestiya](#), 7 September 2000, p. 6; [Segodnya](#), 13 February 2001, p. 5; Interfax, [Diplomatic Panorama](#), 12 February 2001. The agreement was reached during the meeting of Presidents Putin and Kuchma in Dnepropetrovsk. It provides for the Russian electricity supplies to Ukraine as payment for the transit of Russian electricity exports to Moldova, Romania and Western Europe.

¹³⁵ [Nezavisimaya Gazeta](#), 12 January 1999, p. 1

\$10 million a day.¹³⁶ It is not possible to ascertain the extent to which the Ukrainian authorities might be able to contain fuel theft from the pipelines. Advisers to the Ukrainian government, in their discussions with the author, unreservedly admitted not only full awareness of the chronic and systematic nature of the phenomenon, but equally - at the very least - tolerance on the part of state authorities. As one of them said, "There is nothing Russia can do to stop it".¹³⁷ Cuts in gas deliveries have barely constituted a credible sanction, since Gazprom cannot afford to interrupt supplies to its European customers. The Russian gas monopoly in itself has been unable to recover arrears, as illicit siphoning-off has peaked every time deliveries have been reduced due non-payment. Russia has repeatedly reduced oil deliveries to end the interception of gas intended for export beyond Ukraine's borders.

Arrears have not been an issue in Ukraine's relations with Russian oil exporters, as they have been able to make supplies strictly conditional on timely payment, which (for technical reasons) has not been an option available in the case of gas exports. Therefore, in order to compel the Ukrainian authorities to take measures against non-payment for gas supplies and illicit gas siphoning, in December 1999, the Russian government imposed a ban on oil supplies to Ukraine. By February 2000, the amount of gas siphoned off had been reduced to an estimated 30 million cubic metres a day, leading to the resumption of oil supplies from Russia.¹³⁸ Nevertheless, Gazprom once again reported theft of \$700 million worth of gas from storage facilities connected to Ukraine's gas-exporting pipelines during the first five months of 2000.¹³⁹ For the remainder of that year, the Russian government reported that no illicit takings of gas from the export pipelines had occurred between May and December 2000.¹⁴⁰ This contributed to the conclusion of an agreement reached by the Russian and Ukrainian Presidents in December 2000. Future gas imports would be paid for in cash by 50%, while the remainder would constitute Ukrainian state debt (including for gas taken above the amounts specified in the contracts).¹⁴¹ The debt would

¹³⁶ Golos Ukrainy, 13 January 2000, pp. 1, 3

¹³⁷ Author's interviews, Kiev, 2 and 3 November 1999

¹³⁸ Kommersant'-Daily, 8 February 2000, p. 2

¹³⁹ Nezavisimaya Gazeta, 15 June 2000, p. 5; Rossiiskaya Gazeta/Biznes v Rossii, 25 October 2000, p. 1

¹⁴⁰ Diplomaticheskyy Vestnik, January 2001, p. 48

¹⁴¹ Diplomaticheskyy Vestnik, January 2001, p. 48

be covered with state Eurobond issues maturing in 2012, thus providing low-cost credit for Ukraine. In return, the Russian side is given the option of converting the bonds into equity during the forthcoming phase of Ukrainian privatisation.¹⁴²

As of 2000, Gazprom reduced its exports to the CIS markets to supplies in payment of transit fees and 'Itera' became the principal gas exporter to Ukraine.¹⁴³ Still, the vicious circle of gas arrears, reduced supplies and illicit siphoning was not broken. In the first half of 2001, Ukraine once again faced cuts in gas supplies due to arrears to 'Itera'.¹⁴⁴ The company took legal action against three Ukrainian utilities (one of which, 'Tsentrэнерго', is state-owned), seeking payment of arrears totalling over \$24 million.¹⁴⁵ In reaction to the reduced supplies from Itera, principal importer and supplier of the Ukrainian public sector 'Naftogaz Ukrainy' announced that, in order to be able to supply its customers and store provisions for the winter season, "as of 7 July [2001], the company would be taking 10 million cubic metres of gas daily from the volumes transited by Gazprom to the countries of Europe". The leadership of Neftegaz Ukrainy argued that the reduction in supplies effectively deprived it of choice.¹⁴⁶ Moreover, as the agreements of December 2000 were not retroactive, in May 2001 Gazprom resorted to legal action against the Ukrainian government in order to obtain payment for \$1.1 billion of debt, which the company claims was the value of gas taken during 2000 over-and-above contract provisions.¹⁴⁷ Agreement regarding debt of \$1.4 billion accumulated until June 2000 was reached in special intergovernmental negotiations of autumn 2001, again to be

¹⁴² So far, Gazprom has been offered shares in the Donetsk pipeline plant. Excerpts of the agreements "On Guarantees for the Transit of Russian Natural Gas through the Territory of Ukraine" and "On the Conditions of Reserve Supplies of and Payment for Russian Natural Gas" were published in Zerkalo Nedeli, 3-9 February 2001, p. 1

¹⁴³ For 2000 and 2001, Gazprom's annual supplies to Ukraine amounted to 30 billion cubic metres of gas as payment of transit fees. 'Itera' sells an equal amount of gas to Ukraine, mainly on behalf of Turkmenistan. Izvestiya, 13 November 2000, p. 2; Segodnya, 14 November 2000, p. 2

¹⁴⁴ Izvestiya, 17 January 2001, p. 2

¹⁴⁵ Zerkalo Nedeli, 31 March-7 April 2001, p. 3

¹⁴⁶ Letter sent by 'Neftegaz Ukrainy' to Gazprom and Itera, excerpted in Nezavisimaya Gazeta, 12 July 2001, p. 1. Neftegaz Ukrainy (for legal and/or technical reasons) found itself unable to cut off supplies to non-paying customers, particularly consumers in the state and municipal sectors.

¹⁴⁷ Nezavisimaya Gazeta, 29 May 2001, p. 5

covered with Eurobond issues with a twelve-year maturity period with a low interest rate and a three-year grace (interest-free) period. The agreement may, however, have difficulty being ratified by the Ukrainian parliament, as it contains a clause banning Ukraine from exporting gas, unless the amounts exported were in excess of Russian transit gas.¹⁴⁸

Debt-for-equity arrangements

Until the agreement of December 2000, the Ukraine had quite successfully sought to rebuff debt-for-equity proposals advanced by Russia. The Russian government first put forward the idea of writing off part of Ukraine's energy debt in exchange for shares in major enterprises in late 1993. Gazprom was particularly keen on acquiring majority stakes in the companies controlling gas transportation and storage facilities as well as a number of large metallurgical and chemical plants. Negotiations involving a list of 15 such firms selected by Gazprom began in March 1995. It was also decided that all gas transportation infrastructure would be managed by a trans-national company to be named 'Gaztranzit'. Gazprom's stake in the firm was expected to provide a definitive solution to the interconnected problems of chronic arrears and gas theft.¹⁴⁹ Alternatively, the option of Gazprom receiving shares of 'Neftegaz Ukrainy', which acquired all blocks of shares previously owned by the state in Ukrainian oil and gas enterprises, was also discussed.¹⁵⁰ Such agreements have so far failed to materialise due to the divisiveness of the issue in the Verkhovna Rada, which in November 1995 passed legislation forbidding the sale of 'strategic enterprises'.¹⁵¹ The Gaztranzit plan was revived in autumn 1999 in a more modest version. Gazprom would hold 35% of shares and the new company would control only a new pipeline, whose construction it was to undertake. Russia has also proposed that the fuel pipelines be leased to Gazprom.

¹⁴⁸ The remaining terms of the agreement (including the interest rate fixed at the LIBOR rate+1%) were very similar to that reached in December 2000. Zerkalo Nedeli, 6-12 October 2001, p. 3

¹⁴⁹ According to an intergovernmental agreement reached in spring 1994, Gazprom was to acquire a 51% stake in Ukraine's gas transport infrastructure and 50% in a set of energy plants. Segodnya, 11 March 1994, p. 1

¹⁵⁰ Kommersant'-Daily, 28 February 1998, p. 2

¹⁵¹ Paul J. D'Anieri, Economic Interdependence in Ukrainian-Russian Relations, Albany, NY: State University of New York Press, 1999, p. 82

In spring 2000, the Ukrainian government prepared a list of 39 strategic enterprises, where share packages owned by the state are to be privatised, but not offered as payment for energy debt.¹⁵² In a meeting between Presidents Putin and Kuchma in October 2000, the Ukrainian side recognised all arrears in payments for Russian gas imports as state debt to be covered – among other means of payment – by the transfer of equity to be issued in the next stage of privatisation.¹⁵³ Still, the Ukrainian government estimated those arrears at \$1.4 billion as opposed to \$3 billion claimed by Gazprom.¹⁵⁴ However, a draft law on the sale of a 49% stake in the pipeline system, which the government sent to the Rada for consideration in September 2000, appears unlikely to be passed rapidly, if at all.¹⁵⁵ Russian Deputy PM Viktor Khristenko warned the Ukrainian government that court action with regard to the outstanding debt claimed by Gazprom would continue until the company acquired the stock to be privatised.¹⁵⁶ In June 2001, Ukrainian PM Anatoly Kinakh reiterated that equity transfers in exchange for debt cancellation would not be considered.¹⁵⁷

The scope for Russia's use of economic levers

Barriers to bilateral trade may constitute a potent lever of influence in a relationship of asymmetric interdependence. Russian excise duties on fuel exported outside the Customs Union of the Five (as of 2001, Eurasian Economic Community) do not apply exclusively to Ukraine, but have added to the irritation of many members of the Ukrainian elite at what they see as a politically motivated pricing policy. Gazprom's – albeit temporary - charging higher prices than those paid by Central European countries caused much resentment in Ukraine.¹⁵⁸ Although Gazprom considered this a means of compensating for losses resulting from regular gas theft,¹⁵⁹ some Ukrainian analysts viewed it as retribution for Ukraine's pro-Western foreign policy. They blamed the Russian

¹⁵² Nezavisimaya Gazeta, 10 March 2000, p. 4

¹⁵³ Nezavisimaya Gazeta, 17 October 2000, p. 1

¹⁵⁴ Segodnya, 25 October 2000, p. 2

¹⁵⁵ Izvestiya, 12 September 2000, p. 5

¹⁵⁶ Segodnya, 14 November 2000, p. 2

¹⁵⁷ Zekalo Nedeli, 16-22 June 2001, p. 3

¹⁵⁸ Margarita Mercedes Balmaceda, "Gas, Oil, and the Linkages between Domestic and Foreign Policies: The Case of Ukraine", Europe-Asia Studies, vol. 50, no. 2, 1998, p. 260

¹⁵⁹ Author's interview with Gazprom executive, Moscow, 10 December 1999

side for the failure of bilateral and CIS-wide free trade negotiations, suggesting that Russian officials insisted on conditions they knew to be unacceptable to their negotiating partners (e.g. that VAT be paid in the country of origin of a commodity) as a means of nudging Ukraine and other CIS countries into joining the Customs Union.¹⁶⁰ Russia continues to impose quantitative restrictions and high excise taxes on certain imports from Ukraine (most notably alcoholic beverages and sugar), whose low prices would otherwise undercut domestic producers.¹⁶¹

Many members of the Russian foreign policy community have opposed a free-trade arrangement with Ukraine, less from concern over the influx of cheaper Ukrainian goods, than from a disinclination to further encourage what they perceive as the free-rider attitude of the Ukrainian leadership. An eminent Russian academic expert described Ukraine's relationship to Russia as parasitic.¹⁶² Two other representatives of the Russian elite interviewed by the author likened Ukraine to the popular proverb's 'loose calf that feeds from two cows' - in this case Russia and the West.¹⁶³ In their view, which seems to be shared by many of their peers, the Ukrainian leadership is quite content to receive cheap credits and fuel from Russia (in the form of restructured debt and continuing fuel supplies despite non-payment for previous imports), while pursuing a pro-Western foreign policy rewarded with financial assistance from the IMF, the US government, and the EU. The Russian elite appears to favour ending all sorts of preferential treatment in economic relations with Ukraine, most notably by making further fuel supplies strictly conditional upon full and timely payment.

As has been explained above, this will not be a technically feasible option, until Russia upsets the relationship of interdependence by constructing new pipelines and other fuel-exporting facilities avoiding Ukraine's territory. The Yamal to Europe gas pipeline crossing Belarus forms the first example of such a project. Russia has begun construction of the Baltic Pipeline System for the export of oil from Timan-Pechora and Western Siberia, which is to be com-

¹⁶⁰ Author's interviews, Kiev, 28 October and 2 November 1999

¹⁶¹ The VAT on Ukrainian vodka has been as high as 400% compared to 85% for equivalent products of Russian origin. *Segodnya*, 3 September 1996, p. 2

¹⁶² Author's interview at the Institute of Europe (Russian Academy of Sciences), Moscow, 21 June 1999

¹⁶³ Author's interviews, Moscow, December 1999

pleted by December 2001 and cost an estimated \$460 million.¹⁶⁴ The Sukhodol'naya-Rodionovskaya oil pipeline, leading to the Russian port of Novorossiisk, was also built with the purpose of freeing Russian oil exporters from dependence on the Ukrainian route.¹⁶⁵ A gas pipeline crossing the Black Sea bed ('Blue Stream' project) is currently under construction.¹⁶⁶ 'Gazprom' has also concluded agreements with West European companies for the building of an additional Southern section of the Yamal-Europe pipeline, which is to cross Belarus, Poland and Slovakia. The readiness of Russian fuel exporters to proceed with the aforementioned projects, despite the high financial costs and time required for their completion, illustrates their frustration with the poor climate in relations with Ukraine. The successful materialisation of even some of these projects would place Russia in a stronger position to use energy supplies as a lever of political influence over Ukraine.¹⁶⁷ In spring 2000, the Head of Russia's Security Council Sergei Ivanov warned that CIS countries will have to choose between pursuing foreign policy objectives opposed by Russia, such as admission to NATO, and continuing to benefit from Russia's magnanimous attitude towards oil and gas theft.¹⁶⁸ Even in the long term, however, the relationship of interdependence could not be completely dismantled, not merely because Russia's intention to increase fuel exports will require the use of existing and new Ukrainian pipelines, but also because Ukraine is likely to remain the largest importer of Russian gas.¹⁶⁹ Ukraine would, thus, preserve adequate bargaining power to resist potential Russian pressures in the political and - more arguably

¹⁶⁴ Interfax, Daily CIS News Brief, vol. II, issue 126 (147), 7 July 2000, p. 7

¹⁶⁵ The pipeline is to become fully operational in autumn 2001, as announced by an executive of the Russian oil transportation company 'Transneft', which built the pipeline. Strana.ru (www.strana.ru) news agency, 19 September 2001

¹⁶⁶ Nezavisimaya Gazeta, 26 October 2000, p. 3

¹⁶⁷ The Polish leadership has been refusing to allow a second section of the Yamal-Europe pipeline to cross its territory on the grounds that this would harm Ukraine's interests. However, Poland stands to lose an annual income of \$1 billion in transit fees, if it does not cooperate. It has also come under pressure from the EU (especially France, Germany and Italy, whose gas companies are to co-fund the new pipeline), which has announced the intention to increase gas imports from Russia. Rossiiskaya Gazeta/Biznes v Rossii, 25 October 2000, p. 1

¹⁶⁸ Ivanov quoted in The NIS Observed: An Analytical Review, vol. V, no. 8, 16 May 2000, electronic version available at www.bu.edu/iscip/news.html

¹⁶⁹ In the first quarter of 2000, Russia exported 24.3 billion cubic metres of gas to Ukraine compared to 12.4 billion exported to Germany and 7.467 billion to Italy, the next-largest importers of Russian gas. Interfax CIS Daily News Brief, vol. II, issue 104 (126), 7 June 2000, p. 6

- economic spheres, especially if it succeeds in rationalising its fuel consumption or in partially diversifying its energy sources. Although improving the efficiency of energy consumption will require huge investment, Ukraine has been more successful in diversifying its imports by buying gas from Turkmenistan, the only alternative supplier. An agreement for the delivery of 250 billion cubic metres between 2002 and 2006 at a price of \$42 per 1000 cubic metres (payable 50% in cash and 50% by barter) was concluded in May 2001, following a period of prompt payments by Ukraine.¹⁷⁰ Nevertheless, this diversification does not necessarily guarantee stable energy supplies. In the past, Turkmenistan has proved much more resolute than Russian suppliers in interrupting deliveries to Ukraine in case of arrears. Since Turkmenistan has had the option of selling its gas to Gazprom and, subsequently to Itera, it has repeatedly ceased supplies altogether for several months, until arrears were paid in full.¹⁷¹ Besides, Turkmen gas may reach Ukraine only through Russian pipelines.

Restraint from coercive policy instruments

Realist theory has long considered coercion in the form of military force or credible threats of violence as the fundamental source of state power and *ceteris paribus* the most reliable mechanism for the pursuit of state interests.¹⁷² The high political and military risks involved in a direct inter-state confrontation have often made the instigation of internal conflicts or intervention in existing ones a cost-effective means of pressurising a domestically weak state.¹⁷³ In the first years after the demise of the Soviet Union, some Western observers feared that Russia might employ coercive instruments to establish itself as a regional hegemon. Ukraine, with its heavy concentration of ethnic Russian and Russophone populations in the Eastern and Southern regions, was seen as

¹⁷⁰ Nezavisimaya Gazeta, 17 may 2001, p. 5

¹⁷¹ Izvestiya, 16 October 2000, p. 3

¹⁷² For the classic statement of this position see Hans J. Morgenthau, Politics Among Nations: The Struggle for Power and Peace, Second edition, New York: Alfred A. Knopf, 1956, pp. 110, 528

¹⁷³ Barry Buzan, People, States and Fear: The National Security Problem in International Relations, Brighton: Wheatsheaf, 1983, pp. 66-69, 117-118

particularly vulnerable to potential Russian attempts at undermining its unity.¹⁷⁴ As Belarus, even before Lukashenko's coming to power, has never challenged Russia's declared interests, no scenarios of Russia seeking to destabilise Belarus have been envisaged.

The record of Russo-Ukrainian relations has not confirmed such pessimistic perspectives, as the Russian leadership has refrained from any measures potentially threatening the authority of the Ukrainian state. The demand that Russophone residents of Ukraine be allowed to have dual citizenship (Russian alongside Ukrainian), if they so wished, had been quietly abandoned by 1996, as it was unacceptable to the Ukrainian leadership.¹⁷⁵ Ukrainian policy-makers feared that dual citizenship could be used in the future as a justification for Russian interference in Ukraine's domestic affairs – at worst, with the purpose of igniting pro-Russian separatism. Indeed, Ukrainian law does not allow for dual citizenship.¹⁷⁶ Due to the weakness of civil society and lack of identification with the Russian state (as opposed to the Soviet Union), the potential for mobilising Ukraine's ethnic Russian or Russophone population in support of an alliance, integration or unification with Russia has been estimated to be very limited.¹⁷⁷ Moscow itself has shown no interest in subverting political stability in Ukraine, either by fostering the necessary conditions for such mobilisation (pro-Russian organisations, popular identification with the Russian Federation) or by capitalising on manifestations of Russian-speakers' discontent. The Donbass miners' strikes of September 1993 and June 1996, whose list of demands included re-integration with Russia, and the protests in Crimea against the "Sea

¹⁷⁴ For example, see Paul A. Goble, "The Ukrainian Security Trap", The Ukrainian Quarterly, 1994, p. 231; Eugene B. Rumer, "Eurasia Letter: Will Ukraine Return to Russia?", Foreign Policy, vol. 96, Fall 1994, pp. 131, 136, 143-144

¹⁷⁵ In 1994, a decree by President Kravchuk removed a question on dual citizenship from a referendum to be held in Crimea. Izvestiya, 17 March 1994, p. 2. Ethnic Russians make up 67% of Crimea's population. The last round of Russo-Ukrainian negotiations on the issue of dual citizenship took place in Moscow in November 1995. Diplomaticheskyy Vestnik, December 1995, p. 34

¹⁷⁶ On the disputes between the Russian consular authorities in Simferopol and the Ukrainian government regarding this issue, see the briefing speech by A.F. Molochkov (Head of the Consular Group, Embassy of Russia in Ukraine) in Diplomaticheskyy Vestnik, May 1995, pp. 39-41

¹⁷⁷ Graham Smith and Andrew Wilson, "Rethinking Russia's Post-Soviet Diaspora: The Potential for Political Mobilisation in Eastern Ukraine and North-East Estonia", Europe-Asia Studies, Vol. 49, No. 5, 1997, pp. 854-855, 861; Lieven, Ukraine and Russia, pp. 50-54

Breeze 97” military exercises indicate a residual potential for mobilisation in a future crisis, either within Ukraine, or in Russo-Ukrainian relations.¹⁷⁸

The most remarkable opportunities for Russian involvement on the side of Russian-speakers against the Ukrainian authorities arose from a series of disputes between the elected Crimean authorities and the Ukrainian government, which culminated in 1995. Then President of Crimea Yury Meshkov, elected in January 1994 on a platform of reunification with Russia, attempted to maximise the republic's autonomy. To this end, he organised a referendum on sovereignty (albeit not secession) and dual (Russian-Ukrainian) citizenship in March 1994 – both proposals being endorsed by the overwhelming majority of the Crimean electorate.¹⁷⁹ Meshkov took an unreservedly pro-Russian line hoping to gain the backing of the authorities in Moscow. He went so far as to warn that, in the event of a Ukrainian application for NATO membership, Crimea would declare independence and hold a referendum on incorporation into the Russian Federation.¹⁸⁰ When the Kiev authorities moved to drastically restrict Crimea's autonomy by abolishing the republic's constitution of 1992 and the office of Crimean President in March 1995, the Russian government took no account of Crimean leaders' appeals for support. The Duma did pass a resolution deploring the Ukrainian authorities' actions and warning of possible complications in negotiations regarding Ukraine's debt to Russia, the division of the BSF and the status of Sevastopol.¹⁸¹ No statement of expressing concern came from the Russian Foreign Ministry, while Deputy PM Soskovets, heading a delegation of Russian negotiators in Kiev, recognised the situation in Crimea as “a domestic matter of Ukraine”.¹⁸² The timing of these events, which coincided with the first

¹⁷⁸ On the political demands of the Donbass strikers see *Izvestiya*, 10 June 1993, pp. 1-2. Massive strikes took place in Eastern Ukraine also in 1996, but with exclusively economic demands. On the protests against “Sea Breeze 97”, see *Segodnya*, 27 August 1997, p. 4

¹⁷⁹ 78.4% voted for Crimean sovereignty and 82% voted for dual citizenship.

¹⁸⁰ The Crimean Parliament had declared independence in May 1992, but the declaration was overruled by the Ukrainian Parliament.

¹⁸¹ *Kommersant'-Daily*, 23 March 1995, p. 3. The ‘Yabloko’ faction issued a statement against the resolution, arguing that such pressure was likely to nudge Ukraine into seeking admission to NATO. Instead, Yabloko proposed an economic union (including customs union) with Ukraine. Statement of 13 November 1996, “Pozitsia fraktsii ‘Yabloko’ po voprosu o statuse Sevastopolya” published on www.yabloko.ru/Themes/Ukraina/ukr-2.html

¹⁸² Kuchma publicly thanked Soskovets for his “understanding for Ukraine's domestic problems”. *Nezavisimaya Gazeta*, 23 March 1995, p. 1

Chechnyan campaign, was highly inopportune for Russia to appear to be condoning separatism in a neighbouring state.¹⁸³

Crimea's pro-Russian leaders, not being able to count on Moscow's support, have since adopted a more conciliatory approach and conflict between Kiev and Simferopol has generally subsided. The republic has continued to be plagued by governmental instability, culminating in the Crimean Parliament's vote to dismiss the government against President Kuchma's appeals for moderation.¹⁸⁴ At no point has the Russian government shown any inclination to interfere. Russian policy-makers have no interest in politically destabilising Ukraine from a conviction that such a strategy would backfire, driving Ukraine to explicitly ally itself to NATO. Dissenters, which include Luzhkov and Zhirinovsky but not the CPRF leadership, stand for overt political support for Crimean pro-Russian politicians. Scenarios of violent conflict with Russian involvement on the side of a separatist movement are not, however, treated even as remotely possible by any mainstream political force in Russia. From a pragmatic point of view, the high costs of a negative reaction from the international community and of social instability inevitably spreading to Russia (most Crimean residents are said to have relatives in Russia) render such scenarios undesirable to Russian decision-makers. More importantly, the idea of armed conflict between Russia and Ukraine appears absolutely unacceptable – if not entirely inconceivable – to most members of the Russian foreign policy community because, as it has been explained in the previous chapter, Ukrainians and Belarusians are considered as 'brothers', part of a broader 'Russian nation'. The use of military means is categorically ruled out, even in the event of a Ukrainian application for NATO membership, which is seen as a worst-case scenario for bilateral relations, requiring a firm response from Russia. Threats directed at Ukraine would completely lack legitimacy in the eyes of the Russian public.¹⁸⁵

¹⁸³ Nataliya Belitser and Oleg Bodruk, "Krym kak region potentsial'nogo konflikta", in Zverev et al. (eds.), *Etnicheskiye i regional'nye konflikty v Yevrazii: Rossiya, Ukraina, Belorussiya*, p. 95

¹⁸⁴ *Zerkalo Nedeli*, 27 May 2000, p. 1

¹⁸⁵ Author's interviews, Moscow, June and November-December 1999.

Complex interdependence, inertia and cautious leadership

For most of the Russian elite and general public, who are highly conscious of the historical and ethno-cultural bonds linking Ukraine and Belarus to Russia, violent means - including threats are *a priori* excluded with respect to these two countries. The - at least partly - shared historical and cultural background offers Russian policy-makers an additional instrument not applicable to Russia's relations with most states, that of identitive appeals for unity. This is a lever that may be used very selectively and with caution or risk proving counterproductive. Economic instruments, thus, form the most potent means for the advancement of Russian objectives with regard to Belarus and Ukraine, which continue to be bound to their larger neighbour by high levels of transactions essential to the operation of their economies.

The scope for the Russian leadership to translate superior economic resources into desired political outcomes has been significantly constrained by a number of domestic and external factors. Despite a considerable degree of state influence over the activities of Russian energy exporters, which constitute major players in Russo-Ukrainian and Russo-Belarusian economic relations, the formulation of issue-linkage strategies to be pursued at intergovernmental level requires complex bargaining between Russian business leaders and their government. A comparable pattern characterises the federal government's attempts to direct the external economic activities of the Russian regions, whose input in the country's overall economic relations with Ukraine and Belarus will be discussed in the following chapter. Unlike the Soviet Union, today's Russia does not have a rigid hierarchy of interests, in which economic resources are infinitely expendable in the pursuit of military and political ends. Economic incentives (e.g. subsidised exports, debt pardoning or restructuring) can be afforded only when there is a high probability of achieving an objective of cardinal importance.

It is also difficult for Russian policy-makers to advance demands contradicting the core priorities of the Belarusian and Ukrainian leaderships by threatening to alter existing economic relations to the disadvantage of either of the two countries. Both Belarus and Ukraine have opportunities to apply counter-

measures with serious implications for Russia's interests. The positive climate prevailing in Russo-Belarusian relations has prevented disagreements from escalating into mutual pressure. In relations with Ukraine, the dispute over the maintenance costs of the BSF and the alternation of gas arrears, reduced supplies and intensified interception of Russian gas exports to Europe have exposed the limitations to Russia's ability to use economic pressure even in connection with relatively narrow economic goals. The above features of Russia's relations with Belarus and Ukraine approximate an environment of 'complex interdependence', in which government policy-makers' scope for matching means to ends effectively is restricted by the role of non-state actors and a blurred distinction between domestic and foreign policies - particularly in the economic sphere.¹⁸⁶

Russia's policy has been essentially reactive - both towards Ukraine and Belarus. The initiative for integration between Russia and Belarus came, as we have seen, from the Belarusian side. It was followed up because it offered a vehicle for the advancement of several objectives favoured in varying degrees by different sections of the Russian elite. Belarus has derived substantial material rewards, which most of the Russian elite regards as an investment returning irreplaceable political and military benefits in the short term and with the potential to yield important economic advantages in the medium term. Thus, current levels of support for the Belarusian economy are likely to be maintained or increased somewhat in the foreseeable future. Bringing the Belarusian political and economic systems in line with Russian conditions to allow for the implementation of the ambitious integration agreements remains an elusive objective. Its attainment is likely to depend less on pressures from the Russian side and more on its resolve to abide by a clearly defined economic programme, which the integration process would have to comply with.

Russian foreign policy makers would like Ukraine to voluntarily join the Union with Belarus, but are reluctant to antagonise the Ukrainian leadership by urging it to do so. They have relied on a strategy of consistent reassurance regarding Russia's 'non-imperialist' intentions and its respect for the neighbouring states' sovereignty. In the medium term, it is hoped that this approach may combine

¹⁸⁶ 'Complex interdependence' is additionally defined by multiple transnational links and communications as well as by virtually insurmountable barriers to the use of military force among states involved in this type of relationship. Keohane and Nye, Power and Interdependence, pp. 24-30

with demonstrable achievements of the Union with Belarus in the economic sphere to increase the appeal of integration with Russia in the eyes of a new Ukrainian leadership.¹⁸⁷ Economic pressures have been employed rather sparingly and with limited economic objectives, notably recovering payment for fuel deliveries – both from Belarus and Ukraine. Success has been rather modest – particularly with regard to the more controversial demand of swapping debt for equity in Belarusian and Ukrainian state enterprises. Alternative arrangements linking enterprises, which will be examined in the next chapter, have somewhat reduced the urgency of Russian companies acquiring shares in Belarusian firms. By contrast, equity ownership has formed a major priority for Russian business seeking to protect and expand its interests in Ukraine. Canadian academic James Mace has suggested that, as Russian business conglomerates acquire stakes in a growing number of Ukraine's key enterprises, Russia's influence may rise to the point of substituting for formal integration arrangements.¹⁸⁸ However, as will be shown in the next chapter, the sale of some of Ukraine's largest oil-processing and metallurgical plants, which had been avoided until 1999, began not as a result of any change in Russian policy, but due to the mounting debts of these enterprises and a corresponding shift in the Ukrainian elite's attitude to this question.¹⁸⁹

According to a Ukrainian economist, since the restructuring of Ukraine's debt, Russia has been effectively deprived of economic levers in its relations with Ukraine.¹⁹⁰ So long as Russian gas is necessarily exported to the Balkans, Central and Western Europe through Ukraine, supplies cannot be withheld – even if Ukraine pays nothing. Advisers to the Ukrainian government and Parliament dismissed alleged economic pressures from Russia in connection with Ukraine's relations with NATO as a myth deliberately perpetuated by the Kuchma administration to extract financial assistance and political support from

¹⁸⁷ Author's interview with senior official from the Russian Foreign Ministry, Moscow, 2 December 1999.

¹⁸⁸ *Den'* (Kiev), 1 February 2000, p. 1

¹⁸⁹ Dergachev, "Dolgaya doroga inostranykh investitsii v ukrainskuyu ekonomiku", p. 47. The plants in question were unable to remain profitable when buying raw materials on the world market. The buyers have the obligation to pay of the plants' debt and to supply fuel and other raw materials to guarantee increased output. Predictably, there was insufficient interest on the part of Western investors.

¹⁹⁰ Author's interview, Kiev, 28 October 1999.

the West.¹⁹¹ Most Russian interviewees thought a more robust line would have to be adopted in the event of a Ukrainian application for admission to NATO and preferably before that happened. There is no agreement on what such a line might consist of, except for categorically ruling out the use of military threats directed at Ukraine. Even for hard-line nationalists, the notion of military conflict between Russia and Ukraine is all but inconceivable. The utilisation of the Yamal to Europe pipeline (crossing Belarus and Poland), which became operational in autumn 1999, is expected to somewhat increase the feasibility of reducing gas supplies to Ukraine, but not eliminate Russia's dependence on Ukraine as a transit route.¹⁹² Even the proponents of economic pressure in the form of reinforced trade barriers doubt that it would lead to the improvement of Russo-Ukrainian relations. It would most probably contribute to a further drop in standards of living in Ukraine (and, likely, bordering regions in Russia), which Kiev would blame on Russia.¹⁹³

Despite its economic weakness, most interviewees thought that Russia would be in a position to extend to Ukraine the kind of economic support it has been providing to Belarus, if there were sufficient incentives to do so. For its part, Gazprom is unwilling to show the kind of flexibility it has maintained in the case of Belarus so long as its grievances against the Ukrainian authorities are not redressed, e.g. by the conclusion of debt-for-equity deals. At the same time, most Russian respondents saw no point in offering economic incentives to Ukraine. Ukraine's foreign policy orientation was perceived to be inflexible - especially after Leonid Kuchma's re-election to the Presidency in November 1999. It was seen as dictated by the ruling elite's aspiration to be free from Moscow's tutelage. Besides, the Kuchma administration has striven to project the image of Ukraine as a major European power in its own right. Cash credits in hard currency were thought to be the only kind of economic support that appeals to the current Ukrainian leadership, but the cost is deemed far too high and the rewards uncertain. The domestic weakening of the Kuchma administration and a cooling of relations with the US and the EU as of the second half of 2000 (in connection with the scandal regarding the murder of journalist Gon-

¹⁹¹ Ibid.

¹⁹² Author's interview with adviser to the State Duma, 25 November 1999

¹⁹³ In 1993, Leonid Kuchma addressing the pro-Russian strikers in the Donbass in his capacity as PM had blamed the unpopular increases in foodstuff prices on Russia's raising oil prices by 900%. *Izvestiya*, 17 June 1993, p. 1

dadze), however, appears to have prompted the Ukrainian leadership to reconsider the expediency of closer ties to Russia.¹⁹⁴ This appears to have elicited a positive Russian response, indicated by PM Kasyanov's suggestion that Russia would be prepared to offer certain concessions (restructuring of Ukraine's debt) to support Ukraine's policy of 'living within its means'.¹⁹⁵

In the view of most Russian experts interviewed by the author, the Yeltsin administration lacked a clearly formulated strategy in relations with Belarus and Ukraine. Whereas the Foreign Ministry and the Ministry for Cooperation with CIS Countries had reportedly prepared such a strategy by 1996, the absence of a firm line of decision-making authority in these matters combined with a high turnover of negotiators appointed by the President to impair the consistency and credibility of Russia's positions. This weakness was exposed during the five-year-long negotiating process on the division and basing arrangements of the BSF and also by the negligible progress made in persuading the Belarusian leadership to adopt economic reforms. An analytical report by the prestigious, non-governmental Council on Foreign and Defence Policy, which was published in June 1998, stressed the need for improved coordination and clearer division of competences among government departments involved in the formulation and implementation of foreign policy.¹⁹⁶ The abolition of the CIS Ministry in April 1998 had been conceived as a measure to assist the development of consistent policies by strengthening the authority of the Foreign Ministry and to promote efficient policy implementation by reducing the duplication of functions among government agencies.¹⁹⁷

The CIS Ministry was re-established as soon as August 1998, as the CIS Department within the Foreign Ministry lacked the capacity to absorb the functions of the defunct ministry.¹⁹⁸ The CIS Ministry was once again abolished and re-incorporated as a section of the MFA under Putin's presidency in May 2000. Poor co-ordination with the economic ministries and frequent reshuffles in the

¹⁹⁴ More details are given in Chapter Four.

¹⁹⁵ Statement made at the CIS Heads of State summit of December 2000. Diplomaticheskyy Vestnik, January 2000, p. 49

¹⁹⁶ "Theses of the Council on Foreign and Defence Policy: Strategy for Russia in the 21st Century", Nezavisimaya Gazeta, 18 and 19 June 1998, p. 8 (in both issues)

¹⁹⁷ The relevant Presidential decree appeared in Diplomaticheskyy Vestnik, May 1998, pp. 6-8

¹⁹⁸ Boris Pastukhov, then First Deputy Foreign Minister in charge of relations with CIS countries, was appointed as Minister for Cooperation with CIS Countries. Diplomaticheskyy Vestnik, October 1998, pp. 5-7

latter and the Presidential administration deprived the authors of prospective strategies of access to the levers necessary to back up any forward-looking initiatives. Many expectations were placed on the Putin administration, not so much to introduce any spectacular changes to what were generally considered fundamentally sound policies, but to provide stability, competent leadership and economic growth, which could address the problem of sub-optimal effectiveness in Russia's dealings with its two neighbours. Indeed, under Putin, intra-governmental divisions have become considerably less prominent than was the case of the Yeltsin administrations, allowing the Russian side to speak with one voice in negotiations with foreign countries most of the time. This has contributed to the relatively swift conclusion of the negotiations on Ukraine's debt and the regulation of the problem of illicit gas siphoning in 1999-2000. Likewise, the governmental stability and consistency of economic policies, which have differentiated the Putin presidency from the previous administration, have increased the credibility of Russian demands, prodding the Belarusian side to adopt some long-delayed economic reforms. In general, the Putin administration is reported to have brought a more business-like approach, focused on the prompt resolution of outstanding issues, to relations with Belarus and Ukraine alike. This has been particularly remarkable in the integration process with Belarus, which has acquired a more pragmatic, results-oriented character.¹⁹⁹ The Putin administration has equally shown a drive to give more substance to relations with Ukraine, especially in the economic field, which appeared to have almost stagnated since the conclusion of the 'Big treaty' in 1997. The appointment of former PM Viktor Chernomyrdin (also former head of Gazprom) as Ambassador to Ukraine in May 2001 indicates an intention to further increase impetus in bilateral relations.

¹⁹⁹ Assessment by Aleksandr Boitovich, Chairman of the National Assembly (upper house of the Belarusian Parliament), quoted in Sovetskaya Belorussiya, 8 May 2001, p. 3

Chapter Three

Integration and disintegration: the results of Russia's policies towards Belarus and Ukraine

As shown in Chapter One, Russia's objectives with regard to Belarus and Ukraine have been shaped by very similar motives. The policy instruments employed by the Russian leadership in relations with Belarus and Ukraine have, however, been somewhat differentiated. The Belarusian and Ukrainian leaderships' varying degrees of readiness to conform with Russian expectations have been identified as the principal factor accounting for Russia's more extensive use of material incentives with respect to Belarus. This chapter will examine the effectiveness of this differentiated approach in terms of policy outcomes in a range of areas identified in bilateral agreements. A detailed analysis of these agreements will illustrate differences in the envisaged scope of cooperation between Russia and Belarus, on the one hand, and Russia and Ukraine, on the other. It will, thus, provide the basis for a comparison of the progress made in the implementation of Russo-Belarusian and Russo-Ukrainian agreements. Defence, foreign policy and various aspects of bilateral relations in the social and economic spheres will be surveyed in order to discern the factors that have enhanced or hindered the realisation of the aims stated in relevant agreements.

The legal framework

The development of the legal framework of Russia's interaction with Belarus on the one hand and with Ukraine on the other cannot be assumed to accurately reflect the actual condition of inter-state relations. Still, it offers an indication of the different climate prevailing in current relations and of divergent expectations regarding their medium and long-term prospects. A series of agreements heralding a special relationship between Russia and Belarus had been concluded before the launch of the bilateral integration process. These agreements enabled the quick, tension-free resolution of issues such as mutual recognition of borders; Russian

Armed Forces' use of military facilities on Belarusian territory; the rights of Russians permanently living in Belarus and those of Belarusian residents of the Russian Federation; and the division of Soviet debt and assets. In contrast, such questions continued to seriously complicate Russo-Ukrainian relations, hindering the conclusion of bilateral treaties until 1997, and have not yet been wholly settled.¹ In addition, Russia has concluded more agreements covering narrow functional (non-politicised) areas of cooperation (e.g. tourism, science, culture and education) with Belarus than with any other state within or outside the CIS. The most significant of these earlier agreements concerned military cooperation and will be discussed in later sections of this chapter.

The start of Russo-Belarusian integration could be identified either with the agreement on a customs union of January 1995 and the treaty of 'Friendship, Good-neighbourliness and Cooperation' of February 1995 or with the treaty 'On the Formation of a Community' of April 1996.² Although the customs union agreement and the Friendship treaty provided for the coordination of policies and envisaged the creation of a unified economic space, they did so with reference to the objectives of CIS-wide agreements. In particular, the provisions of the Friendship treaty, aiming at close cooperation but not joint decision-making (integration) in many fields, were very similar to those of the 'Friendship, Partnership and Cooperation' treaty signed by Russia and Ukraine in May 1997.³ The Community treaty, however, established institutions separate from those of the CIS and declared the two signatories' intention of advancing towards a significantly higher level of integration than that endorsed by the rest of CIS member-states. This was in line with the growing advocacy of 'variable geometry' and 'variable speed integration' as

¹ Ukraine continues to claim from Russia a share of assets owned by the Soviet Union abroad. Negotiations on the division of the Azov Sea and the Kerchen Strait are continuing.

² Agreement on Customs Union, *Byulleten' Mezhdunarodnykh Dogovorov*, October 1995, pp. 31-36; Treaty of Friendship, Good-neighbourliness and Cooperation, *Diplomatichesky Vestnik*, March 1995, pp. 38-42; Treaty on the Formation of a Community, *Diplomatichesky Vestnik*, May 1996, pp. 39-41

³ *Diplomatichesky Vestnik*, July 1997, pp. 35-41

solutions to divergent political priorities and heterogeneous socio-economic conditions thwarting CIS-wide integration.⁴

The integration treaties

The Russo-Belarusian integration treaties (the treaty 'On the Formation of a Community' of April 1996; the treaty 'On the Union of Belarus and Russia' of April 1997 and the attached Charter of the Union of May 1997; the treaty 'On Equal Rights of Citizens' of December 1998; and the treaty 'On the Formation of a Union state' of December 1999)⁵ were modelled on the example of the European Community/Union. Officials from both countries interviewed by the author stressed that the recent experience of centuries-long common statehood, membership of a single economy and a stronger sense of shared ethno-cultural identity gave Russia and Belarus an - at least putative - advantage compared to the more heterogeneous EC/EU. This was expected to allow the two countries to unify their economies and extend joint policy-making to areas such as defence within a shorter time frame. The two countries' negotiating teams, consisting of government and Presidential administration officials who drafted the Community and Union treaties,⁶ have had different notions of what economic unification would entail in practice. The more optimistic expectations of the Belarusian side were reflected in the goals set in the initial stages of the process.⁷

⁴ For a clarification of these concepts, which were borrowed from EU theorists and advanced with reference to the CIS by experts from Russia and other CIS countries alike, see the Introductory Chapter.

⁵ Treaty on the Formation of a Community of Russia and Belarus, Diplomaticheskyy vestnik, May 1996, pp. 39-41; Treaty on the Union of Belarus and Russia, Diplomaticheskyy vestnik, April 1997, pp. 41-43, and Charter of the Union of Russia and Belarus (part of the Union treaty), Byulleten' Mezhdunarodnykh Dogovorov, September 1997, pp. 68-79; Treaty on Equal Rights of Citizens, Diplomaticheskyy vestnik, January 1999, pp. 45-46; Treaty on the Formation of a Union State, Byulleten' Mezhdunarodnykh Dogovorov, March 2000, pp. 54-73.

⁶ The original draft of the Union-state treaty was prepared by the Union Parliamentary Assembly and subsequently sent to the two Presidential administrations for consideration.

⁷ The Action Programmes, which are attached to the integration treaties and identify specific measures and deadlines for their implementation, are formulated by the supranational Executive/Permanent Committee.

Thus, the Customs Union agreement (January 1995) set a four-month time limit, not only for the removal of customs controls on the common border and the elimination of tariffs and quantitative restrictions on bilateral trade, but also for the unification of all legislation regulating trade with third countries (Art. 2, Pars. 1.1, 1.2). The Community treaty (April 1996) required the implementation of the four freedoms characteristic of a single market (free movement of goods, services, capital and labour) by the end of 1997. The same target-date applied to the synchronisation of economic reforms, the harmonisation of economic - including tax - legislation and the unification of monetary-credit systems in preparation for the introduction of a common currency (Arts. 4, 7). The social and economic rights of citizens of the two states as well as standards of social security provision were to be equalised. The treaty prioritised the sectors of energy, transport and information, in which a unified economic space was to have begun to take shape by the end of 1996 (Art. 5). These priorities are reaffirmed in the "Programme of Actions" for the implementation of the Union-state treaty, but the specified deadlines are extended taking into account the difficulties experienced in the execution of the tasks set by earlier programmes. Thus, the establishment of a unified energy system is scheduled for 2001 and the unification of tax and customs legislation for 2002 and 2004 respectively. Preparations for monetary union are to be completed by the end of 2005.⁸

Like the EC/EU treaties, the Community treaty did not restrict integration to the mere removal of economic and legislative barriers to a unified market (negative integration), but provided for common policy formulation (positive integration) both in the run-up and after the completion of a single economic space. It specified the following policy areas: joint guarding of borders; elaboration of common positions on defence and issues of international concern; coordination of policies for the development of the two countries' industrial and agricultural sectors. Haas, in his seminal study of the European Coal and Steel Community, Euratom and the EEC, identified the adoption of such ongoing tasks as the 'expansionist logic' of integration. This was intended to ensure that the jurisdiction of supranational institutions

⁸ "Programme of Actions of the Russian Federation and the Republic of Belarus for the Realisation of the Provisions of the Treaty on the Formation of a Union State", Byulleten' Mezhdunarodnykh Dogovorov, March 2000, pp. 73-85

would not be limited to the establishment and the policing of the single market, but would spread to an increasing number of related spheres.⁹ Jean Monnet, Robert Schuman and their like-minded authors of the model of integration analysed by Haas, expected the sector-by-sector approach to gradually convince sceptical national elites and mass publics of the merits of integration, weaken their attachment to the idea of national sovereignty and - at least partly - refocus their loyalties upon supranational institutions. Although these expectations have not fully materialised, West European integration has indeed expanded from technical and economic sectors ('low politics') to the politically sensitive domains of justice, defence and foreign policy, which are closely identified with state sovereignty ('high politics').

