



## **Ukraine, Armenia and Russia December 13, 2013**

Four expert speakers at the Center for the National Interest agreed that Ukrainian President Viktor Yanukovich's sudden decision to withdraw from negotiations on a European Union (EU) Association Agreement was a result of miscalculations in the EU and Ukraine as well as asymmetries between the EU and Russia. The speakers included John Evans, former U.S. ambassador to Armenia and a career diplomat with extensive experience in the region; Lee Feinstein, former U.S. ambassador to Poland, senior director at McLarty Associates, and senior fellow at the German Marshall Fund; Nikolas Gvosdev, associate professor of National Security Affairs at the U.S. Naval War College and senior editor at *The National Interest*; and Steven Pifer, former U.S. ambassador to Ukraine and director of the Brookings Arms Control and Non-Proliferation Initiative. Anya Schmemmann, assistant dean at American University's School of International Service and a non-resident senior fellow at the Center for the National Interest, moderated the event.

When it came to dealing with Russia, the panelists agreed that Europe severely miscalculated. According to Ambassador Pifer, the EU reasoned that the Association Agreement would benefit Russia and assumed that Russia would welcome the deal. Europe failed to realize the threat an Association Agreement with Ukraine would pose to Putin's pet project, Pifer said, the Eurasian Union, and his view of Russia's national interests. In its Ukraine policy, the EU faced stark internal divisions on what the Association Agreement actually was and what it meant. As Ambassador Feinstein explained, the countries of "Old Europe," such as Germany, had a strategic view of the situation, seeing the EU as a magnet to which new countries will be drawn when they are ready. For Poland and new Eastern members, who were once in Ukraine's place, this agreement is critical, representing a security necessity and a civilizational choice.

Nikolas Gvosdev argued that the stakes were much higher in Moscow than in Brussels in advance of Yanukovich's decision. Gvosdev described Ukraine as the linchpin of Russian President Vladimir Putin's proposed Eurasian Union, which would lack "heft" without Kyiv's participation given its role as one of the largest countries and economies in the post-Soviet region after Russia itself. Moreover, Gvosdev continued, Putin views the Eurasian Union as a key component in his foreign policy legacy. More immediately, Ukraine's association with the EU would have had significant negative economic consequences for Russia, which is a major market for Russian goods. Accordingly, Russia worked hard to persuade Ukraine not to sign the Association Agreement.

In contrast, Ambassador Feinstein pointed out, the EU relied on the "soft power" of its attraction. Many appeared to assume that since association with the EU should be quite attractive, neither Brussels nor member governments needed to offer particular incentives or flexibility to Kyiv and that general long-term promises of a better economic future would suffice. As Feinstein put it, the EU offered only carrots while Moscow used both carrots and sticks. However, Gvosdev



reminded participants, the EU offered very little assistance to Ukraine in similar circumstances after the Orange Revolution and was not offering much today either.

However, as Center President Dimitri Simes noted from the audience, many of the steps that the EU sought—including tough International Monetary Fund loan conditions that would impact Yanukovich supporters especially heavily and the release of former Prime Minister Yuliya Tymoshenko from prison—could have seriously threatened Yanukovich’s political future. Setting aside all other aspects of the situation, expecting Yanukovich to sacrifice himself in the process of connecting Ukraine to the EU was probably unrealistic. Failing to offer more to Ukraine was a strategic error for Europe, Simes concluded, as Yanukovich’s political strength among Ukraine’s ethnic Russians would have made it easier for him to bring the country closer to Europe than it will be for a future leader viewed as less sympathetic to Russia. Feinstein agreed that greater flexibility from the IMF would have been constructive.

Steve Pifer saw a difficult dilemma for Yanukovich in the period ahead. On one hand, he can’t easily reverse his decision not to sign the Association Agreement as his relations with the EU have been damaged and it would be a clear political defeat at home. On the other hand, he is likely to face strong public opposition if he tries to join the Russian-sponsored Customs Union. At the same time, he can’t use force against demonstrators blockading government buildings without thinking twice because earlier violence only intensified opposition. And he can’t afford to do nothing, since the Ukrainian economy is on the brink of crisis and the government needs billions of dollars to avoid a default in the coming months. Given these challenges, Pifer argued, Yanukovich’s best option may be to reshuffle the government, creating a technocratic team that could take painful economic steps while sharing the political blame as widely as possible. Nevertheless, Gvosdev said, it is not clear how long protesters will remain in the streets, particularly as winter nights become colder. Yanukovich likely hopes that his opponents’ fervor will fade and that demonstrators will return sullenly to their homes.

Turning to Armenia—which like Ukraine elected not to sign an Association Agreement with the European Union—Ambassador Evans explained that the choice was much more straightforward for President Serzh Sargsyan and his government in Yerevan. Russia represents a reliable economic and energy partner, Evans said, providing raw diamonds to run the Armenian diamond processing industry, offering to finance the modernization of Armenia’s nuclear reactor, and providing considerable remittances from Armenians living and working in Russia. Even more important, however, is Russia’s willingness to “put its finger on the scales” in Armenia’s longstanding military competition with Azerbaijan, Evans said. As the much weaker party, Yerevan relies on Russia’s support to control the contested region of Nagorno-Karabakh, which is predominantly ethnically Armenian and has been ruled from Yerevan since the collapse of the Soviet Union. Sargsyan himself is from Nagorno-Karabakh, Evans added.

Lee Feinstein called for the United States and the EU to coordinate their policy toward Ukraine more effectively and to speak with one voice. He suggested that the EU may be able to find a way to bring Ukraine into a closer relationship if Brussels can put together a piecemeal approach rather pursuing an ambitious all-or-nothing deal. Visa-free travel is especially attractive to Ukrainians, he noted. Still, Feinstein acknowledged, it is unclear whether either Brussels or key member governments would support such an approach at this point.



Broadly speaking, the panelists agreed that it is not constructive to frame Ukraine's economic affiliation with Europe and/or Russia as a "civilizational choice" as this tends simultaneously to obscure the important factors shaping Ukraine's decisions and to politicize an already complex and delicate issue. Though some panelists suggested that Russia has been more prone to see Ukraine as an object of zero-sum competition with the West, all acknowledged that this rhetoric has been common in the United States and Europe as well.