The Russo-Belarusian integration treaties have progressively widened the list of policy areas subject to common or coordinated decision-making to include military policy, combating crime and terrorism (Union Charter, Art. 11), environmental protection (Charter, Art. 16), external borrowing and labour legislation (Union state treaty, Arts. 26, 31). At the same time, a tendency towards the deepening of integration has been expressed by the move from 'common principles' of military policy, 'interaction' with regard to the border protection in the Community treaty and from 'common approaches' to employment and social policy (Charter) to 'coordinated' military and social policies and a common border policy (Union state treaty). The Union-state treaty also refers to the creation of a single currency emission centre (Art. 22). This deepening and widening of integration is consistent with the objective of forming a community with a higher level of integration than that existing in the EU, which most Russian and Belarusian policy-makers appear to favour as the eventual end-point of the integration process.¹⁰ It does not, however, advance along the hierarchy of sectors from 'low politics' to 'high politics', for integration in defence, instead of facing opposition from nationalists defending state sovereignty, has formed the most popular aspect of the process in both countries.¹¹ If anything, the West European path is reversed, as economic unification has advanced more slowly than military integration – primarily because implementation in

⁹ E. B. Haas, *The Uniting of Europe*, Stanford, CA: Stanford University Press, 1958, pp. 297-29

¹⁰ Author's interviews, Moscow, June and November-December 1999; Minsk, November 1999. See Chapters One and Four for a more detailed presentation of elite preferences in the two countries.

the latter field has proved less cumbersome. Indeed, a report by Russia's Institute of Strategic Studies and the Council for Foreign and Defence Policy suggests that economic integration need not be a precondition for political and military integration, citing the example of German reunification as evidence that the two may advance simultaneously or that the latter may successfully precede the former.¹² Russo-Belarusian integration seems to be guided by a combination of the models provided by the EU and NATO. The latter comes closer to the decision-making pattern of the young Community/Union, which is based on intergovernmental institutions. The integration treaties reveal no intention of creating powerful supranational bodies with powers comparable to those of the European Commission.

The Community treaty set up two supranational institutions (whose members do not act directly on behalf of their national governments but in the name of the Community/ Union), the Executive Committee and the Parliamentary Assembly. Their competences were clearly subordinated to those of the Supreme Council, which "within the limits of Community jurisdiction, considers and decides the most important questions regarding the development of the Community, controls and directs the activities of its institutions regarding the implementation of (its) decisions" (Community treaty, Art. 9). The Supreme Council initially comprised the heads of state, the heads of government, the chairs of national parliaments (two for each member-state, as both Russia and Belarus have bicameral legislatures) and the chair of the Executive Committee. The Union-state treaty, however, deprived the latter of membership in the Supreme State Council (Art. 34, Par. 2). The Presidents of the two member-states rotate in the office of Supreme Council Chair. Decisions are made by unanimity on the basis of 'one state, one vote'¹³ and they are immediately valid without the need for enabling national legislation. The Union treaty required that national legislation contradicting Union decisions be amended to ensure conformity (Art. 19). The Union-state treaty granted Supreme State Council decisions the status of decrees or directives (Art. 35, Par. 3).

¹¹ Survey data supporting this point is provided in Chapter One (for Russia) and Chapter Four (for Belarus).

¹² Nezavisimaya Gazeta-Stsenarii, April 1997, p. 2

¹³ The chair of the Executive Committee had a consultative vote (Community treaty, Art. 9; Union treaty, Art. 20).

The Executive Committee (constituted by an equal number of representatives appointed by the government of each member-state) lacked the legislative powers of the ECSC's High Authority or the European Commission, its role being confined to the implementation of decisions made by the Supreme Council. As the Union-state treaty gave formal status to the Council of Ministers, which was designated as 'the executive body of the Union state',¹⁴ the Permanent Committee (as the Executive Committee was renamed) lost its most significant powers to the new institution. This was the case of the following competences: advising the Supreme Council on the creation of new agencies; proposing draft legislation to the Parliament of the Union State (as the Parliamentary Assembly was renamed); preparing the budget of the Union state; issuing directly applicable decrees and directives. As a result, the function of Permanent Committee was reduced to coordinating the activities of Union state institutions and their interaction with national government agencies (Art. 48). Its composition and mode of appointment acquired a more supranational character. The Permanent Committee was to be appointed by the Council of Ministers for a four-year mandate and no more than two thirds of its members were to be citizens of any one member-state (Art. 49). Somewhat misleadingly, the Council of Ministers is not an entirely intergovernmental body like its West European counterpart. It consists of the heads of government, the foreign ministers, the economics and finance ministers, the State Secretary (a new supranational post) and the heads of various Union-state agencies (Art. 44, Par. 2). It has been the meeting on a regular basis, on average every two months.

The Parliamentary Assembly was originally made up of an equal number of deputies delegated by the national legislatures.¹⁵ The Union state treaty creates a bicameral parliament divided into the Chamber of the Union (upper house) and the Chamber of Representatives (lower house). The upper house maintains the composition and mode of selection of the former Parliamentary Assembly. The lower house is to be directly elected every four years by the citizens of the two member-states and to contain 75 deputies from Russia and 28 from Belarus, reflecting the

¹⁴ 'Ispolnitelny organ' has the meaning of 'institution with duties of implementation' rather than 'decision-making institution', which the word 'executive' might suggest. Its decisions may be invalidated by the Supreme State Council (Art. 46, Par. 3).

¹⁵ Each state had 36 representatives (Union treaty, Art. 22).

unequal size of the two countries' populations (Art. 39). The Community treaty granted the Parliamentary Assembly the right to initiate legislation to be adopted either by national governments or by the Supreme Council (Art. 10).¹⁶ According to the Union treaty, it could pass normative acts with the status of 'legislative recommendations' to assist the harmonisation of national legislations and had to be consulted regarding the Union budget and international agreements concluded in the name of the Union (Art. 23). Making use of these powers, the Assembly assumed the role of a 'motor of integration' by working closely with the supranational Executive Committee to exert pressure on national administrations with a view to the faster implementation of agreed measures and the extension of Union competences and resources.¹⁷ The introduction of Union citizenship (Union treaty), equal rights for citizens (treaty of December 1998) and the Union-state treaty itself originated from Parliamentary Assembly initiatives.¹⁸ The Assembly's leadership has consistently campaigned for faster progress towards further integration and for the increase of Union resources.¹⁹ The Union state treaty further strengthened the Parliament by enabling it to pass immediately valid legislation, adopt the budget, and ratify international agreements on behalf of the Union state (Art. 40). Draft laws have to be approved by the lower house before they are considered by the Chamber of the Union. A simple majority is required in both houses with the proviso that no more than a quarter of the total number of deputies from both houses may vote against a decision, if it is to be valid. Conciliation procedures are foreseen in case of disagreement between the two houses or between the Parliament and the Chair of the Supreme State Council, who may veto acts passed by the Parliament (Art. 43).

¹⁶ The Union state treaty extends this right to the Chamber of the Union and to groups of more than 20 deputies from the Chamber of Representatives (Art. 43, Par. 1).

¹⁷ The term 'motor of integration' was coined by neofunctionalist theorists to describe the contribution of EC supranational institutions. It was used by President Lukashenko to praise the work of the Parliamentary Assembly. *Pravda* 5, 31 July 1998, p. 1

¹⁸ Speech by A. Kozyr' (Deputy Chairman of the Parliamentary Assembly) published in *Informatsionny Byulleten' Parlamentskogo Sobraniya*, vol. 2, July 1999, p. 35

¹⁹ For example, in his address to the 18th session of the Parliamentary Assembly (Grodno, June 2001), its Chairman Gennady Seleznyov accused the Union government (Council of Ministers) of "sabotaging the implementation of the Union budget for 2001", expressing doubts that Union pro-

The Union state treaty also establishes an Accounts Chamber and a Court. Both are supranational bodies whose members are appointed by the Parliament (on the recommendation of the Council of Ministers in the case of the former and on that of the Supreme State Council in the case of the latter) and are required to act independently of national governments in the interests of the Union state (Art. 52, Par. 3; Art. 55, Par. 5). The Accounts Chamber oversees the implementation of the budget and proposes measures for maximising the efficient use of the Union state's resources (Art. 56). The creation of a supranational Court is especially significant, as hitherto there were no sanctions in case of member-states' non-implementation of treaty provisions. National governments and Union state institutions may bring cases to the Court concerning any dispute within the jurisdiction of the Union state. The Court's decisions are to be directly binding (Art. 54). The formation of the Union state Parliament, the Court and the Accounts Chamber (the Parliament is to formally appoint the members of the Court and confirm those of the Accounts Chamber) has not occurred immediately after the ratification of the treaty due to delays in the adoption of the electoral law that is to apply to the election to the lower house. Elections to the Union Parliament are to be held in autumn 2002.

The Union-state treaty does not establish a new state, as its name would suggest. Like its predecessors of April 1996 and 1997, it acknowledges that Russia and Belarus remain fully sovereign states preserving their respective constitutions and their independent representation in international organisations. Nevertheless, it requires that the Parliament of the Union state drafts a Constitutional Act, whose approval would be subject to referenda in the two member-states. If the draft is approved, the national constitutions of Russia and Belarus would have to be amended accordingly (Art. 62). The Union-state treaty – for the first time – specifies a list of policy areas under the exclusive jurisdiction of Union state institutions and a list of spheres where jurisdiction is shared between Union state bodies and national governments (Art. 17-18). The former list comprises measures aimed at the creation of a unified legal and economic space, joint military procurement, and issues related to regional troops (to be discussed in the following section). In these policy areas, Union state institutions may pass immediately valid laws and de-

grammes would be sufficiently financed. *Izvestiya*, 6 June 2001, p. 5

crees, whereas in the spheres of shared jurisdiction, national legislation is required for the implementation of decisions reached at Union-state level (Art.59).

Strategic partnership with Ukraine

The drafting of a comprehensive treaty regulating bilateral relations had been discussed in numerous rounds of negotiations between Russian and Ukrainian officials since 1992. These negotiations were primarily consumed with pressing issues such as the fate of the nuclear weapons left on Ukrainian territory, Ukraine's mounting energy debt, and the division of Soviet assets— most notably the Black Sea Fleet (BSF).²⁰ The conclusion of the January 1994 Trilateral Agreement²¹ and Ukraine's accession to the Non-Proliferation Treaty as a non-nuclear state in October 1994 eliminated nuclear weapons as an issue in Russo-Ukrainian relations. All the remaining issues, however, needed to be resolved to allow for the conclusion of a comprehensive bilateral treaty. Indeed, the treaty 'On Friendship, Partnership and Cooperation' was signed three days after the agreements resolving the division of the BSF as well as the relevant basing and financial arrangements in May 1997.²² The treaty itself makes no reference to either the BSF or Ukraine's debt, though it could be considered as part of a package also comprising the BSF agreements, which will be discussed in a subsequent section.²³

The 'Friendship, Partnership and Cooperation' treaty has been commonly referred to as the 'Big Treaty' because its authors presented it as the foundation of a qualitatively new stage in bilateral relations, which would be rid of the major disputes and sources of mutual mistrust that had hitherto stifled the development of Russo-Ukrainian cooperation. Art. 1 proclaims that bilateral relations are to be

²⁰ Russia had initially wished to maintain the BSF under CIS command, whereas Ukraine sought to incorporate it in its newly established national Armed Forces. The preliminary agreement that the Fleet was to be divided between the two states was reached in August 1992.

²¹ The Trilateral Agreement signed by Ukraine, Russia and the United States provided that all nuclear weapons left in Ukraine after the dissolution of the Soviet Union were to be either transferred to Russia or dismantled within 10 months.

²² The agreements were signed on 28th and the treaty on 31st May 1997.

²³ According to Russian MFA, the conclusion of the treaty "became possible after the regulation of the problems relating to the BSF". *Diplomaticheskyy Vestnik*, July 1997, p. 35

based on “mutual respect and trust, strategic partnership and cooperation”. Arguably, the most important aspect of the treaty were its confidence-building clauses. Art. 2, which was included on the insistence of the Ukrainian side, affirms the mutual recognition of existing borders, thereby precluding Russian territorial claims to the Crimea or Sevastopol in particular.²⁴ As explained in the previous chapter, it was this provision that aroused so much controversy in Russia over the treaty’s ratification. Without the prior or simultaneous formal settlement of the BSF’s basing rights in Sevastopol, the basic treaty would have been completely unacceptable even to moderate nationalists, making its ratification by the Russian Parliament all but impossible. Art. 3 contains general commitments to international norms and is worded in the same way as Art. 1 of the Russo-Belarusian Friendship treaty of 1995 – with the notable insertion of the clarification that the “unacceptability of force or threat of force” includes “economic and other means of pressure”.

In return, Art. 6 is of special significance to the Russian side, which has interpreted it as a safeguard against Ukrainian accession to NATO. It states that each of the signatory parties is to “refrain from participation in or support of any activities directed against the other” and “assumes the obligation not to conclude with third countries any treaties directed against the other party”. Also, each of the two states undertakes “not to allow its territory to be used to the detriment of the other party’s security”.²⁵ Compared to the Friendship treaty with Belarus, the Russo-Ukrainian treaty contains extended guarantees of equal rights for ethnic and linguistic minorities, forbidding discrimination and attempts at assimilation (Arts. 10-12). It does not require Ukraine to introduce legislation allowing for dual citizenship, as the Russian side had demanded during the earlier stages of the negotiations.²⁶ Moreover, it states that possibilities for the learning of the Russian lan-

²⁴ This article was included in addition to the more general commitments to territorial integrity and inviolability of borders contained in Art. 3.

²⁵ A very similar clause is contained in Russia’s Friendship treaty with Belarus (Art. 5), which, however, also provides for the coordination of military policies.

²⁶ The preparation of a bilateral agreement on dual citizenship was announced in the Communiqué issued after the 17 June 1993 meeting of Presidents Kravchuk and Yeltsin in Moscow. The document appeared in Ministry of Foreign Affairs of the Russian Federation, Moscow State Institute of International Relations, Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg.: Sbornik Dokumentov,

guage are to be equal to those for learning Ukrainian in the Russian Federation (Art. 12) – effectively permitting the reduction of Russophone educational institutions in Ukraine. Russian-language television and radio broadcasting is similarly to be guaranteed on an equal basis to Ukrainian-language programmes in Russia (Art. 24). The 'Big treaty' is not an integration treaty in the sense that it does not establish supranational institutions nor provide for common policy-making. The envisaged relations of strategic partnership are to materialise through regular consultations and close cooperation over a wide range of issues. Mikhail Pashkov and Valery Chaly of the Ukrainian Centre for Economic and Political Studies propose a compelling understanding of strategic partnership:

“Strategic partnership, as a feature of bilateral relations, evidently presumes their special, qualitatively higher level compared to that of traditional relations between two states. Strategic partnership consists of a higher level of trade and economic cooperation, convergence of geopolitical interests, mutual support in foreign policy, positive dynamics and effectiveness of contacts of state-political, financial-industrial, military, scientific and cultural elites. It implies the reliability of mechanisms for the resolution of disputed issues, and, finally, a spirit of trust and mutual understanding.”²⁷

In line with this multifaceted objective, the treaty covers consultations on foreign policy and provides for the coordination of positions ‘where necessary’ (Arts. 5, 16) – as opposed to the provision of the Russo-Belarusian Friendship treaty (Art. 2) that the parties “will coordinate their foreign policy activities”.²⁸ Likewise, Russia and Ukraine are to ‘develop their relations’ in the military and military-technical spheres, customs issues, export and migration controls (Art. 8), but without going as far as Russia’s treaty with Belarus, which referred to the ‘coordination of activities in the military sphere’ (Art. 5) and an open-border regime (Art. 4). In the economic field, Russia and Ukraine recognise ‘the necessity of the gradual formation and development of a common economic space by establishing conditions for the free movement of goods, services, capital and labour’. To this end, they are to

Moscow, 1998, p. 120

²⁷ Zerkalo Nedeli, 15 April 2000, p. 2

²⁸ Consultations between the two Foreign Ministries have been based on annual plans agreed towards the end of the previous year.

strive towards the 'compatibility of economic reform strategies, the deepening of economic integration and the harmonisation of economic legislation'. Reflecting the preoccupations of the Ukrainian side, the treaty states that the parties are to 'refrain from actions that could harm each other economically' (Art. 13). Russian concerns are mirrored in the provisions on the protection of state property and investments made by enterprises of the each of the parties on the territory of the other (Arts. 15, 19).²⁹ Other provisions, closely resembling those of the Russo-Belarusian Friendship treaty, relate to cooperation in the spheres of energy, transport, environment, health, social security, education and culture.

According to an expert of the Institute of Europe (Russian Academy of Sciences), the 'Big treaty' undermines its declared objectives because its provisions are imprecise to the point of being virtually impossible to implement.³⁰ Indeed, almost half of the provisions on cooperation refer to further agreements to be concluded in the future. The treaty 'On Economic Cooperation for the years 1998-2007' and the attached Programme, which were signed in February 1998, attempt to remedy this problem.³¹ These documents reveal more modest ambitions than those pertaining to Russo-Belarusian relations. They reaffirm the intention to gradually create a common economic space, but their goals clearly fall short of integration on the example of the Russo-Belarusian Union or the 'Customs Union of the Five'. A degree of coordination in economic reforms is to be achieved by harmonising the principles of taxation in bilateral trade and national legislation regulating transnational financial-industrial groups (FIGs). Convergence is to occur in transport rates and in national privatisation programmes, which are to optimise conditions for the participation of enterprises from the other party. The Russian Central Bank and the National Bank of Ukraine are to exchange information on a regular basis (Section III of the Programme).

²⁹ The Russo-Belarusian Friendship treaty contains no comparable provisions.

³⁰ Author's interview, Moscow, 21 June 1999

³¹ Treaty and Programme on Economic Cooperation between the Russian Federation and Ukraine for the years 1998-2007, *Diplomatichesky Vestnik*, April 1998, pp. 37-43. These were based on the framework document "Basic Directions of Long-term Economic and Scientific-Technical Cooperation" of 1997. *Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg.*, pp. 333-335

The two states are to coordinate their approaches to the long-term restructuring of their industrial sectors. They declare the intention to develop joint production and establish transnational enterprises to boost investment and competitiveness in priority industrial sectors, namely the missile, space and aeronautical industries, shipbuilding, agricultural machinery construction, the energy complex, and the light and food-processing industries. The reduction of reliance on imports from third countries is another stated objective. Joint research is to be undertaken in the aforementioned areas as well as other technological sectors such as metallurgy, the chemical industry and nuclear power generation. The Programme provides for intergovernmental measures to direct investment to these sectors and defend the “common market-space against illicit competition” (Section IV). Efforts in the field of public health are to be coordinated and national legislation is to be amended to resolve problems resulting from diverging provisions on social security and employment (Section V). Measures for the promotion of bilateral trade include the unification of customs regulations, the approximation of tariffs and the gradual elimination of non-tariff barriers. The Programme states that joint controls are to be carried out at border crossings and for the registration of energy supplies. It refers to the reduction of transport rates, the convergence of relevant legislation and common programmes for the modernisation of transport infrastructure (Section VI). Finally, it creates a Coordination Council, divided in national sections and functional working groups, to assist government agencies in the implementation of the treaty and propose further agreements to the Joint Russo-Ukrainian Commission on Cooperation.³²

³² The Commission, whose function has been to prepare intergovernmental negotiations and oversee the implementation of bilateral agreements, was originally formed in January. It has been led by the two countries' heads of government and composed by an equal number of appointees of each of the two governments. The relevant agreement was published in Ministry of Foreign Affairs

Defence and foreign policy

The Russia-Belarus Union: more than an alliance

Close cooperation between Russia and Belarus in the military sphere began before the launch of bilateral integration. Between mid-1992 and 1995, the two countries concluded a multitude of agreements regarding the transfer of strategic weapons and the temporary basing of troops remaining on Belarusian territory after the dissolution of the USSR,³³ the demobilisation of Soviet forces formerly stationed in Eastern Europe, and the continuation of inter-enterprise deliveries between their military-industrial complexes (MICs).³⁴ In January 1995, the agreements on Russia's rent- and tax-free use of the Baranovichi missile-warning station and the Vileika communications facility for a minimum of 25 years suggested the formation of a bilateral alliance with a higher level of integration than that implied by the CIS Collective Security treaty.³⁵ The Baranovichi installation hosts the Central CIS air-defence administration and Vileika constitutes the principal radio control centre for Russia's Navy – including nuclear submarines.³⁶ In 2000, the early-warning missile station 'Volga' became operational on the Baranovichi site. In compliance with the treaty of February 1995 'On Joint Efforts in the Guarding of the state border of the Republic of Belarus', since the removal of controls on the Russo-Belarusian border in June 1995, the borders of Belarus with Poland, Lithuania and Latvia have been jointly patrolled by Russian and Belarusian border troops. A Border Control Committee was established in April 1997 to organise

of the Russian Federation, Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg., pp. 114-116

³³ The withdrawal of strategic forces – including nuclear weapons - from Belarus was completed in November 1996.

³⁴ Deliveries were to be exempted from customs duties and licensing procedures. See agreement "On Production and Scientific-Technical Cooperation among Industrial Enterprises of the Defence Sector" (May 1994) in Byulleten' Mezhdunarodnykh Dogovorov, January 1995, pp. 63-56.

³⁵ The agreements about the military installations of Vileika and Baranovichi were published in Byulleten' Mezhdunarodnykh Dogovorov, November 1996, pp. 48-56. These installations do not have the legal status of military bases.

³⁶ Press service of the Parliamentary Assembly of the Union of Belarus and Russia, Soyuz Belarusi i Rossii: 100 voprosov i otvetov, Moscow: Klub "Realisty", 1999, p. 23

Border Troops activities and assist the formulation of a Union border policy.³⁷ A permanent Union Committee for Security Affairs made up of officials from various national security services was created in late 1997. It has been responsible for preparing proposals and ensuring the implementation of decisions made at inter-ministerial level in a broad range of security-related issues such as combating terrorism, drug trafficking and organised crime.³⁸ The Russian Foreign Intelligence Service has been assisting the Belarusian KGB with the intelligence gathering and officer training.³⁹

In April 1996, the two countries' air-defence forces began joint alert duty covering the air-space of Belarus as well as that of western Russia. In December 1997, the treaty 'On Military Cooperation' formalised the military alliance of Russia and Belarus.⁴⁰ The Russian and Belarusian Ministries of Defence (MoDs) have been cooperating on a daily basis to achieve full convergence in operational and doctrinal matters alike. Joint collegial sessions began in 1998 with the function of designing a common defence policy, an integrated armed forces structure and weapons procurement programme.⁴¹ In addition to multilateral exercises organised with the participation of member-states of the CIS Collective Security treaty,⁴² Russia and Belarus have regularly held bilateral exercises. Large-scale strategic exercises have been conducted annually beginning with the 'Redoubt 96' exercises. Joint air-force exercises took place in the Tula oblast' in March 1997 and in the Moscow military district a year later.⁴³ June 1999 saw the most extensive stra-

³⁷ Supreme Council Decision no. 6 (2 April 1997) and Executive Committee Regulation "On the Border Control Committee of the Union of Belarus and Russia" (23 July 1997), in Basic Documents of the Union of Belarus and Russia, Moscow: Administration of the Executive Committee of the Union of Belarus and Russia, 1998, pp. 221-228

³⁸ See relevant Executive Committee Regulations in Basic Documents of the Union of Belarus and Russia, pp. 231-239; Byulleten' Mezhdunarodnykh Dogovorov, March 2000, pp. 46-52

³⁹ Nezavisimaya Gazeta, 11 November 2000, p. 5

⁴⁰ See statement by then Belarusian MoD Aleksandr Chumakov in Krasnaya Zvezda, 23 December 1997, p. 1

⁴¹ Basic Documents of the Union of Belarus and Russia, pp. 262-268

⁴² Air-defence exercises within the framework of the Collective Security treaty have been conducted annually since February 1995. The most extensive ones were carried out throughout the area covered by the treaty's members in spring 1999. See Krasnaya Zvezda, 24 April 1999, p. 1

⁴³ Kommersant'-Daily, 13 March 1997, p. 4; Nezavisimaya Gazeta, 17 April 1998, p. 5

tegic exercises performed by Russia's Armed Forces since their establishment in 1992. The 'West 99' exercises, which involved all services from five Russian military districts (Leningrad, Moscow, Volga, Urals, North Caucasus) and which were jointly planned and directed by Russian and Belarusian officers, took into account the experience of NATO air-strikes on Yugoslavia in simulating the repulsion of a similar campaign against Belarus and Russia.⁴⁴ Belarusian air force and air-defence units participated in the second phases of the exercises, which were partly conducted on the territory of Belarus.⁴⁵ Since 1998, Belarusian officers have been trained in Russian military academies on the same programmes as their Russian colleagues – a privilege which is not extended to officers from other member-states of the CIS Collective Security treaty or from any other foreign state.⁴⁶ The 'Concept of the Common Defence Policy of Belarus and Russia' was adopted in 1998, and the 'Security Concept of the Union of Russia and Belarus' along with the 'Concept of the Union's Border Policy' followed in spring 1999. The 'Programme of Actions' attached to the Union-state treaty also provides for a common military doctrine.

Military integration moved forward in 1999, when eleven agreements were signed covering the joint use of military facilities, officer training, procurement, exchange of intelligence, and planning. A common procurement programme was formulated for the first time in spring 2000. In the words of then Belarusian Defence Minister Aleksandr Chumakov, "integration has been developing much faster in the military sphere than in other fields".⁴⁷ Following President Putin's visit to Minsk in April 2000, it was announced that a regional army group, uniting the whole of the Belarusian Armed Forces with the Moscow military district, would be created in line with Art.17 of the Union-state treaty. The formation of the regional group has its origins in the agreement of 16 October 1998 "On the Joint Use of Military Infrastructure Objects", which included all kinds of installations (e.g. command and communications centres, aerodromes, air-defence facilities, bases and

⁴⁴ Nezavisimaya Gazeta, 23 June 1999, p. 2; Krasnaya Zvezda, 23 June 1999, p.1

⁴⁵ Krasnaya Zvezda, 25 June 1999, p. 1

⁴⁶ Parliamentary Assembly Press Service, Soyuz Belarusi i Rossii, p. 23. 61 Belarusian officers attended Russian military academies in 1998. This figure had risen to 103 by 2000. See The Russia Journal, May 3-9 1999, and Nezavisimaya Gazeta, 19 April 2000, p. 1

⁴⁷ Rossiiskaya Gazeta/Ekonomichesky Soyuz, 24 October 2000, p. 1

depots) in the two countries' border regions. The modernisation of these facilities was to be financed in common - from the national budgets and/or from the Union budget - on the basis of separate agreements. Russian Armed Forces will not be permanently stationed in Belarus, as, according to the November 1999 review of the treaty on Conventional Forces in Europe, the republic undertook the obligation not to increase existing force levels. The force of 300,000 servicemen (from the two countries' armies, border and internal troops) is to be deployed on Belarusian territory only in the event of an external threat to the country's security. In the meantime, its troops are to remain under national command structures.⁴⁸ In accordance with the Belarusian constitution, the country's Armed Forces are not to serve outside its borders nor are nuclear weapons to be returned to its territory. Bilateral command-and-staff exercises, which focused on practical questions related to operation of the regional force, were conducted in October 2000.⁴⁹

The Russian and Belarusian Foreign Ministries concluded an agreement 'On Cooperation and Coordination' in January 1995.⁵⁰ Since then, they have been exchanging information and formulating common positions both on fundamental questions relating to the development of the European and global systems of international relations and on particular temporary problems. As President Lukashenko has said, "the positions of Russia and Belarus coincide completely".⁵¹ Both countries have been advocating the development of a European security architecture centred around the OSCE, firmly opposing the current NATO-centric system and any expansion of the Alliance to the East. They have been arguing against a world order dominated by a single superpower and the trend towards interference in states' domestic affairs on humanitarian grounds, categorically condemning NATO's use of force against Iraq (in 1998) and Yugoslavia without sanction from the UN Security Council as aggression. Russia and Belarus have also agreed to closely coordinate their relations with the EU, NATO, the US and other major states. Belarusian diplomacy, especially as expressed in Lukashenko's public statements, has had a stronger anti-Western slant than Russian official reactions.

⁴⁸ Nezavisimaya Gazeta, 18 April 2000, p. 1, and 19 April 2000, p. 1

⁴⁹ Rossiiskaya Gazeta/Ekonomichesky Soyuz, 24 October 2000, p. 1

⁵⁰ Byulleten' Mezhdunarodnykh Dogovorov, August 1995, pp. 33-35

⁵¹ Interview with Yegveny Kiselyov, programme 'Itogi' on the Russian television channel NTV, 28

Nevertheless, Belarus did not follow Russia's example in recalling its ambassadors from London and Washington in protest against the bombing of Iraq by British and US forces in December 1998. Though Belarus did suspend its participation in NATO's Partnership for Peace (PfP) programme at the same time as Russia (March 1999) in response to the NATO air campaign against Yugoslavia, it returned to the PfP in August 1999 – half a year before the 'thawing' of Russia's relations with NATO.

In addition, Russian and Belarusian delegations have consistently supported each other's initiatives and positions in the UN and the OSCE. The Belarusian leadership expressed wholehearted support for Russia's second Chechnya campaign. In turn, Russian diplomacy has sought to remedy the negative image of the Belarusian political system prevailing among Western policy-makers. In autumn 1999, Russia's Commissioner for Human Rights Oleg Mironov presented a report, which asserted that human rights were adequately protected in Belarus and disputed the objectivity of assessments made by international organisations and Western governments. Russian diplomacy has (on the grounds of non-interference in Belarusian domestic matters) consistently resisted calls from Western governments and international institutions (e.g. EU, Council of Europe) to join their efforts to pressure the Belarusian authorities to conform to international standards of democratic governance. The Russian MFA criticised the OSCE's negative assessment of the October 2000 parliamentary elections in Belarus on the grounds that it applied excessively strict standards (the EU observers expressed a more positive view of the electoral process) and ignored progress achieved towards democratisation and compliance with the demands of international organisations.⁵² Russian officials have sought to convince the EU and the Council of Europe to end the diplomatic isolation of Belarus.⁵³

November 1999.

⁵² Interfax, Diplomatic Panorama, 18 October 2000

⁵³ Following the referendum of November 1996, used by President Lukashenko to weaken the parliamentary opposition, increase presidential powers and extend his mandate until July 2001, the Council of Europe suspended negotiations on the admission of Belarus as a full member in January 1997. Eight months later, the EU suspended the implementation of the Partnership and Cooperation Agreement signed in 1994 as well as all assistance programmes involving the participation of the Belarusian state authorities.

The two countries have been coordinating their efforts in negotiations for accession to the World Trade Organisation. They have equally been advancing common positions within the CIS and the Customs Union of the Five. In 1998 and again in 2000, the two MFAs adopted a "Programme of Coordinated Actions in the Field of Foreign Policy" detailing all aspects of their interaction. The first joint session of the two MFAs was held in February 2000. In accordance with the Programme documents, Belarusian diplomats receive higher training at the Diplomatic Academy of the Russian MFA and the Moscow State Institute of International Relations.⁵⁴ Russian embassies and consulates are to assist Belarusian citizens in countries, where Belarus does not have representation, and Belarusian delegations are to be accommodated within Russian embassies in several countries.⁵⁵

The problematic Russo-Ukrainian 'strategic partnership'

Russian and Ukrainian diplomatic positions on major international issues have tended to be compatible, but not identical. Joint declarations have highlighted common perspectives regarding the need to strengthen the OSCE, recognition of the UN Security Council as the only source of legitimacy for the use of military force in the resolution of conflicts, or even the desirability of a multipolar world order.⁵⁶ Such general statements have been rather commonplace in Russian diplomatic relations with many states that could barely be described as strategic partners. Moreover, what is omitted from Russo-Ukrainian statements testifies to disagreements on fundamental issues. For example, the "Joint Declaration on the Further Development of Equal Partnership and Cooperation within the Framework of the CIS" refers to the minimum-common-denominator objective of gradually establishing a common economic space, but not to broader CIS-wide integration as supported by Russia and Belarus.⁵⁷ Different emphases indicative of divergent

⁵⁴ Art. 17 of the agreement "On Cooperation and Coordination" of January 1995, Byulleten' Mezhdunarodnykh Dogovorov, August 1995, p. 35

⁵⁵ "Programme of Coordinated Actions in the Field of Foreign Policy", Diplomaticheskyy Vestnik, March 2000, p. 26

⁵⁶ See Russo-Ukrainian Declaration of 31 May 1997, Diplomaticheskyy Vestnik, July 1997, p. 42; Presidents' Declaration of 27 February 1998, Diplomaticheskyy Vestnik, April 1998, p. 36

⁵⁷ The declaration was issued in February 1998, Diplomaticheskyy Vestnik, April 1998, pp. 36-37

strategic priorities distinguish the respective stances of Russia and Ukraine on the key questions of NATO expansion and the conflicts in Yugoslavia and Chechnya. Like Russia, Ukraine initially cautioned that NATO enlargement was likely to reinforce dividing lines in Europe, but did not describe it as a potential threat to its own security. Instead, it defended the right of Central European states to make their own choices about their security.⁵⁸ President Kuchma later recognised the Alliance as “a guarantor of democracy, the most important pillar of security in the Euro-Atlantic area”.⁵⁹ Ukrainian diplomacy was critical of NATO’s campaign against Yugoslavia, advocating the observance of the international legal principle of state sovereignty and UN procedures. It did not, however, speak of ‘aggression’ or suspend cooperation with the Alliance. The Ukrainian leadership endorsed the Russian position of treating Chechnya as a domestic matter. It acknowledged the right of the Russian Federation to defend its territorial integrity, but expressed concern over the tactics employed by the Russian military and their potential consequences for the civilian population. In some cases, Ukrainian diplomacy has directly opposed Russian positions, most notably regarding efforts to increase strengthen the powers of CIS institutions and continued Russian military presence in the form of peacekeeping forces in the CIS.⁶⁰

In 1998, Russia and Ukraine agreed to hold “constant consultations concerning the two countries’ approaches to relations with NATO”.⁶¹ Formally, Russian and Ukrainian relations with NATO, like those with the EU, appear very similar.⁶² Both the Russia-NATO Founding Act and the Ukraine-NATO Charter provide for politi-

⁵⁸ See interview by Boris Tarasyuk (then First Deputy Foreign Minister of Ukraine) in Transition, 28 July 1995, p. 19

⁵⁹ Statement by President Kuchma in NATO Vestnik: NATO 1949-1999 (Russian edition of NATO Review), Jubilee issue, 1999, p. 49. The NATO-Ukraine Charter, which was signed in Madrid in July 1997, notes the Alliance’s “positive role in maintaining peace and stability in Europe and in promoting greater confidence and transparency in the Euro-Atlantic area”. It was published in NATO Review, vol. 45, no. 4, July-August 1997 www.nato.int/docu/basicxt/ukrchrt.htm

⁶⁰ Ukraine fully supported Georgia’s demand that Russian forces leave its territory. Kommersant’-Daily, 14 May 1997, p. 5

⁶¹ Presidents’ Declaration of 27 February 1998, Diplomaticheskyy Vestnik, April 1998, p. 36

⁶² Both countries’ relations with the EU are regulated by Partnership and Cooperation Agreements. Ukraine’s PCA was concluded in May 1994 and came into force in March 1998. The EU-Russia PCA was signed in July 1995 and entered into force in December 1997.

cal and military consultations in the Permanent Joint Council (Russia-NATO) and the Ukraine-NATO Commission on issues such as peacekeeping, non-proliferation of weapons of mass destruction, conversion of defence industries, defence-related environmental issues, and civil emergency preparedness.⁶³ The “Charter on a Distinctive Partnership between NATO and Ukraine”, however, goes further in covering cooperation in armaments production, military training (with special reference to PfP exercises on Ukrainian territory), and defence ties between Ukraine and neighbouring NATO member-states – including NATO support for the Polish-Ukrainian peacekeeping battalion.⁶⁴ Ukraine’s apparently flourishing relations with NATO in conjunction with its aloofness from CIS military cooperation seem to have given rise to considerable scepticism among the Russian political elite regarding the sincerity of the Ukrainian leadership’s commitment to the so-called strategic partnership. According to a survey of the Russian foreign policy community conducted by the Russian Public Policy Centre Foundation in early 2000, 84% of respondents were highly critical of Ukraine’s policy towards Russia.⁶⁵ 30% described bilateral relations as unstable, 29% as “declarative cooperation”, and 26% saw stagnation as their main feature. The reasons cited by the members of the Russian elite were the deepening of Ukraine’s cooperation with NATO (84%), the problems surrounding the BSF and Sevastopol (84%), Ukraine’s insistence on the demarcation of the common border (79%)⁶⁶, the situation of Ukraine’s Russo-

⁶³ The Russia-NATO Founding Act was signed in Paris in May 1997. It appeared in NATO Review, vol. 45, no. 4, July-August 1997 and is available at www.nato.int/docu/basicxt/fndact-a.htm

⁶⁴ The Polish-Ukrainian battalion was established following a bilateral agreement concluded in Warsaw in November 1997. For a detailed analysis of the Charter, see Olga Alexandrova, “The NATO-Ukraine Charter: Kiev’s Euro-Atlantic Integration”, Aussenpolitik, no. IV, 1997, pp. 325-334

⁶⁵ The survey was based on a sample of 100 Russian government officials, parliamentarians, regional officials, business people and academic experts. 38% of respondents described Ukrainian policy as driven by “a desire to improve its situation at Russia’s expense”, 36% saw it as “a policy of double standards” and 10% as “evidently unfriendly”. The full results of the survey were published in V. Chaly and M. Pashkov, “Ukraine’s International Image: The View from Russia”, National Security and Defence (Kiev), no. 3, March 2000, electronic version at www.uceps.com.ua/eng/publications.html

⁶⁶ Russia seeks to avoid this on the grounds of cost and also because of concern that it may lead to the creation of a rigid border regime. For Ukrainian officials, the demarcation of the border is a matter of state sovereignty and also a means of convincing the EU and their Central European

phone population (77%), Ukraine's gas debt (71%), its limited participation in the CIS (57%), the Ukrainian leadership's inconsistent foreign policy course (55%), and its negative stance on the issue of membership of the Russia-Belarus Union (50%). A series of elite polls conducted by the Ukrainian Centre for Peace, Conversion and Conflict Resolution Studies during 1997 and 1998 also showed that the Ukraine's foreign policy community assessed relations with Russia as one of the failures of Ukrainian diplomacy.⁶⁷

The Russian political and military elite has been watching Ukraine's active participation in the PfP with some anxiety. The mere frequency of Ukraine's hosting NATO forces on its territory caused Russian concern.⁶⁸ This was amplified by the content of the 'Sea Breeze' exercises, which took place in Crimea in August-September 1997. Russian MoD Igor Sergeyev, in a visit to Ukraine at the time of the exercises, expressed disapproval of NATO forces' presence so close to the Russian BSF and Russia's very borders.⁶⁹ The initial scenario for these exercises involved the suppression of an armed separatist movement supported by a neighbouring state, which suggested that NATO and Ukraine had contingency plans for military intervention on the part of the Alliance in an uprising of Crimea's Russophone population.⁷⁰ After a demarche from the Russian MFA, the scenario was modified to a rescue operation following a major earthquake. The conduct of

neighbours to adopt a flexible approach to border controls on Ukraine's western border. Author's interviews, Moscow, June and November-December 1999; Kiev, October-November 1999

⁶⁷ Eight polls, with 39 to 42 respondents each, were conducted in March, June, September and December of 1997 and 1998. Respondents were drawn from four elite groups: MFA officials and government/Presidential advisers; Verkhovna Rada deputies; high-ranking military officers; and journalists specialising in international affairs. The results are available at www.public.ua.net/~potekhin/ucpccrs/MONITOR/EXPOLL

⁶⁸ Major PfP exercises with non-combat content were held on Ukrainian territory in May ('Peace Shield 95) and July 1995, October-November 1998 ('Sea Breeze 98' with Russian participation), July ('Peace Shield 2000' with the presence of Russian observers) and September 2000 ('Transcarpathia 2000', with Belarusian participation). US naval vessels visited Ukrainian ports on 19 occasions between 1994 and 2000. *The NIS Observed: An Analytical Review*, vol. V, no. 5, 21 March 2000

⁶⁹ *Segodnya*, 28 August 1997, p. 3

⁷⁰ The participation of the Turkish Navy in the exercises indicated that the supposed insurgents were not the Crimean Tatars, as the foreign power supporting them would have been Turkey.

air-defence exercises and of a simulated naval embargo despite the revised scenario, and Ukraine's subsequent participation in exercises (this time on US territory) based on a scenario similar to the one originally devised for 'Sea Breeze' did nothing to appease Russian misgivings.⁷¹ The ethnic conflict scenario also informed the 'Peace Shield 98' exercises, which were carried out in Western Ukraine in 1998.⁷² In September 2000, the 'Cossack Steppe' exercises rehearsed such a scenario in Eastern Crimea, though the Russian MFA was most alarmed by an article which appeared in the official newspaper of the Ukrainian Navy on the eve of the exercises. The article, which was not disavowed by Ukrainian diplomatic spokesmen, warned of a threat to the country's independence emanating from Russophones and asserted that Russia would not start a war against Ukraine because of its awareness that, unlike Chechnya, Ukraine had combat-worthy Armed Forces.⁷³ Ukraine's allocation of additional funds from the state budget to the conduct of such NATO exercises fuelled accusations that Kiev had violated Art. 6 of the Friendship, Partnership and Cooperation treaty.⁷⁴ NATO financial support for the modernisation of Ukraine's Navy and military facilities in order to bring them into line with Alliance standards were viewed as further signs of the Ukrainian leadership gradually abandoning its 'strategic partnership' with Russia.⁷⁵ The agreement granting the Yavorov facility the status of an "international training centre under the aegis of NATO" came as no surprise to Russian observers.⁷⁶

Russia's military presence on Ukrainian territory is much more substantial than that of NATO. In March 1997, the Russian military obtained leasing agreements of Ukraine's missile-attack warning installations in Mukachevo and Yevpatoriya as

⁷¹ Segodnya, 27 August 1997, p. 4; Nezavisimaya Gazeta, 22 November 1999, p. 3

⁷² Nezavisimaya Gazeta, 25 September 1998, p. 5

⁷³ The article appeared in Flot Ukrainy and excerpts were published in Nezavisimaya Gazeta, 8 September 2000, p. 1

⁷⁴ Nezavisimaya Gazeta, 4 December 1999, pp. 1, 5.

⁷⁵ By 1998, NATO had spent \$8 million on the modernisation of the Yavorov training ground. The US government was reported to have granted Ukraine an additional \$1.2 million for the upgrading of training facilities and Navy equipment. Nezavisimaya Gazeta, 25 September 1998, p. 5; Segodnya, 28 October 1998, p. 2

⁷⁶ Nezavisimaya Gazeta, 4 March 2000, p. 5

well as a limited agreement on joint monitoring of air-space.⁷⁷ In October 1999, Russia and Ukraine conducted bilateral air-defence exercises entitled "Duel 99".⁷⁸ As a result of the BSF agreements of May 1997, Russia was authorised to maintain 25000 servicemen on Ukrainian territory and have exclusive use of a total of 170 naval and land basing points, command and communications centres, aerodromes, and various auxiliary facilities for at least 20 years.⁷⁹ 137 of these installations are located in the city of Sevastopol. Russia is to lease the above facilities at the annual cost of \$97.75 million to be deducted from Ukraine's debt (\$3.074 billion at the time), with a provision for direct payments after the debt is paid off. Payments from the Russian state budget for the maintenance of the BSF (including servicemen's salaries) were to be exempt from Ukrainian taxation, which was not to be the case of other economic activities of various agencies belonging to the BSF. The Russian MoD assumed the obligation to annually inform Ukraine of the numbers of troops and weapons deployed on Ukrainian territory. The Russian BSF, which is based in Ukraine, may not be equipped with nuclear weapons. The Russian Navy may use Ukraine's territorial waters in order to enter and exit BSF bases – on condition of prior notification. The agreement of the Ukrainian authorities is required for the conduct of military exercises within the installations available to the Russian BSF. The authorisation of the Ukrainian authorities is also needed for the use of Ukraine's air-space by Russian military aircraft.⁸⁰

Since the conclusion of the BSF agreements, the Russian and Ukrainian sections of the Fleet have conducted bilateral exercises on several occasions. In November 1997 ('Channel of Peace 97'), the exercises were confined to rescue operations and were conducted at sea only, but in April 1998, September 1999 and September 2001 ('Channel of Peace' 99 and 2001), they contained land opera-

⁷⁷ Kommersant'-Daily, 5 March 1997, p. 3

⁷⁸ Krasnaya Zvezda, 14 October 1999, p. 1

⁷⁹ The agreements are to be automatically renewed for five years, if neither of the signatory parties requests their termination at least one year before the expiry of the 20-year period.

⁸⁰ The agreements 'On the parameters of the division of the BSF', 'On the status and conditions of the presence of the BSF of the Russian Federation on the territory of Ukraine' and 'On mutual financial obligations related to the division of the BSF and the presence of BSF of the Russian Federation on the territory of Ukraine' were published in Byulleten' Mezhdunarodnykh Dogovorov, October 1999, pp. 34-83

tions and air defence elements.⁸¹ Russia and Ukraine, alongside Georgia, Romania, Bulgaria and Turkey, have agreed to set up a cooperative naval force entitled 'BlackSeaFor' for rescue, humanitarian and environmental operations.⁸² In August 2000, Ukraine for the first time participated in the CIS air-defence exercises, which were conducted in Russia's Astrakhan' oblast'. Still, Russia's military and political elite resents the Ukrainian leadership's willingness to increase budget allocations for cooperation with NATO, while reducing participation in bilateral exercises with Russia on the grounds of cost.⁸³ The impression of the Ukrainian authorities deliberately harassing the BSF and using it as a bargaining chip for extracting concessions from Russia represents a major grievance for the Russian side. The BSF faced cuts in water and electricity supplies in February 1999 due to arrears, despite an earlier agreement to offset such payments against Ukraine's debt to Russia.⁸⁴ A year later several bank accounts belonging to BSF units were frozen due to utilities arrears exceeding 600 million hryvnias and officers were interrogated about alleged tax evasion.⁸⁵ Some of the problems complicating the activities of the BSF were - at least partly - alleviated by nine supplementary agreements regulating the use of radio frequencies, customs procedures for supplies from Russia, and various social and legal matters related to the presence of BSF personnel and their families in Ukraine.⁸⁶ Further progress regarding the harmonious co-existence of the BSF and the Ukrainian Navy in Sevastopol was reported following the meeting of the two countries' Defence Ministers in June 2001.⁸⁷

⁸¹ On 'Channel of Peace 97', see Krasnaya Zvezda, 4 November 1997, p. 1. During the April 1998 exercises, the Russian and Ukrainian forces were under national command. Krasnaya Zvezda, 18 April 1998, p. 1. See also Nezavisimaya Gazeta, 20 September 2001, p. 5 for 'Channel of Peace 2001'.

⁸² The decision to create such a force was announced in July 2000. Interfax, Diplomatic Panorama, 5 July 2000. The agreement on the establishment of the force was signed in Istanbul on 2 April 2001. Interfax, Diplomatic Panorama, 2 April 2001

⁸³ The Ukrainian side used such an argument with respect to 'Channel of Peace 2000'. Kommersant'-Daily, 2 March 2000, p.1

⁸⁴ At that time, the Russian and Ukrainian governments were negotiating the exact level of Ukraine's debt, which had been accumulating since the restructuring agreement of 1995.

⁸⁵ Kommersant'-Daily, 1 March 2000, p. 1

⁸⁶ Diplomaticheskyy Vestnik, April 2000, pp. 25-26

⁸⁷ Defence Ministers Sergei Ivanov and Aleksandr Kuz'muk met in Sevastopol and agreed *inter alia*

Restrictions imposed by the Ukrainian authorities on Russian Armed Forces' use of Ukraine's air space and territorial waters have constituted another source of irritation. Such restrictions were introduced in spring 1997 on the grounds of Russian military aircraft having entered Ukraine's air space without authorisation, but were promptly lifted after the Russian military leadership offered explanations.⁸⁸ A year later, more serious controversy arose from new regulations requiring the BSF command to give the Ukrainian MoD three days' notice in advance of any naval vessel or military aircraft crossing the border. The regulations also demanded a report detailing all weaponry and other military equipment to be carried on board and stated that the Ukrainian authorities could carry out inspections for the purposes of verification. This was particularly disconcerting to the Russian military, as it erected an effective barrier to the stealthy, rapid deployment of forces in the Mediterranean in connection with the Kosovo conflict.⁸⁹ According to a Ukrainian foreign policy expert interviewed by the author, Ukraine agreed to the transit of Russian forces only after Bulgaria (an applicant for admission to NATO) had given such permission - presumably with the consent of the Alliance.⁹⁰ The replacement of the BSF's obsolete SU-17 bombers with SU-24 aircraft encountered opposition from the Ukrainian side, which contended that the deployment of aircraft with a capability for delivering nuclear weapons on Ukraine's territory contradicted the country's non-nuclear status. Russia's proposal of removing relevant equipment from the bombers in question satisfied the Ukrainian authorities with respect to 18 of the 22 new aircraft to be deployed, but objections persisted in the cases of the remaining four, as they were regarded as reconnaissance aircraft.⁹¹

Such frictions straining the declared strategic partnership between Ukraine and Russia are unlikely to disappear in the foreseeable future. A sizeable section of Ukraine's political and military elite, with some influence on the Kuchma administration, advocates the reconsideration of the leasing agreements with Russia, which it sees as the major source of threats to the country's independence.⁹²

on the joint use of certain military installations. Nezavisimaya Gazeta, 20 June 2001, p. 1

⁸⁸ RFE/RL, Newsline: Central and Eastern Europe, 7 April 1997

⁸⁹ Nezavisimaya Gazeta, 1 June 1999, p. 5

⁹⁰ Kiev, 20 October 1999

⁹¹ Nezavisimaya Gazeta, 29 May 2000, p. 5

⁹² These points were contained in a draft resolution "In Connection with the Escalation of Tensions

Ukrainian officials have dismissed Russian complaints about Ukraine contravening the spirit of strategic partnership and the clauses of the 'Big treaty' by returning the latter accusation with regard to the lack of state provision for the cultural needs of the Ukrainian minority in Russia.⁹³ More significantly, Russian and Ukrainian policy-makers appear to have divergent interpretations of what 'strategic partnership' entails. Whereas the Russian elite tends to view Ukraine's cordial ties to NATO as evidence of a lack of interest in strategic partnership with Russia, Ukrainian officials have asserted that the two approaches to strengthening the country's security and international authority are complementary. They argue that Ukraine need not have to choose between a 'distinctive partnership' with NATO and a 'strategic partnership' with Russia.⁹⁴ This position can be maintained only so long as Ukraine does not officially declare an intention to join the Alliance. Indeed, as stated in the policy-planning analysis of Ukraine's Security and Defence Council, the country will have to make a choice between Russia and the CIS, on the one hand, and full participation in Euro-Atlantic structures, on the other. Ukraine's basic national interests are found to coincide with those of the United States and conflict with those of Russia. Strategic partnership with the US and a gradual approach to NATO membership are suggested as the foremost priorities of Ukrainian foreign policy. Tellingly, the term 'strategic partnership' is not used to describe the envisaged type of relations with Russia.⁹⁵ President Kuchma, however, reaffirmed the primary importance of Russia in Ukraine's foreign policy soon after dismissing Boris Tarasyuk, the Foreign Minister whom the Russian foreign policy community

in *Russo-Ukrainian Relations*", which was introduced for consideration to the Verkhovna Rada by a group of national-minded deputies including former President Leonid Kravchuk. The full text of the draft resolution was published in *Nezavisimaya Gazeta*, 14 September 2000, pp. 1, 5

⁹³ *Ibid.* and Stepan Gravrish (Deputy Chairman of the Ukrainian Parliament), interview to *Nezavisimaya Gazeta*, 13 September 2000, p. 5

⁹⁴ National Institute of Ukrainian Russian Relations, National Security and Defence Council of Ukraine, *Veliky Dogovir Ukraini z Rossieyu: Istorichny Kompromis chi Real'ny Shans na Stratigichne Partnerstvo?*, Kiev: 'Akadempres', 1999, p. 15

⁹⁵ Ukraine's Security and Defence Council is an official institution comparable to Russia's Security Council. O. Beiov et al. (eds.), *Ukraine 2000 and Beyond: Geopolitical Priorities and Scenarios of Development*, Kyiv: The National Security and Defence Council of Ukraine, National Institute for Strategic Studies, 1999, pp. 10-11, 29, 61, 72

saw as excessively pro-Western.⁹⁶ Moreover, in January 2001, the Russian and Ukrainian Defence Ministers announced an extensive programme of military cooperation, which was to include the creation of a joint observation point in Sevastopol and Russia's participation in the planning of all multilateral exercises to take place on Ukrainian territory, a provision bound to affect Ukraine's PfP activities.⁹⁷

The social and economic spheres

It is possible to distinguish between two kinds of integration in the economic and social spheres, one referring to policy coordination or joint decision making in these areas, and another denoting density of transactions and economic interpenetration. The former typically aspires to the promotion of the latter, which may, however, occur in the absence of inter-state policy coordination. The Russo-Belarusian integration treaties provide for legal harmonisation, common decision-making mechanisms and a variety of projects aimed at strengthening social – including cultural – ties between the two countries, creating a unified economic area and increasing economic transactions (trade, investment, joint production lines). Similar objectives have also been declared at Russo-Ukrainian diplomatic meetings, but with a view to arresting the trend of rapidly declining social and especially economic interaction.⁹⁸ The following tables display contrasting trends in Russia's economic relations with Belarus and those with Ukraine.

Table 1

Russia's trade with Belarus (millions of US dollars)

	Exports	Index	Imports	Index	Turnover	Index
1994	2998	100	2094	100	5092	100
1995	2940	98	2088	100	5028	99
1996	3522	117	3024	144	6546	129
1997	4673	156	4780	228	9453	186

⁹⁶ Uryadovy Kur'er, 4 October 2000, p. 1

⁹⁷ Krasnaya Zvezda, 21 January 2001, p. 1

⁹⁸ Joint Declaration by Presidents Kuchma and Yeltsin in Diplomaticheskyy Vestnik, October 1998, p. 33

1998	4670	156	4608	220	9278	182
1999	3761	125	3236	155	6997	137

Table 2

Russia's trade with Ukraine (millions of US dollars) – Russian official statistics

	Exports	Index	Imports	Index	Turnover	Index
1994	6885	100	4404	100	11289	100
1995	6980	101	6617	150	13597	120
1996	7552	110	6299	143	13851	123
1997	7243	105	3991	91	11234	100
1998	6024	87	4072	92	10096	89
1999	4889	71	2817	64	7706	68

Source: Rossiia v Tsifrah, Moscow: Goskomstat, 2000, p. 362

Table 3

Russia's trade with Ukraine (millions of US dollars) – Ukrainian official statistics⁹⁹

	Exports	Index	Imports	Index	Turnover	Index
1996	8548	100	5528	100	14076	100
1997	7838	92	3913	71	11751	83
1998	7064	83	2906	53	9970	71
1999	6195	72	2396	43	8591	61

Source: National Bank of Ukraine as cited in IMF Country Report no. 01/28, Ukraine: Statistical Appendix, Washington DC: International Monetary Fund, January 2001, pp. 44, 46

After economic integration between Russia and Belarus began in 1995, bilateral trade grew spectacularly until 1998. President Lukashenko has credited the integration process with a 150% rise in bilateral trade,¹⁰⁰ which is not entirely implausible considering that the official figures testify to growth of 87% between 1995 and 1997. Because barter transactions have constituted the bulk of Russo-Belarusian trade,¹⁰¹ it is hardly possible to accurately calculate the value of trade

⁹⁹ Two separate tables are given for trade between Russia and Ukraine in order to take account of the somewhat different figures published by the Russian and Ukrainian official statistics agencies. In the case of trade between Russia and Belarus, this problem does not arise, as the relevant agencies (Minstat in Belarus and Goskomstat in Russia) work in close coordination.

¹⁰⁰ Rossiiskaya Gazeta, 9 December 1999, p. 7

¹⁰¹ According to calculations of economists of the Belarusian National Bank, barter represented 34% of bilateral trade in 1997 and 41.9% in 1998. A. Tereshchenko and A. Zyulev, "Monetarnye Aspekty Integratsii Belarusi i Rossii", Belarus Monitor, June 2000, p. 33

volumes. Data on Belarus's foreign trade indicate that the increase in trade with Russia has been due to a combination of trade creation and trade redirection.¹⁰² The growth has been most impressive in terms of Belarusian exports to Russia, whose volume in 1997 was more than double compared to 1995. As a result, Belarus ranks (ahead of Ukraine) as Russia's second largest trading partner behind the EU.¹⁰³ A downward trend became observable in 1998 and was accelerated in 1999. This appears to have been a function of the August 1998 financial crisis, which produced a drop of 31% in Russia's foreign trade between 1997 and 1999. During the same period, the decline in overall trade with Belarus was 26%.¹⁰⁴ Still, turnover remained 38% higher than its 1995 level. A positive trend was reported to have returned in 2000 and continued in 2001, as the Russian economy showed signs of recovery.¹⁰⁵

Whereas Russia and Belarus share statistical information, therefore reporting identical figures on bilateral trade, this is not the case of statistics regarding trade between Russia and Ukraine. According to the information published by the National Bank of Ukraine, bilateral trade has displayed linear decline since 1996, with Ukrainian exports to Russia dropping by 57% (compared to a turnover decline of 39% between 1996 and 1999). According to Russian official statistics, trade turnover between Russia and Ukraine began to decrease in 1997, with imports being

¹⁰² Belarusian foreign trade grew by 56% between 1995 and 1997 and trade with the EU increased by 28%. Russia's overall external trade is not used as an indicator because in 1997 Belarus accounted for 5% of Russian exports and 9% of imports, whereas Russia's shares in Belarusian exports and imports were 66% and 54% respectively. External Economic Activities of the CIS Countries, Moscow: Interstate Statistical Committee of the CIS, 1999, pp. 96-97, 274

¹⁰³ In 1999, the EU accounted for 36.7% of Russia's total imports, Belarus represented 10.7% and Ukraine was third with 8.3%. According to customs data for 2000, Russia's trade with Belarus stood at \$9.3 billion, compared with \$8.6 billion of trade with Ukraine). Country Report: Russia, London: The Economic Intelligence Unit, March 2001, p. 37

¹⁰⁴ Russia's foreign trade volume declined from \$161.9 billion in 1997 to \$115.1 billion in 1999. Rossiia v Tsifrah, Moscow: Goskomstat, 2000, p. 356

¹⁰⁵ In the first ten months of 2000, official statistics showed a year-on-year growth of 39% in bilateral trade. Nezavisimaya Gazeta, 26 January 2001, p. 5; In May 2001, the Belarusian Foreign Ministry announced statistical information for the first quarter of 2001 showing year-on-year growth of 15% in exports to Russia and a drop of 7% in imports from that country. (Exports to the CIS as a whole grew by 17% and imports declined by 11% during the same period). Belarusskaya Delovaya

reduced since 1996. By the end of 1999, the positive trend visible between 1994 and 1997 had been entirely reversed. Trade volumes were down by 32% compared to 1994 and more than halved after 1997. Growth of almost \$1.5 billion (around 17%) has been claimed for 2000, which could be linked to both countries' improved economic performance.¹⁰⁶

Migration, a major indicator of inter-state social interaction, shows a linear decline with regard to both Belarus and Ukraine. Nonetheless, Ukraine has been by far the largest provider of immigrants from the CIS coming to work in Russia.¹⁰⁷ Due to the CIS visa-free regime, no statistical data for travel to and from Russia, on the one hand, and Ukraine and Belarus on the other is available for the same period.¹⁰⁸

Table 4

Migration flows between Russia and Belarus (number of persons)

	To Russia	Index	From Russia	Index	Total	Index
1994	43383	100	27751	100	71134	100
1995	35337	81	25229	91	60566	85
1996	23903	55	21542	78	45445	64
1997	17575	41	18928	68	36503	51
1998	13760	32	19035	69	32795	46
1999	11549	27	19151	69	30700	43

Gazeta, 4 May 2001, p. 4

¹⁰⁶ This figure was cited by President Putin in his interview to the Ukrainian press in February 2001.

Diplomaticheskyy Vestnik, March 2001, p. 42

¹⁰⁷ In 1994, Ukraine was the country of origin of 77.8% of CIS immigrants to Russia. Belarus was second with 8.2%. Rossiiskyy Statisticheskyy Ezhegodnik, Moscow: Goskomstat, 1995, p. 518.

These figures have not been published consistently to allow for year-on-year comparisons.

¹⁰⁸ Russia announced its decision to unilaterally withdraw from the Bishkek agreement of 1992 on visa-free travel within the CIS as of January 2001. Belarus was the only country to be a priori exempt from any future visa requirements, while relevant agreements with all remaining states were to be negotiated on a bilateral basis. Interfax, Diplomatic Panorama, 4 September 2000. In late November 2000, Russia concluded agreements on visa-free travel with all member-states of the Eurasian Economic Union (Belarus, Kazakhstan, Kyrgyzstan, Tajikistan). Izvestiya, 1 December 2000, p. 2

Table 5

Migration flows between Russia and Ukraine (number of persons)

	To Russia	Index	From Russia	Index	Total	Index
1994	247351	100	108370	100	355721	100
1995	188443	76	99422	92	287865	81
1996	170928	69	83813	77	254741	72
1997	138231	59	69116	64	207347	58
1998	111934	45	57318	53	169252	48
1999	81297	33	58922	54	140219	39

Source: *Rossiya v Tsifrah*, Moscow: Goskomstat, 2000, pp. 72-73

Another measure of cross-border societal links, often mentioned in arguments favouring the restoration of such Soviet-era ties, is the movement of students in higher education. The numbers of students from both Ukraine and Belarus coming to the Russian Federation have declined dramatically compared to the period immediately after the dissolution of the Soviet Union.¹⁰⁹ As of 1997, opposite trends have emerged, with numbers of Belarusian students increasing, while the downward trend in the case of students from Ukraine has continued. A similar trend has characterised movement from Russia to Belarus, though absolute numbers have been lower.

Table 6

Students from Belarus and Ukraine in Russian institutions of higher education (number of persons)

	From Belarus	Index	From Ukraine	Index
1995/96	4355	100	9462	100
1996/97	3121	72	6473	68
1997/98	3314	76	5016	53
1998/99	4203	97	4703	50

Source: *Rossiya v Tsifrah*, Moscow: Goskomstat, 2000, p. 123

¹⁰⁹ The number of students from Ukraine was down by 83% between 1992 and 1998, whereas that of Belarusian students decreased by 65%. *Rossiyskiy Statisticheskiy Ezhegodnik*, Moscow: Goskomstat, 1999, p. 210

Table 7

Students from Russia in Belarusian institutions of higher education

(number of persons)

		Index
1995/96	1161	100
1996/96	881	76
1997/98	955	82
1998/99	1316	113

Source: *Belarus' i Rossiya*, Moscow: Ministry of Statistics of Belarus/ State Statistics Committee of Russia, 1999, p. 64

The following sections will seek to shed some light on the above trends in trade and societal links by examining the progress of relevant policies announced in the context of Russo-Belarusian integration and Russo-Ukrainian cooperation programmes.

Russia and Belarus in pursuit of closer social and economic integration

Social aspects

The treaty "On Equal Rights of Citizens" of December 1998 has been the least controversial and most successful in terms of implementation of all bilateral integration treaties. All of its provisions were reported to have been realised by mid-1999.¹¹⁰ The treaty requires that citizens of Belarus have the same legal rights as those granted by Russian law to citizens of the Russian Federation and vice versa (Art. 3). Equal electoral rights apply only in the case of elections to supranational bodies (Art. 1). Neither of the two states may impose any restrictions applicable to foreigners on the economic activities of citizens of the other party (Art. 2). Russian citizens are entitled to acquire property in Belarus – including by means of free transfer of state or municipal property - on the same basis as Belarusian citizens and the same applies to Belarusian citizens in Russia (Art. 6). Russian and Belarusian citizens may exchange dwellings in accordance with national legislation and

¹¹⁰ Author's interviews, Moscow, June and November-December 1999; Minsk, November 1999.

be registered as permanent residents on that basis (Art. 5). Free movement of labour is guaranteed by equal access to employment, remuneration and full protection granted by national labour legislation (Art. 7). The recent introduction of these changes seems not to have had any impact in terms of halting the decrease of migration flows in both directions, which continued in 1999. No discrimination is to apply concerning access to education at all levels, health care or other social services, and no payments are to be made by either state for services rendered to its citizens by agencies belonging to the other party (Arts. 4, 9). Therefore, services free to Russian citizens are also free to Belarusian citizens and vice versa. Where fees are applicable, as is the case of various higher education courses, the same amounts are payable by Russians and Belarusians, whereas citizens of third countries – including CIS member-states – are typically charged higher fees. This appears likely to strengthen the upward trend in the mobility of students in both directions, which has been observable since 1997.

The unification of labour and social legislation is to occur according to the principle of maximisation, which requires that common standards be based on those of the state with the most extensive guarantees in each aspect of labour and social provision.¹¹¹ Work in this field has been directed at the equalisation of real wages, pensions and social security benefits, beginning with legally guaranteed minimum standards.¹¹² The envisaged harmonisation of living standards, which also covers coordination with respect to price regulation, has the double function of encouraging cross-border mobility and contributing to real economic convergence by affecting measures such as labour productivity and unemployment. A maximum degree of convergence in such indicators is expected to enhance the prospects of successful monetary union. From among various initiatives aimed at promoting societal and cultural integration, it is worth noting the creation of a Union television and radio organisation funded both from the Union budget and national resources. It began broadcasting in February 1998.¹¹³

¹¹¹ "Programme of Synchronisation and Coordination of Economic Reforms", Diplomaticheskyy Vestnik, May 1997, p. 38

¹¹² "Programme of Actions" attached to the Union-state treaty, Byulleten' Mezhdunarodnykh Dogovorov, Mach 2000, pp. 82-83

¹¹³ See treaty "On the Common Television and Radio Organisation of the Union of Russia and Belarus" (signed in January 1998 and ratified in July 1999). Byulleten' Mezhdunarodnykh Dogovorov,

Trade relations and the problematic Customs Union

The spectacular growth in bilateral trade attained between 1995 and 1998 has been – to a very large extent – the result of the January 1995 Customs Union agreement. In June 1995, customs control points on the Russo-Belarusian border were removed. At the same time, both countries abolished customs and excise duties along with non-tariff restrictions on exports to and imports from each other.¹¹⁴ This boosted the competitiveness of products from Russia and Belarus in each other's markets, especially compared to imports from CIS countries remaining outside the Customs Union of the Five (Eurasian Union). The Customs Union agreement made allowances for temporary restrictions on bilateral trade in conditions of extreme budget deficit or shortages of a commodity in the domestic market (Art. 5). These measures were understood to be reserved for emergency situations and were not meant as transitional arrangements on the way to a fully functioning free trade area, as was the case of the early stages in the development of the European Community.¹¹⁵ They were used only in one case, when temporary controls were reintroduced on the Belarusian side of the border in the wake of the financial crisis that hit Russia in August 1998 to prevent the export of foodstuffs subsidised from the Belarusian budget. With this exception, neither side has imposed other restrictions or duties of any kind on goods imported from or exported to the other party, though such a possibility has been raised with regard to certain commodities of disputed origin (e.g. Cuban sugar packed in Belarus). Belarus has

February 2000, pp. 70-72

¹¹⁴ Customs duties and quantitative restrictions on bilateral trade had been lifted following the free trade agreement of November 1992, which, however, excluded raw materials exported to Russia. The January 1995 agreement abolished these residual restrictions. Ernest Sh. Sultanov, "Rossiya i Belorussiya: tri postulata ekonomicheskoi integratsii v ramkakh Tamozhennogo soyuza", Vneshnyaya Torgovlya, no. 10-12, 1998, p. 23

¹¹⁵ Free trade in the EC was attained in 1968, 17 years after the conclusion of the Paris treaty, which established the ECSC and 11 years after the treaty of Rome, which created the EEC.

also complained about Russia's making profits by re-exporting goods of Belarusian origin to third countries.¹¹⁶

The modernisation of customs infrastructure on Belarus's borders with Poland, Lithuania and Latvia has been one of the first projects implemented within the framework of the Union. The Russian government contributed financial resources and technical equipment to the project, whose urgent completion was considered essential in order to avert an influx of contraband goods. Nonetheless, the failure to harmonise excise taxes and duties on imports from and exports to third countries has given grounds for unilateral measures, which have provoked friction in bilateral relations and negative publicity for the integration process. Tensions emerged already in 1996 in connection with the Belarusian administration's licensing of favoured companies to import certain goods from third countries without paying any duties. The Russian government warned of restoring customs controls, as the goods in question (notably alcoholic beverages and tobacco, which were meant for sale only in Belarus) were found to have been systematically re-exported to Russia under false documentation presenting the cargo as Belarusian products.¹¹⁷ A regulation brought in by the Russian State Customs Committee required that duties on such commodities be paid into its bank account in Minsk before the goods reached Russia's territory.¹¹⁸

The Belarusian administration subsequently abolished the controversial privileges, but discontent persisted on both sides due to the combination of different tariff rates applied by each of the two countries and the provision (Art. 4 of the Customs Union agreement) that customs duties contribute to the budget of the country of entry or exit. Thanks to the establishment of a Community Customs Committee in June 1996, significant progress towards the equalisation of customs duties was made in 1997.¹¹⁹ This was undermined in the following year by Rus-

¹¹⁶ Speech of President Lukashenko to the 18th session of the Russia-Belarus Parliamentary Assembly (Grodno, 5 June 2001). Nezavisimaya Gazeta, 6 June 2001, p. 5

¹¹⁷ "Lukashenko poluchil novy ul'timatum", Itogi, 10 December 1996, reprinted in Problemy Politicheskogo Liderstva i Integratsiya Belarusi i Rossii, Minsk: Independent Institute of Socio-Economic and Political Studies, 1997, p. 106

¹¹⁸ Regulation N 01-14/1310 of 28 November 1996 published in Tamozhennye Pravila, Moscow: "Infoyurservis", 1998, pp. 44-47

¹¹⁹ In 1997, excise duties differed with regard to 63 commodities, whereas different customs duties

sia's decision to unilaterally amend tariffs on several commodities without prior consultation with the competent Belarusian or Union agencies.¹²⁰ Russian excise duties applied equally to 22 categories of domestic and imported goods, with Belarus levying excise on 22 domestic and 50 imported commodities.¹²¹ In early 1999, Belarus adopted legislation bringing most customs duties in line with the new Russian rates.¹²² This did not avert a partial restoration of controls on the Russian side of the border with Belarus, as Russian officials continued to be dissatisfied with the patchy implementation of the new Belarusian customs legislation. A further source of Russian discontent was the influx of low-priced Ukrainian goods entering the Russian market through the porous border between Belarus and Ukraine, thereby avoiding Russian excise and import duties. The latter problem had been exacerbated by the entry into force of a free trade agreement between Belarus and Ukraine in 1999.¹²³ In autumn 2000, border controls returned on both sides of the Russo-Belarusian border to control the flow of goods smuggled from third countries.¹²⁴

The Russian State Customs Committee had claimed annual losses of budget revenue approximating \$500 million as a result of importers' preference for Belarus as a point of entry to the Russian market due to its lower tariffs on a range of commodities such as automobiles, alcohol and tobacco products. Belarusian export duties on petrochemical products were also set at lower levels than those levied by Russia, which increased the attractiveness of Belarusian oil-processing plants to Russian oil companies.¹²⁵ Belarusian officials have resented Russia's

applied to 460 commodities. Sultanov, "Rossiya i Belorussiya", p. 24

¹²⁰ Anatoly Sirotsky, "Tamozhenny Soyuz: Plany i Realii", in Belorussky Zhurnal Mezhdunarodnogo Prava i Mezhdunarodnykh Otnoshenii, no. 1, 2000, pp. 68-69

¹²¹ Ibid.

¹²² Kommersant'-Vlast', 13 July 1999, p. 38

¹²³ The Russian State Customs Committee announced that it had raised \$2.5 billion in duties levied on imports from third countries arriving through the 'Belarusian corridor' in the first half of 1999 alone. Ibid. and Nezavisimaya Gazeta, 24 May 2000, p. 1

¹²⁴ Rossiiskaya Gazeta/Biznes v Rossii, 25 October 2000. p. 1

¹²⁵ According to bilateral agreements, only 10% of Russian oil processed in Belarusian plants may be exported to destinations other than Russia. However this has not been always applied in practice, to the effect that the Russian Ministry of Finance had calculated annual losses to the federal budget as a result of lower Belarusian oil export duties at \$100 million. Izvestiya, 2 March 2001, p.

lower import tariffs on foreign commodities (e.g. electronic equipment) competing with Belarusian products. In 1999, common lists of commodities, whose import and/or export was to be subject to quantitative restrictions, were formulated, but provision was made for residual categories of goods for which national licences would still be required.¹²⁶ In March 2000, Russia began to levy VAT on imports from third countries entering the Russian market through Belarus. This was deemed necessary in view of the agreements concluded by Belarus with Ukraine, Kazakhstan and Moldova in early 1999, according to which VAT on bilateral trade is levied in the country of destination. The measure proved highly effective in distorting import routes to Russia's advantage, thereby prodding the Belarusian authorities to introduce similar regulations six months later.¹²⁷

The 'Programme of Actions' attached to the Union-state treaty provides for the creation of a new Commission for Tariff and Non-tariff Regulation, the full unification of duties, exemptions, and quantitative restrictions by 2002, and of all legislation regulating foreign trade by 2004. Union-state customs codes are to be adopted and supranational bodies with exclusive jurisdiction over external trade regulation are to be created by 2005. Negotiations were further complicated by the need to take into account the interests of the other three members of the 'Customs Union of the Five' (or 'Eurasian Economic Community', as it was renamed in October 2000) and Kyrgyzstan's accession to the WTO on terms that had not been communicated to other Customs Union member-states in advance.¹²⁸ As of the beginning of 2001, Russia has applied a single rate on all commodities subject to customs duties.¹²⁹ This simplified the negotiation of Union rates, which were finally

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¹²⁶ *Byulleten' Mezhdunarodnykh Dogovorov*, June 1999, pp. 51-56

¹²⁷ Between February and July 2000, the value of imports from third countries reaching Russia through Belarus approximated \$95 million, whereas \$263 million's worth of imports entered Belarus through Russia. Prior to the introduction of the contested measure, imports averaging \$50 million per month flowed almost evenly in the two directions. *Izvestiya*, 26 September 2000, p. 6

¹²⁸ By April 1998, identical import tariffs across Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan applied to 4500 out of 9506 commodity categories. Sirotsky, "Tamozhenny Soyuz", pp. 68-70

¹²⁹ Interfax News Agency, *CIS Daily News Brief*, 5 October 2000, p. 7

set during the January 2001 session of the Council of Ministers.¹³⁰ As of March 2001, customs duties on all but 300 commodity categories have finally been equalised.¹³¹ This has been the result of a major compromise, most notably regarding the controversial question of export duties on oil and oil products.¹³² The two countries are likely to maintain different lists of products subject to export restrictions in the near future.¹³³

Harmonisation of economic reforms

The agreement "On the Creation of Equal Conditions for Economic Actors" of December 1998 provides for the modification of national legislation to eliminate any form of discrimination against Russian enterprises operating in Belarus and vice versa. Art. 3 states that prices in bilateral trade are to be freely negotiated with the exception of monopoly goods and services, where export prices are not to exceed the levels fixed for the domestic market. The latter provision is particularly pertinent to transport, electricity and gas rates, which are covered by a specific intergovernmental agreement of April 1999. In these cases, prices are to be subject to agreements between the relevant ministries or other agencies from the two countries and be set at minimum levels allowing for the recuperation of costs and essential investment in infrastructure maintenance and modernisation.¹³⁴ It is on this basis that the Belarusian leadership has been pushing for gas prices identical to those prevailing in Russia's domestic market. Railway transport rates and motor transit fees have proved rather controversial. Belarusian enterprises have been

¹³⁰ The Belarusian side has expected to offset losses resulting from its adopting higher export duties on oil and oil products by obtaining a reduction in rail transport tariffs for Belarusian exports. *Nezavisimaya Gazeta*, 31 January 2001, p. 5

¹³¹ These exemptions (most notably in textiles, foodstuffs and pharmaceuticals) have been agreed in order to enable Russia and Belarus to respect their divergent obligations resulting from agreements with third parties.

¹³² The Russian export duty on crude oil was reduced from 48 to 22 Euros, while the Belarusian rate was raised to this level. *Izvestiya*, 2 March 2001, p. 4

¹³³ International Monetary Fund, *Republic of Belarus: Recent Economic Developments and Selected Issues*, IMF Staff Country Report no. 00/153, Washington DC:IMF, November 2000, p. 41

complaining about the costs of railway cargo transport being higher than those applied to Russian exports using the Belarusian railway system, thus inflating the prices of exports to remote Russian regions.¹³⁵ The Russian side's grievances have focused on discriminatory fees payable by Russian lorry drivers using Belarusian motorways. These have given local motor transport firms an advantage impermissible by common market standards, which has been converted into a majority share of the Russian export freight market.

Since Belarus reduced the highest rate for private income tax from 50 to 30% in line with Russian legislation, the two countries' rates of direct – including corporate – taxation have not diverged significantly. Belarus plans to replace its system of progressive income taxation with a flat rate of 13%, in line with the rate adopted by Russia in 2000.¹³⁶ Profit tax rates have been similar (25% in Belarus, 30% in Russia), but economic activity in Belarus has been subject to various other forms of taxation, which have exceeded those applicable in Russia.¹³⁷ Although VAT rates are the same in the two countries, distortions in the single economic area have occurred because Belarusian agricultural enterprises are exempt from VAT, while exemptions from VAT and customs duties on imported equipment and raw materials apply to all industrial and agricultural exporters.¹³⁸ An agreement on the harmonisation of tax legislation commits the two countries' Finance Ministries to the formulation of unified principles and rules regarding fiscal obligations and of a single list of basic taxes, aiming for the completion of legislative work on a Union state Tax Code by July 2002.¹³⁹ Business conditions in Belarus have differed considerably from Russian ones, with a higher degree of state regulation (e.g. stricter controls on banking operations and currency export in particular; local authorities' veto rights over enterprise reorganisation, liquidation or managerial appointments) and more complex bureaucratic procedures (e.g. with regard to the registration of

¹³⁴ Byulleten' Mezhdunarodnykh Dogovorov, September 1999, pp. 65-66

¹³⁵ Author's interview with Belarusian official, Minsk, 19 November 1999

¹³⁶ IMF, Republic of Belarus, IMF Staff Country Report no. 00/153 (November 2000), p. 41

¹³⁷ Author's interviews with Belarusian economic experts, Minsk, 15 and 16 November 1999

¹³⁸ Nezavisimaya Gazeta-Stsenarii, April 1997, p. 2; Sirotsky, "Tamozhenny Soyuz", p. 70

¹³⁹ Agreement "On the establishment of unified tax legislation and the conduct of a single fiscal policy of the Union state" (signed 30 August 2000), Byulleten' Mezhdunarodnykh Dogovorov, May 2001, pp. 31-34

new companies). Russian firms particularly complain about very limited opportunities to invest in the Belarusian economy, where privatisation has moved extremely slowly and has excluded its otherwise most appealing sectors, namely oil and gas.¹⁴⁰

The “Programme of Synchronisation and Coordination of Economic Reforms” of 1996 required Belarus to introduce anti-monopoly legislation in line with Russian law and to implement a wide-ranging privatisation programme – including legal provision for the sale of land.¹⁴¹ Light industry, construction and agricultural enterprises were to have been sold at market prices by the end of 1997. Legislation guaranteeing investors’ rights would also have to be introduced.¹⁴² Although the Belarusian government has been intent on increasing revenue from the sale of shares in state-owned enterprises, it has been reluctant to discard the legal ban on sales of majority stakes.¹⁴³ The obligation to surrender 40% of foreign currency earnings from exports, banking operations and domestic retail to the Belarusian National Bank has constituted another major disincentive for Russian private sector involvement in the Belarusian economy. According to the “Programme of Actions” attached to the Union-state treaty, Russia and Belarus are to work towards legal convergence regarding the regulation of financial markets. In the first instance, Belarus is to adopt legislation on securities based on the Russian model.¹⁴⁴ In 2000, Belarus moved somewhat closer to Russian economic conditions by phasing out price controls and subsidies to enterprises. Privatisation of large enterprises is expected to begin after the September 2001 presidential elections in Belarus. Many Russian enterprises, among which gas company ‘Itera’, oil company ‘Yukos’ and several food-processing enterprises, are reported to be investigating investment opportunities in Belarusian industry and conducting talks with the Belarusian leadership.¹⁴⁵

¹⁴⁰ In 1998, the private sector accounted for 20% of Belarusian GDP, compared to 70% for Russia. EBRD, Transition Report 1999, pp. 196, 260

¹⁴¹ The Belarusian Land Code of January 1999 in principle allows for land privatisation, but requires Presidential approval in each individual case.

¹⁴² Diplomatichesky Vestnik, May 1997, pp. 36, 38.

¹⁴³ EBRD, Transition Report 1999, pp. 194-195

¹⁴⁴ Byulleten’ Mezhdunarodnykh Dogovorov, March 2000, p. 77

¹⁴⁵ The directors of ‘Itera’ and ‘Yukos’ met President Lukashenko to discuss investment prospects

Preparations for monetary union

Agreements between the Russian Central Bank and the Belarusian National Bank aiming at the establishment of necessary conditions for monetary union have focused on the coordination of exchange-rate policies. The immediate goal has been the mutual convertibility of the two currencies based on exchange rates determined by the operation of liquid currency markets.¹⁴⁶ The Belarusian leadership's regular use of currency emission as a means of financing real sector growth, however, resulted in the extreme weakness of the Belarusian rouble. In turn, this led the National Bank to maintain rigid controls on currency transactions.¹⁴⁷ These perpetuated a disorderly situation characterised by the simultaneous presence of several exchange rates, one official rate set by the National Bank and a multitude of unofficial (e.g. commercial inter-bank transaction rate) and black-market rates, some of which exceeded the official rate by as much as four times. Actual economic conditions seem to create more potent obstacles standing in the way of monetary union. The two central banks, which have formed an Inter-bank Currency Council, have been working on a list of preconditions, which are likely to prove very difficult to attain. They include full mutual convertibility of the two national currencies, the elimination of non-monetary transactions from both countries' economies, the completion of market reforms and the rule of law in economic activity. In line with the criteria set by the EU for participation in monetary

in spring 2001. 'Yukos' has reportedly made an offer to buy a majority stake in Novopolotsk oil-processing plant and invest in the modernisation of oil pipelines crossing Belarus. Belarusskaya Delovaya Gazeta, 4 April 2001, p. 1; 7 May 2001, p. 4; Sovetskaya Belorussiya, 3 April 2001, p. 1; 8 May 2001, p. 3

¹⁴⁶ Agreements of January 1996 and March 1997 published in Byulleten' Mezhdunarodnykh Dogovorov, December 1996, pp. 34-36, and Diplomatichesky Vestnik, May 1997, pp. 39-40

¹⁴⁷ The Belarusian rouble was withdrawn (contrary to the provisions of the March 1997 agreement) from the Moscow Interbank Currency Exchange in March 1998 after suffering catastrophic devaluation, apparently brought about by currency speculators. Rossiiskaya Gazeta, 24 March 1998, p. 2. The official exchange rate of the Belarusian rouble was devalued by 400% between September 1998 and June 1999 alone. EBRD, Transition Report 1999, p. 194

union, Russia and Belarus have been considering limits of 3 and 60% on a permissible budget deficit and state debt as a proportion of GDP respectively.¹⁴⁸

In 2000, the Belarusian authorities re-denominated the national currency, tightened emission and achieved a degree of monetary stability, which emboldened them to request the Russian Central Bank to support the Belarusian rouble.¹⁴⁹ Towards the end of that year, a single exchange rate for the Belarusian currency was finally achieved, while there was progress in the deregulation of the banking sector, leading to an improved climate in the ongoing negotiations with the Russian Central Bank.¹⁵⁰ In November 2000, Presidents Putin and Lukashenko signed an agreement "On the introduction of a single currency unit and the formation of a single emission centre of the Union state". According to the agreement, the two countries are to form common gold, currency and other liquid asset reserves.¹⁵¹ After years of contestation, the Belarusian side has accepted the Russian rouble as the common currency and the presence of a single emission centre – at least until 2008, when a new common currency may be introduced. It is planned that the Russian rouble will replace the Belarusian currency as of 2005.¹⁵² The Belarusian National Bank has been reluctant to recognise the Russian Central Bank as the single currency emission centre and has insisted on a Union Central Bank with coordinating functions existing alongside the two national central banks, an option unacceptable to the Russian side. A Union Central Bank may be formed in 2008. Until then, it is not clear whether (as of January 2005) the Russian Central Bank will be solely responsible for currency emission or whether this will be the joint responsibility of the two central banks under the oversight of the Inter-bank Currency Council. In order to assist Belarus in its preparations for monetary union by 2005, Russia has agreed to provide a credit of \$260 million for the support of the Belaru-

¹⁴⁸ Kommersant'-Vlast', 13 July 1999, p. 38. At that time, Russia's budget deficit stood at 5.8% and its debt was 120% of GDP.

¹⁴⁹ This request was granted by the Union-state Council of Ministers. Nezavisimaya Gazeta, 14 September 2000, p. 5

¹⁵⁰ Nezavisimaya Gazeta, 31 January 2001, p. 5

¹⁵¹ Interfax, Diplomatic Panorama, 30 November 2000; Agreement "On the introduction of a single currency and on the formation of a single emission centre of the Union-state", Byulleten' Mezhdunarodnykh Dogovorov, October 2001, pp. 60-63

¹⁵² *Ibid.*; Izvestiya, 15 November 2000, p. 2

sian rouble.¹⁵³ However, the ratification of the agreement by the Belarusian Parliament, a precondition for the full disbursement of the funds, has been controversial due to the Belarusian Constitution's provision that the National Bank be the sole currency-emitting authority in the republic. The implementation of monetary union will require the prior amendment of the Belarusian Constitution – probably in conjunction with the adoption of a Union Constitutional Act envisaged by the Union-state treaty.¹⁵⁴ The exchange rate of the Belarusian currency has been pegged to the Russian rouble as of the second quarter of 2001.¹⁵⁵

Problems of economic integration

It is clear that economic integration has defied the optimistic expectations reflected in the targets set by the Community treaty. The example of the European Community/Union helps place the progress rate of Russo-Belarusian economic integration into perspective. It took longer than four decades and a long series of exemptions, unimplemented agreements and regressive developments for West European countries to complete the single market.¹⁵⁶ Leon Lindberg and Stuart Scheingold adapted neo-functional theory to account for disintegrative phenomena in the evolution of the EC. In their seminal work, Europe's Would-be Polity, they analysed how lack of consensus among member-states stalled the development of a common transport policy and described the obstacles (such as temporary import restrictions and export subsidies) that stood on the way to the customs union. They introduced the concept of 'spill-back' to describe reductions in the sectoral scope of integration and/or in the capacities of supranational bodies, which were exemplified by the increasing non-implementation of agreed measures

¹⁵³ *Ibid.*; Nezavisimaya Gazeta, 1 December 2000, p. 1. According to EBRD experts, the partial disbursement of the credit at the end of 2000 contributed to an improvement of the Belarusian current account position. EBRD, Transition Report Update, April 2001, p. 50

¹⁵⁴ Rossiiskaya Gazeta/ Ekonomicheskyy Soyuz, 3 March 2001, p. 1

¹⁵⁵ Nezaavisimaya Gazeta, 3 April 2001, p. 5

¹⁵⁶ Exemption periods to the unified customs tariffs, the elimination of subsidies for national producers, and the protection of 'sensitive sectors' were as long as 12 to 15 years. Haas, The Uniting of Europe, pp. 307-308

and corresponding use of unilateral action in the coal sector.¹⁵⁷ It appears unrealistic to expect the negotiation of mutually acceptable regulations and mechanisms for compensating disadvantages incurred as a result of economic integration to progress rapidly – even if only two states are involved. The implementation of agreed measures equally presents many complications, as it requires government institutions to venture into novel tasks and coordinate their activities with foreign governmental and supranational agencies with evolving competences. Changes to national arrangements necessitated by legal harmonisation may be arduous and/or unwelcome to certain domestic constituencies. In the absence of a supranational court, the implementation of Russo-Belarusian integration agreements has relied on the conscientiousness and efficiency of national bureaucracies. In the opinion of several Russian and Belarusian experts interviewed by the author, the inadequate administrative capacity of both government apparatuses has been the main cause of delayed or partial implementation of measures aimed at economic integration.¹⁵⁸ As a senior analyst from a Russian governmental think-tank commented:

“Many laws of the Russian Federation are also not being implemented. Why should one expect agreements with Belarus to be handled any more effectively? The implementation of laws and international agreements is difficult and this is not a problem faced by Russia alone.”¹⁵⁹

The frequent government reshuffles, characteristic of the second Yeltsin administration, have also been detrimental to the consistency of the integration course.¹⁶⁰

To an extent, the failure to meet set targets for economic integration has been the product of bureaucratic politics, particularly within the Russian executive, which has been characterised by a higher degree of fragmentation than the Bela-

¹⁵⁷ Leon Lindberg and Stuart Scheingold, Europe's Would-be Polity: Patterns of Change in the European Community, Englewood Cliffs, NJ: Prentice-Hall, 1970, pp. 163-168, 188-189, 198-207

¹⁵⁸ The Russian bureaucracy, however, attracted more criticism from both Belarusian and Russian observers, which may partly be related to a greater readiness on the part of the latter to be outspoken about shortcomings in their own administration.

¹⁵⁹ Author's interview, Moscow, 29 November 1999

¹⁶⁰ Author's interview with State Duma official, Moscow, 23 June 1999

rusian administration. The ministries primarily involved in the negotiation of integration agreements (Ministry of Foreign Affairs and Ministry for CIS Affairs in Russia; Ministry of Foreign Affairs in Belarus) have had limited competences and resources with respect to their implementation. Russia's economic agencies (Ministry of Finance, Ministry of Economy, Central Bank, State Customs Committee) have often assigned a secondary priority to the integration process. This has occurred especially during periods of particularly acute financial difficulties and in cases where the implementation of agreements with Belarus could have impaired short-term economic indicators taken into account by foreign creditors in their assessment of the Russian economy. In 1998, the financial crisis led Russia to disburse funds allocated to the Union budget by only 27% - to the irritation of the Belarusian administration, which contributed 99% of its share.¹⁶¹ This caused delays in several projects, including the modernisation of border infrastructure. Likewise, due to the urgency of increasing budget revenue, the restoration of partial customs controls advocated by the State Customs committee prevailed over opposition from the Union Executive Committee, and Russia's own Foreign and CIS Affairs Ministries.¹⁶² The Belarusian President has used such instances as grounds for denouncing anti-integration forces within the Russian administration as responsible for the unsatisfactory record of implementation in the economic sphere.¹⁶³ Such allegations have been contradicted by Belarusian officials who have praised the work of consecutive Russian governments – including the one led by economic liberal Sergei Kiriyenko – in ensuring the realisation of agreements.¹⁶⁴ The failure of Belarus to disburse in full its share of the 2000 Union budget did not prevent President Lukashenko from urging the Parliamentary Assembly to increase the budget (3 billion roubles in 2001; 2.3 billion roubles in 2000).¹⁶⁵

At the same time, the Belarusian authorities have repeatedly failed to sanction

¹⁶¹ Nezavisimaya Gazeta, 23 January 1999, p. 5. The Union-state budget consists of Belarusian and Russian contributions to 35% and 65% respectively.

¹⁶² For the relevant arguments among different agencies of the Russian executive, see Segodnya, 6 September 1996, p. 2

¹⁶³ See for example his speech to the State Duma of 27 October 1999, in Rossiiskaya Federatsiya Segodnya, no. 22, 10 November 1999, pp. 6-11

¹⁶⁴ Author's interview, Minsk, 15 November 1999

¹⁶⁵ Belarusskaya Delovaya Gazeta, 21 March 2001, p. 2; Nezavisimaya Gazeta, 6 June 2001, p. 5

agreements requiring the adoption of reforms contradicting the socio-economic model with which President Lukashenko has associated his political reputation. Measures such as price liberalisation, large-scale privatisation, and the phasing-out of subsidies to major enterprises have been postponed or restricted to a minimum because of their anticipated dire social consequences. Such reforms would be particularly painful for pensioners, and workers of agricultural collectives and large industrial enterprises, who represent the majority of Lukashenko supporters. Therefore, Belarusian observers expect very little progress on that score before the Presidential election of 2001. Instead, the Belarusian President proposed that Russia itself ought to learn from the experience of Belarus.¹⁶⁶ The Primakov government, which included prominent leftists such as Deputy PM Yury Maslyukov, adopted certain measures (e.g. currency and price controls, interruption of privatisation, state subsidies to industry) suggesting that Russian economic policy was moving closer to the Belarusian model. Although this proved a temporary shift in response to the crisis of August 1998, the apparently precarious position of the Stepashin and Putin governments encouraged the Belarusian government to delay market reforms required by the agreements until a firm leadership with a coherent economic policy emerged in Russia. Putin's accession to the Presidency and the subsequent formulation of a coherent programme of economic reform in Russia drastically reduced the Belarusian administration's scope of influencing Russia's course according to the 'Belarusian model'. Moreover, the functioning of the Council of Ministers (as of early 2000) brought Russia's economic ministers and heads of related agencies to the centre of negotiations/ policy-making sessions in the context of Union with Belarus. The clear authority of Russian negotiators to enforce the implementation of agreements has enhanced their credibility and placed the integration process on a more realistic footing.

Belarusian emphases in economic integration

Financial-Industrial Groups

In the meantime, the Belarusian leadership was remarkably successful in pursuing aspects of economic integration which presented immediate opportunities for

¹⁶⁶ *Kommersant'-Daily*, 12 March 1997, p. 4

the expansion of trade and investment in the country's economy, while keeping Russian interference with the Belarusian socio-economic system to a minimum. These objectives have been advanced through two types of initiatives: transnational financial-industrial groups (FIGs) and joint production and/or trade agreements between Belarus and individual regions of the Russian Federation. A common policy for industrial restructuring has been one of the most appealing aspects of economic integration for the Belarusian side. The agreement of March 1999 "On Production Cooperation" heeded the experience of Belarusian industrial policy in exempting inter-enterprise supplies of components and raw materials from Russia to Belarus and vice versa from VAT and excise duties.¹⁶⁷ Other measures have included joint production and research projects and the formation of transnational enterprises and inter-state financial-industrial groups (FIGs).¹⁶⁸ These have been concentrated in sectors that the two sides have identified as the main priorities on the basis of potential profitability or contribution to defence capabilities (energy, machine-building, chemical, metallurgical and electronic industries). Joint research and development projects financed from the Union budget have covered dual-use technologies in the chemical, electronics and mechanical sectors with a view to raising the export potential and assisting the partial conversion of the two countries' military industries.¹⁶⁹

Transnational FIGs are set up by intergovernmental agreements and unite Russian and Belarusian enterprises (including banks) in joint production projects at least partly financed from the national and Union budgets. They appear to have been most successful in the MIC, where Russian and Belarusian enterprises have been particularly interdependent, at the same time as being - for the most part - technologically advanced and internationally competitive. Most FIGs established in later years have been exactly in this sector. Though FIGs have constituted the foremost priority for Union-state budget allocations, these have not always been disbursed on time. FIGs have also been intended to increase competitiveness in foreign markets and/or attract foreign investment. This consideration has been

¹⁶⁷ Byulleten' Mezhdunarodnykh Dogovorov, March 2000, pp. 52-54

¹⁶⁸ Agreement "On the Conduct of a Single Structural Industrial Policy", Byulleten' Mezhdunarodnykh Dogovorov, February 2000, pp. 53-55

¹⁶⁹ Soyuz Belarusi i Rossii, Moscow: Executive Committee of the Union of Belarus and Russia,

most pertinent to Belarusian policy-makers who hope that the presence of a Russian partner would increase the appeal of Belarusian enterprises to foreign investors weary of venturing into a small market.¹⁷⁰ For Russian companies, transnational FIGs have provided a means of involvement in the most promising state-controlled sectors of Belarusian industry with certain financial advantages (e.g. tax breaks and exemptions from customs duties on imported equipment) granted by legislation on FIGs. Investment in FIGs has been limited by lack of resources and/or by the Belarusian authorities' refusal to cede majority ownership to Russian investors. Although legislation on FIGs provides for one of the participating enterprises to acquire shares in the remaining participants and to exercise control over the management of, it does not require that the head enterprise becomes a majority stockholder. Besides, smaller participants may also acquire share packages in other enterprises within the FIG – including the head enterprise.¹⁷¹

This problem is illustrated by the example of the first Russo-Belarusian FIG, 'Slavneft', which has, nevertheless, been one of the most successful cases. Slavneft was established in autumn 1994 with the special function of supporting the unification of the two countries' energy systems. Russia's Ministry of State Property owns 45% of Slavneft shares, with another 30% belonging to the Russian Federal Property Fund. The Belarusian state owns 11%.¹⁷² Slavneft, now one of the major oil companies exploiting Russia's reserves, has its own bank, 'Slavneftbank', and an extensive network of petrol stations in both states.¹⁷³ The Mozyr and

1997, p. 60

¹⁷⁰ Author's interview with senior official from the Belarusian Ministry of Economy, Minsk, 19 November 1999

¹⁷¹ Vasily M. Shlyndikov, "Finansovo-Promyshlennye Gruppy kak Forma Razvitiya Integratsionnykh Svyazei s Rossiei", in L.K. Zlotnikov and V.M. Shlyndikov (eds.), *Ekonomicheskaya Politika: Analiz i Alternativa*, Minsk: Association for the Assistance of Economic Development (ASER), 1999, pp. 312-314

¹⁷² Slavneft was initially established by an intergovernmental agreement in 1994, according to which the Russian and Belarusian states owned 75% and 11% respectively. Russian oil companies 'Lukoil' and 'Yukos' received the rest of the shares at the time. *Interfax-ANI*, 21 September 1999 and *Prime-Tass*, 24 May 2000, via rusoil.ru

¹⁷³ Apart from 'Slavneftbank', there are another two Russo-Belarusian banks, 'Belgazprombank' and 'MinskKompleksbank', in which the share of Russian capital is 70% and 49% respectively. Aleksandr Gordeichik, "Ekonomicheskoe sotrudnichestvo mezhdru Rossiei i Belarus'yu", in Russian

Novopolotsk oil-processing plants in Belarus also form part of the FIG, though Belarus has maintained majority stakes in these enterprises. This peculiarity has been a product of divergences in national legislative provisions on FIGs and has represented a stumbling block in the planned modernisation of the Mozyr plant, as the Belarusian leadership has been reluctant to contribute financially in proportion to its controlling stake.¹⁷⁴ The formation of a gas industry FIG to unite 'Beltransgaz', the company managing the fuel pipeline system in Belarus, with 'Gazprom' has not yet materialised also as a result of the Belarusian leadership's reluctance to privatise such strategic assets. It is unlikely that Belarus will obtain gas at prices applicable to the Russian domestic market before its gas-exporting pipelines come under Gazprom ownership as provided by the 'Programme of Actions' attached to the Union-state treaty.¹⁷⁵ This will require the lifting of the legislative ban on the privatisation of energy and utilities companies imposed by the Belarusian Parliament in May 1999.

In the remaining sectors, credits from the national and Union budgets, which accompanied the creation of the FIGs, have assisted the modernisation of Soviet-era production lines involving enterprises from the two countries and – in some cases – results in terms of increased competitiveness have begun to be discernible. 'Belrusavto', which, as of 1996, has restored disrupted links between complementary enterprises in the automotive sector, has been praised as an example of how transnational FIGs can contribute to the modernisation of the two countries' industry. Apart from governmental and Union resources, it has obtained loans from Japanese commercial creditors and developed public transport vehicles conforming to EU standards.¹⁷⁶ Belarusian enterprises have also joined 'Nizhegorodskye avtomobily', a more recently established FIG in the same sector. 'Oboronitel'nye Sistemy', originally formed in 1997 under the name 'Granat', comprises 17 enterprises producing components for air-defence systems and is expected to advance

Academy of Sciences, Institute of Economic and Political Studies, Rossiisko-Beloruskie Otnosheniya: Problemy i Perspektivy, Moscow: 'Epikon', 1998, p. 53

¹⁷⁴ The Belarusian state oil company 'Belneftkhim' holds a 58% stake in the plant. Interview of Slavneft Chairman Mikhail Gutseriev in Nezavisimaya Gazeta, 12 February 2000, p. 4

¹⁷⁵ Byulleten' Mezhdunarodnykh Dogovorov, March 2000, p. 79

¹⁷⁶ See interview of Anatoly Malofeyev, First Deputy Chairman of the Union Parliamentary Assembly, in Nezavisimaya Gazeta, 18 January 2000, p. 5

the Union's joint military procurement and export strategies.¹⁷⁷ The FIG is highly profitable, having obtained contracts for the export of the S-300PMU air-defence missile system to Greece and China and for the modernisation of the earlier systems that Egypt and India had purchased from the Soviet Union.¹⁷⁸ 'Tochnost' includes 16 enterprises from Russia, Belarus and Ukraine involved in the development and production of guided weapons systems.¹⁷⁹ In total, 19 joint production programmes exist with the participation of 280 Russian and Belarusian enterprises engaged in military technology, employing an estimated 400,000 people.¹⁸⁰

'Aerofin' was established in October 1996 as FIG-cum-holding company with shares in airline companies (including 'Belavia', the Belarusian national carrier), airport management and aircraft repair enterprises.¹⁸¹ 'Mezgosmetiz' unites five metallurgical enterprises and 'Interagroinvest' is active in the production of fertilisers. 'Formash' comprises 44 enterprises and research institutes involved in the development and production of chemical fibres.¹⁸² According to Yegor Stroyev (Chairman of Russia's Federation Council), the above three FIGs have enabled Russia and Belarus to reduce operating costs by half.¹⁸³ 'Elektronnyye Tekhnologii' brings together research institutes and producers of various electronic components, most of which have military applications. As part of an effort towards gradual conversion, it has pioneered the programme 'Soyuzny Televizor' for the mass production of technologically advanced television sets, which are to be available at lower prices than imported models and cover a third of the domestic market.¹⁸⁴ Due to delays in the implementation of the Union-state budget, funding for the project has been incomplete.¹⁸⁵ Nevertheless, significant increases in output and prof-

¹⁷⁷ Reuters via [Russia Today](http://www.russiatoday.com/news.php3?id=133945) at www.russiatoday.com/news.php3?id=133945

¹⁷⁸ The FIG's total exports were estimated to have exceeded \$1 billion. Interfax, [Diplomatic Panorama](#), 25 April 2000

¹⁷⁹ Gordeichik, "Ekonomicheskoe sotrudnichestvo", p. 45

¹⁸⁰ [Nezavisimaya Gazeta](#), 26 January 1999, p. 5

¹⁸¹ *Ibid.*, pp. 44-45

¹⁸² The relevant agreements were published in [Byulleten' Mezhdunarodnykh Dogovorov](#), January 1999, pp. 42-48; March 1999, pp. 81-83; July 1999, pp. 41-46

¹⁸³ Speech given at the St Petersburg Economic Forum of June 1999, published in [Problems of Economic Transition](#), vol. 43, no. 2, June 2000, p. 8

¹⁸⁴ [Rossiiskaya Gazeta/ Biznes v Rossii](#), 11 July 2000, p. 3

¹⁸⁵ [Segodnya](#), 20 September 2000, p. 3

itability were announced in early 2001, bringing the group among the top five television set suppliers to the Russian market.¹⁸⁶ 'Optronika' is another Russo-Belarusian FIG in the electronics sector. 'Slavyanskaya bumaga' links firms from the two countries' paper-production industries.¹⁸⁷ The latest addition to Russo-Belarusian FIGs has been 'Aerokosmicheskoye Oborudovaniye' (aerospace sector), which was established in April 2001.¹⁸⁸

Economic links between Belarus and Russian regions

Direct economic relations based on agreements between Belarus and individual units of the Russian Federation have been credited with a significant share of the growth in bilateral trade since 1995. Again, their exact value has been subject to speculation, as common type of these agreements have involved barter exchanges of Belarusian foodstuffs, chemicals or machinery – especially consumer goods - in return for raw materials, energy or industrial products from Russian regions.¹⁸⁹ Belarus has concluded economic agreements with more than two thirds of Russian federal units, with varying degrees of effectiveness.¹⁹⁰ Ten Russian regions have accounted for 73% of total trade between the two countries.¹⁹¹ In 1997, trade turnover between Belarus and 15 Russian regions was estimated to have increased by more than 150%, while growth of 250% was reported in the cases of Moscow, Nizhny Novgorod, Tver and Orlov oblasts.¹⁹² Diversion of existing trade

¹⁸⁶ Belarusskaya Delovaya Gazeta, 4 May 2001, p. 4

¹⁸⁷ Documents provided by the Belarusian MFA (2000).

¹⁸⁸ Sovetskaya Belorussiya, 3 April 2001, p. 1

¹⁸⁹ A senior Belarusian official interviewed by the author (Minsk, 19 November 1999) estimated the share of agreements with Russian regions to around 15% of Russo-Belarusian trade.

¹⁹⁰ In his address to the Supreme Council of the Russia-Belarus Union in January 1999, Lukashenko referred to agreements with 66 regions. Parliamentary Assembly of the Union of Belarus and Russia, Informatsionny byulleten', January-March 1999, p. 9. In March 2000, Belarus concluded new agreements with Karachaevo-Cherkesiya and the Nenets Autonomous District. Nezavisimaya Gazeta, 3 March 2000, p. 2, and 14 March 2000, p. 5

¹⁹¹ These are Moscow, Moscow oblast', St Petersburg, Ingushetia, and the Tyumen, Smolensk, Yaroslavl', Nizhny-Novogorod, Kaliningrad, and Rostov oblasts. Document provided by the Belarusian Foreign Ministry (2000).

¹⁹² Sultanov, "Rossiya i Belorussiya", p. 23

appears to have played an important part in generating such figures, with Belarusian enterprises typically replacing Ukrainian suppliers.¹⁹³ The lower cost of Belarusian goods owing to the free trade regime and the possibility of barter payments partly account for this phenomenon.

Another factor has been President Lukashenko's active pursuit of such agreements. As a Russian analyst put it, the Belarusian President "has been acting as a salesman for his country's products".¹⁹⁴ Lukashenko has visited most Russian federal units and repeatedly hosted Russian governors in Belarus. He has developed close personal ties with a number of governors such as Lisitsyn of Yaroslavl' and Kondratenko of Krasnodar, which have been accompanied by extensive economic relations. Initially, these initiatives met with opposition from the Russian federal authorities, which were anxious to preserve control over external relations and discourage the formation of a pro-Lukashenko lobby among Russia's regional elite. In 1997, the administrations of Lipetsk and Yaroslavl' oblasts were instructed to cancel Lukashenko's planned visits on the grounds that visits by foreign heads of state had to be arranged at Foreign Ministry level.¹⁹⁵ A year later, half of the forty Russian governors invited by Lukashenko to attend a political festival in Belarus avoided making a personal appearance in order not to displease the federal authorities.¹⁹⁶ For most regions maintaining particularly extensive economic relations to Belarus, pragmatic considerations and encouraging results in terms of reduced shortages, higher employment and social stability have fostered commitment to the preservation and expansion of these links.¹⁹⁷ In Yaroslavl', for exam-

¹⁹³ Ibid. Also, author's interviews, Moscow, 28 June 1999, and Minsk, 19 November 1999

¹⁹⁴ Author's interview, Moscow, 28 June 1999

¹⁹⁵ Author's interview, Yaroslavl', 15 December 1999

¹⁹⁶ *Izvestiya*, 30 July 1998, p. 1

¹⁹⁷ This applies relatively less to exceptionally prosperous regions with highly developed foreign economic relations (e.g. Moscow, Moscow oblast', Tatarstan) and more to the regions of the so-called 'red belt' (e.g. Yaroslavl', Pskov, Tula, Kostroma, Vladimir, Smolensk). The governors of these regions have been campaigning for more rapid progress in the inter-state integration process and have been actively participating in Union institutions. For example, Bryansk governor Lodkin succeeded the former governor of Smolensk as Deputy Chairman of the Union Executive Committee in March 1999. See also Mikhail Alexseev and Vladimir Vagin, "Russian Regions in Expanding Europe: The Pskov Connection", *Europe-Asia Studies*, vol. 51, no. 1, January-February 1999, pp. 48-49

ple, approximately 200,000 jobs have been directly connected with trade and joint production agreements with Belarus, which the regional administration has credited with social stability achieved in terms of timely payment of wages.¹⁹⁸ Critics of such arrangements have contended that apparent growth and social stability could not be sustained for long, as they have been due to the recreation of a system allowing inefficient enterprises to survive in ways similar to those provided by the command economy.¹⁹⁹

Such arguments are bound to find little resonance among governors of economically depressed regions with meagre hopes of attracting foreign investors. In some cases, like those of the restored links between the Minsk and Yaroslavl' automotive industries, investment and modernisation of production has begun to take place. According to another investment-focused agreement between the Belarus and the Nenets Autonomous District, Belarusian company 'Belorusneft' has undertaken the extraction of the district's oil reserves.²⁰⁰ A joint enterprise set up by Belarus and Kalmykia is to perform the same function with respect to Kalmyk reserves.²⁰¹ Belarus took on the role of the investor in financing shipbuilding and the development of port and other transport infrastructure in Kaliningrad.²⁰² The Russian federal authorities have taken an increasingly positive view of agreements between Belarus and individual regions with the proviso that the documents be submitted to the Foreign Ministry in order to ensure their compliance with the Russian constitution and international obligations assumed by the Russian Federation. To this end, the Ministry has established a department responsible for directing the development of regions' foreign relations.²⁰³ Nevertheless, the leadership of the

¹⁹⁸ Documents provided by the Yaroslavl' oblast' administration. The production of four major enterprises from the oblast' has been tied to the 'Belrusavto' FIG. A journalist working for the main regional paper referred to strikes due to non-payment of wages in 'Avtodizel', the largest enterprise in the oblast' and part of 'Belrusavto'. Author's interview, Yaroslavl', 15 December 1999

¹⁹⁹ Author's interview with West European diplomat, Minsk, 10 November 1999

²⁰⁰ Nezavisimaya Gazeta, 3 March 2000, p. 2

²⁰¹ Belarus has already invested in a tractor-assembly plant in the republic. Rossiiskaya Gazeta/Ekonomichesky Soyuz, 24 October 2000, p. 1

²⁰² The agreement was concluded during Lukashenko's visit to Kaliningrad in October 1999. The text was published in Byulleten' Mezhdunarodnykh Dogovorov, September 2000, pp. 74-77

²⁰³ Author's interview with Russian Foreign Ministry official, 2 December 1999. See also E. Kuzmin, "Russia: The Center, the Regions, and the Outside World", International Affairs (Moscow), vol. 45,

Foreign Ministry has felt the need to repeatedly warn governors not to exceed their authority by seeking to shape the course of integration with Belarus.²⁰⁴ The Ministry for CIS Affairs has also become involved in the negotiation of agreements between Belarus and the Russian regions.²⁰⁵ The Belarusian embassy has appointed economic missions in five regions outside Moscow.

Russia and Ukraine: erratic cooperation

According to Russian and Ukrainian experts interviewed by the author, there has been hardly any progress in implementing the long-term Economic Cooperation Programme signed in February 1998. This appears to be particularly the case of provisions referring to policy coordination and legal convergence. For Ukraine, approximating EU, not Russian, legislation has been an officially declared priority since June 1998. In the assessment of some Russian and Ukrainian economic experts alike, Ukraine's declared aspiration to EU membership dictates the reorientation of production standards and trade away from Russia and the CIS. So long as Russia and Ukraine are guided by diverging strategic priorities, the observable tendency driving their economies apart is deemed all but irreversible.²⁰⁶ However, bilateral economic relations have not always conformed with this tendency, just as two countries' strategic priorities have not been always been in direct conflict – especially since the Ukrainian leadership has sought accommodation with the Putin administration.

no. 1, 1999, pp. 114-115

²⁰⁴ Speech by Foreign Minister Ivanov to the Regions' Council for International and Foreign Economic Ties as reported in Kommersant'-Daily, 31 January 2001, p. 3

²⁰⁵ For example, the Deputy Minister for CIS Affairs signed the aforementioned agreement on long-term cooperation between Belarus and Kaliningrad oblast'. East West Institute, Russian Regional Report, vol. 4, no. 39, 21 October 1999

²⁰⁶ Author's interviews, Moscow, 21 June and 30 November 1999; Kiev, 28 October and 3 November 1999

Industrial Cooperation: the Military-Industrial Sector and the Energy industry

The reasoning linking the decline in economic interaction between Russia and Ukraine to a divergence in strategic priorities appears to stem from two highly publicised cases of MIC export contracts, which were frustrated due to the combination of technological interdependence and conflicting political objectives. In August 1996, Ukraine obtained a contract worth over \$600 million for the delivery of T-80UD tanks to Pakistan. At the beginning of the following year, Ukraine supplied 15 tanks, which failed to meet the buyers' expectations, as they lacked essential parts produced only in Russia. Surprised that Ukraine had been able to self-sufficiently produce any tanks at all, the Russian Minister of Foreign Economic Relations announced that Russia would not be providing the necessary parts (engines, guided weapons systems, guns, etc). He justified this decision on the grounds that Russia had not been consulted when the contract was concluded and that the strengthening of Pakistan's military capabilities posed a threat to Russian security interests, which lay with its strategic partnership with India, Pakistan's main adversary.²⁰⁷ Vladimir Gorbulin, then Chairman of Ukraine's National Security Council, warned that future deliveries of components to the Russian space industry would be made conditional on Russia's supply of the parts needed for the T-80UD tanks, but to no avail.²⁰⁸ Ukraine obtained used parts from Eastern European countries in order to salvage the contract and subsequently developed production lines of its own supplanting Russian-made parts, as it had done in the case of SU-27 aircraft.²⁰⁹ Russia did likewise with regard to components needed for 'Topol' M' missiles, which had been formerly supplied by the Ukrainian enterprise 'Universal'.²¹⁰ Gorbulin's threat materialised a year later, when Ukraine refused to supply turbines for a nuclear power plant Russia had contracted to build in Iran. Again, the dispute was a product of conflicting strategic alignments, as

²⁰⁷ Kommersant'-Daily, 21 February 1997, p. 4

²⁰⁸ Segodnya, 25 February 1997, p. 4

²⁰⁹ Kommersant'-Daily, 18 March 1998, p. 5

²¹⁰ Interview of Vladimir Gorbulin (Chairman of Ukraine's State Commission on MIC Affairs) in Nezavisimaya Gazeta, 6 September 2000, p. 5

Ukraine reluctantly forsook \$45 million it would have gained from the contract under intense pressure from the US Secretary of State.²¹¹

Overall, disintegrative tendencies among the MICs of the two countries have not been in line with state priorities in either Russia or Ukraine, since most instances of successful implementation of the Economic Cooperation Programme have come from this sector. The space and missile industries in particular have raised their international competitiveness thanks to special agreements ensuring that supply chains would not be disrupted and that joint research and development would be enhanced.²¹² A Ukrainian research unit was incorporated in the Russian part of the 'Mir' international space station and a joint space research centre has been established in the Ukrainian city of Yevpatoriya.²¹³ Scientists and industrial enterprises from the two countries have been working on joint projects for the application of advanced military technologies to highly lucrative civilian purposes. These have included the modification of the SS-18, SS-19 and RS-20 ballistic missiles for the launch of satellites (bilateral 'Dnepr' project and multilateral 'Global Star' project) and the 'Sea Launch' project (with the participation of the US and Norway as well) involving the launch of satellites from sea platforms using 'Zenit' missiles.²¹⁴

The aeronautical industry has provided further success stories, beginning with the joint development of transport aircraft based on the AN-70 and AN-140 models modified according to European standards.²¹⁵ The new aircraft may have failed to conquer European markets, but has attracted Chinese interest. The project has been followed up with the modernisation of the AN-124-100 'Ruslan' model, whose

²¹¹ Rossiiskaya Gazeta, 11 March 1998, p. 7

²¹² Agreements 'On cooperation in the field of creation and exploitation of space and missile equipment' (February 1995) and 'On cooperation in the field of research and use of space for peaceful purposes' (August 1996) in Byulleten' Mezhdunarodnykh Dogovorov, October 1995, pp. 39-42 and February 1999, pp. 38-43

²¹³ Diplomaticheskyy Vestnik, July 1997, p. 44

²¹⁴ These projects began before the conclusion of the Economic Cooperation Programme, which prioritised their successful development. Rossiiskaya Gazeta, 25 February 1997, p. 7; Gorbulin's interview in Nezavisimaya Gazeta, 6 September 2000, p. 5; Interview of Aleksand Kuznetsov of the Russian Aviation and Space Agency, Nezavisimaya Gazeta, 19 November 1999, p. 5

²¹⁵ PMs Putin and Pustovoitenko praised the project as an example of successful bilateral cooperation in technologically sophisticated sectors. Diplomaticheskyy Vestnik, November 1999, p. 41

production had been interrupted for five years. The first orders for the aircraft were received from cooperating Russian and Ukrainian airline companies 'Volga-Dnepr' and 'Antonov Airlines'.²¹⁶ An American company has undertaken its promotion in the US cargo transport market.²¹⁷ Joint research, development and production has not occurred within the framework of a FIG, but of a consortium, which does not entail the joint management of the participating enterprises.²¹⁸ In 1998, another project for the development of new generation TU-334 aircraft was launched.²¹⁹ Nuclear power production has been another sector where Soviet-era links have been developed. Since 1998, Russia has been participating in the construction of new reactors for the Rovno and Khmel'nitsky power plants and has provided credits – mostly in the form of nuclear fuel and other equipment.²²⁰ An agreement of April 1998, intended to assist bilateral industrial cooperation, exempted services and goods exported or imported for this purpose from taxes and customs duties.²²¹

It is worth noting that none of the aforementioned projects has been carried out within the framework of a transnational FIG, though, as has been mentioned earlier, Ukrainian MIC enterprises have been part of the FIG 'Tochnost'. The Russo-Ukrainian FIG 'Mezhdunarodnye Aviamotory' was established in March 1995 to preserve research and production ties among enterprises from the two countries' aviation industries.²²² The Programme of Measures attached to the Programme of Economic Cooperation (1998-2007) provided for the creation of four transnational structures (FIGs) in the automobile sector and specified more than fifty joint research and production projects in the metallurgical, energy, space exploration, the military-industrial and other sectors.²²³ Most of these were reported to have made

²¹⁶ Nezavisimaya Gazeta, 30 June 2000, p. 5

²¹⁷ Interfax, CIS Daily News Brief, 17 October 2000, p. 1

²¹⁸ The consortium 'Medium Transport Aircraft' was established in 1995 by the firms 'Aviakor' (Samara) and 'Aviant' (Kiev). Nezavisimaya Gazeta, 12 March 2001, p. 5. A tender for the participation of other enterprises was announced in 2001 due to the inability of 'Aviakor' to implement plans for the production of AN-70 aircraft. Izvestiya, 1 June 2001, p. 5

²¹⁹ Diplomatichesky Vestnik, October 1998, p. 33

²²⁰ *Ibid*; Segodnya, 26 February 1998, p. 1

²²¹ Byulleten' Mezhdunarodnykh Dogovorov, March 2001, pp. 67-68

²²² The agreement was published in Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg., pp. 310-312 (see note 26)

²²³ See the attached Programme of Measures, *Ibid.*, pp. 77-99

very slow progress, if any at all.²²⁴ In February 2001, a meeting of Presidents Putin and Kuchma in Dnepropetrovsk was devoted to economic cooperation, with special emphasis on the aviation and aerospace industries. A total of 16 agreements were signed, including a 'Programme on Inter-regional and Border Cooperation' for the period 2001-2007; a 'Memorandum on a Unified Industrial Policy' (to be followed by an agreement on FIGs); and a 'Memorandum on the Creation of a Single Energy System', establishing a parallel working regime for the two countries' electricity grids with a view to increasing electricity exports to Moldova and Germany.²²⁵ The latter agreement, in conjunction with the settlement of the gas debt question in late 2000, allowed President Putin to speak of the energy sector as one of the foremost areas of bilateral cooperation and announce that disputes in this sphere had finally been resolved.²²⁶

Russian investment in Ukraine

Statistical data would suggest that Russia's contribution to total foreign direct investment (FDI) in Ukraine has not lived up to the expectations raised by the Economic Cooperation Programme. In 1996, Russia with 7.9% featured as the third largest source of FDI behind the US (19%) and Germany (16.1%).²²⁷ As President Putin has admitted, legislative restrictions on currency exports have so far represented a barrier to Russian investment abroad, including in Ukraine. Russia's planned liberalisation of currency exports are expected to bolster such investment.²²⁸ In many cases, Russian investors have been discouraged by the same problems that Western firms have been complaining of (e.g. contradictory and un-

²²⁴ Author's interviews, Kiev, October-November 1999

²²⁵ Russia agreed to export electricity to Ukraine in exchange for the transit of its exports beyond Ukraine's western borders. *Segodnya*, 13 February, pp. 1, 5; *Rossiiskaya Gazeta*, 13 February, p. 1; *Nezavisimaya Gazeta*, 13 February, p. 1.

²²⁶ Interview to the Ukrainian media, 6 February 2001. *Diplomaticeskyy Vestnik*, March 2001, p. 47

²²⁷ Mohammed Ishaq, "Foreign Direct Investment in Ukraine since Transition", *Communist and Post-Communist Studies*, vol. 32, 1999, p. 97; V. Dergachev, "Dolgaya Doroga Inostrannykh Investitsii v Ukrainskuyu Ekonomiku", *Vneshnyaya Torgovlya*, no. 1-3, 1998, p. 45

²²⁸ Putin's interview to the Ukrainian press (6 February 2001), *Diplomaticeskyy Vestnik*, March 2001, pp. 42-43

predictably changing legislation, excessive bureaucratic regulation and arbitrary behaviour on the part of state officials – especially tax officials).²²⁹ Although such impediments have plagued business operations in Russia itself, inadequate protection of investors rights by the authorities and the tax burden have been blamed for rendering the business climate in Ukraine even worse than that prevailing in Belarus.²³⁰ Perceptions of discrimination have represented an additional obstacle, as Russian business people have often attributed the indifference shown by state authorities towards the non-fulfilment of contractual obligations assumed by Ukrainian partners to ‘anti-Russian’ attitudes.²³¹ During a visit by Ukrainian Foreign Minister Boris Tarasyuk to Moscow, many of Russia’s business leaders he had invited to a meeting did not participate as an expression of their discontent with the Ukrainian authorities’ treatment of their business interests. As one of the bankers invited put it, “there will be no meeting with the Foreign Minister so long as he does not solve my problems”.²³²

Regardless of such tensions, Russian and Ukrainian experts alike have estimated the level of actual Russian investment as much higher than that indicated by statistical data and as comparable to total Western FDI. Most of this ‘hidden’ Russian investment is said to contribute to Ukraine’s allegedly huge ‘grey economy’, ending up in diffuse sectors and, therefore, hardly being amenable to any political control – from Russia or Ukraine.²³³ Though it is barely possible to verify these estimates, several factors lend them plausibility. Switzerland and Cyprus, well-known as destinations of capital exported from Russia, have figured quite prominently among sources of FDI in the Ukrainian economy, suggesting that capital of Russian origin has – most likely – formed the bulk of these investments.

²²⁹ Ishaq, “FDI in Ukraine”, 103-105; Foreign investors have equally reported acute difficulties due to changing tax legislation in Russia as well. Rudiger Ahrend, “FDI into Russia: Pain without Gain?”, Russian Economic Trends, June 2000, p. 6

²³⁰ Author’s interview with leader of a Russian business association, Moscow, 1 December 1999. In Ukraine, the corporate tax rate has been set at 30% (the same as in Russia and Belarus), but the total number of taxes enterprises are liable to has been higher and compliance procedures more complex. EBRD, Transition Report 1999, p. 279

²³¹ Author’s interview with leader of a Russian business association, Moscow, 1 December 1999

²³² Nezavisimaya Gazeta, 27 May 2000, p. 1

²³³ Author’s interviews, Kiev, 2 and 4 November 1999; Moscow, 30 November 1999

Furthermore, Russian investors have tended to be interested less in the sectors that have attracted most of the Western FDI (trade and other service industries; food-processing and light industries) and more in those where foreign investors have been barred from majority ownership. In June 1999, Ukrainian Premier Valery Pustovoitenko referred to the simplification of Ukrainian legislation on transnational FIGs and to 250 agreements with Russia on the creation of joint enterprises in sectors such as shipbuilding, energy, and heavy machine-building.²³⁴ Hitherto, however, the Ukrainian authorities had not been enthusiastic about FIGs involving Russia from concern over ceding control of strategic sectors of the economy and projecting the impression that Ukraine might be following the example of Belarus. Against this background, Russian industrialists have adopted a different approach to acquiring Ukrainian enterprises. Major Russian industrial concerns have established Ukrainian subsidiaries, which, in turn, have submitted bids for stocks made available in some of Ukraine's largest plants. Alternatively, they have acquired minority stakes, which, combined with those of allied minority shareholders, have given them de facto control.

Almost all major Ukrainian enterprises in the oil-refining sector seem to have come under some form of Russian control.²³⁵ In 1999, 'Luk-SynteZ Oil', a Ukrainian-registered subsidiary of Russia's largest oil company, 'Lukoil', acquired 51.9% of shares in the Odessa oil-processing plant. Like in most comparable cases, the sale was made conditional on the new owner's annual deliveries of specified amounts of crude oil to the plant, which 'Lukoil' failed to meet in the first year of ownership.²³⁶ Lukoil has, however, invested a reported \$1.45 million in the modernisation of the plant, which is estimated to enable a substantial increase in output.²³⁷ The Tyumen Oil Company obtained a controlling stake in the Lisichansk

²³⁴ Speech given at the St Petersburg Economic Forum of June 1999, published in Problems of Economic Transition, vol. 43, no. 2, June 2000, pp. 19-20

²³⁵ Indeed, the sale of Ukrainian enterprises' stock to Russian oil companies was a provision of the Programme of Measures attached to the Economic Cooperation Programme. Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg., p. 85

²³⁶ 'Lukoil' promised to increase deliveries in the following years. Prime TASS, 27 January 2000, via www.rusoil.ru

²³⁷ Zerkalo Nedeli, 31 March-7 April 2001, p. 5

plant (Linos), which is the largest one in Ukraine.²³⁸ 'UkrTatnafta', a 'Tatneft' subsidiary, bought 48.6% of shares in the Kremenchug oil-refining plant, with another 8.3% belonging to 'Zenit' Bank of Moscow. The Russian concern 'Gruppa Al'yans' and 'Kazakhoil' (Kazakhstan) have been managing the Kherson plant, in which they own 50% plus one share. Another Russian company 'Al'fa-Nafta' acquired 26% of shares in the state-owned 'Neftekhimik Prikarpat'ya' (Ivano-Frankovsk oblast').

The Nikolayev Aluminium plant, one of the enterprises which had featured most prominently in the lists of Russian negotiators advancing debt-for-equity proposals, has also come under Russian control by means of a deal arranged between President Kuchma and Anatoly Chubais, director of Russia's electricity grid 'United Energy Systems'.²³⁹ 'Sibirsky Alyuminy' acquired 36% of shares and a further 30% were later bought by its Ukrainian subsidiary 'Ukrainsky Alyuminy', which had been established exactly for this purpose. According to the conditions of the sale, the new owners have undertaken to cover the debts of the enterprise, to construct a new plant of an annual capacity exceeding 100,000 tonnes and to raise the output of the existing plant by almost a third.²⁴⁰ A similar arrangement has been negotiated with the Russian concern 'AvtoVAZ-Invest', which acquired a 68% stake in the Zaporozhiya aluminium plant in early 2001.²⁴¹ 'AvtoVaz', Russia's largest producer of automobiles, has also acquired the Ukrainian assembly plant LuAZ (Volyn' oblast'), where it has built a new production line.²⁴² The pending privatisation of 'Khartron', producer of SS-18 and SS-19 missiles, and of 'Yuzhmash', Ukraine's largest machine-building plant, which also produces missiles for the launch of satellites as well as agricultural machinery, has also been the subject of

²³⁸ Segodnya, 3 October 2000

²³⁹ Nezavisimaya Gazeta, 10 March 2000, p. 4. Ukraine's State Property Fund, however, declined a bid by 'United Energy Systems' for the Sevastopol electricity company on the grounds that UES was not an electricity generator. Rossiiskaya Gazeta/ Ekonomicheskyy Soyuz, 16 January 2001, p. 1

²⁴⁰ Nezavisimaya Gazeta, 31 March 2000, p. 4

²⁴¹ Although a Ukrainian firm won the initial auction for the plant, the Ukrainian State Property Fund re-opened negotiations with 'AvtoVAZ-Invest' following the winning firm's failure to produce the required bank guarantees in support of its bid. Izvestiya, 12 January 2001, p. 5.

²⁴² Nezavisimaya Gazeta, 13 May 2000, p. 2

Russo-Ukrainian negotiations. Management of agricultural machinery production line in 'Yuzhmash' has been offered to Russia's 'Rostelmash'.²⁴³ Gazprom is keen to obtain a major stake in 'Ukrtransgaz', to which Ukraine's gas exporting infrastructure belongs.²⁴⁴ There have been some acquisitions in the banking sector, with Russia's 'Alfa Bank' having bought the Ukrainian bank 'Kyivinvest' and having set up a separate Ukrainian subsidiary. 'Ukrsotsbank' is also reported to have come under Russian ownership.

The recovery of the Russian economy, which began in 1999, enabled Russian business concerns to acquire assets abroad, a process that has unfolded in parallel with the consolidation of business groups (most notably, in the metallurgical and oil sectors) inside Russia itself. Another essential factor in this wave of acquisitions by Russian capital was the remarkable shift in the position of Ukraine's political and business leadership in favour of inviting Russian participation in the privatisation of 'strategic enterprises'.²⁴⁵ In December 2000, a group of prominent Ukrainian businesspeople came to Moscow precisely for this purpose, while Russia's role in Ukrainian privatisation has been repeatedly discussed in a multitude of high-level bilateral meetings – including between the two countries' Presidents. Importantly, this has not been the result of Russian pressures, as President Kuchma has taken the initiative in this issue.²⁴⁶ There can be little doubt that the aforementioned acquisitions and subsequent outlays on infrastructure modernisation have formed the most sizeable part of Russian investment in Ukraine, which is reported to have risen impressively since 1999.²⁴⁷ The impact of these enterprise acquisitions may not, however, be fully perceptible in statistical data, since the buyers have – in many cases - been enterprises registered in Ukraine. The flow of investments has not been completely unidirectional, with Ukrainian investment be-

²⁴³ East West Institute, Russian Regional Investor, vol. 2, no. 32, & September 2000

²⁴⁴ Hitherto, 'Ukrtransgaz' had been part of state-controlled 'Neftegaz Ukrainy'. Izvestiya, 5 October 2000, p. 6

²⁴⁵ The reasons for this shift, which relate to Ukraine's domestic politics and economic situation, will be looked at in the next chapter.

²⁴⁶ President Putin's interview to the Ukrainian media, 6 February 2001. Diplomaticheskyy Vestnik, March 2001, p. 43

²⁴⁷ In 2000, Russian FDI stood at \$314 million (8.13% of total FDI), while Cyprus appeared as the second largest investor in Ukraine.

ing of notable importance for certain Russian regions such as Belgorod and Rostov.²⁴⁸

Trade relations

Given Ukraine's dependence on imports of Russian fuel and the high levels of technological interdependence linking most of its heavy industry to Russia, even national-minded Ukrainian politicians and experts have recognised that Russia will necessarily remain Ukraine's main trading partner in the foreseeable future.²⁴⁹ In several industrial sectors, the creation of self-sufficient production lines would entail unaffordable costs in time and resources.²⁵⁰ Despite the decline in bilateral trade, calculations by the European Bank for Reconstruction and Development suggest that Ukraine, like Belarus and – to a lesser extent – Russia, has continued to trade with the CIS to a far higher extent than levels that could have been predicted based on geographical proximity and the size of a trading partner's market. At the same time, in the cases of all three countries, trade with the EU has grown but has lagged behind predicted levels owing to lack of competitiveness of Russian, Ukrainian and Belarusian exports as well as a variety of restrictions imposed in either direction.²⁵¹ As of 1998, Ukraine remained the largest importer of Russian goods in the world, though it had dropped to third place among the leading exporters to the Russian market. In 1997, Russia was the destination of 26% of Ukraine's exports and the source of 46% of its imports.²⁵² Though the Ukrainian leadership has had a reasonably successful policy of progressive trade reorientation towards the EU and Central Europe (trade with the EU rose by 38% between

²⁴⁸ Russian Foreign Minister Ivanov, in a press interview given during his visit in Khar'kov (February 2001), referred to Ukrainian investment in more than 500 enterprises in Belgorod oblast', in more than 100 in Rostov oblast', and in around 50 in Voronezh oblast'. *Diplomaticheskyy Vestnik*, March 2001, p. 49

²⁴⁹ Belov (ed.), *Ukraine 2000 and Beyond*, p. 60

²⁵⁰ For estimates of different industrial sectors' dependence of Russian-made components, see R. Yevzerov, *Ukraina: s Rossiei vmeste ili vroz'?*, Moscow: Ves' mir, 2000, pp. 40-43

²⁵¹ EBRD, *Transition Report 1999*, pp. 91-92

²⁵² Interstate Statistical Committee of the CIS, *External Economic Activities of the CIS Countries*, Moscow, 1999, pp. 278, 388

1995 and 1997), it is clear that most products formerly sold in Russia have not made it into the EU market.²⁵³ Between 1995 and 1997, Ukrainian exports to Russia declined by 59%, while those to the EU grew by a mere 25%.²⁵⁴ At the same time, it is deemed expedient to preserve and develop trade with Russia in those sectors where the reorientation of trade towards the West has been barred by trade restrictions (e.g. agriculture, metallurgy) or the low competitiveness of Ukrainian products.²⁵⁵ This view has been shared even by advocates of maximum reorientation of Ukraine's economic relations away from Russia and the CIS.²⁵⁶

A series of disputes between Russian and Ukrainian authorities relating to trade regulation, in conjunction with mutual inertia with respect to the promotion of bilateral trade, appear to have been largely responsible for the dramatic drop in trade between the two countries. In 1992, CIS member-states agreed to levy VAT on exports within the Commonwealth in the country of origin. Two years later, however, Ukraine requested the adoption of the internationally prevalent practice of VAT being paid in the country of destination, a position later supported by most other CIS countries. Russia objected that, given the permeability of internal CIS borders, VAT collection from inter-state transactions would decrease drastically, should the principle favoured by Ukraine be introduced. Russia's positive trade balance with most CIS member-states strongly suggested self-interest in its refusal to yield to the position of the majority in the CIS.²⁵⁷ In September 1996, Russia started levying VAT on Ukrainian imports, while continuing to collect VAT on goods exported to Ukraine. Russian producers – particularly those of alcoholic

²⁵³ Between 1994 and 1998, the share of CIS countries in Ukraine's export trade declined from 57.5 to 35.1%, while their share in Ukrainian imports was reduced from 74.8 to 56.4%. During the same period, the share of the EU in Ukrainian foreign trade rose from 9.2 to 15.6%. Natal'ya Kukharskaya, "Vneshnekonomiceskaya Deyatel'nost' Ukrainy", *Vneshnyaya Torgovlya*, no. 3, 2000, pp. 7-8

²⁵⁴ Interstate Statistical Committee of the CIS, *External Economic Activities of the CIS Countries*, Moscow, 1999, p. 389

²⁵⁵ Author's interviews, Kiev, October-November 1999

²⁵⁶ Belov (ed.), *Ukraine 2000 and Beyond*, p. 60; Author's interview with a leader of Ukraine's Social Democratic Party, Kiev, 29 October 1999

²⁵⁷ Sirotsky, "Tamozhenny Soyuz", p. 70

beverages – had been protesting against the allegedly dumping prices of state-subsidised Ukrainian imports.²⁵⁸

Ukrainian statesmen have repeatedly affirmed that they regard accession to the WTO as the top priority and have no interest in joining Russia-led clubs such as the Customs Union of the Five. Instead, they have been advocating the transformation of the whole of the CIS into a free trade zone.²⁵⁹ Russian policy-makers have ruled this out for the medium term, but have been discussing proposals for the gradual liberalisation of bilateral trade with Ukraine. As of February 1998, bilateral trade in 750 categories of technical equipment was exempted from VAT. The measure had been expected to increase bilateral trade by up to 25%,²⁶⁰ which did not materialise – at least partly – due to the devaluation of the rouble following the crisis of August 1998.²⁶¹ In 1999, the Russian government cancelled a 3% duty levied on Ukrainian imports and the 20% duty on sugar of Ukrainian origin. Henceforth, the dissatisfaction of the Ukrainian side has related to remaining restrictions on exports of alcohol and tobacco products and to Russian rail transport prices affecting the price of Ukrainian exports.²⁶² As of July 2001, Russia is to exempt exports to CIS countries from VAT, though no such exemption will apply to gas and oil exports.²⁶³

Barriers complicating trade between the two countries have persisted with respect to particular commodities. It has been precisely these commodities (tobacco and alcohol products, sugar and metals) that have formed the bulk of contraband imports reaching the Russian market through ‘the Belarusian corridor’. When Russia imposed a 25% import duty on refined sugar in April 1997, Ukrainian imports were exempted only up to an annual quota of 300 thousand tonnes. During the previous year, Ukraine had exported 1100 thousand tonnes of duty-free sugar to

²⁵⁸ Segodnya, 28 August 1996, p. 1

²⁵⁹ For example, see speech by then PM Pustovolenko from the St Petersburg Economic Forum of June 1999, published in Problems of Economic Transition, vol. 43, no. 2, June 2000, p. 19

²⁶⁰ Interview of Gennady Seleznyov (State Duma Chairman) in Metally Evrazii, no. 1, 1998, p. 7

²⁶¹ Peter Westin, “The Domino Effect of the Russian Crisis”, Russian Economic Trends, December 1999, pp. 4-5

²⁶² Pustovoitenko (see note 258), p. 18

²⁶³ Maxim Vladimirov and Eugene Kuskov, “Russian VAT Reform: A Move towards the EU Framework?”, Russian Economic Trends, September 2000, p. 5

the Russian market.²⁶⁴ In January 1998, the quota was doubled, but was not fulfilled by the end of the year due to disputes regarding the specific companies' authorisation to import the duty-free sugar.²⁶⁵ In April 2000, under pressure from domestic producers, the Russian government introduced a special 10% duty on imports of raw sugar, raised to 40% for the period between June and December of that year.²⁶⁶ For 2001, a quota of 3.5 million tonnes subject to an import duty of 5% was set for sugar from developing countries.²⁶⁷ This is likely to cover Russia's demand for imported sugar (its own production has typically covered around 35-40% of domestic needs), thereby squeezing Ukrainian producers out of the Russian market, as no bilateral agreement on a duty-free quota has been reached.²⁶⁸ These disputes have arisen because the production of Ukrainian and Russian sugar alike has involved much higher costs than those of leading competitors in the world market. It can be sold on the domestic market only with the artificial exclusion of more efficient competitors and abroad only at the cost of high export subsidies. In these circumstances, it has been cheaper for Russia to buy sugar on the world market than to import it from Ukraine.²⁶⁹ Lack of international competitiveness, combined with the decline of Ukrainian agricultural production, has also been a crucial factor in the dramatic decline in the export of Ukrainian foodstuffs to Russia.²⁷⁰

Russia has equally been considering anti-dumping measures against Ukrainian steel producers, whose share in the Russian pipeline market has been as high as 30%, due to appeals from major domestic producers, themselves facing such measures imposed by the EU and the US.²⁷¹ In October 2000, Russia exempted 30 commodities of Ukrainian origin from the generally valid free-trade regime, to

²⁶⁴ Yevzerov, *Ukraina: s Rossiei vmeste ili vroz'?*, pp. 55-56

²⁶⁵ Author's interviews, Moscow, 24 June 1999; Kiev, 29 October 1999

²⁶⁶ Interfax, *CIS Daily News Brief*, 25 May 2000, p. 6

²⁶⁷ Interfax, *CIS Daily News Brief*, 20 March 2000, p. 6

²⁶⁸ *Rossiiskaya Gazeta/Biznes v Rossii*, 25 October 2000, p. 1

²⁶⁹ Author's interviews, Kiev, 29 October and 2 November 1999

²⁷⁰ Yevzerov, *Ukraina: s Rossiei vmeste ili vroz'?*, pp. 50-51

²⁷¹ *Izvestiya*, 8 September 2000, p. 5; Talks on a durable quota system of import quotas have so far been fruitless, though Russia has agreed not to impose any tariffs in exchange for Ukraine's reducing its supplies from 800,000 tonnes in 2000 to 423,000 tonnes in 2001. *The Russia Journal*,

which Ukraine responded with equivalent restrictions on Russian imports.²⁷² Several branches of the Russian food industry have called for the exemption of additional Ukrainian products.²⁷³ With 2000 having been the first year of growth in bilateral trade since 1996, restrained optimism appears to have returned, which has been reflected in the recent activism of the Russian and Ukrainian leaderships in reinvigorating economic ties between the two countries.²⁷⁴

Cross-border relations among regions

Mechanisms compensating for mutual lack of competitiveness (most notably, barter arrangements) have not been as consequential in Russia's trade with Ukraine as they have been in trade with Belarus. Unlike Belarus, the governments of Russia and Ukraine have been actively seeking to reduce the use of non-monetary transactions in the domestic market and in foreign trade alike. Besides, Ukrainian regions have lacked the autonomy to directly negotiate far-reaching economic agreements in the way that their Russian counterparts have done with the keen Belarusian leadership. Border regions, like Lugansk and Donetsk, which suffered particularly from the disruption of economic relations with Russia, have been lobbying Kiev to assist their revival.²⁷⁵ Special events have been organised for the promotion of cross-border ties among regions.²⁷⁶ The governors of the Russian regions of Belgorod, Bryansk, Voronezh, Kursk and Rostov, the heads of administration of the Ukrainian regions of Donetsk, Lugansk, Suma, Khar'kov and

16 April 2001

²⁷² Rossiiskaya Gazeta, *Bizness v Rossii*, 25 October 2000, p. 1

²⁷³ Nezavisimaya Gazeta, 10 November 2000, p. 4

²⁷⁴ See joint press conference of Presidents Putin and Kuchma (Dniepropetrovsk, 12 February 2001), Diplomaticheskyy Vestnik, March 2001, pp. 44-45. In early 2001, the two Presidents' meeting in Dniepropetrovsk, that of the two countries' Foreign Ministers in Khar'kov (16 February 2001), and Ukrainian Prime Minister Yushchenko's visit to Moscow (12 April 2001) were primarily concerned with expanding economic relations, including trade.

²⁷⁵ Author's interviews, Moscow, 28 June 1999; Kiev, 5 November 1999

²⁷⁶ For example, the Committee for CIS Affairs of the Russian Duma organised special hearings in Belgorod with the participation parliamentarians and members of regional executives from Russia, Belarus and Ukraine on the development of economic cooperation among border regions. Nezavisimaya Gazeta, 26 May 2000, p. 5

Chernigov, and, since 1996, representatives of Belarusian regions, repeatedly met to discuss ways of boosting economic interaction and appealed to the national leaderships to assist them in their endeavours.²⁷⁷ By the beginning of 1999, around 280 agreements had been concluded among Ukrainian regions and Russian federal units, while five of the latter maintained trade missions in Ukraine.²⁷⁸ Even in the case of Russian regions supplying fuel in exchange for foodstuffs and other products from Ukraine, the overall tendency of declining trade does not appear to have been arrested. Yaroslavl', for example, supplies oil and petroleum products to Nikolayev, Kirovgrad, and Cherkassk oblasts, receiving grain in return. Nevertheless, the regional administration reported a drop in trade with Ukraine for 1999.²⁷⁹ In late 2000, President Kuchma proposed the creation of an 'energy island' made up of three border regions (Khar'kov, Poltava, and Suma oblasti), whose principal enterprises would export their products to Russia in exchange for fuel supplies.²⁸⁰ Representatives of border regions for the first time participated in a meeting between Foreign Ministers Ivanov and Zlenko, which was devoted to issues of regional, economic and technical cooperation (Khar'kov, February 2001). A "Programme on Interregional and Border Cooperation for 2001-2007" as well as an agreement on the rights of migrants were concluded. Ivanov spoke of an 80% growth in trade between Russian and Ukrainian border regions during 2000 and praised the work of the Council of Heads of Border Regions of Russia, Ukraine and Belarus. He made special reference to an ongoing project for the environmental protection of the Northern section of the river Don valley, which he described as the most important of a series of successful regional cooperation projects launched by the Council.²⁸¹

Conditions of cross-border travel have equally been a prime concern to border regions, where most the population have relatives across the border. According to

²⁷⁷ A Council of Heads of Border Regions of Russia, Ukraine and Belarus has been formed. See Rossiisko-Ukrainskiye Otnosheniya 1990-1997 gg., pp. 594-608

²⁷⁸ Yevzerov, Ukraina: s Rossiei vmeste ili vroz'?, p. 60

²⁷⁹ Documents provided by the Yaroslavl' oblast' administration, December 1999

²⁸⁰ This proposal was made during Kuchma's meeting with President Putin in Sochi. Nezavisimaya Gazeta, 1 November 2000, p. 5

²⁸¹ Speech by Russian Foreign Minister Ivanov (16 February 2001) in Diplomaticheskyy Vestnik, March 2001, p. 49

a survey by the Ukrainian centre 'Democratic Initiatives', 33% of Ukrainian citizens have relatives in Russia, which rises to 70% in Eastern and Southern regions. Of those, 42% reported they had repeatedly travelled to Russia.²⁸² Despite Russia's withdrawal from the CIS visa-free regime, both Russia and Ukraine have confirmed that travel between the two countries will remain free from visa requirements. The planned introduction of a requirement that internationally valid passports be used instead of domestically valid identification documents, as it has been the case so far, is expected to reduce cross-border mobility. In 2000, only 7-8% of adults in the Khar'kov oblast' held internationally valid passports, which may be obtained promptly at considerable financial expense.²⁸³ The measure has been proposed by the Ukrainian side, which has been seeking to reduce the permeability of its CIS borders in an effort to minimise the negative consequences of its Western neighbours' forthcoming accession to the EU's Schengen agreement on border controls. An agreement of October 1999 requiring that Russian citizens travelling to Ukraine and vice versa be covered by medical insurance, whose costs they are to bear themselves, is also likely to affect cross-border travel. In the meantime, Ukrainian citizens living in Russia and vice versa have had to pay higher fees than those applicable to local citizens for access to higher education and health care (albeit CIS rates have been lower than those applicable to foreigners from non-CIS countries).

Conclusion: Mixed results

The record of realising intentions declared in treaties and diplomatic meetings between Russia on the one hand and Belarus and Ukraine on the other has been rather uneven. Agreement on fundamental objectives, in conjunction with relatively low demands on financial resources and administrative capacities, has enabled Russia and Belarus to proceed with common policy-making in defence and external relations quite smoothly. The same may be said of the liberalisation of bilateral

²⁸² Nezavisimaya Gazeta, 1 September 2000, p. 5

²⁸³ *Ibid.* The procedures for the issuing of internationally valid passports were thought to effectively bar ordinary citizens from visiting relatives living in Russia in case of an emergency.

trade and of the initial stage in the effort to equalise citizens' rights. Positive results have been immediately discernible in trade volumes and an upward trend may be expected in terms of cross-border migration. The harmonisation of wages, pensions and social security benefits is likely to be complicated by the persisting unevenness of economic conditions in the two countries.

Core aspects of the integration process such as monetary convergence and the unification of external trade regulation and economic legislation have advanced in an irregular manner and encountered setbacks due to a range of factors, some of which have been beyond policy-makers' control (e.g. the crash of the Belarusian rouble in March 1998; the crisis of August 1998). In each of these policy areas, the implementation of agreed measures has required coordinated action on the part of several national and supranational agencies. This has not always been achieved as a result of inadequate administrative capacities and/or disagreements over measures entailing disproportionate costs – in terms of revenue or decision-making authority – for one of the two parties. Though the experience of economic integration in Western Europe suggests that such difficulties are inevitable, in the case of Russia and Belarus, they appear to have been exacerbated by the two leaderships' divergent approaches to economic reform. It remains to be seen whether Russia's attainment of political stability and consistency in economic policy since Putin's accession to the Presidency will nudge the Belarusian leadership into reconsidering its economic course. Meanwhile, innovative strategies for the integration of the two countries' real economic sectors (e.g. inter-regional and inter-enterprise links) have accounted for tangible advancements in this respect.

Conflicting strategic priorities have repeatedly hindered the fulfilment of the comparatively modest objectives set by Russia and Ukraine for cooperation in the diplomatic and military spheres. They have affected even the economic and social spheres in the cases of the disputed defence contracts and the pending introduction of new formalities in cross-border travel. At the same time, serious disputes such as those over the recognition of Ukraine's current borders and over the division and basing arrangements of the BSF have effectively ceased to burden bilateral relations, allowing negotiations to focus on the development of economic cooperation. Bilateral trade has been an eloquent indicator of the trend towards the separation of the two countries' economies, which has been driven in equal meas-

ure by political choices and factors related to economic expediency. The Russian side has shown some intransigence in prioritising the economic interests of domestic producers over improving relations with Ukraine by liberalising bilateral trade. As has been pointed out in the previous chapter, Russian policy-makers' readiness to make concessions in this regard has been limited by their persisting aspirations to attract Ukraine to the Customs Union of the Five or even the union with Belarus by means of exclusive economic privileges attached to membership.

Although the decline in bilateral trade has been relatively costlier for Ukraine than for Russia, the Ukrainian leadership has not been diverted from the effort to reorient the country's economic relations in line with its political priorities. Selected cooperative projects in technologically advanced sectors, where the two countries' international competitiveness has been subject to the preservation and enhancement of Soviet-era links, have given rise to moderate optimism about the prospects of bilateral economic relations. Since the re-election of President Kuchma in November 1999 and the change in the leadership of the Ukrainian parliament in February 2000, a more pragmatic line has prevailed in economic negotiations with Russia, allowing for growing Russian involvement in the Ukrainian economy. A series of acquisitions of major industrial enterprises in Ukraine by Russian strategic investors has promptly produced results in terms of investment in infrastructure and increased willingness on the part of Russian business leaders to venture into Ukraine's economy, thereby contributing to the integration of the two countries' real economic sectors. Gazprom's possible acquisition of a stake in a privatised company controlling Ukraine's gas-exporting pipeline system would be likely to relieve inter-state relations of the remaining perennial disputes related to gas theft and Ukraine's arrears for gas supplies. An increased emphasis given by the two countries' political leaderships and business communities to economic relations, which has been reflected in extensive high-level contacts devoted to these questions during 2000-2001, may assist a continuation in recent positive trends (including in bilateral trade).

Chapter Four

Understanding the divergent approaches of Belarus and Ukraine towards Russia

The approaches of the Belarusian and Ukrainian leaderships to relations with Russia have differed significantly. While Belarus has been actively pursuing the acceleration of the integration process, Ukraine has rejected integration with Russia along the path trodden by its northern neighbour, opting for an external orientation geared towards accession to the European Union. As has been argued in previous chapters, these divergent strategic objectives have largely accounted both for the differentiation in Russia's policies towards the two countries and for the contrasting outcomes obtained in corresponding aspects of their relations with Russia. It is, therefore, important to examine the factors that have underlain the Belarusian and Ukrainian leaderships' preferences as to the envisaged type of relations with Russia, on the one hand, and their positions on particular issues that have arisen in bilateral (Russo-Belarusian and Russo-Ukrainian) relations, on the other.

The external orientations of Ukraine under the Kravchuk administration (1991-1994) and of Belarus before Aleksandr Lukashenko's election to the Presidency in spring 1994 will be outlined in order to establish the starting positions of the Kuchma and Lukashenko administrations in connection with Russia's prioritisation of its relations with these two countries during 1995-1996. Special attention will be devoted to Ukraine's ideological cleavages along regional and ethno-linguistic lines as a constraint on the leadership's latitude in foreign policy. In comparing the strategies of the Kuchma and Lukashenko administrations, the range of policy options available to them will be analysed with reference to the following factors: conceptions of national identity as understood by the Belarusian and Ukrainian elites and mass publics; corresponding (elite and mass) perceptions of the international environment and definitions of strategic interests; economic considerations; and external factors, most notably Russia's actual and putative use of incentives and pressures as well as opportunities presented by the policies of other actors such as NATO, the EU, and the United States.

Defining one's place in the world: Russia's position in Belarusian and Ukrainian role conceptions

In the wake of the Soviet Union's demise, the political leaderships of both Belarus and Ukraine favoured neutrality - in the sense of non-participation in military alliances – as the defining principle of their countries' role in the international field. Ukraine's declaration of sovereignty, which was passed by the Verkhovna Rada in July 1990, proclaimed neutral status as well as a commitment to the attainment of nuclear-free status.¹ The Belarusian declaration of sovereignty, which was adopted by the republic's Supreme Soviet a few days later, asserted the same principles.² Consequently, the two countries were not among the founding members of the CIS Collective Security treaty, which was concluded in Tashkent in May 1992.³ At that time, neither NATO nor the European Union had indicated any consideration – let alone intention – of eastward enlargement. While Russia's relations with Western Europe and the United States appeared to be flourishing, various ideas for regional economic and/or security groupings, which were to unite neutral Central and/or East European countries, were being considered. Neutrality, combined with active participation in inclusive international fora like the United Nations and Conference for Security and Cooperation in Europe (CSCE, renamed OSCE as of 1995), emerged as the guiding principle of Belarusian and Ukrainian foreign policies in the immediate post-independence period. In an effort to establish an international profile and assist their integration into the world economy, both countries applied for admission to the Council of Europe and opened relations with the EU, NATO (initially through participation in the North Atlantic Cooperation Council)

¹ Commitment to neutral and nuclear-free status was reiterated in the first foreign policy framework document adopted by the Ukrainian Parliament and the country's first Military Doctrine.

"Pro Osnovni Napryami Zovnishnoi Politiki Ukraini" (On the Basic Directions of the Foreign Policy of Ukraine), resolution no. 3360-XII, 2 July 1993, Vidomosti Verkhovnoi Radi, no. 37, 1993, pp. 944-945; "O Voennoi Doktrine Ukrainy", Verkhovna Rada resolution no. 3529-XII, 19 October 1993, Vidomosti Verkhovnoi Radi, no. 43, 1993, p. 409

² Izvestiya, 29 July 1990, p. 1

³ The original signatory states were Russia, Armenia, Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan, later joined by Azerbaijan, Georgia and Belarus. In 1999, Azerbaijan, Georgia and Uzbekistan did not renew their membership in the Collective Security treaty.

and international financial institutions such as the OECD, the IMF and the EBRD.⁴

Ukraine distances itself from Russia: the Kravchuk Presidency

Whereas both Belarus and Ukraine have formally maintained their commitment to neutral status, signs of their divergent choices of strategic orientation became observable soon after independence. Albeit a signatory to the December 1991 Belovezh agreements, which effectively dissolved the Soviet Union, Ukraine did not subsequently ratify the original text of the agreements. The Verkhovna Rada inserted a series of amendments which negated the provisions relating to the preservation of a common foreign policy, a single economic space and a unified military command structure for all the successor states of Soviet Union. In March 1992, when the CIS Inter-Parliamentary Assembly was created, Ukraine restricted its participation to observer status, which it upgraded to full membership only seven years later. In January 1993, Ukraine (along with Moldova and Turkmenistan) refrained from signing the CIS Charter, which aimed to strengthen the authority of CIS institutions with a view to improving member-states' records of implementing agreements concluded within the CIS framework.

Under the Presidency of Leonid Kravchuk, Ukraine firmly resisted proposals with a potential to bolster CIS structures and advocated the organisation's reduction to an informal forum for inter-state consultations and negotiations with an emphasis on bilateral interaction. The Kravchuk administration saw the CIS as a convenient framework for the resolution of bilateral disputes resulting from the demise of the USSR (most notably, the recognition of borders and the division of Soviet debt and assets – including the Black Sea Fleet). According to a framework document containing guidelines for Ukrainian diplomacy, which was adopted by the Ukrainian parliament in July 1993, relations with Russia form the dominant aspect of Ukraine's bilateral relations with bordering states. Relations with Russia are described as

⁴ Ukraine became a full member of the Council of Europe in November 1995. Belarus obtained 'guest status' in the Parliamentary Assembly of the Council of Europe in late 1992. This form of participation, along with the Belarusian application for membership, was suspended in 1997 in condemnation of the situation in Belarusian domestic politics.

“a ‘special partnership’, insofar as the fate of the progressive democratic development of Ukraine and of the Russian Federation, stability in Europe and the whole world will depend on their character to a significant extent.”⁵

Nevertheless, during the Kravchuk presidency, the resolution of major issues in relations with Russia did not make much headway, as both countries concentrated their diplomatic efforts on relations with the US, Western and – especially Ukraine – Central Europe. Highly suspicious of Russian motives, Ukraine emerged as the champion of the view of the CIS primarily as a mechanism for a ‘civilised divorce’ among the successor states of the Soviet Union, implying an understanding of the CIS as a transitional structure. The Verkhovna Rada’s resolution “On the Basic Directions of the Foreign Policy of Ukraine” stated that Ukraine would not participate in the formalisation of multilateral cooperation within the CIS, which could “transform the CIS into a supranational structure of a federal or confederal character.” Instead, the resolution emphasised Ukraine’s Central European identity and contained the first formal declaration of a Ukrainian intention to become a full member of the EU.⁶ Insisting on its self-proclaimed associate member status, Ukraine opted out of most multilateral agreements signed by CIS member-states, having (alongside Turkmenistan) the highest rate of abstention from basic CIS agreements.⁷ Ukrainian representatives were especially adamant in their opposition to the CIS assuming any functions in the military sphere – including peacekeeping operations.⁸

Ukraine’s obstructive CIS policy during the first three years of independence was primarily a function of the Kravchuk administration’s reliance on national-minded factions, which held the majority in the country’s parliament until March 1994. The leadership of the ‘Rukh’ (then Ukraine’s largest nationalist party)

⁵ “Pro Osnovni Napryami Zovnishnoi Politiki Ukraini”, p. 939

⁶ “Pro Osnovni Napryami Zovnishnoi Politiki Ukraini”, p. 942

⁷ Neither the treaty of December 1991 establishing the CIS nor the organisation’s Charter contains any provisions for associate membership. The Ukrainian leadership based its assertions to associate membership status on its abstention from the CIS Charter. Ukraine signed only three out of twelve basic CIS documents, concluded between February 1992 and March 1996 and surveyed by Helga Welsh and John Willerton, “Regional Cooperation and the CIS: West European Lessons and Post-Soviet Experience”, *International Politics*, vol. 34, no. 1, March 1997, p. 43. None of the three documents was signed under Kravchuk.

⁸ Nevertheless, predominantly Russian peacekeeping troops have been deployed in Abkhazia and Tajikistan under the aegis of the CIS.

contended that, in order to buttress its independent statehood, Ukraine ought to exit the CIS, which was seen as an instrument of Russian plans to undermine the sovereignty of other post-Soviet states.⁹ Nationalists perceived a necessity for Ukraine to maximally distance itself from Russia and the rest of the CIS – in the political, cultural and economic fields alike. They promoted an image of Ukraine as an absolutely European state and associate it with Central Europe rather than with the Eurasian region (i.e. Russia and the CIS). The Kravchuk administration prioritised relations with Poland and other Central European states.¹⁰ It sought admission to the Visegrad group and the Central European Initiative (CEI), and advanced proposals for a regional security grouping and economic cooperation forum, intended to bring together countries from the Baltic to the Black Seas– excluding Russia.¹¹ The United States and Canada (by virtue of its politically active ethnic Ukrainian community) were expected to take a leading role in assisting Ukraine's integration in the international community and world economy. However, the aspirations of the national-minded elite to Ukraine's emergence as a major European power in its own right led to frictions, not only with Russia, but with the US as well, over the issue of nuclear disarmament. Under intense pressure from Russia and the US alike, the Ukrainian leadership agreed (in January 1994) to the dismantling or transfer to

⁹ John Morrison, "Pereyaslav and After: The Russian-Ukrainian Relationship", International Affairs, vol. 69, no. 4, 1993, p. 689

¹⁰ Ukraine concluded military cooperation agreements with Hungary and Poland in March 1992 and February 1993 respectively. In cooperation with Hungary, Poland and Slovakia, it participated (through Zakarpatskaya oblast') in the creation of the EU-sponsored 'East Carpathian Euroregion'. Romania joined this project in 1997. For a more detailed coverage of Ukraine's early relations with Central Europe, see Sherman W. Garnett, Keystone in the Arch: Ukraine in the Emerging Security Environment of Central and Eastern Europe, Washington DC: Carnegie Endowment for International Peace, 1997, pp. 83-94; Stephen R. Burant, "Ukraine and East Central Europe", in Lubomyr A. Hajda (ed.), Ukraine in the World, Cambridge, MA: Ukrainian Research Institute, Harvard University, 1996, pp. 45-75

¹¹ On Kravchuk's proposal for a Central and East European 'zone of stability and security', which was to include Belarus and Moldova but not Russia, see Golos Ukrainy, 10 July 1993, p. 1. The Visegrad group was initially founded by Poland, Hungary and Czechoslovakia as a regional integration forum to assist their 'return to Europe'. As its members began to focus on their individual applications for admission to the EU and NATO, the group lost its salience and was superseded by the Central European Free Trade Association (CEFTA). Ukraine became an associate member of the CEI (a forum for political dialogue and economic cooperation) in 1994 and a full member in 1996.

Russia of all its nuclear weapons, though not without robust opposition from the nationalist-dominated Rada, which contradicted the country's international obligations by asserting Ukraine's right to ownership of nuclear weapons on its territory.¹²

In the view of the national-minded political elites, who held sway both in the Rada and in the Presidential administration under Kravchuk, the consolidation of Ukrainian statehood was the foremost priority, not just in foreign policy, but equally in the domestic realm. The adoption of Ukrainian as the language of public administration at all levels of government as of instruction in schools and higher education establishments was perceived as an imminent need in order to instil in the population a strong sense of national identity and a firm commitment to Ukraine's independent statehood. As Iver Neumann has suggested, identity formation implies the highlighting of differences from 'others', represented – in the case of a 'European' identity – by 'the East' (Russia and Turkey).¹³ The Kravchuk administration's language policy graphically illustrated the political elite's definition of Ukrainian national identity in terms of a distinction from - or even opposition to – Russian language, culture and identity. According to the last Soviet census (1989), ethnic Ukrainians represented 73% of the population of the Ukrainian SSR, with ethnic Russians constituting 22%. Whereas 12% of ethnic Ukrainians considered Russian as their mother tongue, with a further 60% declaring themselves bilingual, less than 2% of ethnic Russians had Ukraine as their first language, with 33% asserting a fluent knowledge of Ukrainian as a second language.¹⁴

In view of these figures, even moderate nationalists regarded a deliberate distancing from Russia (in political, cultural-linguistic and even economic terms) as an essential component of a policy aimed at the promotion of Ukrainian na-

¹² This Verkhovna Rada resolution was published in *Golos Ukrainy*, 20 November 1993, p. 3. In 1992, Ukraine (along with Belarus and Kazakhstan) had signed the Lisbon Protocol, which committed it to the attainment of nuclear-free status in the shortest possible timeframe.

¹³ Iver B. Neumann, *Russia and the Idea of Europe*, London: Routledge, 1996; *Uses of the other: "the East" in European identity formation*, Manchester: MUP, 1999, pp. 207, 228

¹⁴ The census classification of nationalities followed the designation in citizens' internal passports and, therefore, did not contain a special category for individuals of mixed Russian-Ukrainian parentage. Goskomstat SSSR, *Natsional'ny Sostav Naseleniya SSSR*, Moscow: "Finansy i Statistika", 1989, pp. 78-79. Ethnic Russians and Russian-speakers (of Russian, Ukrainian and mixed ethnic origin) were heavily concentrated in the Eastern and Southern oblasti.

tional identity - at least during the initial period of 'state-building'. The Ukrainian ruling elite chose to take advantage of the window of opportunity presented by the referendum of December 1991, in which over 90% of the electorate endorsed the Rada's declaration of independence, in order to mould public attitudes in support of its favoured role conception of Ukraine as a free-standing Central European power. It needs to be stressed that, despite the overwhelming electoral support in the referendum on independence, the political elite's decision to politically and economically distance Ukraine from Russia and the CIS could hardly be described as corresponding with public opinion at that time. As late as March 1991, over two thirds of Ukrainian voters had expressed their support for the preservation of the Soviet Union.¹⁵

Later survey and interview evidence appears to corroborate the hypothesis that perceptions of Ukraine as a self-reliant, economically powerful entity, whose prosperity would increase in the absence of tutelage from Moscow, largely contributed to the impressive rates of support for independence even in the predominantly Russophone Eastern and Southern regions.¹⁶ The Kravchuk environment had fostered popular expectations of increased material well-being in good faith, as the administration's subsequent economic policy choices demonstrated.¹⁷ Emboldened by foreign financial institutions' optimistic assessments of Ukraine's economic prospects, the country's leadership withdrew from the rouble zone voluntarily in November 1992.¹⁸ Expectations of generous economic assistance and investment from the West prompted Ukrainian decision-makers to anticipate a relatively painless transition to hard currency transactions and world market prices. They reportedly had considerably overestimated the length of this transition period, leading to resentment at Russia's in-

¹⁵ 70.2% of votes in Ukraine were cast in favour of preserving the Soviet Union - compared to 71.3% in the RSFSR and 82.7% in Belarus. Georgia and the Baltic republics did not participate in the referendum. Izvestiya, 27 March 1991, pp. 1, 3

¹⁶ Anatol Lieven, Ukraine and Russia: A Fraternal Rivalry, Washington DC: United States Institute of Peace Press, 1999, pp. 68-70; Andrew Wilson, Ukrainian Nationalism in the 1990s: A Minority Faith, Cambridge: CUP, 1997, pp. 128, 201

¹⁷ Wilson, Ukrainian Nationalism, pp. 169-170; Hermann Clement, "Economic Aspects of Ukrainian-Russian Relations", in Kurt R. Spillmann, Andreas Wenger and Derek Müller (eds.), Between Russia and the West: Foreign and Security Policy of Independent Ukraine, Bern: Peter Lang, 1999, pp. 282-283

¹⁸ Morrison, "Pereyaslav and After", pp. 685-686

roduction of higher prices for fuel exports.¹⁹ Similarly optimistic estimates pertained to the re-orientation of exports to Central European and Western markets, encouraging the Kravchuk administration not to show particular concern over the steep decline of Russo-Ukrainian trade.²⁰

By 1993, a determined move away from Russia had begun to appear untenable for economic and political reasons alike. As foreign investment and trade re-orientation under the Kravchuk Presidency fell far short of expectations, calls surfaced for the revitalisation of economic ties to Russia, on which most of Ukraine's industrial enterprises used to depend for supplies and/or sales. In June 1993, the leaders of a massive miners' strike in the Donbass included among their demands full and active participation in the CIS, which resulted in the resignation of PM Leonid Kuchma. A Russophone industrialist from Eastern Ukraine, Kuchma, who was appointed PM in October 1992, had been more concerned with economic recovery than with state-building and took some steps to arrest the deterioration of Ukraine's economic relations with Russia and the CIS. In May 1993, Ukraine signed the CIS declaration on economic union, though, four months later, it acceded to the treaty 'On Economic Union' only as an associate member. In June 1993, Kuchma put his signature to an ill-fated trilateral agreement with Belarus and Russia on a customs union.

In the run-up to the parliamentary elections of March-April 1994, the Communists and their left-wing allies (Socialist and Peasant parties) advocated official status for the Russian language, a federal state and closer relations with Russia and the CIS – issues which public opinion surveys revealed to closely follow economic concerns in the list of the electorate's priorities.²¹ The left-wing parties obtained 68% of their seats in the Eastern and Southern oblasti. They won no seats in the seven oblasti of historical Western Ukraine, which accounted for the overwhelming majority of extreme nationalist parties' votes and, together with Kiev, for 88% of the seats won by the moderate nationalist 'Rukh'.²² As a

¹⁹ Despite gradual price increases since 1993, Russia began selling fuel to Ukraine at world market prices as late as 1996.

²⁰ Paul J. D'Anieri, Economic Interdependence in Ukrainian-Russian Relations, Albany, NY: State University of New York Press, 1999, p. 83

²¹ Sarah Birch, "The Ukrainian Parliamentary and Presidential Elections of 1994", Electoral Studies, vol. 14, no. 1, 1995, p. 95

²² The nine oblasti of the South and the East returned no deputies for the extreme nationalist 'Ukrainian National Assembly' and 'Conservative Republican Party'. Marko Bojczun, "The

candidate in the Presidential election of July 1994, Kuchma campaigned on a platform of a more balanced external orientation and renewed emphasis on partnership with Russia. The election results reiterated the pattern of marked regional variation along the lines of ethno-linguistic divisions, which had been displayed in all Ukrainian elections between 1990 and 1994.²³ In the second round, Kravchuk, campaigning on a nationalist platform (state promotion of the Ukrainian language; opposition to closer ties with the CIS), won in all but one oblast' to the west of the Dniepr (Kirovograd oblast'), polling almost 90% in the three oblasti of Galicia. Kuchma's vote in this region fell short of 4%, whereas his average on the Left bank was 66% (with close to 90% in the Crimea and the Donbass) - compared to 31% for Kravchuk.²⁴

Extensive survey evidence has revealed marked divergences in the mass public's ideological leanings and policy preferences across Ukraine's regions – particularly with regard to the nation-building agenda (strengthening Ukrainian language and culture within Ukraine; the question of the Russian language's status) and to the country's external orientation. Ethnicity, ethno-cultural identification, language and regional political cultures all strongly correlate with respondents' positions in a continuum whose poles are represented by the nationalist stronghold of Galicia in the West, on the one hand, and the Donbass region in the East and Crimea in the South, on the other. Statistical data show that Western regions, with their predominantly ethnic Ukrainian population, as having well above average rates of preference for the Ukrainian language (even among ethnic Russians) and of religious attachment - especially to the Ukrainian denominations historically linked with Ukrainian cultural and national identity.²⁵ In the Eastern and Southern oblasti, the share of ethnic Russians in

Ukrainian Parliamentary Elections in March-April 1994", Europe-Asia Studies, vol. 47, no. 2, 1995, p. 242

²³ On the divide between Ukraine's national-minded West and the Russia-oriented East and South as manifested in electoral contests between 1990 and 1994, see Wilson, Ukrainian Nationalism in the 1990s, pp. 118-146

²⁴ *Ibid.*, pp. 143-145; Birch, "The Ukrainian Parliamentary and Presidential Elections of 1994", pp. 98-99

²⁵ Ethnic Ukrainians represented 79% of the population in L'viv, 72% in Kiev, and 22% (compared to 72% of Russians) in Simferopol. 45% of ethnic Ukrainians in L'viv declared an affiliation with the Ukrainian Uniate Church (as opposed to a mere 1% of L'viv ethnic Russians), with another 27% belonging to the Ukrainian Orthodox and the Autocephalous Orthodox (Kiev) Church. 61% of L'viv Russians, compared to 6% of ethnic Ukrainians belonged to the Russian

the population and the use of the Russian language – also among ethnic Ukrainians - are above the national averages, while religious affiliation is lower and concentrated on the Russian Orthodox Church.²⁶

In a comparison of L'viv, Kiev and Simferopol survey data, Ian Bremmer found that that language preference and religious affiliation correlated very closely with ethnicity, which in turn displayed strong correlations with political attitudes and party support.²⁷ This also revealed high levels of negative attitudes among L'viv and – to a lesser extent – Kiev ethnic Ukrainians towards Russian people, whereas such attitudes were not observed among Ukrainians in Crimea or among Russians (in their attitudes towards Ukrainians) in any of the cities surveyed. To the contrary, Ukrainians in Crimea held negative views regarding the nationalist Ukrainian diaspora in Canada and the US.²⁸ The ethnic and regional factors combined to produce polar positions with regard to questions such as Ukraine leaving the CIS (supported by 69% of L'viv Ukrainians, but only by 12% of Simferopol Russians) and attitudes towards the demise of the Soviet Union (83% of L'viv Ukrainians would not prefer that the Soviet Union still existed, while 42% of Ukrainians and 75% of Russians in Simferopol would).²⁹ Bremmer's findings are corroborated by the research of Stephen Shulman, who found considerable anti-Russian sentiment among Galician local elites, which was reflected in their foreign policy preferences. Elite interviewees from Eastern Ukraine, who tended to favour a Russia- and CIS-focused external orientation, perceived themselves as having more in common with Rus-

Orthodox Church. *Ibid.*, pp. 266, 270-273. On the role of the Greek Catholic (Uniate) Church in West Ukrainian identity, see Paul Robert Magosci, *A History of Ukraine*, Toronto: University of Toronto Press, 1996, pp. 649-651

²⁶ For complete oblast'-level data on ethnic composition, language use, religious affiliation and voting behaviour, see Ella Zadorozhnyuk and Dmitry Furman, "Ukrainskye Regiony i Ukrain-skaya Politika", in D. Furman (ed.), *Ukraina i Rossiya: Obshchestva i Gosudarstva*, Moscow: 'Prava Cheloveka', 1997, pp. 88-129

²⁷ Ian Bremmer, "The Politics of Ethnicity: Russians in the New Ukraine", *Europe-Asia Studies*, vol. 46, no. 2, 1994, pp. 268-269, 277

²⁸ 66% of L'viv Ukrainians expressed negative views of Russian people and 49% did so in Kiev. *ibid.*, pp. 274-275. Paul S. Pirie, "National identity and Politics in Southern and Eastern Ukraine", *Europe-Asia Studies*, vol. 48, no. 7, p. 1087

²⁹ *Ibid.*, p. 277

sians in bordering regions of the Russian Federation than with their co-ethnics from Western Ukraine.³⁰

Surveys giving respondents the option of selecting a dual (Russian-Ukrainian or Ukrainian-Russian) ethno-cultural identification reveal a more complex pattern, with the political attitudes (particularly those related to foreign policy and nation-building) of the predominantly Russophone dual-identity group occupying an intermediate position between those of ethnic Ukrainians and Russians.³¹ In this spectrum of opinion, the views of the dual-identity group are closer to those of Russians.³²

Table 8

Readiness to vote for parties advancing the following objectives, according to national self-identification:

	Ukrainians	Dual identity	Russians	Other identification	Total
Strengthening the Independence of the Ukrainian state	70.1%	48.6%	36.8%	43.2%	59.6%
Rebirth of the Ukrainian nation	67.0%	37.5%	26.3%	32.2%	53.4%
Unification with Russia and Belarus	32.5%	50.5%	61.6%	51.9%	41.1%
Resurrection of the USSR	25.3%	41.1%	51.9%	41.4%	32.8%

³⁰ The study was based in 60 interviews with members of regional elites, half of which were conducted in L'viv and half in Donetsk. Stephen Shulman, International and National Integration in Multi-ethnic States: The Sources of Ukrainian (Dis)unity, PhD thesis, University of Michigan, 1996

³¹ The survey, which was conducted by the Kiev Centre for Political Research and the Kiev International Institute of Sociology in November-December 1997, used a sample of 10, 211, with an average of 400 respondents from each of 26 regions (Kiev, Crimea and the remaining 24 oblasti). Because the overall sample does not reflect the different population sizes of the regions, the results accurately reveal regional differences, but cannot be considered representative of Ukraine as a whole. In this survey, 71% of respondents expressing identification with both the Russian and Ukrainian nations and cultures declared a preference for the Russian language. M.I. Beletsky and A.K. Tolpygo, "Natsional'no-kul'turnye i ideologicheskiye orientatsii naseleniya Ukrainy", Polis, vol. 46, no. 4, 1998, pp. 74-76

³² The most marked distance between ethnic-identification groups, occupying ideological positions adjacent in the continuum, was that separating ethnic Ukrainians from the dual-identity group (2:1). *Ibid.*, p. 85

Source: M.I. Beletsky and A.K. Tolpygo, "Natsional'no-kul'turnye i ideologicheskiye orientatsii naseleniya Ukrainy", *Polis*, vol. 46, no. 4, 1998, p. 8

Table 9

Notions of preferred relations with Russia, according to national self-identification:

	Ukrainians	Dual Identity	Russians	Other identification
The same as those with other states	16.1%	2.8%	1.3%	5.8%
Independent but friendly states	54.8%	51.7%	40.7%	50.2%
Unification in a single state	22.9%	42.4%	55.5%	39.5%

Source: Beletsky and Tolpygo, "Natsional'no-kul'turnye i ideologicheskiye orientatsii", p. 86

When language preference is factored into the analysis, Russophone ethnic Ukrainians (those who declare Russian as their language of choice) also appear to be closer to the political positions of ethnic Russians living in Ukraine than to those of their Ukrainian-speaking co-ethnics.³³ However, region of residence seems to prevail over ethnic identification or language preference as the most significant factor underlying differences of political opinion on such 'national' issues.³⁴

Table 10

Readiness to vote for parties advancing the following objectives, according to region:

	West	Centre-West	South	Centre-East	East	Total
Strengthening the Independence of the Ukrainian state	80.7%	72.3%	43.2%	57.4%	39.0%	59.6%
Rebirth of the Ukrainian nation	75.6%	65.6%	33.4%	56.7%	30.8%	53.4%
Unification with Russia and Belarus	16.7%	39.0%	51.2%	46.9%	54.9%	41.1%
Resurrection of the USSR	10.7%	30.1%	41.4%	36.2%	48.0%	32.8%

Source: Beletsky and Tolpygo, "Natsional'no-kul'turnye i Ideologicheskiye Orientatsii", p. 86

Table 11

Notions of preferred relations with Russia, according to region:

	West	Centre-West	South	Centre-East	East	Total
The same as those with other states	32.1%	10.4%	2.7%	6.3%	1.6%	10.3%
Independent but friendly states	53.6%	57.1%	49.8%	55.6%	44.8%	52.1%
Unification in a single state	7.2%	26.1%	44.7%	34.7%	49.8%	32.9%

Source: Beletsky and Tolpygo, "Natsional'no-kul'turnye i Ideologicheskiye Orientatsii", p. 86

³³ Pirie, "National Identity and Politics", pp. 1088, 1093

³⁴ Beletsky and Tolpygo, "Natsional'no-kul'turnye i Ideologicheskiye Orientatsii", p. 86

This is a function of the concentration of Russophone, ethnic Russian and dual-identity populations in the Eastern and Southern parts of Ukraine,³⁵ in conjunction with diverse political cultures/ ideological systems shaped by the Ukrainian regions' different historical legacies. Western Ukraine (Galicia, Bukovyna and Transcarpathia), which had not belonged to Russia or the Soviet Union for most of their history until the end of WWII, has traditionally been characterised by a stronger sense of national identity, leading to an "almost obsessive desire for self-rule".³⁶ In Eastern Ukraine, however, the mentality of 'Little Russianism', which views the Ukrainian people (Little Russians) – along with Belarusians and 'Great Russians' as one of the branches of a wider Russian nation, had become widespread already in the 19th century.³⁷ The salience of regional political cultures is indicated by survey evidence showing the views of ethnic Russians in Western Ukraine as well as those of ethnic Ukrainians in the East to occupy intermediate positions in the spectrum of political opinion.³⁸ In a survey conducted in October 1996 by SOCIS-Gallup in five of Ukraine's main regions, rates of support for the unification of Russia and Ukraine in a single state were highest in the South and East. More importantly, they were almost identical for Russian and Ukrainian respondents within each of the two regions.³⁹ In Kiev and Western Ukraine, overall support for unification was significantly lower, but

³⁵ The highest concentrations of mixed Russian-Ukrainian families are found in the Eastern oblasti, especially Donetsk, where 41.7% belong to mixed families, and the Crimea, where 36.4% of the families are mixed. Pirie, "National Identity and Politics", p. 1086-1087

³⁶ In Western Ukraine, the Soviet Army faced armed struggle against the Ukrainian Insurgent Army and the Organisation of Ukrainian Nationalists from 1944 until the early 1950s. Orest Subtelny, Ukraine: A History, Second edition, Toronto: Toronto University Press/ Canadian Institute of Ukrainian Studies, 1994, pp. 425, 478-479, 488-491

³⁷ Magosci, A History of Ukraine, p. 368; Subtelny, Ukraine: A History, pp. 203, 206

³⁸ Beletsky and Tolpygo, "Natsional'no-kul'turnye i ideologicheskiye orientatsii", p. 87

³⁹ In the South, support for a single Russo-Ukrainian state was 51% among Russian and 51.4% among Ukrainian respondents. The respective rates in the East were 35.6 and 33.9%.

In the Kiev region, 21.6% of Russians and 9.7% of Ukrainians were in favour. The difference was even wider in the West: 18.6% of Russians as opposed to a mere 2.8% of Ukrainians. The survey used a sample of 1465 (869 Russians and 569 Ukrainians) and was intended to test for differences in attitudes between Russian and Ukrainian respondents. The results were published by Sergei Savoskul, "Russkie v Nezavisimoi Ukraine: Status, Identichnost', Perspektivy", in Furman (ed.), Ukraina i Rossiya, pp. 279, 288

Russian respondents were more than twice as likely to be in favour than were Ukrainians from their region.

Table 12

Readiness to vote for parties advancing the following objectives, according to national self-identification and region:

	Ukrainians		Russians	
	West	East	West	East
Strengthening the Independence of the Ukrainian state	84.2%	39.5%	51.7%	34.3%
Rebirth of the Ukrainian nation	80.4%	42.8%	37.1%	21.0%
Unification with Russia and Belarus	14.0%	45.0%	49.1%	58.4%
Resurrection of the USSR	8.4%	39.8%	34.0%	51.9%

Source: Beletsky and Tolpygo, "Natsional'no-kul'turnye i Ideologicheskye Orientatsii", p. 87

Survey research has shown that the population Eastern and Southern Ukraine tends to be characterised by a strong antipathy to nationalism and the nation-building agenda, while the Soviet Union has remained an important focus of identification long after its demise.⁴⁰ This has combined with economic motivations to produce high rates of support for closer ties or integration with Russia and the CIS, contributing to the electoral success of left-wing political forces standing for a Russia/CIS-oriented foreign policy. On certain occasions, the integrationist agenda has surfaced as an autonomous issue for political mobilisation, as was the case of the referendum held – on the initiative of the regional administrations – in the Donetsk and Lugansk oblasti on the question of Ukraine's full membership in the CIS economic union.⁴¹

As East-West differences on socio-economic issues have been far less sharp than those relating to foreign policy, the deep-seated nationalism-integrationism divide, which appears unlikely to lose its electoral significance at

⁴⁰ According to the survey conducted by the Kiev Centre for Political Research and the Kiev International Institute of Sociology in November-December 1997 (note 25), 12.5% of respondents from the regions lying to the East of the Dniepr identified with the 'Soviet people' and 26.4% saw themselves primarily as citizens of Ukraine (compared to 41.7% in the Western regions). *Ibid.*, p. 81; See also Wilson, *Ukrainian Nationalism*, pp. 114-115

⁴¹ The referendum was held simultaneously with the parliamentary elections of March 1994. 89% of votes in Donetsk and 91% in Lugansk were cast in favour of Ukraine's full membership.

least in the medium term, represents the foremost political cleavage in Ukraine.⁴² Considering that, according to public opinion surveys, advocates of economic reform were roughly equally divided among the supporters of Kuchma and Kravchuk, academic observer Paul Pirie identified the nationalist and occasionally anti-Russian slant in Kravchuk's policies and discourse as the principal factor explaining the outcome of the 1994 presidential election. He concluded that because the more populous East and South were bound to carry more electoral weight in Ukraine's presidential contests, "no candidate opposed to closer ties to Russia could hope to win power in Ukraine for the foreseeable future".⁴³ The numerical advantage of the Eastern and Southern oblasti may be somewhat counterbalanced by the higher levels of voting and political activism characterising Western Ukraine.⁴⁴ Nevertheless, the regional divisions regarding the country's external orientation would effectively compel any Ukrainian President to - at least as far as public discourse is concerned - adopt a 'balanced' approach to relations with Russia. This constraint still allows the leadership considerable room for manoeuvre, as it is compatible with a wide range of policy options lying between the extremes constituted by maximal dissociation from Russia, as pursued by Kravchuk, and full integration on the model favoured by the Belarusian leadership.

Belarus turns to Russia

While Ukraine's leadership strove to thwart centripetal tendencies within the CIS and to bring the country's economy and international position closer to

⁴² According to the survey referred to in notes 25 and 37, market reforms were more strongly endorsed in the Western than in the Eastern regions, but differences regarding such questions were well below ten percentage points, while those regarding relations with Russia and the adoption of the Ukrainian language throughout the country exceeded twenty percentage points. Likewise, Western and Eastern respondents' perceptions of their own economic conditions were very closely balanced. Beletsky and Tolpygo, "Natsional'no-kul'turnye i ideologicheskiye orientatsii", pp. 79, 81

⁴³ Pirie, "National Identity and Politics", p. 1100

⁴⁴ Bremmer, "The Politics of Ethnicity", p. 273. Likewise, a set of surveys conducted by the Ukrainian Institute for Social Research and the Social Monitoring Centre (Kiev) in December 1998 and March 1999 found that supporters of national-democratic ideas were far more inclined to political activism than left-leaning respondents. Details of the surveys are published by Oleksandr Yaremenko and Mykhailo Mishchenko, "The Political Preferences of Ukrainians as a Factor Influencing the Political Process", *Politichna Dumka*, no. 1-2, 2000, pp. 81, 89

Central and Western Europe as opposed to Russia, its Belarusian counterpart opted for a very different strategy. Since the establishment of the CIS, Belarus has consistently taken a pro-integrationist line and signed up to all major agreements – especially after neutrality was interpreted as compatible with membership in the CIS Collective Security Treaty. By mid-1993, as CIS-wide integration appeared to be undermined by member-states' conflicting political priorities, the government of Vyacheslav Kebich began to consider the possibility of bilateral integration with Russia – primarily due to economic considerations. The collapse of the rouble zone in July 1993 prompted Kebich to approach the Russian leadership with a proposal for a bilateral monetary union in the hope that the Belarusian economy might still be able to benefit from Russian support.

Joseph Nye, in his classic theoretical analysis of regional integration, stressed the importance of perceptual – alongside material – determinants, identifying the following preconditions: perceived equity in the distribution of benefits; perceived external cogency (i.e. perception of economic dependence); and low visible costs. The second factor becomes particularly significant in cases when actual economic dependences “pull in different directions”.⁴⁵ The Belarusian ruling elite perceived the country's economic dependence on other CIS states and Russia in particular as absolutely overwhelming. Belarusian officials interviewed by the author in late 1999 supported this assessment, pointing out that Belarusian industry depended on Russian energy resources and raw materials by up to 90%. The country's industrial capacity, which exceeded the needs of its population several times over, required a vast export market traditionally represented by Russia and – to a lesser extent – other CIS countries. In the eyes of Belarusian policy-makers, the substantial diversification of energy and raw materials suppliers, the restructuring of industry without Russian assistance and the redirection of exports towards non-CIS markets appeared extremely daunting, if not completely hopeless. The structure of the Belarusian economy was thought to simply dictate a policy of maximum efforts to strengthen economic integration - either within the CIS framework or on a Russo-Belarusian basis. At that time, even successive Parliamentary Speakers Stanislav Shushkevich and Myacheslav Gryb, who were later to oppose Presi-

⁴⁵ J.S. Nye, Peace in Parts: Integration and Conflict in Regional Organization, Boston: Little, Brown and Company, 1971, pp. 83-86

dent Lukashenko's course of political integration with Russia, openly admitted that economic dependence on Russia would necessarily be the major determinant of Belarus's external orientation.⁴⁶

In the Belarusian case, actual economic dependence and especially policy-makers' perceptions thereof were significantly higher than in Ukraine – at least in the immediate post-independence period.⁴⁷ In the absence of a politically significant constituency of determined opponents of integration, comparable to the Ukrainian region of Galicia, the Belarusian leadership could expect negligible opposition to and overwhelming popular support for its pursuit of integration with Russia. In this regard, the visible costs of integration were rather low. In the late Soviet period, the Belarusian public had shown barely any inclination to back a pro-independence movement. Efforts by the nationalist Belarusian Popular Front (BPF) to revive the Belarusian language, culture and national consciousness largely failed to appeal to the mass public, which remained suspicious of the national-minded intelligentsia.⁴⁸ In the referendum of March 1991 on the preservation of the Soviet Union, Belarusian voters had shown the highest degree of allegiance to the Soviet state among the participating republics.⁴⁹ Though an agreement of September 1993 regarding the re-introduction of the Russian rouble in Belarus did not materialise, economic integration with Russia was the most prominent feature in the campaign platforms of Vyacheslav Kebich and Aleksandr Lukashenko, his main rival in the 1994 presidential election. Former Supreme Soviet Speaker Stanislav Shushkevich and BPF leader Zyanon Poznyak were the two candidates standing for market reforms and for reducing economic dependence on Russia through close relations with the West. They jointly gathered less than a quarter of the total vote in the first round, indicating that most of the Belarusian public was not enthusiastic about market reforms nor had any particular wish to strengthen national independence at the cost of close relations with Russia.⁵⁰

⁴⁶ Burant, "Foreign Policy and National Identity", pp. 1133-1136

⁴⁷ In 1994, Ukraine's energy dependence on fuel imports from Russia was estimated at around 40% of its total energy consumption (90% of oil and 77% of gas). D'Anieri, Economic Interdependence, p. 73

⁴⁸ David R. Marples, Belarus: A Denationalized Nation, Amsterdam: Harwood Academic Publishers, 1999, p. 75

⁴⁹ See note 15 for the results.

⁵⁰ Shushkevich polled 10% and Poznyak 13%. Lukashenko gathered 45% of the votes cast in the first round, with Kebich coming second with 17%. Segodnya, 25 June 1994, p. 1

According to a member of the BPF leadership, this undeveloped national consciousness, characterising most of the Belarusian public and elite alike, has been the primary reason for the leadership's failure to see any realistic alternatives to integration with Russia.⁵¹ As he remarked, at the time when the Soviet Union was dissolved, economic conditions for market reforms were almost as favourable in Belarus as in the Baltic states, but the ruling elite shied away from the painful consequences involved in radical economic transformation. In the Baltics, emancipation from Russia and the "return to Europe" were embraced by the publics and the elites alike as national causes worthy of temporary material sacrifices. This was not the case in Belarus, which used to be the Soviet Union's most successfully Russified non-Russian republic. Among titular nationalities of Soviet republics, Belarusians had the lowest level of knowledge of their native language (80%), followed by Ukrainians with 88%. Belarusians also had the highest rate of knowledge of Russian as a second language (60%), with Ukrainians close behind at 59%.⁵² Throughout the country, Russian predominates as the language of choice both at work and in citizens' private lives.⁵³ In the Western regions of Belarus (Brest' and Grodno oblasti), which had formerly been part of Poland and where Catholics represent a sizeable section of the population, levels of support for independence-enhancing policy options (presented in public opinion surveys) have exceeded the country-wide average. Minsk, with its highly educated population, stands out in terms of support for independence-enhancing positions, while the Eastern regions (Vitebsk, Mogilev and Gomel' oblasti) have had the highest rates of support for integration with Russia.⁵⁴ However, regional differences in Belarus have been far less

⁵¹ Author's interview, Minsk, 20 November 1999

⁵² The data refers to ethnic Belarusians and ethnic Ukrainians, who (according to the census of 1989) represented 78 and 73% in the Belarusian and Ukrainians SSRs respectively. State Statistics Committee of the USSR, Natsional'ny Sostav Naseleniya SSSR, Moscow: 'Finansy i Statistika', 1989, pp. 78, 88.

⁵³ A survey conducted in July 2000 (Commissioned by the US State Department and conducted by the Belarusian firm 'Social and Ecological Surveys', using a sample of 1081) found that 12% of respondents usually spoke Belarusian at home and only 7% did so at work. The respective rates for the use of Russian were 53% and 63%, while the rest (31% and 26%) used both languages. US State Department Office of Research, Opinion Analysis, M-175-00, 11 October 2000, p. 3

⁵⁴ These conclusions are based on surveys of around 1500 respondents conducted by the Minsk-based Independent Institute of Socio-Economic and Political Studies (NISEPI). Oleg

pronounced than in Ukraine and their impact on electoral outcomes appears rather limited.

For the Belarusian ruling elite, whose composition was characterised by remarkable continuity with the one of the most loyal-to-Moscow republican Communist Party elites, the value of sovereignty was clearly outweighed by the threat of total economic collapse.⁵⁵ The steep economic decline experienced by Ukraine reassured the Belarusian leadership as to the soundness of its own choice to strengthen its economic ties to Russia, even at the cost of reduced sovereignty implied by participation in a monetary union. National identity, perceived in terms of distinctiveness from Russia, did not represent a motivation powerful enough to persuade Belarusian decision-makers to forsake the option of using Russian props to ease the course of economic transition. Finally, unlike the Ukrainian leadership, which sought to project an image of Ukraine as a free-standing European power, Belarusian policy-makers had no aspirations to a prominent role in international affairs.

The Lukashenko Presidency:

Belarus defines itself as Russia's closest ally

President Lukashenko has continued the policies of his predecessors in minimising potentially unpopular economic reforms and in relying on integration with Russia in order to maintain relative economic and social stability. Indeed, the Lukashenko administration has taken significant steps towards the realisation of the Kebich government's objectives (customs and monetary union) regarding relations with Russia. At the same time, Lukashenko has given the pursuit of integration a much stronger ideological underpinning by presenting himself as a champion of Soviet nostalgia and Slavic-Orthodox solidarity. He drew political capital from the fact that as a member of the Supreme Soviet he was the only Belarusian deputy to have voted against the Belovezh agreements, which dissolved the Soviet Union. Praise for the achievements of the

Manayev, "Na Vostok ili na Zapad? Sotsiologichesky Portret Protivnikov i Storonnikov Nezavisimosti Belarusi", *Novosti NISEPI*, December 1999, pp. 6-7

⁵⁵ Valery Karbalevich, "Problemy Politicheskoy Bezopasnosti", in Leonid Zaiko (ed.), *Natsional'no-gosudarstvennye Interesy Respubliki Belarus'*, Minsk: Analytichesky Tsentr 'Strategiya', 1999, p. 90

Soviet state and with references to the fraternal ties uniting the peoples, not just of Russia and Belarus, but of Ukraine as well have been commonplace in the Belarusian President's speeches.⁵⁶ Soon after his coming to office, Lukashenko also reversed policies aimed at the wider use of the Belarusian language in education and public administration, which the Kebich government had introduced under pressure from the vocal national-minded minority in the parliament (Shushkevich and the BPF).⁵⁷ A referendum held in May 1995 showed that the President's pro-Soviet rhetoric and Russia-friendly gestures had struck a chord in the public mood: 83% of voters supported the restoration of Russian as an official state language alongside Belarusian, 76% favoured the adoption of Soviet symbols, and 82% endorsed the President's policy of economic integration with Russia.⁵⁸

Belarusian public opinion

The conclusion of integration treaties with Russia has been accompanied by street demonstrations, mainly in the Belarusian capital, organised by the BPF and other national-minded political forces in order to alert domestic and international opinion to what they perceived as the erosion of Belarusian independence. The magnitude of these public protests is rather difficult to estimate, as official and opposition media have reported widely divergent numbers of participants. Survey evidence suggests that integration with Russia has not developed into a divisive issue for Belarusian society and that Lukashenko has successfully converted it into a major source of political support.⁵⁹ Public opinion

⁵⁶ See for example Lukashenko's replies to readers' letters in *Pravda* 5, 31 July-7 August 1998, p. 2

⁵⁷ Valery Karbalevich, "Natsional'no-gosudarstvennye Interesy Respubliki Belarus", in Zaiko (ed.), *Natsional'no-gosudarstvennye Interesy*, pp. 80-81

⁵⁸ *Nezavisimaya Gazeta*, 16 May 1995, p. 1. A survey commissioned by the US State Department (note 53) indicated that most of the public (62%) did not consider it important that Belarusian be the language of instruction at schools and universities. US State Department Office of Research, *Opinion Analysis*, M-175-00, 11 October 2000, p. 4

⁵⁹ A survey commissioned by the US State Department found that 52% of the Belarusian electorate credited the President with successfully advancing the interests of Belarus. The survey was conducted in July 2000 by the Belarusian firm 'Social and Ecological Surveys', using a sample of 1081. US State Department Office of Research, *Opinion Analysis*, M-162-00, 13 September 2000, p. 4

surveys have revealed temporary fluctuations in the size of a consistent majority in favour of the Union with Russia.⁶⁰ Positive views of the Soviet Union and ethno-cultural affinity between Russia and Belarus appear as important factors in public support for integration. In a survey carried out by the Moscow-based Centre for Sociological Research (Foundation for National and International Security) in May-June 1999, 77% of Belarusian respondents regarded the following argument as a valid reason to integrate with Russia: "Russians and Belarusians are historically one people, they are spiritually close, and have similar languages, cultures and traditions".⁶¹ A public opinion poll commissioned by the US State Department found that, as late as mid-2000, 69% of the Belarusian public regarded the demise of the Soviet Union as "a great misfortune".⁶² A survey conducted by Minsk-based 'Novak' in March 2000 suggested that only 50% of the public considered Belarusians as "a separate independent nation", while 43% endorsed the statement that "Belarusians are one of the branches of the triune Russian nation" (ostensibly consisting of Russians, Belarusians and Ukrainians). Family ties may also motivate the desire for closer-than-ordinary relations with Russia. Another survey carried out by Novak in April 2000 (commissioned by the 'Outsiders' project of Stephen White et al.) indicated that 62% of Belarusians had at least one close relative living in Russia. Only 9% were in favour of relations with Russia being on the same basis as with other countries, involving border, visa and customs controls.⁶³

⁶⁰ In another poll commissioned by the US State Department (see note 53), 75% of respondents said that they supported the Union with Russia (19% opposed it). US State Department Office of Research, Opinion Analysis, M-175-00, 11 October 2000, p. 2. In a survey conducted by Minsk-based institute 'Novak' in November-December 1999, using a sample of 1058, 55% of respondents thought that the integration process should be intensified (29% thought otherwise). Novak, Public Opinion Monitoring: Republic of Belarus, Minsk: December 1999. A 'Novak' survey conducted in September 2000 showed 57% of the Belarusian public to be in favour of continuing the integration process (27% disagreed with this view). Nezavisimaya Gazeta, 6 October 2000, p. 5

⁶¹ This is an unpublished survey, which covered both Russia and Belarus. The Belarusian sample consisted of 837 respondents.

⁶² US State Department Office of Research, Opinion Analysis, M-175-00, 11 October 2000, p. 1

⁶³ This survey (based on a country-wide sample of 1390) was organised within the framework of the project The Outsiders: Russia, Ukraine, Belarus, Moldova, and the New Europe by Stephen White et al. within the ESRC "One Europe or Several?" research programme. The results are published in Stephen White and Richard Rose, Nationality and Public Opinion in Bela-

According to the Novak survey of March 2000, most of the public thought that Russia exercised significant influence over the President, the government and the economy of Belarus, but only a small minority evaluated this influence negatively.⁶⁴ Despite some apprehensions related to the possibility of unwelcome aspects of the Russian economic system (asset-stripping privatisation, widespread corruption and criminality) being 'exported' to Belarus,⁶⁵ the integration process has elicited expectations of increased welfare from the Belarusian mass public.⁶⁶ The 'Outsiders' project survey (conducted by Novak in April 2000), indicated that the vast majority of the Belarusian public (69%) thought that existing relations with Russia had a positive impact on conditions in Belarus.⁶⁷ In the context of these perceptions,⁶⁷ it is hardly surprising that a common defence with Russia has gathered larger popular backing compared to alternative strategies of advancing the security of Belarus.⁶⁸ In the aforementioned

rus and Ukraine, Studies in Public Policy no. 346, Glasgow, Centre for the Study of Public Policy, University of Strathclyde, 2001, pp. 18, 45

⁶⁴ The survey used a sample of 1608. In a general question on the nature of Russia's influence on Belarus, 77% of respondents characterised it as positive and 8% as negative. 57% believed that Russia exercised a lot of influence over the President and government of Belarus, while 66% thought so with regard to the country's economy. 42% described Russia's influence on the Belarusian President and government as positive, 33% as neutral, and 9% as harmful. The percentages concerning Russia's influence on the Belarusian economy were 50%, 23% and 12% respectively. 'Novak', Belarus and the world, Minsk: March 2000

⁶⁵ In the survey carried out by the Centre for Sociological Research (see note 61), 34% of respondents expressed concern over potential negative consequences of political instability in Russia and widespread corruption in the Russian government apparatus, 29% feared the introduction of privatisation on the Russian model, and 28% were worried about the spreading of criminality from Russia. The plurality (37%), however, expected no adverse consequences from the formation of a Russo-Belarusian Union-state.

⁶⁶ Ibid. In this survey, 68% of respondents expected that "unification would enable a significant improvement in the economic performance of both countries, reduced unemployment, and higher standards of living". The November-December 1999 'Novak' survey (see note 60), a quarter of all respondents suggested "strengthening economic ties to Russia" as the best strategy for Belarus to exit the economic crisis. 21% suggested ties to Western Europe and an equal percentage favoured market reforms.

⁶⁷ White and Rose, Nationality and Public Opinion in Belarus and Ukraine, p. 45

⁶⁸ Ibid. A common defence with Russia was supported by 46% of respondents, with 37% expressing a preference for neutral status. Only 8% were in favour of joining NATO. In the April survey by Novak (for the 'Outsiders' project, see note 63), 38% of respondents favoured an alliance with CIS countries, with 12% opting for NATO membership. White and Rose, Nationality and Public Opinion in Belarus and Ukraine, p. 18

survey by the Centre for Sociological Research, 82% of Belarusian respondents agreed with the argument that the unification with Russia “will strengthen the common defence capabilities (of Russia and Belarus) and enable them to jointly countenance a potential military threat emanating from NATO”.⁶⁹

At the same time, Belarusian citizens have expressed a considerable degree of appreciation for independent statehood. In surveys, where respondents have been given a choice between alternative forms of integration, overwhelming majorities have rejected the option of Belarus becoming the 90th unit of the Russian Federation.⁷⁰ Most of the public has favoured some form of political integration with Russia, with survey evidence forecasting a ‘yes’ vote in the event of a referendum on a Union-state.⁷¹ A series of surveys conducted by the Minsk-based Independent Institute of Social, Economic and Political Studies (NISEPI), produced the following results:

Table 13

Vote in a hypothetical referendum on the unification of Belarus and Russia

	MAR 99	JUN 99	NOV 99	APR 00	AUG 00	NOV 00
In favour of unification	41.8%	54.9%	47.0%	55.7%	52.9%	54.4%
Against unification	40.4%	31.1%	34.1%	27.6%	29.4%	28.9%
Would not vote	14.7%	13.1%	15.6%	15.6%	16.4%	15.9%

Source: *Novosti NISEPI*, December 2000, p. 82

This section of public opinion has been divided between proponents of a new federal structure (in which Belarus and the Russian Federation would have equal status) and those of a confederation (understood as a looser version of the aforementioned federal model). The Survey by the Institute for Sociological Research indicated that 48% of the Belarusian public preferred a federation and 19% a confederation. According to the ‘Novak’ survey of March 2000, 29%

⁶⁹ See note 61.

⁷⁰ In the ‘Novak’ surveys of November-December 1999 (note 60) and March 2000 (note 63), only 5% of respondents approved of Belarus becoming a Russian federal unit.

⁷¹ The survey by the Institute for Sociological Research (May-June 1999, note 61) suggested that almost two thirds of the Belarusian electorate (62%) were prepared to vote in favour of the Union state. The ‘Novak’ poll of November-December 1999 (note 60) indicated that 47% intended to cast a ‘yes’ vote, with 28% voting against the Union state.

of public opinion favoured a federation and 25% a supranational union (confederation). Repeat NISEPI surveys reveal relatively stable public attitudes:

Table 14

Preferred type of relations	NOV 97	SEP 98	MAR 99	NOV 99	NOV 00
Good-neighbourly relations	34.5%	50.8%	43.2%	42.4%	40.6%
Union of two states (confederation)	26.2%	28.1%	30.5%	33.4%	29.2%
Union in a single state (federation)	27.5%	20.1%	24.1%	21.8%	15.9%

Sources: Oleg Manayev, "Na Vostok ill Na Zapad?", *Analytichesky Byulleten' NISEPI*, no. 7, 1999, p. 5; Source: *Novosti NISEPI*, December 2000, p. 82

As the above table indicates, a plurality of Belarusians would prefer Russia and Belarus to remain separate states. This is corroborated by the 'Novak' surveys of November-December 1999 and March 2000, in which 48 and 38% of respondents respectively supported such an option.⁷²

"Together with Russia in Europe!"

Elite conceptions of Belarusian economic and strategic interests

Aware of the link between the material rewards of integration and its popularity among the electorate, the Lukashenko administration has sought to maximise, not only trade with Russia, but equally various forms of subsidies from the Russian to the Belarusian economy. An increased dependence on Russia has not been a concern for the Belarusian leadership, which has had no intention of antagonising Russia's priorities (e.g. in the strategic sphere) and, therefore, no fear of Russia exploiting the Belarusian economy's vulnerability. Belarusian economist and opposition politician Leonid Zlotnikov has estimated that uneven customs legislation diverted around \$400 million in customs duties from the Russian to the Belarusian budget, with another \$200-300 million gained annually from barter exports at prices above those prevailing on the world market.⁷³ Taking into account the reduced prices paid for Russian gas and oil, he

⁷² The higher rate produced in the earlier survey might have been affected by the fact that the option of separate statehood was expressed as follows: "sovereign states cooperating more closely in the economic and defence fields".

⁷³ In 1997, for example, Russia imported Belarusian sugar at \$513 per tonne compared to a world market price of \$307-324. Leonid Zlotnikov, "Vyzhivaniye ili Integratsiya?", *Pro et Contra*, vol. 3, no. 2, Spring 1998, p. 85

calculated the annual amount of Russian subsidies at a total of \$1-1,3 billion.⁷⁴ As a result of its loyalty to Russia, Belarus was preferred as the route for the Yamal-Europe gas pipeline, from which it stands to gain a permanent source of substantial revenue (in transit fees) and/or guaranteed fuel supplies.⁷⁵ According to President Lukashenko, the integration process, particularly the abolition of customs barriers and the adoption of a “common energy resources balance”, has had a “most positive impact” on the Belarusian economy.⁷⁶ Lukashenko has partly credited integration with the achievement of “stable economic growth” in Belarus, which has allegedly resulted in “a more effective tackling of social problems”.⁷⁷ The position of Belarus as the highest-ranked CIS country in the United Nations’ index of living standards has served as evidence of the ostensible success of the Belarusian socio-economic model.⁷⁸

Market-oriented Belarusian politicians and economic experts have recognised Russian subsidies as a major prop for the Belarusian economy.⁷⁹ Zlotnikov has suggested that the economic growth, which began in mid-1996, would not be sustainable. He has attributed this growth to the increase of import tariffs (in line with Russian ones), which provided a boost to the competitiveness of Belarusian products in the domestic market. Apart from reducing the purchasing power of Belarusian consumers, increased protectionism could lessen the incentives of inefficient Belarusian enterprises to restructure.⁸⁰ In a broader sense, critics of the Lukashenko administration’s economic policies have argued that Russian support has acted as a counter-incentive to conduct economic reforms, thereby making little contribution to the long-term economic

⁷⁴ Ibid.

⁷⁵ Valery Karbalevich, “Kurs na Integratsiyu s Rossiei: Istoki, Tendentsii, Posledstviya”, in Belarus Monitor, Special Issue “Belarus’-Rossiya: Strategiya Partnerstva”, January 1999, p. 8

⁷⁶ Aleksandr Lukashenko, Belarus and the CIS: A Path towards a Common Vision, Geneva: East European Development Association, 1998, p. 6

⁷⁷ Lukashenko, Belarus and the CIS, p. 6. Belarus attained growth of 2.8, 10.4 and 8.3% in 1996, 1997 and 1998 respectively, which declined to 1.5% in 1999 due to the impact of the Russian economic crisis. In the same period, Russia showed positive growth only in 1997 (0.8%). EBRD, Transition Report 1999, p. 73

⁷⁸ In 1998, Belarus was ranked 60th in the world, whereas Russia and Ukraine occupied the 71st and 108th positions respectively.

⁷⁹ Author’s interviews, Minsk, November 1999

⁸⁰ Zlotnikov, “Vyzhivaniye ili Integratsiya?”, pp. 84-85

recovery of Belarus.⁸¹ The 'Belarusian model' has comprised several policy instruments contradicting the prescriptions of liberal economists (e.g. price controls on food staples, inflationary currency emission, subsidies to unprofitable enterprises), which may undermine the prospects of the Belarusian economy.

Public opinion surveys suggest that Lukashenko's relatively high approval rates have been connected with the integration process and the socio-economic policies that Russian subsidies have made possible. Most Belarusians appear to credit the President with ensuring adequate food supplies, paying wages and pensions on time, and providing for education and defence.⁸² As has been shown in the previous chapter, the instruments used to sustain the above social and economic policies have formed one of the major barriers to the implementation of agreements relating to economic integration with Russia. Perhaps paradoxically, the integration process has also begun to provide the most potent pressures on the Belarusian authorities to proceed with economic reform. Meeting the requirements of the Russian side (notably the conditions of the Russian Central Bank with respect to monetary union) would imply some domestically unpopular measures. The harmonisation of economic policies and monetary union have been delayed also due to the Belarusian governing elite's insistence (despite the lack of an ideological commitment to the value of state sovereignty) on preserving substantial policy-making autonomy as well as on maximising its weight in Union decision-making processes. Concern over the possible erosion of their competences may account for the high rates of opposition to formal integration among Belarusian officials.⁸³ Still, the level of Russian support and the flexibility of economic conditions attached to it render the option of switching to creditors like the IMF rather unattractive to the Belarusian

⁸¹ Author's interviews, Minsk, November 1999

⁸² Majorities ranged from 63 to 73%. This data comes from a survey commissioned by the US State Department, which was conducted in July 2000 (see note 58). According to this poll, 60% of respondents had a positive opinion of Lukashenko, with 29% expressing an unfavourable view. 58% thought that he had performed well enough to deserve re-election.

⁸³ In a series of elite polls (of 50 respondents each) conducted by NISEPI on a monthly basis between June and October 2000, found that 68% of state officials would cast a negative vote in the event of a referendum on unification with Russia (the rates for elites from non-governmental structures and for the mass public were 97% and 23% respectively). Aleksandr Sosnov, "Politicheskie predpochteniya Belorusskoi elity: daleka li ona ot naroda?", in Leonid Zaiko (ed.), Belarus': na puti v tret'e tysyachiletie, Minsk: FilServ Plyus, Belarusian Think Tanks, 2001, p.

leadership. Regardless of Lukashenko's alleged aspirations to the presidency of a Russo-Belarusian state,⁸⁴ economic gain represents more than sufficient motivation for any non-nationalist Belarusian leader to persist with the Russia-centred orientation.

Market-oriented economists and politicians consider that the current leadership had initially overestimated Russia's ability to assist the long-term recovery of the Belarusian economy and had, therefore, been misguided in delaying the country's integration in the wider European and global economy.⁸⁵ In their view, the integration process (most notably, through the formation of FIGs) has at best led to rather modest increases in investment and productivity, which could not realistically be expected to change in the foreseeable future. Russia simply lacks the surplus capital and the advanced technology needed for the modernisation of Belarusian (as well as Russian) enterprises. The Belarusian government has recognised that, if the country's economy is to overcome its technological backwardness and improve its competitiveness in international markets, it will have to attract Western assistance and investment. The creation of Russo-Belarusian FIGs is hoped to increase the attractiveness of Belarus in the eyes of Western investors interested in expanding into the much larger Russian market.⁸⁶

The realisation that Belarusian economic dependence was not exclusive to relations with Russia was one of the motives underlying a reconsideration of Belarusian foreign policy, which led to the proclamation of a 'multi-vector' foreign policy. This was not conceived as the 'Ukrainisation' of Belarusian policy, implying a shift towards Western states and reliance on national-minded forces within the country.⁸⁷ The principal aim has been, not to reverse the 'Russia-first' orientation, but to give Belarus its own profile in international affairs, enabling it to become directly involved in European political and economic processes. The first priority in this respect has been to redress the international isolation of Belarus, primarily by improving relations with the West and with the EU in particu-

⁸⁴ For a sophisticated example of this common allegation, see Galina Dragokhrust, "Rossiisky Faktor v Belorusskoi Politike", in Problemy Politicheskogo Liderstva i Integratsiya Belarusi i Rossii, Minsk: Independent Institute of Socio-Economic and Political Studies, 1997, p. 16

⁸⁵ Author's interviews, Minsk, November 1999

⁸⁶ Author's interview with a member of the Belarusian cabinet, Minsk, 19 November 1999

⁸⁷ Anatoly Rozanov, "Vneshnyaya Politika Belarusi: Novye Ochertaniya?", Belarus' v Mire, no. 2, 1999, p. 7

lar.⁸⁸ Belarus had formalised its relations with the EU by concluding an Interim agreement and a Partnership and Cooperation agreement (PCA) in 1994. These agreements, alongside EU assistance through the TACIS programme, were suspended in 1997 in condemnation of President Lukashenko's excessive concentration of power in his own hands at the expense of the Parliament and the Constitutional Court and his use of repressive tactics towards the opposition and the media.⁸⁹

The BPF and some other members of the anti-Lukashenko elite would – in principle – prefer Belarus to strive for EU (or even NATO) membership, which they see as a theoretically more promising path for the country's political and economic development. Most, however, seem to believe that this is no longer a realistic prospect, as too much time has been lost due to the delay in economic and political reforms, making the distance separating Belarus from credible candidates for accession to the EU almost impossible to cover.⁹⁰ With the notable exception of the BPF, which opposes a Russia-centred orientation as detrimental to Belarusian national identity and state sovereignty, most critics of the course of integration pursued by Lukashenko have had less fundamental objections. Vladimir Goncharik, the main opposition candidate in the 2001 presidential elections, has argued for a balanced foreign policy and for cooperative relations with the West, including NATO, but has described the Russia-Belarus Union and the Russian nuclear umbrella as the most effective guarantees of Belarusian security.⁹¹ The Social Democratic Party 'Gromada' of Nikolai Statkevich and Myacheslav Gryb and the United Civic Party of Anatoly Le-

⁸⁸ Oleg Lapyonok (Director of the International Organisations Department, Belarusian Foreign Ministry), "Plurality of Foreign Policy Vectors of Belarus in New International Setting", Belarus in the World, vol. 4, no. 4, 1999, p. 45

⁸⁹ The result of the referendum of November 1996, which enabled the President to increase his competences and extend his mandate by two years, was not recognised by international organisations because the procedures required by Belarusian legislation had not been followed. Elections conducted subsequently (notably the 2000 parliamentary election and the 2001 presidential election) were also considered not to have met international standards. Belarus has, however, continued to receive humanitarian aid from the EU and Belarusian NGOs have benefited from TACIS funding through its Civil Society programme.

⁹⁰ Author's interviews with opposition politicians, journalists and economic experts, Minsk, November 1999

⁹¹ Interview published in The Viewer, Weekly Analytical Bulletin, Belapan News Agency, no. 32, 8-14 August 2001, p. 6

bedko have advocated close relations and economic cooperation with Russia, but have disputed the need for bilateral supranational institutions and for a military alliance.⁹² They have also been rather sceptical regarding the prospects of monetary union and have argued for a more balanced foreign policy and for the expansion of economic interaction with Western Europe. As anti-Lukashenko forces have had almost no representation in the Belarusian parliament since 1995 and hardly any access to the official media, they have had no direct channels of influence over official policy.⁹³

Nevertheless, their views have found considerable resonance among parts of the state administration and the broader foreign policy community (e.g. leading academic specialists), resulting in the re-evaluation of the conspicuous imbalance in the external relations of Belarus. What appears to have been an influential section of Belarusian Foreign Ministry officials has increasingly felt that the Lukashenko administration's intransigence towards the EU's demands unnecessarily restricted the country's opportunities for advancing its economic and political interests to the bilateral relationship with Russia.⁹⁴ Despite some efforts to rebuild relations with Western European states and organisations,⁹⁵ neither the Lukashenko administration and the pro-Presidential forces in Par-

⁹² A series of elite polls conducted by NISEPI in 2000 (see note 81) 86% of elite members from non-governmental structures preferred Belaruss and Russia to have "good-neighbourly relations as two independent states", with 10% supporting a Union of independent states. The rates for state officials were 64 and 28%. No member of the elite favoured a merger into a single state, an opinion supported by 33% of the mass public. Sosnov, "Politicheskie predpochteniya", p. 64

⁹³ Following the referendum of November 1996 on the extension of Presidential powers, the Belarusian Parliament became bicameral, with the lower chamber being formed by 110 out of 198 deputies returned in the 1995 elections, thereby excluding anti-Lukashenko forces. In the Parliamentary elections of October-November 2000, whose conduct was criticised by international organisations, only two deputies from the opposition were elected (Ol'ga Abramova of 'Yabloko' and Vladimir Novosyad of 'Civic Forum').

⁹⁴ Author's interviews with Belarusian officials, Minsk, November 1999

⁹⁵ Modest steps forward were made in 1999-2000 (e.g. conclusion of an agreement raising the Belarusian quota for the duty-free export of textiles to the EU market; the EU revoked visa restrictions for Belarusian officials and increased funds allocated to Belarus), which were linked to the opening of negotiations between the Belarusian President and the opposition. In early 2001, the Council of Europe Parliamentary Assembly began negotiations with the Belarusian Parliament on the reinstatement of its 'guest status'. In a press conference during the campaign for the September 2001 presidential elections, Lukashenko promised that, if he was re-elected, "diplomatic and political relations with the West would be normalised literally within a few months". *Sovetskaya Belorussiya*, 9 August 2001, p. 1

liament nor most of the extra-parliamentary opposition see a workable alternative to the special relationship with Russia. A course of integration with the EU does not form part of the possibilities contemplated by the Belarusian foreign policy community. In the short to medium term, it is hoped that that Belarus may be able to develop relations with an enlarged EU with a view to some relatively modest objectives such as the widening of its producers' access to the EU's export market; the expansion of EU assistance and investment in the Belarusian economy; and participation in various EU-sponsored regional projects in fields such as environmental protection and transport infrastructure.

At any rate, the optimal form of relations envisaged by the Belarusian administration does not extend beyond the bounds of the PCA. This type of agreement, which has also been signed by Russia, Ukraine and other CIS countries, differs from Association ('Europe') agreements, which have constituted the legal framework of relations between the EU and individual Central and East European (non-CIS) states, in containing no reference to the possibility of accession to the EU. President Lukashenko may have defined Belarus "as a profoundly European country", but, in the view of Belarusian foreign policy planners, a strategy of accession to the EU is not a viable option for Belarus.⁹⁶ As an analysis by the Belarusian Foreign Ministry points out,

"unfortunately, it is evident that the European Union, which represents a universally recognised pole of attraction in the European region, cannot realistically constitute 'a common home' for all European peoples in the medium term."⁹⁷

Therefore, they share the conclusion of their Russian counterparts that CIS countries need to emulate the experience of the EU in developing integrative processes among themselves. Perhaps even more enthusiastically than the Russian side, Belarusian officials view the Eurasian Economic Community (formerly Customs Union of the Five) and especially the Russo-Belarusian Union as the integrative core of the CIS. They expect that the success of these two formations in creating a common economic space, generating trade and increasing the prosperity of member-states, will encourage other CIS countries

⁹⁶ See Lukashenko's interview in *Sovetskaya Belorussiya*, 27 July 1999, p. 2

⁹⁷ Documents provided by the Belarusian Foreign Ministry (spring 2000). This point is made also in an article by Lapyonok, "Plurality of Foreign Policy Vectors", p. 44

to join.⁹⁸ In the long term, an integrated post-Soviet region could come to mirror EU structures and constitute an Eastern pillar, eventually merging with the EU into a Europe-wide community.⁹⁹

It is this end-game, involving the growing interaction and gradual convergence between an enlarged EU and a Eurasian integrated community, that is denoted by the slogan "together with Russia in Europe". This notion is founded on the consideration that Russia has proved far more successful than Belarus in developing its relations with West European states and the EU. Besides, Belarusian foreign policy experts believe that the strategy symbolised by the above slogan reflects the expectations of the Belarusian mass public.¹⁰⁰ This strategy is supported also by moderate opposition forces like the United Civic Party of former National Bank Chairman Stanislav Bogdankevich, on condition that pro-market forces with a positive attitude towards the West retain power in Russia.¹⁰¹ United opposition candidate for the September 2001 presidential elections Vladimir Goncharik has, likewise, criticised the current integration process with Russia as 'unrealistic' due to the failure of Belarus to adopt market reforms that would ensure the compatibility of the two countries' economic systems. He has also argued for a more balanced orientation between Russia and Western Europe, while pledging not to terminate the integration agreements.¹⁰² Survey evidence suggests that Belarusian public opinion is attracted by the higher living standards associated with accession to the EU,¹⁰³ but does not wish to see the 'special relationship' with Russia dismantled. In the view of a leading Belarusian analyst, the BPF alienated most of the electorate, not due to

⁹⁸ Author's interviews, Minsk, 15 and 19 November 1999

⁹⁹ Lapyonok, "Plurality of Foreign Policy Vectors", p. 44

¹⁰⁰ A.V. Sharapo, "Rossiisko-Beloruskaya Integratsiya i Obshchestvennoye Mneniye", Belorussky Zhurnal Mezhdunarodnogo Prava i Mezhdunarodnykh Otnoshenii, no. 1, 2000, p. 65

¹⁰¹ Author's interview with one of the party's leadership, Minsk, 16 November 1999; See also speech by Bogdankevich in the public hearings on issues related to Russo-Belarusian integration held in March 1999 (Moscow), published in Byulleten' Belarus' Segodnya, May 1999, p. 11

¹⁰² Belapan news agency, 7 August 2001, from www.belapan.com

¹⁰³ The March 2000 survey by 'Novak' (note 64) asked Belarusians whether they thought that living standards in Central and East European countries applying for EU membership would improve after accession. 55% said that they would. In the same survey, 40% of respondents assessed the EU's influence on Belarus positively. The 'Outsiders' survey (Novak, April 2000) found that 55% of the Belarusian public would welcome accession to the EU. White and Rose, Nationality and Public Opinion in Belarus and Ukraine, p. 49

its advocacy of integration with Western Europe, but due to its anti-Russian rhetoric.¹⁰⁴ The Belarusian President, convinced that no CIS country could join Western structures, has repeatedly invited Ukraine to become the third member of the Russia-Belarus Union, dismissing the Ukrainian leadership's 'European choice'(strategy aimed at accession to the EU) as unfeasible: "As if it was not understood that nobody in the West is waiting for Ukraine, Belarus, Russia or the others (CIS countries)."¹⁰⁵

Belarusian foreign policy makers equally consider that the Union with Russia strengthens their negotiating positions in international fora and vis-à-vis organisations like the WTO.¹⁰⁶ As far as the country's security is concerned, the BPF appears to be an exception - even among anti-Lukashenko forces - in regarding Russia as a threat to the security of Belarus. Some moderate opposition leaders have questioned the credibility of current assurances by the Belarusian leadership and the Russian side that the military aspect of integration will continue to respect the Belarusian constitutional commitment to nuclear-free status and the ban on the deployment of Belarusian Armed Forces outside the country's territory. They also dispute the Lukashenko administration's assessment of NATO expansion as detrimental to Belarusian security.¹⁰⁷ Minsk responded to the expansion of NATO even more adversely than Russian diplomacy, using essentially identical arguments. This has been due both to a genuine convergence in perceptions of NATO and to the coordination of the two countries' diplomatic positions as part of the integration process. The Belarusian side has been especially concerned by the fact that the accession of Poland, Hungary and the Czech republic to NATO would end any pretensions to a balance between the military capabilities of NATO and those of its present-day aspiring counterweight, the CIS Collective Security Treaty. This consideration aggravated the Belarusian leadership's resentment of the heavy financial costs entailed by the country's CFE obligations, prodding it to temporarily halt (during

¹⁰⁴ Rozanov, "Vneshnyaya Politika Belarusi", p. 6; Karbalevich, "Natsional'no-gosudarstvennyye Interesy", pp. 71, 87

¹⁰⁵ Lukashenko's interview with Yevgeny Revenko, programme "Vesti", Russian television network RTR, 24 May 2000, transcript provided by the Belarusian Foreign Ministry

¹⁰⁶ Author's interviews, Minsk, 13, 15 and 19 November 1999

¹⁰⁷ Author's interviews with leaders of the extra-parliamentary opposition, Minsk, 16-18 November 1999

the latter part of 1995 and the beginning of 1996) the destruction of weapons inherited from the Soviet Union.

The Belarusian President surpassed even Russia's 'red-browns' in the ferocity of his anti-NATO discourse, describing the Alliance as "a scary monster staring at Belarus". His most controversial statements have included an expression of regret that Belarus gave up its nuclear weapons and a call for the formation of a Minsk-Moscow-Beijing axis.¹⁰⁸ The exploitation of Cold-War stereotypes complemented President Lukashenko's image as a staunch defender of Slavic-Orthodox unity, ostensibly threatened by the West in the form of NATO.¹⁰⁹ Since the expansion of NATO emerged as an inevitable prospect, the Belarusian side has enthusiastically supported the enhancement of the military aspect of integration with Russia (which will be discussed in the following section). During a visit by Russian Defence Minister Igor' Sergeev to Minsk in October 1998, his Belarusian opposite number reportedly assured him that Russia could – to all intents and purposes - regard Belarus as a Russian military district.¹¹⁰ NATO's intervention in the Kosovo crisis alarmed the Belarusian leadership, which drew a parallel between Western condemnation of Yugoslavia's human rights record and quasi-dictatorial regime, on the one hand, and charges of authoritarianism and civil liberties' violations levelled at Belarus, on the other. Lukashenko saw himself in the position of Slobodan Milosevic, as the target of a US-driven 'demonisation' campaign, presumably intended to justify in the eyes of Western public opinion a future intervention to forcibly remove him from power.¹¹¹ As a leading Belarusian parliamentarian said to the author, in view of

¹⁰⁸ Kommersant'-Daily, 25 September 1998, p. 2

¹⁰⁹ The "Clash of Civilisations" thesis has attracted immense publicity in the press and among academic circles in Belarus, as has been the case in Russia. According to the 'Novak' poll of March 2000 (note 64), just under a quarter (24%) of the Belarusian public considered Western civilisation as hostile to Orthodox peoples. For the original argument, see Samuel P. Huntington, The Clash of Civilizations and the Remaking of World Order, New York, NY: Simon and Schuster, 1996

¹¹⁰ Kommersant'-Daily, 17 October 1998, p. 3

¹¹¹ Allegations of a CIS plot to overthrow Lukashenko had surfaced as early as 1997: Nezavisimaya Gazeta, 27 July 1997, p. 1. See also Lukashenko's interview in Rossiiskaya Federatsiya, 9 August 1999, p. 14. In early 2001, the Belarusian President appeared on national television and accused the OSCE Consultative-Monitoring Group in Minsk of smuggling weapons into the country intended for an armed group to be disguised as election monitors during the summer Presidential elections. Interfax, Diplomatic Panorama, 29 January 2001

NATO's new Strategic Concept, which provides for operations beyond the territories of member-states, "there are no guarantees that Belarus, too, may not become the object of a 'humanitarian intervention'".¹¹²

As the Belarusian President himself has pointed out, Belarus has not experienced ethnic tensions (nor is there a realistic prospect of this),¹¹³ which renders comparisons with the case of Kosovo inappropriate. Nevertheless, for pro-Lukashenko elite, Russia's role as a guarantor of Belarusian security has come to rival its significance as a welfare provider. An emphasis has been placed on the Russo-Belarusian Union's reflecting NATO functions, most notably firm collective defence guarantees including protection by Russia's 'nuclear umbrella'. In Lukashenko's own words: "Russians understand perfectly that an attack on Belarus would be primarily an attack on Russia, as was the case in World War I, in World War II, in all wars, at all times".¹¹⁴ In return, the Belarusian President has stressed that Belarus has been "defending both its own interests and those of Russia. And it will keep doing so. Because we [Belarus] have always been a reliable ally for the Russian person and have never in history betrayed him."¹¹⁵ In response to criticisms by Russian liberals relating to the costs of integration with Belarus to the Russian economy, he has contended that the contribution of Belarus to Russia's security (by means of the Russia's lease-free use of the Baranovichi air-defence facility and the Vileika communications installation) is worth more than any economic support Belarus has received from Russia.¹¹⁶

Apart from viewing the Union with Russia as an alternative to the EU and as the epicentre of economic integration in the post-Soviet region, Belarusian diplomacy has portrayed the bilateral Union as the nucleus of the Tashkent Collective Security Treaty and as a putative pole of resistance to a NATO-centric security environment.¹¹⁷ This corresponds to the joint endeavour of the Russian and Belarusian foreign-policy makers to accelerate the emergence of a multipolar world order, with a Russia-led CIS as one of the regional 'poles'.¹¹⁸ The Bel-

¹¹² Minsk, 19 November 1999

¹¹³ Lukashenko's address to the Russian State Duma, 27 October 1999, published in *Rossiiskaya Federatsiya Segodnya*, 10 November 1999, p. 9

¹¹⁴ From Lukashenko's aforementioned interview (note 105), broadcast on RTR (24 May 2000)

¹¹⁵ Ibid.

¹¹⁶ Lukashenko's address to the Russian State Duma, 27 October 1999, p. 11

¹¹⁷ Documents provided by the Belarusian Foreign Ministry, spring 2000.

¹¹⁸ China and the EU are also regarded as prospective regional centres in a multipolar world order.

arusian leadership has recognised that Georgia and Azerbaijan, having announced their intention to apply for admission to NATO, could not be attracted to the Russian/CIS pole. Still, it has expressed the view (more optimistic than Russian forecasts) that Uzbekistan and Ukraine, which have also established cordial relations with NATO, might reconsider their strategic orientation in the face of security challenges that Western structures could be unwilling to get involved in.¹¹⁹

At the same time, the Belarusian stance on NATO has become more pragmatic than Lukashenko's rhetoric would suggest. Indeed, as public concern over NATO has subsided with the end of the campaign against Yugoslavia,¹²⁰ the Belarusian administration has adopted a markedly conciliatory tone. Belarus has expressed reserved satisfaction with its participation in the Euro-Atlantic Partnership Council (a forum uniting members of NATO and states that have joined its Partnership for Peace programme) and a wish to develop 'normal relations' with the Alliance. Again, this change of attitude seems to have been driven by moderate criticism, originating even within official circles. Critics contended that it was counterproductive for a small country like Belarus to be aggravating tensions with an all-powerful alliance like NATO, alienating its prosperous member-states, which could provide investment vital to the Belarusian economy.¹²¹ Belarus has tended to be rather unenthusiastic about and even somewhat suspicious of the PfP, with its participation in the programme being as limited as that of Russia. It has, nonetheless, taken part in some PfP activities (e.g. environmental and other civil emergency exercises) without Rus-

¹¹⁹ From Lukashenko's interview to RTR (24 May 2000). The Belarusian President referred to Uzbekistan's recent – at least partial – rapprochement with Russia, which was prompted by the advancement of Taliban forces closer to the Uzbek border. He did not, however, specify the kind of security threat that Ukraine might face.

¹²⁰ According to a survey commissioned by the US State Department and conducted by the firm 'Social and Ecological Surveys' in May 1999 and again in July 2000, the section of the public concerned about the possibility of an external attack on Belarus had declined from 55 to 33%. The share identifying the US as the most likely aggressor dropped from 26 to 13%. US State Department Office of Research, *Opinion Analysis*, M-168-00, 20 September 2000, p. 1. Likewise, in November 1999 NISEPI (using a sample of 1508) found that the share of respondents who considered NATO expansion as a threat to Belarus had been reduced to 44%, compared to 48% in June 1999. *Novosti NISEPI*, November 1999, pp. 19-20

¹²¹ Author's interviews with Belarusian officials, Minsk, November 1999. See also Rozanov, "Vneshnyaya Politika Belarusi", pp. 6-7

sian involvement. Russia's continued quest for compromise and dialogue with NATO has motivated the Belarusian leadership to renew its efforts to also conclude a framework agreement formalising its interaction with the Alliance.¹²² In no sense, however, have these efforts at rapprochement with NATO been intended to extend beyond the level of Russia-NATO relations, let alone shift the strategic orientation of Belarus towards the West.

Ukraine under Kuchma: the 'European choice' and perspectives on Russia

Whereas President Lukashenko turned integration with Russia into one of the pillars of his popular appeal, Ukrainian President Leonid Kuchma partly backtracked on his emphasis on relations with Russia and the CIS, which appeared to have played an important part in his electoral victory of 1994. His administration did prioritise the normalisation of relations with Russia, leading to the settlement of the major issues left unresolved by the previous administration (nuclear disarmament; division of the BSF; Friendship treaty – including mutual recognition of borders). Still, it has by no means pursued a Russia-first foreign policy, as had been expected by foreign observers and – presumably – his electorate in 1994. Tellingly, the results of the 1999 presidential elections showed that Kuchma's pattern of support had shifted from the East to the West (Kuchma's Eastern and Southern electorate having largely switched its preferences in favour of Communist leader Simonenko), while perceptions of economic conditions remained balanced across the East-West divide.¹²³

As Taras Kuzio has noted, Kuchma has achieved a lot more than Kravchuk in terms of bringing Ukraine closer to (Western and Central) Europe and, thereby,

¹²² Lapyonok, "Plurality of Foreign Policy Vectors", p. 46.

¹²³ A survey conducted by the Ukrainian Institute for Social Research and the Social Monitoring Centre (Kiev) in March 1999 showed that 70% of voters characterised by an adherence to national-democratic (rather than social democratic) ideas were inclined to support Kuchma. Among those who intended to vote for Kuchma, only 14% would like to see the President work towards the unification of Ukraine and Russia in a single state, as opposed to 42% among Simonenko supporters. Details of the poll are given by Oleksandr Yaremenko and Mykhailo Mishchenko, "The Political Preferences of Ukrainians", pp. 92, 95

removing it from Russia's orbit.¹²⁴ Ukraine's so-called 'European choice' became official in June 1998 by means of the Presidential decree "On the Approval of the Strategy for Ukraine's Integration in the European Union". The Strategy states that "the main priority of Ukraine's foreign policy in the medium term is the attainment of associate member status in the EU" and envisages the approximation of Ukrainian economic, social and environmental legislation to the standards required of countries applying for admission to the EU.¹²⁵ At the same time, relations with the US and NATO have reached such cordiality that Ukraine has become one of the largest recipients of American aid, while military cooperation (both bilateral and within the PfP) has arguably developed to the maximum extent compatible with Ukraine's formal non-bloc status.¹²⁶ Unlike its predecessor, the Kuchma administration has repeatedly argued in favour of raising the effectiveness of the CIS (especially in the economic field) and has been actively involved in the debates and negotiations regarding the reform of CIS institutions. Nonetheless, it has not only continued to categorically oppose the evolution of the CIS on the supranational model, but it has also taken the lead in uniting like-minded CIS member-states in a separate grouping known as GUAM (from the initials of Georgia, Ukraine, Azerbaijan and Moldova) and, since the addition of Uzbekistan, as GUUAM.¹²⁷ The organisation's main task has been to reduce its members' economic dependence on Russia (primarily through the advocacy of energy transport routes from Central Asia to Europe bypassing Russia). Military cooperation has been added to its activities with the purposes of minimising Russia's potential leverage in con-

¹²⁴ Taras Kuzio, "Slavophiles versus Westernizers: Foreign Policy Orientations of Ukraine", in in Spillmann et al (eds.), Between Russia and the West, pp. 57-58

¹²⁵ Presidential decree no. 615/98, 11 June 1998

¹²⁶ For the year 2000, Ukraine was the fourth largest recipient of US foreign aid behind Israel, Egypt and Colombia. Lt. Col. Frank Morgese, US-Ukrainian Bilateral Security Links, Paper Presented at the conference "European Security and Post-Soviet Space: Integration or Isolation?", Scottish Centre for International Security/ University of Aberdeen, 26 November 2000. For details on the content of Ukraine's cooperation with NATO, see Zerkalo Nedelii, 4 March 2000, p. 1

¹²⁷ GUAM was formed as an unofficial grouping in October 1997 at a meeting of the four countries' Presidents during the Council of Europe summit in Strasbourg. It became a formal organisation during such a meeting on the occasion of the NATO 50th anniversary summit (Washington, April 1999). Uzbekistan became a member a month later. The organisation does not have an integration agenda or any supranational bodies.

flicts within GUAM states (notably the conflicts in Transdnistr and Abkhazia) and of assisting member-states' integration into Western structures.¹²⁸ Finally, although Leonid Kuchma has occasionally capitalised on the theme of East Slavic unity, he has firmly rejected any suggestions that Ukraine might consider becoming the third member of the Union formed by Russia and Belarus.¹²⁹

Ukrainian public opinion

The Kuchma administration's professed quest for a balance in the development of relations with Russia and with the West appears to be the only foreign policy path with significant support and little opposition among the Ukrainian mass public. A set of surveys carried out in early 1998 by SOCIS-Gallup found that 42% of the Ukrainian electorate would be inclined to vote for a party or candidate standing for a balanced external orientation, with only 4% of respondents saying that they would not vote for a party or candidate with such a programme.¹³⁰ A close economic and political union with Russia was the second most popular foreign-policy programme, with 38% of respondents saying that it would have a positive influence on their voting decisions (10% viewed it negatively), while the 'European choice' lagged behind with 28% of voters seeing it as a positive factor.¹³¹ A poll organised by the Ukrainian Institute for Social Re-

¹²⁸ Georgia, Azerbaijan and Uzbekistan, the GUUAM member-states that were also parties to the CIS Collective Security Treaty, did not renew their membership in the treaty in 1999. Instead, the leaderships of Georgia and Azerbaijan have declared an intention to join NATO. Moldova has been increasingly reluctant to engage in military cooperation within GUUAM and has raised the possibility of leaving the organisation. See Aleksandr Levchenko, "Ukraine in the Black Sea and Caspian Regions", in Spillmann et al (eds.), *Between Russia and the West*, p. 227; *Nezavisimaya Gazeta*, 26 January 2001, p. 5

¹²⁹ In May 2000, Kuchma, together with Putin and Lukashenko and the Orthodox Church leadership of the three countries, visited the WWII battle site 'Prokhorovskoye pole' (Belgorod oblast') to participate in the religious service in commemoration of the 55th anniversary of the Soviet victory. The Presidents revealed a memorial to the unity of the three East Slavic nations and Kuchma referred to the "common memory, common history and common destiny" of Belarus, Ukraine and Russia. *Nezavisimaya Gazeta*, 4 May 2000, p. 11

¹³⁰ The surveys were conducted in January and February 1998, using samples of 1200 drawn from all of Ukraine's regions. The results are available at www.public.ua.net/~potekhin/ucpccrs/MONITOR/OCCAS

¹³¹ 10% said that they would not be inclined to vote for a party or candidate speaking for "comprehensive economic integration with the West". *ibid.*

search and the Social Monitoring Centre (Kiev) in March 1999 indicated that considerable confusion exists among Ukraine's public opinion as to the compatibility between a pro-Western orientation and unification with Russia and Belarus, as absolute majorities of respondents (59 and 53% respectively) expressed approval for both options.¹³² The supporters of unification with Russia and Belarus were not confined to the political left, but included a substantial pro-market constituency, apparently considering that "it is precisely through integration with Russia that Ukraine's rapprochement with the West European states becomes possible".¹³³ The SOCIS-Gallup survey showed that the most controversial options were "accession to a renewed Soviet state" (supported by 23% and opposed by 19%) and prompt accession to NATO, which was the only programme with an overall negative influence on voting decisions (15% saw it as a positive factor and 19% as a negative one). Overall, rates of indifference to foreign policy programmes were rather low, ranging from 5 to 10% - with the exception of relations with Poland (16%), which seemed to be of lesser concern to the Ukrainian electorate.

Later surveys have indicated an increase in the public's endorsement of the governing elite's EU- and NATO- centred interpretation of a 'balanced foreign policy', despite the continued prevalence of Russia as the foreign partner of choice. According to a survey conducted in February 2000 by the Kiev International Institute of Sociology (KIIS), 58% of Ukrainian public opinion favoured membership in the EU (only 11% opposed it).¹³⁴ Attitudes to Ukraine's joining NATO were very closely balanced, though determined opponents were more

¹³² At the same time, the unification of Ukraine, Russia and Belarus was the focus of significantly more opposition (29%) than was an "orientation towards rapprochement with the West" (18%), though the phrasing of the questions ('unification' implies a much stronger commitment than 'rapprochement') may – at least partly – account for this. See Yaremenko and Mishchenko, "The Political Preferences of Ukrainians", pp. 81-82

¹³³ This Russia-oriented pro-market constituency was also characterised by an adherence to liberal (rather than ethnic and traditional) values. A perception of Russia as being more advanced in the path of Westernisation than Ukraine itself appeared to have contributed to the appeal of integration among this group. Ibid., pp. 84-85

¹³⁴ Just over a quarter of all respondents (25.8%) were not able to express an opinion on this issue. This survey (based on a country-wide sample of 1390) was organised within the framework of the project *The Outsiders* (S. White et al.) and the results are published in White and Rose, *Nationality and Public Opinion in Belarus and Ukraine*, p. 49 (see note 63)

numerous than enthusiastic supporters.¹³⁵ A poll conducted during the same period by the Ukrainian Centre for Economic and Political Studies found that accession to NATO was of primary concern to a mere 2% of respondents.¹³⁶ A survey of Donetsk oblast', which took place in autumn 1999, indicated that anti-NATO sentiment was significantly stronger in the predominantly Russophone East.¹³⁷ The KIIS poll found that, contrary to the leadership's position, a military alliance with other successor states of the Soviet Union formed the most popular option (30%) for enhancing Ukraine's security. Cooperation with NATO was preferred by 23%, while NATO membership was the choice of 16%.¹³⁸ Unlike the populations of Russia and Belarus, Ukrainian public opinion did not see NATO expansion as a threat to the country's security, even if this would extend to former Soviet republics.¹³⁹ Ukrainian public opinion appeared to agree with that of Russia and Belarus in considering the US as the most significant threat to global security, whereas the majority thought that Russia represented no threat at all.¹⁴⁰ A series of focus group studies commissioned by the US State Department and conducted in late 1999 revealed a high degree of cynicism regarding American intentions and policy in the international sphere (including towards Ukraine) in all five Ukrainian regions examined. Most participants

¹³⁵ Positive attitudes prevailed (36.1%) over negative ones (35.9%) with a negligible margin. Strong opponents of membership represented 14.7%, compared to 11.4% of enthusiastic supporters. A quarter of all respondents, however, had no opinion on the matter. *Ibid.*, p. 53

¹³⁶ The survey took place in January and February 2000, using a sample of 2010. The results were published by Andriy Bychenko and Igor Zhdanov, "UCEPS Opinion Poll: Nation, Power, Referendum", *National Security and Defence (Kiev)*, no. 2, February 2000; electronic version at www.uceps.com.ua/eng/publicatlons.html

¹³⁷ 51% of respondents disagreed with the suggestion that Ukraine should strive for admission to NATO, whereas 20% agreed. Sociological Service, Donetsk Centre of Political Studies, *Proyekt: "Izucheniye Obshchestvennogo Mneniya kak Sotsial'nogo Faktora Razvitiya Donetskoi Oblasti"*, Donetsk: 1999, p. 3. The survey was conducted in September 1999 in 20 population centres in the oblast' with a total sample of 850.

¹³⁸ Neutrality to the point of non-cooperation with any military bloc was favoured by 14%. White and Rose, *Nationality and Public Opinion in Belarus and Ukraine*, p. 18

¹³⁹ 71% of respondents said that the first wave of NATO expansion was not harmful to Ukraine's security, while 62% thought so in case of a second wave reaching into the former Soviet Union. *Ibid.*, pp. 52-53

¹⁴⁰ 35% saw the US as a potentially big or considerable threat to world security. 22% thought so about Russia, while 52% thought it posed no threat at all (compared to for the EU and Germany). *Ibid.*, pp. 51-52

(even in ostensibly pro-Western L'viv) also regarded "NATO's motives as suspect and the organization itself as an aggressive puppet of the United States".¹⁴¹

In a January 1999 survey carried out by the Institute for Social and Political Psychology (Kiev), 39% of respondents said they did not support President Kuchma's programme of close relations with NATO (24% endorsed it). Instead, 50% agreed with the statement that Russia and Ukraine should have a common defence doctrine (23% were opposed to it), 47% supported a united Russo-Ukrainian Black Sea Fleet (32% were against it) and 41% were in favour of a single currency.¹⁴² According to the aforementioned KIIS survey, most of the Ukrainian public (57%) wanted Russia and Ukraine to have friendly relations, at a higher level than those with other states, while a quarter would like to see the two countries united in a single state.¹⁴³ 72% of respondents considered good relations with Russia as 'very important', while rates of prioritisation of relations with the EU and with United States were only 38% and 36% respectively. Closer ties with Russia were supported by 92% of respondents, with Belarus (with 87%) and Moldova (with 84%) in second and third position respectively among former Soviet republics. Belarus (with 72%) and Moldova (with 68%) were also favoured as economic partners to a higher extent than the more prosperous Central European countries.¹⁴⁴ According to the same survey, most Ukrainian citizens viewed relations with Russia as beneficial to economic conditions in Ukraine.¹⁴⁵ The 'human dimension' may partly account for the Ukrainian public's choice of foreign partners, as half of all respondents had close relatives living in Russia and a quarter had family in other CIS coun-

¹⁴¹ Thomas Klobucar with Steven A. Grant, Ukraine and the World: Focus Groups in 5 Cities, Research Report R-3-00, Washington DC: Office of Research, US Department of State, April 2000, pp. 7-11. Two focus groups of eight to ten participants, one of 'elites' and one of 'ordinary citizens', were organised in December 1999 in the following cities: Kiev, L'viv, Simferopol, Kherson and Donetsk.

¹⁴² The survey used a sample of 2016 from all of Ukraine's 27 regions. Anatolii Grytsenko, "Ukraine's Defense Sector in Transition: Impacts on Foreign and Security Policy", in Spillmann et al (eds.), Between Russia and the West, p. 117

¹⁴³ 15% said that Ukraine's relations with Russia should be the same as with other states. White and Richard Rose, Nationality and Public Opinion in Belarus and Ukraine, p. 18

¹⁴⁴ *Ibid.*, pp. 43-44

¹⁴⁵ 28% thought the effect of relations with Russia to be of great benefit, 36% of some benefit, while 11% gave a negative assessment. *Ibid.*, p. 45

tries.¹⁴⁶ The US State Department focus group studies found strong support for integration with Russia among participants in Crimea and considerable support in Kherson –primarily with reference to a common East Slavic identity. In other parts of the country, there was widespread recognition of the need for economic integration and some endorsement of a military union with Russia, but a cautious attitude towards political unification prevailed.¹⁴⁷

Another KIIS survey conducted in October 2000 indicated that three quarters of the Ukrainian public had a positive opinion of Russia. 61% of respondents were in favour of Ukraine joining a confederation with Russia and Belarus (32% were opposed to this) and as many as 40% thought that the merger of Russia and Ukraine into a single state would be a positive development (49% thought otherwise).¹⁴⁸ 79% were opposed to any restrictions (including a requirement for international passports) on travel to and from Russia. Only 41% thought that Russian military bases should remain on Ukraine's territory. The CIS had the confidence of 55% of the Ukrainian public (second behind the United Nations with 57%), while the EU and NATO lagged far behind with 37 and 31% respectively. This survey confirmed the regional differences in foreign policy preferences, as the rates of respondents favouring integration with Russia and distrusting NATO were highest in the Southern, Eastern, and East-Central regions (70, 68 and 58% respectively), somewhat lower in the West-Central ones (48%) and very low in the West (15%).

Survey evidence suggests that foreign policy issues, albeit of secondary priority compared to socio-economic concerns, remain a considerable determinant of voting behaviour in Ukraine.¹⁴⁹ The Ukrainian leadership has been cautious not to offend any sizeable section of the electorate by steering clear of the

¹⁴⁶ Only 16% agreed that relations with Russia should be on the same basis as with other states, with border, visa and customs controls. *Ibid.*, pp. 18, 45-46.

¹⁴⁷ Klobucar, *Ukraine and the World*, pp. 11-12

¹⁴⁸ KIIS conducted the poll on behalf of the US State Department, using a sample of 1198 from all Ukrainian regions. The results are published in US State Department Office of Research, *Opinion Analysis*, M-212-00, 18 December 2000

¹⁴⁹ In a SOGIS-Gallup poll conducted in February 1999 (sample of 1200 from all regions of Ukraine), 40% of respondents said that candidates' foreign policy programmes would have a strong influence on their voting in the autumn Presidential elections. 28% said that foreign policy issues would not affect their voting decision. The survey results are cited by Oleksandr Potekhin, "The NATO-Ukraine Partnership: Problems, Achievements and Perspectives", in Spillmann et al (eds.), *Between Russia and the West*, pp. 160-161

most controversial alternatives, i.e. accession to NATO or to the Russia-Belarus Union. These could be described as the outer limits of the Ukrainian leadership's spectrum of foreign policy choices that could hope to gather broad-based public support. According to Ukrainian government advisers interviewed by the author, public opinion precludes an official line in pursuit of accession to NATO as an option for the country's leadership – at least in the medium term. If NATO membership was adopted by the leadership as a priority objective, a long and resourceful media campaign to alter the public's perceptions of the Alliance would be required.¹⁵⁰ Even in that case, it could prove difficult to alleviate the concern that accession to NATO would gravely impair Ukraine's relations with Russia, which appears to be a major consideration underlying the mass public's hesitant or negative attitudes to NATO membership.¹⁵¹ This concern does not seem to be relevant in the case of Ukraine's officially declared aspiration to EU membership, which may account for the broad endorsement of the leadership's choice on the part of the mass public. The rather low priority assigned by Ukrainian public opinion to relations with the EU compared to those with Russia, however suggests that the mass public's stance on the Kuchma administration's choice of external orientation could best be defined as a 'permissive consensus'.¹⁵²

A pro-Western elite?

A marked divergence between the foreign policy preferences of Ukraine's political, military and economic elites, on the one hand, and the mass public, on

¹⁵⁰ Kiev, October-November 1999. See also International Centre for Policy Studies (Kiev), Ukraine's Role and Place in the Role and Place in the Euro-Atlantic Security System, Background Paper prepared for the conference "Ukraine, Great Europe and Euro-Atlantic Security System: Challenges of the XXI Century, Paris, 1-2 March 1999

¹⁵¹ According to a SOGIS-Gallup survey, which took place in March 1998 using a sample of 1200 from all regions of Ukraine, 51% of respondents said that Kuchma's pro-NATO orientation undermined the stability of relations with Russia. Only 10% thought that closer ties with NATO would not affect relations with Russia. Potekhin, "The NATO-Ukraine Partnership", p. 160

¹⁵² The term 'permissive consensus' was coined by Lindberg and Scheingold to describe popular attitudes to the legitimacy of the supranational integration in Western Europe in the early stages of the process. Leon N. Lindberg and Stuart A. Scheingold, Europe's Would-Be Polity: Patterns of Change in the European Community, Englewood Cliffs, NJ: Prentice-Hall, 1970, p.

the other, has been repeatedly noted.¹⁵³ A series of elite polls conducted by the Ukrainian Centre for Peace, Conversion and Conflict Resolution Studies (UCPCCRS) during 1997 and 1998 revealed high levels of support for Ukraine's accession to NATO. Ukraine's membership in a "military alliance of CIS countries" was endorsed by a small minority of respondents, while neutrality (non-bloc status) remained the choice of a sizeable section of the elite.¹⁵⁴ Rightist-nationalist and – to a lesser extent – centrist Verkhovna Rada deputies, finance and banking business leaders, and the leadership of the MoD were identified as the main elite groups lobbying for a pro-Western orientation aimed at integration with NATO and the EU. Leftist parliamentarians, industrialists from Russian-Ukrainian groups and – to a lesser degree – from the MIC, and regional leaders from the East and the South were seen as the most important Russia-oriented groups in the Ukrainian elite.¹⁵⁵ Broadly speaking, the above pro-Western groups have constituted the pro-Kuchma elite, while the Russia-oriented ones (the representatives of Russo-Ukrainian business interests being a notable exception) have tended to side with the leftist opposition. A higher degree of influence exercised by the former groups over the Kuchma administration partly accounts for Ukraine's 'European choice'.

Despite the dominance of pro-Western groups in the Kuchma administration, Russia-oriented elites have imposed certain limits on the leadership's pursuit of full integration with Western structures. Kiev's firm grip over the regional administrations (in line with the constitutional definition of Ukraine as a unitary state) has not allowed regional leaders from the South and the East to have considerable direct input into official foreign policy. Leftist factions, which held the leading posts in the Verkhovna Rada between spring 1994 and early 2000,

¹⁵³ For example, see Winfried Schneider-Deters, "Ukraine's European Perspective: Full Member or Good Neighbor?", *Politichna Dumka*, no. 1-2, 2000, pp. 70-71; Grytsenko, "Ukraine's Defense Sector in Transition", p. 117

¹⁵⁴ Support for NATO membership ranged from 44% in March 1998 to 69% in December 1998. A military alliance with CIS countries gathered 7-9.5% of preferences in 1997 and 2.5-5% in 1998. Support for neutrality fluctuated between 29 to 42% in 1997 and between 26 to 44% in 1998. Eight polls, with 39 to 42 respondents each, were conducted in March, June, September and December of 1997 and 1998. Respondents were drawn from four elite groups: MFA officials and government/Presidential advisers; Verkhovna Rada deputies; high-ranking military officers; and journalists specialising in international affairs. The results are available at www.public.ua.net/~potekhin/ucpccrs/MONITOR/EXPOLL

¹⁵⁵ *Ibid.*

firmly opposed Ukraine's close relations with NATO and campaigned for full participation in the CIS and even for joining the Russo-Belarusian Union.¹⁵⁶ These factions took the lead in the Verkhovna Rada's vote to join the CIS Parliamentary Assembly in March 1999 as well as in the resolution demanding that the Ukrainian leadership condemned NATO's bombing of Yugoslavia and submitted the "State Programme for Cooperation between Ukraine and NATO for the years 1999-2001" for parliamentary approval.¹⁵⁷ Leftist parliamentarians have typically advocated a course of integration with Russia and Belarus on the basis of economic and – most commonly - arguments related to a common Soviet/East Slavic identity, which seem to reflect the attitudes of a very substantial share of the Ukrainian electorate.¹⁵⁸

In addition, a Russia-centred foreign policy is favoured by a centrist (moderate reform-oriented) section of the political elite, which has had some presence in Ukrainian government structures. Though some representatives of this group converge with the political left in being sceptical of NATO and US intentions, they purport to support integration with Russia for primarily pragmatic reasons. They are very critical of the disruption in economic interaction (trade and production lines) with Russia and the CIS. They have increasingly become convinced that the limited investment and assistance that has (and appears likely to) come from the West would not be sufficient to make the Ukrainian economy internationally competitive and compensate for the costs of abstaining from economic integration with Russia.¹⁵⁹ They question the expediency of a Ukrainian strategy antagonistic to Russia's declared interests and tend to be rather pessimistic about Ukraine's prospects of becoming a member of either the EU - or NATO for that matter. Apart from an awareness of EU member-states' unwillingness to consider Ukraine as a potential member, this pessimism stems principally from a sober view of Ukraine's economic situation. As a prominent independent foreign policy analyst wondered in an interview with the author:

¹⁵⁶ See statements by Communist Party leader P. Simonenko and then Verkhovna Rada Chairman O. Tkachenko (Peasants' Party) in *Den'* (Kiev), 1 October 1998, p. 1

¹⁵⁷ The 'State Programme' was adopted by Presidential decree no. 1209/98, 4 November 1998.

¹⁵⁸ The major parties within this category are the Communist Party of Ukraine (P. Simonenko), the Peasants' Party (O. Tkachenko), the Progressive Socialist Party of Ukraine (N. Vitrenko) and the Socialist Party of Ukraine (O. Moroz). For details of party programmes see Aleksandr Parfionov, "Foreign and Security Policy Views of Relevant Ukrainian Political Forces", in Spillmann et al (eds.), *Between Russia and the West*, pp. 82-92

¹⁵⁹ Author's interviews, Kiev, October-November 1999

“What is the point of Ukraine gaining associate member status [in the EU]? Its economy is not ready for it. It cannot withstand Western competition. Agricultural products cannot be sold on the EU market because of the Common Agricultural Policy. The only market is the CIS. Ukrainian industry can only export metals to the West for very low prices. What would happen to Ukrainian industry, if Ukraine were to integrate with the EU?”¹⁶⁰

Some members of this elite group also perceive an incompatibility between Ukrainian culture and Western values (e.g. individualism) and advocate a Russia-centred orientation on that basis as well.¹⁶¹ In the long term, this section of the elite wishes to see Ukraine integrate with ‘Europe’, but advocates a policy of partnership with (within the limits of the PCA) rather than one of accession to the EU – at least for the medium term. A strategy of gradual integration “with Europe through Russia” is proposed: “Ukraine and Russia need to work together to come out of the crisis, develop their economies and be ready to integrate with the West”.¹⁶²

Likewise, support for a pro-Western orientation has not been confined to the national-minded elite alone. The ‘national-democrats’ in the Parliament, who had rallied behind the Kravchuk administration’s policies of ‘nation-building’ and distancing from Russia, have also formed the most determined proponents of the Kuchma administration’s ‘European choice’.¹⁶³ Deeply suspicious of the Russian elite’s intentions towards Ukraine and opposed to any form of integration with Russia as harmful to the consolidation of Ukrainian independence, they have seen membership of the EU and NATO as a firm guarantee of Ukraine’s remaining outside a Russian sphere of influence. Moreover, they regard the admission criteria set by the EU and NATO as a positive factor in

¹⁶⁰ Kiev, 2 November 1999

¹⁶¹ A Verkhovna Rada official interviewed by the author compared the cultural closeness between Russia and Ukraine to that linking Germany and Austria or Belgium and the Netherlands. Kiev, 26 October 1999

¹⁶² Author’s interview, Kiev, 2 November 1999

¹⁶³ In the campaign for the parliamentary elections of 1998, the Rukh-led electoral alliance was characteristically named ‘European choice bloc’. The ‘national democratic’ bloc (consisting of the parties “Ukrainian Popular Rukh”, “Popular Rukh of Ukraine”, “Reforms and Order” and “Congress of Ukrainian Nationalists”) will participate in the March 2002 parliamentary elections under the leadership of former PM Viktor Yushchenko.

Ukraine's economic and political development, supportive of Ukraine's own ostensibly 'purely European' identity (as opposed to Russia's 'Eurasian' culture).¹⁶⁴ Sympathisers of this group (e.g. former Foreign Minister Tarasyuk) have had some influence over certain branches of the administration - especially those working on Ukraine's EU accession strategy. Still, they have been increasingly frustrated by the leadership's inadequate resolve in implementing the reforms required to establish the credibility of Ukraine's professed 'European choice' in the eyes of existing EU and NATO members.

The political and economic elites, which have formed the core of the Kuchma administration, have had a considerably more flexible, pragmatic approach.¹⁶⁵ At a minimum, they have been united by an aspiration to maximise their own decision-making autonomy and have rejected any kind of formal integration with Russia (extending beyond the establishment of a free trade area) primarily for this reason. Also, they have rejected any kind of formal integration with Russia or within the CIS framework on the grounds that it may impair Ukraine's prospects of integration with 'Europe'.¹⁶⁶ It has been common for the representatives of this group to complain of what they perceive as the arrogant attitude of the Russian elites towards their Ukrainian counterparts, often described as the "elder-to-younger brother" mentality.¹⁶⁷ Besides, they have noted that, apart from free trade and the subsidies received by Belarus, "nothing beneficial has come out of the duet of Russia and Belarus".¹⁶⁸ Although most members of the pro-Kuchma elite seem convinced that Russia would be able to extend to Ukraine the type of economic support currently rendered to Belarus, they deem the political concessions that would be required on the part of Ukraine as too high a price to pay. A leader of a pro-Kuchma party offered the following assessment of the Belarusian economy's gain from Russian support: "It helps alleviate the symptoms, but does not provide a cure. It is like a narcotic drug. In

¹⁶⁴ Author's interviews, Kiev, 26-27 October 1999

¹⁶⁵ The political forces associated with this section of the elite are the main pro-Kuchma factions in the Parliament, i.e. the Social Democratic Party of Ukraine and the blocs "Trudovaya Ukraina" and "Democratic Union".

¹⁶⁶ V.M. Chumak, E.E. Kamins'ky, V.A. Chumak, Ukraina-Rosiya: Mizh Strategichnim Partnerstvom i Konfliktnistyu, Kiev: National Institute of Strategic Studies, 1997, p. 21

¹⁶⁷ See interviews by Verkhovna Rada Chairman Ivan Plyushch (Popular-Democratic Party) and by Secretary of Ukraine's National Security and Defence Council Yevgeny Marchuk in Nezavisimaya Gazeta, 13 July 2000, p. 5, and 14 November 2000, p. 1

¹⁶⁸ Statement by then PM Valery Pustovoitenko in Den', 1 October 1998, p. 1

Ukraine, we do something similar. We rely on IMF loans, but this has not contributed to the country's development."¹⁶⁹ Indeed, in the minds of Ukraine's governing elite, concern over losing economic assistance from the West represents a considerable disincentive to deepen rapprochement with Russia. Representatives of this elite group have readily admitted that Russian support (re-structured debts; tolerance of late payments for fuel deliveries) may exceed that received from the West. At the same time, they have been keen to stress that Russia would not be in a position to provide the kind of support most useful to the Ukrainian authorities, i.e. large cash credits.¹⁷⁰

Rather than being motivated by an ideological commitment to Ukraine's 'return to Europe', as has been the case of the 'national-democrats', most members of the pro-Kuchma elite have taken an instrumental view of the 'European choice'. Apart from being a more promising welfare provider, the West has prevailed over Russia as the Ukrainian governing elite's integration partner of choice also because its influence has been perceived as more diffuse and less antagonistic of politically powerful economic interests within Ukraine.¹⁷¹ The prevalent attitude to cooperation with NATO has been similarly pragmatically motivated. In view of acute under-funding from the state budget, the leadership of the MoD and the broader defence-policy community have been very appreciative of NATO's contribution to the upkeep and modernisation of the country's Armed Forces and military equipment.¹⁷² While Ukraine's full membership in the so-called Euro-Atlantic structures has been associated with a high international standing and the overcoming of economic crisis and technological backwardness, it has been accession to the EU, not to NATO, that has gathered almost unanimous support among the pro-Presidential circles. For the most part, the Ukrainian ruling elite has been reluctant to reverse the progress achieved in relations with Russia under Kuchma by declaring an intention to join NATO, especially as the Alliance's eagerness to eventually admit Ukraine appears questionable. The course of accession to the European Union presents exactly this crucial advantage, that, in the words of Verkhovna Rada Deputy Chairman Stepan Gavrish, "Ukraine's European strategic choice has

¹⁶⁹ Author's interview, Kiev, 29 October 1999

¹⁷⁰ Author's interviews with government advisers, Kiev, 2-3 November 1999

¹⁷¹ Author's interviews, Kiev, 2-3 November 1999

¹⁷² Author's interviews, Kiev, 27 October and 3 November 1999

received understanding from Putin” (and the Russian elite in general).¹⁷³ As he added,

“Russia itself is striving to get into Europe, albeit, possibly, under different conditions. However, for Ukraine the prospect of EU membership is very distant. And the process of the development of relations with Russia is inevitable also because we have inter-penetrating economic systems and interdependent economic spheres.”¹⁷⁴

For the Kuchma administration and its allies, the European orientation appears feasible precisely because it is not conceived in terms of a choice between two mutually exclusive possibilities (integration with ‘Europe’; close cooperation with Russia), which are deemed equally indispensable to Ukraine.

An important section of the administration (particularly departments working closely with US and Canadian advisers or NATO officials) has sought to direct the official definition of Ukraine’s strategic interests towards a firm commitment to NATO membership and an alliance with the US aimed at rivalling Russia over leadership in the post-Soviet region.¹⁷⁵ This rationale has been expressed in certain official documents - most explicitly, in a strategic analysis published by the National Security and Defence Council of Ukraine. According to it, “strategic partnership with the US has to become priority number one of Ukrainian foreign policy” due to the coincidence or compatibility of American and Ukrainian national interests in the European region – in opposition to those of Russia.¹⁷⁶ However, this thinking has not formed the basis of any consensus even within the National Security and Defence Council.¹⁷⁷ Former Foreign Minister Boris Tarasyuk, an enthusiastic advocate of the ‘European choice’, was allegedly sympathetic to this viewpoint, but what was perceived as his excessively

¹⁷³ Gavrish belongs to the pro-Presidential faction “Rebirth of the Regions”. Interview with Nezavisimaya Gazeta, 13 September 2000, p. 5

¹⁷⁴ Ibid.

¹⁷⁵ O. Belov et al. (eds.), Ukraine 2000 and Beyond: Geopolitical Priorities and Scenarios of Development, Kyiv: The National Security and Defence Council of Ukraine, National Institute for Strategic Studies, 1999, pp. 62, 69, 71-72

¹⁷⁶ Ibid., pp. 10-11, 72-73

¹⁷⁷ Author’s interviews with senior advisers from the Council’s National Institute for Strategic Studies, Kiev, October 1999

pro-Western line apparently gave rise to resentment within official circles.¹⁷⁸ President Kuchma and most high-standing officials have been considerably more cautious in their public statements, taking care to remind that Ukraine's cooperation with NATO should not be interpreted as an intention to apply for membership or allow the relationship with Russia to decline in importance.¹⁷⁹

The discontent that led to Tarasyuk's replacement by the less controversial Anatoly Zlenko was neither as overt nor of a magnitude comparable to that which had brought about the replacement of Andrei Kozyrev by the consensual figure of Primakov.¹⁸⁰ It has, nevertheless, lent credibility to several experts' interpretation that the 'European choice' has remained a policy under trial as far as Presidential circles are concerned.¹⁸¹ Observers of Ukraine's relations with the EU have noted the Ukrainian ruling elite's growing dissatisfaction with the discrepancy between the political and material support expected from the West (and from the EU in particular) and that actually received.¹⁸² The Ukrainian administration has begun to realise that most existing EU members have been reluctant to consider Ukraine as a potential candidate for accession and that compliance with EU conditionality (e.g. transparency and free competition in the energy sector) would challenge established political and economic practices.¹⁸³ In turn, this appears to have prompted a shift of emphasis in Ukraine's external relations. As Foreign Minister Anatoly Zlenko stated shortly after his appointment, "for a number of years, the Russian vector (*sic*) of Ukrainian foreign policy did not receive worthy development and support by ministries and departments in our country."¹⁸⁴ In the wake of Tarasyuk's dismissal, President Kuchma characteristically told his officials that they "need[ed] to go to Europe

¹⁷⁸ Secretary of Ukraine's National Security and Defence Council Yevgeny Marchuk made allegations to that effect in an interview with Nezavisimaya Gazeta, 14 November 2000, p. 1

¹⁷⁹ See statements by Defence Minister Aleksandr Kuz'muk and President Kuchma in Interfax, Diplomatic Panorama, 10 May 2000, and 17 November 2000

¹⁸⁰ For a detailed investigation of the circumstances surrounding Tarasyuk's replacement, see James Sherr, The Dismissal of Borys Tarasyuk, Occasional Brief no. 79, Camberley, Surrey: Conflict Studies Research Centre, Royal Military Academy Sandhurst, October 2000

¹⁸¹ Author's interviews, Kiev, October-November 1999

¹⁸² Jennifer Moroney, EU-Ukrainian Relations: Prospects and Possibilities, Paper Presented at the conference "European Security and Post-Soviet Space: Integration or Isolation?", Scottish Centre for International Security/ University of Aberdeen, 26 November 2000

¹⁸³ Zerkaio Nedelji, 11-18 November 2000, p. 2

¹⁸⁴ Interfax, Diplomatic Panorama, 23 October 2000

and America less often, and to cooperate more with the countries of the CIS, which are [were] waiting for Ukraine and are [were] ready to work with it".¹⁸⁵ This was an implicit reference to Ukrainian officials' supposed preference for working visits to the glamorous Western capitals (as opposed to Moscow and other CIS capitals), which has been often suggested as an important reason for the stagnation of relations with Russia since the conclusion of the 'Big treaty'.¹⁸⁶

Likewise, the leadership's stance on reducing economic dependence on Russia appears to have been rather ambivalent. Alleging to Russia's exploitation of economic interdependence for the purposes of political pressure, the aforementioned strategic analysis by the National Security and Defence Council concludes that

"Ukraine should develop a comprehensive program of a multi-sided lessening of economic dependence on the Russian Federation. Our country should take into account the experience of Estonia, which successfully conducted its program of overcoming dependence on the Russian Federation, having cut essential Russian imports from 80 to 20 percent."¹⁸⁷

The view that the dismantlement of the uneven relationship of economic interdependence with Russia would be both feasible and desirable appears to have been a matter of contestation within the Kuchma administration.¹⁸⁸ The diversification of gas and oil imports has persisted as a strategic objective for successive Ukrainian governments under Kuchma.¹⁸⁹ Ukraine has indeed concluded agreements with Turkmenistan (the only alternative source of affordable supplies) for the delivery of approximately half of Ukraine's gas imports at lower prices than those demanded by Russian exporters.¹⁹⁰ Still, it is clear that such

¹⁸⁵ Nezavisimaya Gazeta, 1 November 2000, p. 5

¹⁸⁶ Author's interviews, Kiev, 28 October and 2-3 November 1999

¹⁸⁷ Belov et al. (eds.), Ukraine 2000 and Beyond, pp. 52, 55

¹⁸⁸ Author's interviews, Kiev, 2-3 November 1999

¹⁸⁹ Ukrainian Center for Independent Political Research, Research Update, vol. 6, no. 194, 6 November 2000

¹⁹⁰ For the year 2001, Ukraine has replaced the 30 billion cubic metres of gas formerly supplied by Gazprom with Turkmen imports. The price has ranged from \$38-40 per thousand cubic metres (the Russian price of \$80, however, includes transportation costs), 50% payable in hard currency and 50% in product deliveries. Izvestiya, 13 November 2000, p. 2

agreements do not guarantee the long-term security of Ukraine's requirements in energy imports. One reason for this is that the gas can reach Ukraine only through a pipeline crossing Russian territory. 'Itera', an alleged Gazprom subsidiary, may retain \$12-14 out of \$30 billion cubic metres of the total amount provided in Ukrainian-Turkmen contracts (for 2000-2001) in payment of transit fees.¹⁹¹ Besides, Turkmenistan, like all other potential fuel suppliers previously approached by Ukraine, has had little motivation to tolerate partial and late payments.¹⁹² The option of selling gas to Russia, whose domestic market has been facing shortages as a result of increased exports to hard-currency markets, has been expected to reduce the Turkmen leadership's willingness to negotiate in case Ukraine has difficulty meeting its obligations.¹⁹³ Turkmen gas provides an alternative to Russian imports only as long as Ukraine is able to pay in full, as Turkmen President Niyazov made clear during the negotiations of a deal (concluded in May 2001) for the provision of 250 billion cubic metres until 2007.¹⁹⁴

The cost of alternative oil or gas supplies remains prohibitive due to the high transportation costs through existing routes (e.g. carriage of Gulf oil by sea) and due to the massive investment required for the development of new pipelines and/or oil terminals. The construction of a new oil terminal near Odessa, which began in 1995, and that of the Odessa-Brody oil pipeline, which started in 1996, had initially made very limited progress due to a severe shortfall in funding, but is expected to be completed by the end of 2001.¹⁹⁵ The Ukrainian government has sought to enlist international support for Odessa-Brody for the transport of Caspian Sea oil, but neither Western fuel companies nor other GUUAM states have so far expressed a preference for the route proposed by Ukraine.¹⁹⁶ The EU's prioritisation of the Yamal-Europe gas pipeline, which crosses Belarus, has further disappointed the Ukrainian side, though the EU,

¹⁹¹ Zerkalo Nedeli, 3-9 February 2001, p. 1

¹⁹² For details on the Kravchuk administration's abortive attempts at the diversification of energy imports, see D'Anieri, Economic Interdependence, pp. 83-85

¹⁹³ Nezavisimaya Gazeta, 18 November 2000, p. 5

¹⁹⁴ Nezavisimaya Gazeta, 17 May 2001, p. 5

¹⁹⁵ Ukrainian Center for Independent Political Research, Research Update, vol. 6, no. 194, 6 November 2000; Zerkalo Nedeli, 9-15 June 2001, p. 1

¹⁹⁶ *Ibid.* and Levchenko, "Ukraine in the Black Sea and Caspian Regions", p. 222. Instead, the Baku-Ceyhan (Turkey) route appears to have been favoured.

France and the EBRD have promised financial assistance towards the completion of the new reactors at the Rovno and Khmel'nitsky nuclear power plants.¹⁹⁷

Increasing the efficiency of energy consumption represents an alternative means of reducing Ukraine's reliance on Russian fuel. Its attainment appears similarly complicated due to the high levels of investment that would be necessary for the modernisation of the energy-intensive Ukrainian industry – most notably the metallurgical and chemical sectors. If implemented, the abolition of state subsidies to domestic fuel consumers, which has formed a condition for the release of IMF credits, would reduce energy consumption and, thereby, the need for imports. A former government adviser interviewed by the author pointed out that Ukraine's energy consumption has - intriguingly - failed to diminish in line with the decline in industrial output observed throughout the 1990s.¹⁹⁸ Although subsidies have been progressively reduced and even major enterprises have been cut off due to arrears,¹⁹⁹ the prevalence of market factors in the distribution and pricing of energy within Ukraine remains an elusive objective. The reform of the energy sector has been the subject of acute, protracted and highly publicised intra-governmental divisions.²⁰⁰ At any rate, it is understood that Ukraine's dependence on Russian fuel will continue for a very long time and, therefore, the main question has become how to make it more manageable. The regulation of the intertwined problems of unsanctioned gas siphoning and debt by means of the intergovernmental agreements reached in December 2000 represents such an attempt. The agreements effectively legalised gas siphoning according to Ukraine's needs and provided for conversion of the resulting state debt into long-term liabilities, thus easing the pressure previously faced by the Ukrainian authorities every winter. They have, however,

¹⁹⁷ Izvestiya, 13 November 2000, p. 4; Nezavisimaya Gazeta, 20 September 2000, p. 5

¹⁹⁸ He, moreover, described Ukraine's dependence on Russian fuel as 'artificial', suggesting that substantial amounts of the imported fuel were not actually consumed in Ukraine. Kiev, 3 November 1999

¹⁹⁹ Subsidies, which stood at \$78 per thousand cubic metres of gas in early 1995, have been gradually reduced since mid-1995. In winter 2000-2001, all debtors were cut off with the exception of electricity generation plants. Zerkalo Nedeli, 3-9 February 2001, p. 1

²⁰⁰ For the dispute between the State Taxation Administration and the National Security and Defence Council, on one hand, and PM Yushchenko and then Deputy PM Timoshenko, on the other, regarding the state of the energy sector, see Den', 3 November 2000, p. 1

given Russia the option of acquiring equity in major Ukrainian enterprises to be privatised.²⁰¹

In the past, the sale of so-called strategic enterprises to Russian concerns had been opposed, not only by national-minded politicians, but equally by Ukrainian business leaders concerned that they might be displaced by Russian capital.²⁰² A change in attitudes has become observable due to the prolonged inability of Ukraine's hard-currency earning enterprises to obtain raw materials, cover their debts, invest in infrastructure, and retain profitable export markets. For Ukraine's metallurgical, oil-processing and broader chemical sectors, Russia has formed the principal (if not single) source of raw materials, potential investment and export destination. The sale of several of these sectors' largest enterprises, which had previously been a matter of acute controversy, has proceeded with remarkably little opposition as of mid-1999. As former Presidential adviser Dmitry Vydrin explained:

"We have begun to understand that property and independence are different things. Even strongly nationally-oriented politicians have realised that money does not smell, that there is no difference between a dollar coming from the USA and a dollar from Russia, and that the sale of large and important enterprises does not mean automatic loss of independence and sovereignty."²⁰³

Similar circumstances pertain to Ukraine's fuel export pipelines, which have been found to be in urgent need of massive investment unavailable in Ukraine itself.²⁰⁴ Because these pipelines are considered as the most strategic of all assets in question, the draft legislation introduced by the government to enable the sale of major equity packages to foreign concerns has – once again – given rise to prolonged contestation.²⁰⁵ The Ukrainian administration has been divided on whether a concession contract or equity sale would be the optimal means of attracting foreign investors and/or managers. Still, high-standing offi-

²⁰¹ The text of the agreements is excerpted in Zerkaio Nedeli, 3-9 February 2001, p. 1

²⁰² This was reported to have been particularly the case of the banking sector. Author's interviews, Kiev, October-November 1999

²⁰³ Dmitry Vydrin, interview with Nezavisimaya Gazeta, 16 November 2000, p. 5

²⁰⁴ Petra Opitz and Christian von Hirschhausen, Ukraine as the Gas Bridge to Europe? Economic and Geopolitical Considerations, Working Paper no. 3, Kiev: Institute for Economic Research and Policy Consulting, August 2000, pp. 2-6

²⁰⁵ The bill for the sale of 49% of 'Ukrtransgaz' stock was introduced in September 2000.

cials (including PM at the time Viktor Yushchenko) have spoken out in favour of the latter option, which, would have been regarded as all but treasonous as recently as 1995.²⁰⁶ Chairman of the National Security and Defence Council Yevgeny Marchuk expressed this argument as follows:

“Even today I am trying to convince many people here in Kiev. What are we waiting for? Until the time when we will be dancing and singing patriotic songs on the empty, whining gas pipeline. And today I am even more convinced that it is necessary to encourage Russia’s participation in the privatisation of the gas pipeline in any acceptable and mutually profitable form.”²⁰⁷

Adverse economic realities at home, the return of economic growth in Russia, in conjunction with the admission that Western economic support is unlikely to rise significantly in the foreseeable future, have, thus, prodded the Ukrainian ruling elite to reconsider relations with Russia in general and the permissible role of Russian concerns in Ukraine’s economy in particular. Though Russian enterprises seeking to acquire Ukrainian firms have typically sought the assistance of the Russian government rather than the other way around, the possibility of them being occasionally called upon to serve Russian state priorities may not be excluded.²⁰⁸ A more likely effect may be an erosion of the governing Ukrainian elite’s economic sources of power, since the enterprises acquired by Russian concerns have been concentrated in Ukraine’s energy and metallurgical industries, hitherto the domain of powerful Ukrainian ‘oligarchic’ interests.²⁰⁹ As Ukrainian analysts note, however, those interests (represented politically by the core pro-Kuchma factions) have reconfigured their role as ‘middle-men’ for Russian business concerns, in order to safeguard their position in the face of their industries’ decline. This has led them to largely support the

²⁰⁶ On the national-minded deputies’ fierce denunciation of the Massandra agreements of March 1995, whereby the Ukrainian government accepted the conversion of energy debt to equity to be acquired by Gazprom, and the subsequent backtracking of the Ukrainian side, see D’Anieri, *Economic Interdependence*, pp. 81-82

²⁰⁷ Interview with *Nezavisimaya Gazeta*, 14 November 2000, p. 1

²⁰⁸ This occurred in the case of the Russian government’s temporary ban on oil supplies to Ukrainian plants (even those owned by Russian companies), which was linked to Ukraine’s gas arrears in late 1999.

²⁰⁹ Volodymyr Sidenko, “Current Ukrainian Economic Policy: Taking Account of National Interests or Those of Entrepreneurial Clans?”, *Politichna Dumka*, no. 1-2, 2000, p. 26

sale of enterprises to Russian conglomerates (effectively a U-turn from their earlier position), as opposed to the drive by the government of reformist PM Yushchenko to introduce transparency in the economy and implement conditions necessary for Ukraine's integration into the EU.²¹⁰ The Ukrainian elite has been fully aware that Ukraine's autonomy in foreign policy and – more arguably – its security may be compromised as a result of the country's economic weakness.²¹¹ Still, the view that Ukraine would be politically and economically better off by not fundamentally antagonising Russian priorities appears to have been gaining wider acceptance. Russian leadership's strict adherence to non-intervention in Ukraine's domestic matters, as opposed to strong Western criticism in connection with the Gongadze scandal,²¹² seems to have been appreciated by the Kuchma administration, leading to a further improvement of the climate in Russo-Ukrainian relations.

Conclusion: differences between Belarus and Ukraine

The Russia policies pursued by the leaderships of Belarus and Ukraine have diverged already since the immediate post-independence period. For Belarus, actual and perceived economic dependence on Russia (both as an export market and as a supplier of fuel and raw materials) was considerably higher than in the case of Ukraine. As national feeling dictating a course of dissociation from Russia was weak both among the political elite and the general population, mass and elite attitudes alike reinforced the economic rationale in favour of in-

²¹⁰ Zerkalo Nedeli, 14-20 April 2001, p. 1

²¹¹ In a series of elite polls organised by the UCPCRS during 1997 and 1998, overwhelming majorities of respondents (the rate ranged from 70 to 75%) deemed economic factors as the principal threat to Ukraine's security. For more details on these polls, see note 154.

²¹² In November 2000, opposition leader Aleksandr Moroz presented to the Rada audio tapes allegedly implicating President Kuchma in the murder of independent journalist Georgy Gongadze. The scandal seriously damaged Ukraine's democratic credentials in Western capitals, especially long delays in the opening of judicial investigations cast doubt as to the willingness of the Ukrainian leadership to meet international expectations. Unlike the US and the EU, Russia has consistently avoided to make any statements on the issue. Equally, it took care not to express any preferences as to the composition of the Ukrainian government during the Ukrainian Parliament's vote of no confidence in PM Yushchenko (April 2001), whose staying in office had been explicitly supported by the US.

tegration with Russia. In Ukraine, the presence of a vocal nationalist section of the elite and the electorate ruled out a foreign policy course similar to that of Belarus. More importantly, the ruling elite has aspired to Ukraine's international recognition as a major European power, which was seen as incompatible with a Russia-centred orientation. Belarusian policy-makers have not had a similar motivation to forego the immediate economic advantages of integration with Russia.

Though Ukrainian public opinion has tended to assign greater priority to closer relations with Russia than to any other potential foreign partner, the Kuchma administration has adopted integration with the EU as the foremost objective of its foreign policy. The Belarusian political elite has also largely regarded integration with 'Europe' as desirable in principle, but has assessed the prospects of EU expansion beyond the Baltics far more pessimistically. The Lukashenko administration, primarily for domestic political reasons, has differed from the Ukrainian leadership in considering NATO expansion as a potential security threat and has, therefore, deemed military integration with Russia as the most effective security-enhancing strategy. Economic conditions have, however, compelled both countries' leaderships' to adopt more flexible approaches in an effort to combine the equally essential benefits of close relations with Russia (supplies of fuel and raw materials; export markets) and with 'Europe' (cash credits; potential for investment in advanced technologies). The scope for Russian policy to influence the priorities of Belarus has been more significant than in the case of Ukraine, as a willingness and ability to meet – in large part - Belarusian expectations in the economic field appears likely to ensure the continued loyalty of any non-nationalist Belarusian leadership. External factors have been far more salient in Russia's relations with Ukraine. Following the formal recognition of Ukraine's present borders in 1997, additional actual and putative – primarily economic -incentives offered by Russia have been of limited appeal to the Ukrainian side, which has focused its expectations on the EU. The fulfilment of Russian aspirations with regard to Ukraine is, thus, likely to depend largely on the barriers or on the successes which are to mark the path of Ukraine's 'European choice' in the medium term.

Conclusion

The latter half of the 1990s and the beginning of the following decade have seen Belarus and Ukraine steadily rise in significance among the foreign policy priorities of the Russian Federation. This trend has not only been manifested at the symbolic level of diplomatic statements and political leaders' rhetoric, but has also been reflected in the growing intensity of interaction between Russia and its two neighbours - in the diplomatic, economic and military fields. During this period, the relevant legal framework developed impressively to resolve major outstanding issues (e.g. division of the Black Sea Fleet; mutual recognition of borders; Belarusian debt) and to lay the foundations for extensive cooperation (with Ukraine) and integration (with Belarus). It is clear that bilateral relations have acquired a lot more substance compared to the first few years after the dissolution of the Soviet Union, although the implementation of the relevant treaties and agreements has – more often than not – been partial and fraught with delays.

Despite the continued presence of several divisive issues, especially between Russia and Ukraine (e.g. trade disputes; debt repayment), progress in other areas is no longer blocked nor is the overall climate of bilateral relations defined by these tensions, as was – to a large extent – the case in the immediate post-independence period. As all three states under consideration have undergone a process of re-assessing their external environment, priority objectives and longer-term options, Russia's relations with Belarus and Ukraine have become less politicised and acquired a higher degree of stability. Many important questions remain open, not least the longer-term feasibility of Ukraine's efforts to maintain an equal distance from Russia and its Western partners or the viability of economic integration between Russia and Belarus as the two countries draw increasingly close to the broader European economic space. Nevertheless, as will be argued in the sections that follow, the period covered by this study could be regarded as a formative stage setting the main directions likely to shape relations on Russia's western border – at least in the medium term.

This concluding chapter will bring together a number of the most substantive observations made in earlier chapters. These will be viewed in the context of competing theoretical perspectives in an effort to offer some insights into the character of inter-state relations in this regional context. Finally, tendencies in

this region will be related to the broader international environment with a view to making some policy-relevant remarks.

Principal findings

Perhaps the most noteworthy development in Russia's relations with Belarus and Ukraine over the period examined in this work is the emergence of more clearly defined objectives and the identification of workable paths to their attainment. A plethora of previously considered options and scenarios (e.g. Russo-Ukrainian armed conflict over Crimea; merger of Russia and Belarus) have been brushed aside. The re-orientation of Russian foreign policy under Primakov's term in charge of the Foreign Ministry has been accompanied by a higher degree of predictability, which has been consolidated since the stabilisation of Russia's domestic politics following Vladimir Putin's election to the presidency. Russian foreign policy has had to adapt to the crystallisation of trends in the wider international environment, particularly the progressive enlargement of NATO and the EU and the continued fragmentation of the CIS. Against this background, Russian policy makers have continued to see realistic prospects for Russia to play a leading role in its immediate vicinity. This aspiration, which has been repeatedly articulated in official documents and public statements by high-ranking officials, has been instrumental to the achievement of a wide array of particular goals: from increased prestige and influence in international affairs to advantageous terms for Russian economic actors and – not least – enhanced popular legitimacy.

In all these respects, Ukraine and Belarus stand out among the countries of the former Soviet Union - as a function of their status as European states located between Russia and the expanding political, economic and defence community represented by the existing and projected membership of the EU and NATO; due to their close linkage to many key sectors of the Russian economy; and also by virtue of the historical, societal and ethno-cultural ties that give them an uppermost position when it comes to the Russian electorate's interest in foreign affairs. In addition to public opinion at large, the aforementioned factors correspond to the concerns and sectional interests of elite groups, with varying degrees of influence over public policy. For example, Russia's fuel-exporting companies require reliable transit routes, the defence-related and other industries seek the creation of vertically integrated production

lines, while the military leadership has been keen to maintain control over important installations beyond Russia's borders. Such influential groups' objectives are served by policies aimed at ensuring the Ukrainian and Belarusian authorities' enduring responsiveness to Russian concerns. Integration, implying *inter alia* a high element of commonality between Russian and Belarusian economic and defence policies and open access to the Belarusian economy for Russian economic actors, offers good prospects of the principal Russian interests being heeded in the longer term. The Union with Belarus has, thus, found firm sponsors among important sections of the Russian elite. This has been crucial to the continuing salience of the issue and also to Russian decision-makers' readiness to move beyond public statements in support of the Union by taking concrete steps, albeit not always successful, in this direction. External developments (such as NATO enlargement and its bombing campaign against Yugoslavia) have added to the perceived urgency to take such steps, contributing to occasional accelerations of impetus in the Russia-Belarus integration process.

The present study found that all material and identity-related considerations underlying elite and mass public support for integration with Belarus, not only extended to Ukraine, but could - in some cases - be said to apply with even greater force (e.g. given Ukraine's greater economic weight and strategic capabilities). Were the Russia-Belarus Union to enlarge, Ukraine would be the most welcome third member from the point of view of both Russian and Belarusian policy-makers. Such a prospect is, however, contemplated only as a rather remote possibility due to the Ukrainian leadership's unambiguous dismissal of such suggestions made by domestic Russia-oriented constituencies.

As a result, Russian policy towards Ukraine has been guided by more modest expectations than those concerning Belarus. Although Ukraine's 'European choice' has not raised serious concern among the Russian foreign policy community, a strategy of increasing material rewards (e.g. free access to the Russian market for Ukrainian producers; debt cancellation) with a view to 'buying' Ukraine's loyalty is not considered realistic, either. At the same time, the Russian leadership, under both Yeltsin and Putin, has cautiously avoided antagonising the Ukrainian authorities. Official Russian policy as expressed by the Presidential administration and the government has consistently remained aloof from calls for the use of heavy-handed tactics, which have come from high-profile Russian experts, parliamentarians and governors. To be sure, such calls

have caused significant resentment of a Russian 'elder brother' or even 'neo-imperialist' mentality among the Ukrainian elite. On the other hand, representatives of the Russian executive have consistently refrained from questioning Ukraine's territorial integrity, from supporting separatism in Crimea and even from interfering on the side of Russophone local authorities in their disputes with Kiev over the language issue. In conjunction with internal developments in Ukrainian politics, which weakened the position of national-minded forces in the second Kuchma administration, this non-interventionist approach has contributed to the increased mutual confidence and improved climate that came to characterise bilateral relations towards the end of the period under consideration.

In terms of effectiveness in obtaining concrete results, however, Russian diplomacy has failed to take full advantage of Russia's superior economic weight and of Ukraine's corresponding vulnerabilities. It has, therefore, been strongly criticised by Russian experts for inertia, complacency, insufficient persistence in the pursuit of its demands (e.g. debt-for-equity proposals) and even incoherence and lack of professionalism. In view of apparent Ukrainian indifference, the Russian government devoted little effort to reversing the marked downward trend in bilateral economic relations, which continued throughout the second half of the 1990s. Such criticism has subsided under Putin, as a series of long-standing Russian mid-range objectives (e.g. acquisition of Ukrainian so-called 'strategic' enterprises; understanding on military exercises involving NATO forces) began to materialise. The Putin administration has sought to push relations with Ukraine out of the relative stagnation that followed the conclusion of the 'Big Treaty'. In this endeavour, the Putin leadership has been assisted by the recovery of the Russian economy, which has encouraged the Ukrainian administration's renewed interest in improving relations with Russia and giving more substance to their economic element.

Indeed, the impetus for expanding the scope or raising the level of bilateral cooperation has in most cases come, not from Russia, but from the Belarusian or Ukrainian administrations, for reasons primarily connected with domestic political and economic developments or with their re-evaluation of opportunities presented by the international environment. For the most part, Russian policy has been reactive, leaving very considerable scope for manoeuvre (e.g. selective implementation of existing agreements) for Ukrainian and Belarusian policy-makers. Faced with a pro-active Belarusian administration, Russian officials

have typically found themselves trying to respond to maximalist demands for further integration (e.g. Union citizenship; monetary union). The Russian administration has sought to make economic integration conditional on Belarusian approximation of Russian norms and indicators rather than vice versa. This has at times made Russia's commitment to integration with Belarus appear erratic, especially in view of highly publicised intra-administration disputes on the merits of the process. Nevertheless, despite the scarce material resources available to the Russian state, Belarus and also Ukraine have benefited from substantial levels of subsidy, not comparable to the resources allocated to any other foreign countries – including within the CIS.

It could be argued that, in the case of Ukraine in particular, Russian policy makers have had little choice but to restructure Ukraine's debt on favourable terms and continue fuel supplies in spite of payment arrears. The case of Belarus, which has kept receiving Russian fuel for significantly discounted prices long after the rest of the CIS countries, demonstrates Russian fuel exporting companies' pliability to state policy priorities. Still, the strategic interests of these companies, most notably their intention to acquire important assets both in Belarus and in Ukraine, has been a factor in the aforementioned preferential terms. Moreover, Russian exporters cannot promptly replace the revenue from the Ukrainian market nor can they contemplate completely bypassing Ukraine as a transit country. Likewise, the Russian state had very limited options for recovering the outstanding debt. Exchanging it for equity and setting it off against fees to be charged for Russia's military presence have constituted the main possibilities, of which Ukrainian decision-makers chose the latter, not least as the economically most rewarding option. In political terms, either side's refusal to compromise could have entailed a sharp deterioration in bilateral relations, which both sides have been keen to avoid.¹

Russia and Ukraine have thus reached a *modus vivendi* with the potential to develop into a long-term, multifaceted cooperative relationship, once mutually

¹ Russia's relations with Georgia provide a negative example: mutual accusations of support for separatist regions; imposition of a visa regime; debt disputes leading to repeated disruptions of energy supplies; prolonged tensions over the presence of Russian military forces in Georgian bases. Apart from the higher strategic and economic risks, such a level of deterioration in Russo-Ukrainian relations would have had domestically unacceptable political costs for both countries' leaderships (see the analysis of elite and public opinion surveys in Chapters One and Four).

acceptable terms have been negotiated. In the meantime, although Ukrainian diplomacy could by no means be described as loyal to Russia, the Kuchma administration has been cautious not to openly challenge Russian positions. The Russian foreign policy community and the military leadership in particular have maintained serious misgivings over Ukraine's close military cooperation with NATO and the United States. Still, relations between the Russian and Ukrainian military sectors (armed forces and defence-related industries) have developed to an almost comparable level, especially since mid-2000 as part of a broader shift of the Ukrainian administration away from nationalist positions.

As far as Belarus is concerned, there may well be some merit in relating the proportionally higher level of Russian economic support² to the much firmer and more consistent alignment of Belarusian diplomacy to Russian positions and the smooth and rapid development of military integration, both before and after the establishment of the Union. Indeed, the type of economic support from which Belarus has benefited (e.g. debt cancellation; additional credits; discounted energy prices) resembles that enjoyed by some of the less prosperous Russian regions. The Russian political elite's growing acceptance of this type and level of support to the Belarusian economy has been in large part motivated by the fact that Belarus has enthusiastically assumed the role of Russia's most loyal ally. This alignment has also been a function of the close identitive affinity, which renders most of the Belarusian foreign policy elite sympathetic to Russian perspectives, as well as of the Belarusian President's authoritarian rule, which has alienated the Western community, thereby limiting the foreign policy options open to Belarus.

At the same time, Russian support for the Belarusian economy has proved counterproductive in terms of encouraging harmonisation with Russian reforms, as required by the integration treaties. The Belarusian leadership has used Russian economic support to sustain policies containing many elements of the Soviet socio-economic system, thereby contradicting treaty provisions on economic integration. Tellingly, the aspects of integration that did not require the

² Annual levels of Russian subsidisation of the Ukrainian and Belarusian economies have been comparable (\$1.5 billion for Ukraine according to Krasnov and Brada, and \$1.5-\$2 billion estimated for Belarus by Russian and Belarusian economists – see Chapters Two and Four), implying a much high impact in the case of Belarus given the smaller size of its economy. Gregory Krasnov and Josef Brada, "Implicit Subsidies in Russian-Ukrainian Energy Trade", *Europe-Asia Studies*, vo. 49, no. 5, 1997, pp. 827-829

Belarusian leadership to modify its core socio-economic policies or make other economic concessions (e.g. give up customs revenue) have been the ones to advance most rapidly and with the least controversy: military integration; implementation of equal social and economic rights for Union citizens; and, for the most part, elimination of restrictions on bilateral trade. This rationale has also underpinned the Belarusian authorities' keenness on the establishment of egalitarian financial-industrial groups and on direct trade, investment and joint production agreements with the Russian regions, which have boosted Russo-Belarusian trade and Belarusian exports in particular.

Weak conditionality has been a marked failure of Russian policy – in part due to insufficient coordination between the economic ministries and agencies, on the one hand, and the Foreign Ministry and the now defunct Ministry for CIS Affairs, on the other. The Putin administration has strengthened conditionality, requiring the Belarusian side to implement the necessary reforms (most notably, monetary discipline; privatisation; deregulation of business activity; price and labour market liberalisation) before issuing additional credits or proceeding with new treaty commitments – including monetary union. Under the added pressure of declining economic growth, the Belarusian government began to heed Russian demands as of 2000, initially in monetary policy and, subsequently, in terms of – albeit gradual – liberalisation. Russia's adoption of a long-term reformist agenda has also been a major factor, as the Belarusian leadership has had to give up its hopes that Russia might decide to emulate the Belarusian socio-economic model.

The divergence between the economic courses favoured by the two countries' leaderships has been one among several factors accounting for the sub-optimal effectiveness in attaining the objectives specified in the integration treaties. The rather poor intra-governmental coordination (especially between diplomats in charge of inter-governmental negotiations and the economic ministries, primarily responsible for implementation) and low overall administrative capacity characterising both integration partners have also had a detrimental effect. Russian and Belarusian officials' rather formalistic approach to problem-solving, concentrating on the conclusion of agreements and giving insufficient attention to their implementation, has been another weakness of the integration process. There are signs that the operation of the Union-state Council of Ministers as of 2000, which has given economic ministries a direct role in Union policy formulation, has reduced national agencies' scope for diverse implementa-

tion of agreed measures. In addition, insufficient financial resources have frequently delayed the implementation of ambitious joint projects. Similar shortcomings have affected the Russo-Ukrainian agreements on economic cooperation, whose objectives have been more modest than those of Russo-Belarusian integration treaties. The recovery of Russo-Ukrainian economic interaction as of mid-1999 has been a function, not only of increased inter-governmental activity, but also of heightened involvement of business interests, itself enabled by the return of economic growth.

In seeking closer relations with Russia and inviting Russian capital into Ukraine's industrial sector, the Kuchma administration has made a marked departure from its earlier positions. It represents a shift of emphasis within the bounds of the Kuchma leadership's dual policy of integration with the European Union (and possibly NATO), on the one hand, and of maintaining close relations with Russia, on the other. The dual policy has helped the Kuchma administration accommodate pressures from political forces with opposing foreign policy agendas, i.e. Western-oriented national-democrats and the Russia/CIS-oriented left. Shifts in the relative influence of these forces and sectional groups allied to them within presidential circles have been reflected in discernible adjustments in foreign policy, such as the one that followed the replacement of Boris Tarasyuk by Anatoly Zlenko. The centrist core of the pro-Kuchma elite, characterised by a lack of a firm identity-inspired commitment to either the so-called European choice or a Russia-centred path, has had a pivotal role. It has sought to extract concessions from both Russia (e.g. debt restructuring) and its Western partners (e.g. NATO assistance with modernising the Armed Forces; EU funds to cover energy payments). At the same time, it has been aware (to a much higher extent than the Kravchuk administration) of the limitations imposed by Ukraine's structural dependence on the Russian export market and fuel supplies and by the long distance separating Ukrainian political and economic conditions from Central Europe and EU accession criteria.

The higher (overwhelming even) degree of the Belarusian economy's dependence on Russia was a fundamental consideration in the Belarusian elite's lack of ambivalence about seeking reintegration with Russia on a bilateral basis without waiting for consensus among the whole of the CIS membership. However, the disinclination to consider alternative external orientations (a rather weakly defined neutrality having been the only other possibility considered) has been closely linked to the much more limited appeal of nationalist ideas –

among both the policy-making elite and the mass public. A strong sense of a common ethno-cultural identity traditionally linking Belarusians and Russians has meant that the Belarusian political elite has lacked an identity-based motivation to seek dissociation from Russia, especially at the risk of economic hardship. Overwhelmingly positive public perceptions of Russia and its contribution to the welfare and security of Belarus have turned integration into a political asset, of which President Lukashenko has taken full advantage. The Union's desirability has been practically uncontested, not only within the Lukashenko administration, but also in mainstream opposition circles. On the other hand, President Lukashenko's use of Russian economic support to avoid the implementation of market reforms has been much criticised, not only by the opposition, but also by sections of his own administration as well as his Russian integration partners. This has also been the case of the Belarusian leadership's failure to improve relations with international organisations (the EU, NATO, the OSCE), the prosperous West European countries and the US.

Theoretical consideration of principal findings

An overview of Russia's relations with Belarus and Ukraine since the mid-1990s would suggest that distinct dynamics operate within this regional context, which may be described as a regional subsystem. Russia's overwhelming economic and political weight is a key feature of this subsystem, reducing not only the relative significance of Belarus and Ukraine to each other, but also the scope for external actors to influence outcomes within the subsystem. Several conceptual and material factors (e.g. uneven interdependence; notions of common identity) affecting interaction within this subsystem differentiate it from the wider international context, pointing to a given theory's different degrees of applicability within and outside the subsystem.

Realist perspectives (or rather perspectives focused on geopolitical factors, consistent with the Realist tradition) have dominated Russian interpretations of the broader international environment, privileging zero-sum perceptions of changes in the European institutional architecture. Russian policy-makers' concern with strengthening their country's position in European security following the eastward enlargement of NATO has been an important element in their reconsideration of relations with Belarus and Ukraine. However, security issues have far from monopolised the Russian list of priorities with regard to Belarus

and Ukraine, with so-called strategic economic interests (such as fuel transit arrangements) rising to the top of the agenda. Due to the dense economic and societal links between Russia and its two immediate neighbours, a multitude of government agencies, economic interests, political forces and civil society organisations motivated by different considerations have sought to influence policy towards Belarus and Ukraine. Public opinion has equally been a far more salient factor in this aspect of Russia's external relations than in foreign policy as a whole. As a result, the formulation of policy towards Belarus and Ukraine has been more pluralistic and fragmented than Realist models presenting states as unitary actors would suggest. Notions of a common identity based on close historical, ethnic and cultural ties also have to be taken into consideration in order to understand the prevalence of integration as the preferred type of relations with Belarus and – at least in principle – also with Ukraine. Therefore, power projection does not represent an adequate account of the rationale informing Russia's policy towards these countries.

The combination of factors that have shaped Russian policy towards Belarus and Ukraine may not be comprehensively accounted for within the framework of any single theory. Nevertheless, complex interdependence and Amitai Etzioni's theory of leadership provide insights which are particularly pertinent to Russia's conduct towards Belarus and Ukraine. Asymmetric interdependence quite accurately describes Russia's economic relations with its two smaller neighbours. It anticipates that Russia's superiority of resources may not be convertible into a proportionate degree of control over outcomes because of structural vulnerabilities (e.g. difficulty of obtaining alternative transportation routes for its exports). It thus suggests that the use of economic blackmail tactics (e.g. threats to suspend fuel supplies) to extract political or economic concessions would entail prohibitive costs for the Russian economy, albeit less than those for Belarus or Ukraine. Rather, the presence of a wide array of non-hierarchically ordered issues in the agenda of bilateral relations presents linkage opportunities, which may - on different occasions – be used to Russia's advantage or to maximise the bargaining strengths of Belarus or Ukraine.³ The interests of domestic constituencies (e.g. regions and economic sectors relying on reliable transactions with Belarus or Ukraine) represent further constraints

³ Robert O. Keohane, and Joseph S. Nye, Power and Interdependence, second edition, London: Harper-Collins, 1989, pp. 16-18, 32-34

on the options considered by Russian policy makers. Interdependence theory incorporates this factor by linking the inter-connectedness of economies and societies with a reduction in the autonomy of the foreign policy domain from that of domestic politics. The framework of complex interdependence refers to regional contexts within which resort to military force is not only economically inexpedient but is effectively absent from policy makers considerations.⁴ According to the evidence gathered by this study, the Russian foreign policy community has been highly aware of the economic constraints imposed by interdependence and regards the use of force against Belarus or Ukraine as practically unthinkable. Etzioni's leadership theory closely corresponds to the rationale of Russia's overall restraint from coercive policy instruments and use of positive incentives as a means of establishing alignment or integration as a security-enhancing and economically rewarding foreign policy orientation for neighbouring states.

Paul D'Anieri has argued that interdependence theory is not the most appropriate framework for looking at the Russia-Ukraine inter-relationship.⁵ He suggests that, in the context of the former Soviet Union, policy-makers' preoccupation with state sovereignty and security considerations (key parameters in Realist analysis) overshadows their concern for economic welfare and even – in some cases – decision-making autonomy. In such a context, the salience, however indisputable, of economic interdependence would be reduced to a secondary role. A Realist perspective would, therefore, be better suited to understanding the dynamics of Russia's relations with its immediate neighbours. Even if a preoccupation with sovereignty and fears over security dominated Ukrainian foreign policy makers' thinking during the period on which D'Anieri's analysis focuses, the findings of the present study suggest that this has not been the case after the conclusion of 'the Big Treaty' of 1997.

Some sections of the Ukrainian elite continue to see Russia as a potential source of threats to national security, especially if the latter term is defined rather broadly to include non-interference in domestic issues and policy-making processes. Despite residual caution regarding Russian intentions, Ukrainian foreign policy under Kuchma has not been premised on an antagonistic relationship with Russia. Ukraine's 'European choice' and military cooperation with

⁴ Ibid., pp. 25-29

⁵ Paul J. D' Anieri, Economic Interdependence in Ukrainian-Russian Relations, Albany: State University of New York Press, 1999

NATO have been the product of diverse considerations advanced by a multitude of constituencies. Many of these groups do not view this orientation as an alternative to close relations with Russia, let alone as a means of defending Ukrainian independence from what is perceived to be a hostile neighbour. The Ukrainian leadership's active encouragement of Russian investment in the privatisation of so-called strategic enterprises shows that a strategy of reducing economic interaction with Russia in the interests of national security and sovereignty has been discredited. Officials from elite sections representing the core of the pro-Kuchma forces, who were interviewed by the author, expressed dissatisfaction with what they perceived as Russian arrogance. They were, however, entirely dismissive of suggestions that Ukraine was being subjected to Russian coercive diplomacy – including economic pressure. They appeared convinced that the current pattern of relations (especially in the economic field) was more beneficial to Ukraine than to Russia and perceived no security threat emanating from Russia.⁶

The presence of several conceptions of national identity, corresponding to the political cleavages along regional, ethnic and linguistic lines, is of particular relevance to understanding the prominence of foreign policy programmes in Ukraine's domestic politics and the constraints on the policy options available to the country's leadership. Broader-than-national notions of identity (East Slavic/Soviet; 'greater Russian' identity) form a crucial component of the enduring appeal of integration with Russia among the Belarusian elite and mass public. They equally underlie the legitimacy of the integration process in Russia, where the Union has been surrounded by an aura of ideological 'correctness', sheltering it from frontal attacks that could question its very desirability and contest any immediate material losses incurred in its course.⁷ The strong legitimacy of integration has enabled the Russia-Belarus Union to depart from the path suggested by the theory of neo-functionalism, formulated to account for the development of the European Community. Instead of a step-by-step approach starting from relatively narrow technical policy areas within the economic domain, Russo-Belarusian integration began from the identity-charged

⁶ Author's interviews, October-November 1999; Chapter Four.

⁷ Nye assigns this legitimising function, protecting an integration process from attacks on the grounds of short-term losses, to the presence of a sense of a common regional identity. J.S. Nye, *Peace in Parts: Integration and Conflict in Regional Organization*, Boston: Little, Brown and Company, 1971, p. 73

sectors of defence and foreign policy. Although positive perceptions of the European Union as a successful example of regional integration led to the adoption of an institutional structure inspired by the EU model, the Russia-Belarus Union has lacked a powerful supranational authority.⁸ Policy making at Union level has taken the form of inter-governmental negotiations.

In the absence of a firm step with far-reaching policy ramifications of a more or less compelling character such as monetary union, the integration process cannot be said to have acquired what neo-functional theory describes as a self-propelling dynamic making integration rather hard to reverse ('spill-over'). If the two countries' leaderships lose the motivation to persevere with the implementation of existing agreements, popular apathy and the quiet abandonment of the process may be likely outcomes. In the opposite case, the comprehensive objectives established at the outset of the integration process limit the opportunity to probe for functional spill-over effects. In the Russo-Belarusian case, the decision to proceed with monetary union has preceded the completion of the custom union (an earlier stage according to the neo-functional hierarchy of policy sectors). Therefore, an expansion in the scope and level of Union activity may not be fully attributed to a wish to maximise the material rewards resulting from the successful integration of 'take-off sectors'. The record of Russo-Belarusian integration confirms the fundamental importance of a convergence in national leaderships' policy agendas, emphasised by neo-functionalists and other theorists of regional integration. The shared anxiety over NATO's eastward expansion and over its strategic concept sanctioning military intervention without UN Security Council (and therefore Russian) approval has given impetus to integration between Russia and Belarus in the field of defence. By contrast, the divergence between the Russian leadership's – albeit at times wavering – commitment to the establishment of a functioning market economy and the Belarusian effort to preserve elements of the Soviet economic system has adversely affected movement towards a unified economic space. The measures taken by the Belarusian government to approximate monetary union conditions have provided some evidence in favour of Etzioni's insight that a leading state shouldering most of the initial costs may induce smaller integration partners to adopt the integration agenda.

⁸ In this respect, it resembles other regional groupings inspired from the European Union such as the Latin American Mercosur.

Russia, Ukraine and Belarus in the European context

In considering the question whether disintegrative or centripetal tendencies have prevailed in Russia's relations with Ukraine and Belarus over the period covered by the study, it may be said that the region has become overall more cohesive. This refers to the regularisation of political contacts, the shift of focus in inter-governmental negotiations from dispute resolution to the upgrading of existing relations and also to the arrest (and partial reversal) of the decline in economic interaction that followed the break-up of the Soviet Union. At the same time, with the marked exception of Belarus, the region has become more integrated in the wider European area by developing political dialogue, functional cooperation and more extensive economic and societal interaction with Western and (especially in the case of Ukraine) Central Europe.

The international isolation of Belarus might appear to confirm the suggestion that the economic and identity-related pull of Russia drives Belarus in an eastern direction, away from the rest of Europe. Ukraine would then seem to be moving in the opposite direction, the objective of accession to the EU pointing westwards, away from Russia. There are, however, important limitations to this intuitively appealing model. The first pertains to the domestic origins of the Belarusian authorities' neglect of relations with countries to the west of the border. Neither the alignment of Belarus with Russian diplomatic positions nor military integration with Russia have pushed the Belarusian leadership to turn its back on the western dimension of the country's external relations. None of these factors has prompted the rest of Europe to isolate Belarus, defence-related concerns raised in Poland, Latvia and Lithuania notwithstanding. Russia's own relations with the EU, NATO and their member-states have been much more extensive and on the whole congenial. It has been the authoritarian behaviour of the Lukashenko administration towards its political opponents and the media that has alienated most European leaders.

In addition, the socio-economic model favoured by the Belarusian administration has come to represent a major impediment to further integration with Russia. While the Belarusian economy has been supported by high levels of Russian direct and indirect subsidies, the lag in economic reform appears to have restricted the extent to which Belarus has been able to benefit from the

Russian economic recovery since 1999.⁹ To a certain degree, the same could be said of Ukraine, where the first positive growth rates (in 2000) since independence have been connected to the improved climate in the Russian market.¹⁰ Despite the Belarusian commitment to economic integration with Russia, Ukraine has been more open to Russian investment. The economic aspect of Russo-Belarusian integration is not, nevertheless, reducible to Russian economic support and the revival of Soviet-era trade and production links. Following the speedy removal of bilateral trade restrictions, the integration process has entailed continuous inter-governmental negotiation over the precise terms of economic unification (e.g. external trade regulation; monetary union conditions; tax standardisation; privatisation in Belarus). With the clarification of Russia's economic course after Putin's election to the presidency, it has become clear that the Belarusian leadership will have little choice but to follow in Russia's tracks or risk economic isolation. Since the launching of the integration process, Belarus's economic dependence on Russia (especially as an export destination) has increased. As a result of the Russian leadership's intention to further approximate European economic and legal norms in order to attract foreign investment and improve its position in the EU market, Belarus is likely to be brought into what is set to become a common European economic space.¹¹ This is the expectation reflected in the Belarusian foreign policy community's favoured notion of integration into Europe with Russia.

These dynamics are to some extent pertinent also to the case of Ukraine, where Russian investors' complaints have closely resembled those of their Western counterparts. The Ukrainian leadership's declared intention to seek EU membership has so far not been matched by a determined effort to meet accession criteria, the pace of reform having been overall slower than in Rus-

⁹ Since Russia's return to economic growth in 1999, Belarusian growth rates have increasingly lagged behind. In 1999, the Russian economy grew by 3.5% as opposed to 3% for Belarus. In 2000 the gap widened, as Russia posted growth of 7.7% as compared to the Belarusian economy's 5.8%. Growth rates in 2001 are predicted at 3.4% and 2% respectively. European Bank for Reconstruction and Development, Transition Report Update, London: EBRD, April 2001, p. 15

¹⁰ *Ibid.*, p. 95. In 2000, the Ukrainian economy showed growth (of 6%; 12.9% in industrial output) for the first time since the country's emergence as an independent state. The projected rate for 2001 is 3.5%.

¹¹ This term was introduced during the European Union-Russia summit of May 2001 and refers to progressive approximation of economic legislation and trade liberalisation.

sia.¹² For both Belarus and Ukraine, a far more resolute approach to economic reform will be necessary in order to draw closer to Western and Central Europe or/and Russia. At the same time, the feasibility of external orientations almost exclusively focused on either Russia or 'the West' appears increasingly problematic, as indicated by the Ukrainian leadership's reassessment of relations with Russia, especially in the economic field. Both Belarusian and Ukrainian foreign policy-makers have had some success in taking advantage of their countries' strategic positions to extract political support and economic rewards from Russia or Euro-Atlantic organisations and their member-states. Neither Belarus nor Ukraine could, however, hope to base their longer-term economic prospects on geopolitical rivalry between Russia and 'the West'. The very presence of such a rivalry is rather precarious and limited to certain aspects of international affairs (e.g. military intervention in conflicts). The Kuchma administration's record of alternatively favouring competing Russian and Western preferences (e.g. with regard to NATO military activity on Ukrainian territory) has impaired its perceived reliability as a partner particularly in the eyes of Russian policy-makers. Besides, economic dividends of political loyalty (e.g. debt rescheduling or other credits; subsidies in trade or direct assistance) could not be expected to provide long-term solutions.

The Belarusian and Ukrainian authorities have been increasingly faced with the need to increase their economies' international competitiveness as exporters and investment destinations. While the reform prescriptions of Russia and Western creditors have presented considerable overlap, Russian expectations have often been accompanied by less demanding conditions (e.g. with regard to the repayment of credits). As far as political conditions are concerned, rather conveniently for the Kuchma and Lukashenko administrations, the Russian leadership (itself not free from international criticism) has not followed the example of the European Union, NATO and their member-states in demanding stricter observance of democratic norms and human rights. To Belarus and Ukraine alike, Russia will continue to be essential as an export market and equally as an investor in sectors (notably heavy industry) occupying central positions in their national economies, which Western companies would not be inclined to invest in. Indeed, the future economic prospects of both countries will

¹² This is not to overlook that Ukraine showed marked progress in economic reform (balanced budget; low inflation; reduction of barter transactions; real GDP growth) in 2000 and, in some aspects (e.g. land privatisation), the reform process has been more advanced than in Russia.

depend on their ability to convert functional complementarity, geographical proximity and structural interdependence with Russia into advantages for improving their position in the wider European economy. The current globalised economic order favours closely integrated regions, fully connected to their broader environment. To the extent that the Russia-Belarus Union may eventually succeed in establishing a unified economic space at the same time as – primarily through Russian efforts – becoming increasingly linked to Western Europe, it could evolve into a sub-region of a wider European economic space. This would add to its appeal to other ‘outsiders’ of the EU integration process. Such a prospect has been reflected in the Moldovan leadership’s declared interest in the possibility of accession to the Russia-Belarus Union in parallel with the country’s pursuit of EU membership. Although the latter objective has been considered - in principle - more rewarding, it is also deemed very hard to attain, particularly in view of Moldovan economic conditions.¹³

Should the process of integration with Russia disappoint Belarusian hopes, it might be extremely difficult for the country’s leadership to aim for membership of the EU instead. In the case of Ukraine, a protracted period of exclusion from EU accession negotiations may further moderate the elite’s reluctance to contemplate economic integration with Russia. The early stages of West European integration provide a potentially meaningful analogy. In his examination of the British debate on relations with the EEC during the 1950s, Ernst Haas observed a shift from all parties’ original unwillingness to consider membership of any supranational organisation to a general eagerness for association, initially through membership of the free trade area.¹⁴ To this he offered the following explanation: “Fear of isolation became a potent catalyst to the spill-over process.”¹⁵ The relatively inflexible cleavage structure of Ukrainian domestic politics and elite aspirations to a prominent international role effectively preclude join-

¹³ In a statement to Moldovan news agency ‘Infotag’, the Moldovan President said of his administration’s external orientation: “We are not against integration into the European Union. But this is a long perspective, as a multitude of conditions need to be met for this. We seek to develop cooperation with all countries. Why not our integrating (sic) into the European community together with Russia and Belarus?” *Infotag*, 23 April 2001 (www.mldnet.com/infotag). See also *Nezavisimaya Gazeta*, 3 March 2001, p. 5

¹⁴ E.B. Haas, *The Uniting of Europe*, Stanford, CA: Stanford University Press, 1958, pp. 159-161, 314-317

¹⁵ *Ibid.*, p. 315. In this case, the concept of spill-over (i.e. self-propelling logic of integration) refers to the expansion of EEC membership.

ing the Russo-Belarusian Union in its current highly institutionalised and militarised form. A more informal arrangement (e.g. a free-trade area) may be politically more acceptable and, therefore, provide a more realistic alternative. Such an option could be compatible with the possible inclusion of Ukraine in a later stage of the EU enlargement process. Though the Russian leadership has not been enthusiastic about its neighbours participating in institutional arrangements of which Russia is not a member (most notably in the case of NATO), it has not opposed Ukraine's 'European choice'. This has been partly due to Russian scepticism regarding Ukraine's 'European prospects'. It has also been a function of Ukraine's 'European choice' largely running parallel with Russia's own approach to the European Union, though the latter does not envisage membership.

Russian policy is, therefore, very unlikely to become a barrier to Ukraine's pursuit of EU candidate status, whose attainment will, nevertheless, presuppose a remarkable acceleration of Ukraine's movement towards EU criteria as well as a redefinition of the feasible limits of the process from the part of the EU. Still, Russia has shown little propensity for taking the initiative in upgrading relations with its neighbours, typically waiting for specific proposals from the Belarusian and Ukrainian administrations. Ukrainian policy-makers have increasingly suggested that more harmonious political relations, more extensive economic ties and even closer security cooperation with Russia could help their country draw closer to 'Europe'. Both the Russian and Ukrainian foreign policy communities are becoming more aware of the international dimension of bilateral relations, viewing strengthened bilateral ties as an important mechanism for approximating EU socio-economic conditions and enhancing their contribution to Europe-wide security.¹⁶ Thus, a new thinking may be said to be emerging, predicated on a conception of convergence with an enlarging European Union and of Russo-Ukrainian bilateral rapprochement (in the political, economic and security spheres alike) not as antithetical but as parallel, mutually reinforcing processes. The coming years will test this new thinking and present Russia, Belarus and Ukraine with the challenge of further reducing residual tensions and suspicions in order to draw closer to one another and to the rest of Europe at the same time.

¹⁶ Confidential statements (under Chatham House rules and in private discussions with the author) by senior Russian and Ukrainian officials. Belgium, spring 2001; United Kingdom, autumn 2001.

Appendix:

List of elite interviews

United Kingdom

December 1998:

- Senior diplomat, Consulate-general of the Russian Federation in Edinburgh
- Senior diplomat, Embassy of the Republic of Belarus in the U.K.

Kiev

October 1999:

- Ihor Kyrilchuk, adviser to the Verkhovna Rada Environmental Committee adviser
- Senior diplomat, Ukrainian representation in the UN
- Igor Pilyaev, adviser to the Verkhovna Rada Foreign Affairs Committee
- Petro Pavlichenko, director of the Regional Environmental Centre (Western and state-sponsored, formally independent organisation)
- Colonel Alexander Mananchinsky and
Andrei Solovyev, National Institute of Strategic Studies
- Dr Aleksy Plotnikov and
Dr Valery Novitsky, Institute of World Economy and International Relations,
Ukrainian Academy of Sciences
- Yaroslav Pilinsky, Deputy director of the Institute for Democracy;
representative of Carnegie Endowment in Ukraine
- Andrei Nosenko, Social Democratic Party (pro-Kuchma) Headquarters
- Colonel-general working in the Ukrainian Ministry of Defence

November 1999:

- Alexander Levchenko,
Alexander Parfionov, and
Alexander Medved, Ukrainian Centre for International Security Studies
- Ivanna Klympush, East-West Institute
- Vladimir Granovsky, Director of the “Agency for Humanitarian Technologies” (economic consultancy firm working for the Ukrainian government)
- Dmitry Vydrin, Director of the European Institute of Integration and Development; adviser to the Ukrainian government
- Aleksei Tolpygo, Kiev Centre of Political Research and Conflict Studies
- Hrihory Nemirya, Director of European and International Studies, Institute of International Relations, Kiev Taras Shevchenko University
- Vasil Boiko, Director of Secretariat, Congress of Ukrainian Nationalists (the most right-wing party in the Verkhovna Rada)
- Anatoly Gutsal, First Deputy Director, and
Valery Kuzmenko, Head of the Regional relations Section, National Institute of Russian-Ukrainian relations (part of the Council for National Security and Defence)

Minsk

November 1999:

- Senior diplomat, Embassy of the UK
- Eva Sotiropoulou-Gropa, Cultural Attaché, Greek Embassy
- Retired General; adviser to President Lukashenko
- Professor Anatoly Rozanov, Faculty of International Relations, Belarusian State University
- Senior official, Press section, Belarusian Ministry of Foreign Affairs
- Official, Europe Department of the Belarusian MFA
- Panayotis Goumas, Ambassador of Greece with ministerial rank
- Yury Drakokhrust, journalist for “Belorusskaya Delovaya Gazeta” and Radio Liberty/RFE

- Senior official, Department of Union between Belarus and the Russian Federation, Belarusian MFA
- Senior official, TACIS office, Minsk branch of the EU Delegation to Ukraine, Belarus and Moldova
- Alexander Mikheishin, Assistant Rector, European Humanities University
- Official, Planning and Strategy Department, Belarusian MFA
- Senior official, Representation in Belarus of the Executive Committee of the Union of the Russian Federation and Belarus
- Oleg Manaev, Director of the Independent Institute of Socio-economic and Political Studies; Professor of Sociology, Belarusian State University
- Leonid Zaiko, President of the analytical centre "Strategy" (formerly East-West Institute)
- Leonid Zlotnikov, Executive Secretary, United Civic Party; Doctor of Economics
- Vladimir Radivonchik, Deputy chairman of the United Civil Party of Belarus
- Myacheslav Gryb, Deputy chairman of the "Gromada" party; former Speaker of the Belarusian Parliament
- Member of Cabinet of Ministers and Professor at Belarusian State University
- Aleksandr Kozyr, Chairman of the Committee on International Affairs and Relations with CIS countries of the Belarusian Parliament; Deputy chairman of the Parliamentary Assembly of the Union of the Russian Federation and Belarus
- Pavel Daneiko, Director of the "Institute of Management and Privatisation" (NGO)
- Yury Khadyko, Belarusian Popular Front HQs

Moscow

June 1999:

- Diplomat, Political Section, Embassy of the Netherlands in the Russian Federation
- Arkady Moshes, Institute of Europe, Russian Academy of Sciences
- Yevgeny Baranovsky, Professor of International Relations, Diplomatic Academy of the Russian MFA
- Ivan Mikhailyuk, Press Secretary to the Committee on CIS Affairs, Russian State Duma (two interviews were conducted)
- Anatoly Shutov, Director of the CIS Centre, Institute for Current International Studies, Diplomatic Academy of the Russian MFA
- Dmitry Trenin, Deputy Director of Moscow Carnegie Centre
- Diplomat, Embassy of Belarus in the Russian Federation
- Irina Selivanova, Institute for International Economic and Political Research, Russian Academy of Sciences
- Mikhail Savelyev, adviser to the Committee on CIS Affairs, Russian State Duma
- Georgy Tikhonov, Chairman of the State Duma Committee on CIS Affairs and of the All-Russia movement "Soyuz"
- Sergei Bolshakov, Professor of International Relations, Diplomatic Academy of the Russian MFA

November 1999:

- Colonel of the Ministry of Interior
- Tamara Guzenkova,
Yury Puzanov, and
Arkady Murashev, Russia's Institute for Strategic Studies

December 1999:

- Igor Goloshapov, leader of the League of Security Enterprises
- Professor Sergei Lizhnev, Institute of Oriental Studies, Russian Academy of Sciences
- Senior official, Second CIS Desk (Ukraine, Belarus, Moldova), MFA

- Professor Oleg Ivanov, Diplomatic Academy, Russian MFA
- Vyacheslav Igrunov, Deputy chairman of State Duma Committee on CIS Affairs; Deputy chairman of Yabloko
- Executive, Department of Operations in CIS countries, Gazprom
- Theodoros Bizakis, Second Secretary, Political Section, Greek Embassy
- Mark Urnov, Director of the Analytical Centre by the government of the Russian Federation

Yaroslavl

December 1999

- Oleg Posnenov, Press office, Yaroslavl regional administration
- Elena Batuyeva, journalist for the regional newspaper "Karavan Rus"

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