

**ON THE BRINK: VIKTOR YANUKOVYCH'S DECISIONS AND THE UKRAINIAN
RETREAT FROM EUROPE**

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ABSTRACT

Katelyn Ferral: On the Brink:
Viktor Yanukovych's Decisions and the Ukrainian Retreat From Europe
(Under the direction of Milada Vachudova)

This thesis examines and explains the decision-making process and reasons behind former Ukrainian President Viktor Yanukovych's rejection of an Association Agreement with the European Union, more than four years in the making. Yanukovych was pressured by Russia both politically and economically to turn away from Europe and instead grow closer to the Kremlin. Ukraine's desperate economy on the verge of bankruptcy, and Yanukovych's political ties to Russia made him more vulnerable to blackmail. To help explain why Yanukovych spurned the deal, which ultimately led to mass protests and his ousting in 2013, this thesis draws upon interviews, government and academic research reports and news articles. The EU's structural and institutional weakness in its foreign policy towards its Eastern neighbors also hindered its ability to gain a geopolitical edge in incentivizing Ukraine to modernize and reform, and ultimately get on an on-ramp to closer ties with the Western world.

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INTRODUCTION

Ukrainians protested through many wintery weeks of cold in Kiev's Maiden Square, fighting for something many Europeans blame for various misfortunes: membership and closer ties with the EU. After four years of negotiations, Ukrainian President Viktor Yanukovich's decision to walk away from a closer trade deal with the EU last November has highlighted the country's political, regional, historical and ideological divisions and spurred the largest show of discontent since the Orange Revolution in 2004. Yanukovich's pivot away from the largest economy in the world widened political schisms in the country and, along with Russian media influences, stoked tensions between the East and West based on identity -- between those who see themselves more a part of Russia and those who see themselves as more nationalistically Ukrainian and a part of Europe. Caught between Eastern and Western alliances, Ukraine is poised to make major decisions about its future. On the Eastern frontier of the EU, Ukraine is a key player in the geopolitical dynamic in Europe. Ukraine's future matters. Its decisions and struggling economy have broad implications for stability across Eastern Europe. It also remains a major energy transit country for the Western half of the continent and its economy; with infrastructure reforms it has the potential to be a major geopolitical player.

This thesis explores the cost/benefit calculations of the Yanukovich government as it moved towards signing the trade agreement with the EU, and how they changed over time. What were the chief factors driving the government towards signing the agreement -- and what were the factors that ultimately caused Yanukovich to walk away from it? Why did he initial the

agreement, and work years to make changes, only to reject it? And why did Yanukovich, largely seen as representing pro-Russian Ukrainians in the East, work so long and get to close to signing an agreement with Brussels in the first place? This thesis argues that Yanukovich was heavily influenced and pressured by Russia, and in dire need of emergency funds to keep the economy afloat, both of which led him to ultimately reject the Association Agreement with the EU and all the stipulations and reforms that it required. I argue that two factors were the main drivers of Yanukovich's decision to reject the EU Association Agreement in November 2013: First, the country's failing economy, on the brink of bankruptcy. Second, is the influence of Russian President Vladimir Putin, who used Yanukovich as a geopolitical puppet in steering Ukraine away from the European Union. Yanukovich's susceptibility to Putin's influence was amplified by a time-frame expectations gap within the Brussels-Kiev-Moscow relationship triangle. By this gap, I mean the difference in how quickly Ukraine hoped for financial aid and how quickly Brussels would potentially deliver it, versus how quickly the Russians could. The very nature of the EU-- a multi-level democratic institution of pooled member-state sovereignty with many moving parts -- renders it incapable of rapidly pushing through a specific agenda. Russia, conversely, as it becomes ever more undemocratic over the course of the reign of Vladimir Putin, can move quicker since political power is lies in the executive, concentrated in his hands. The economic conditions of the country and the rampant political corruption in the Yanukovich administration reaching into all levels of the state also made Yanukovich more vulnerable to Putin's demands and played a role in his rejection of closer ties with the EU.

The theoretical literature on the EU's relations with neighboring states provides insights into what Ukraine stands to gain from closer relations with the EU, and how that agreement fits with the country's long-term prospects for EU membership. The EU has so far refused to give

Ukraine a EU membership offer. Has the internal debate and protest in Ukraine been mainly about the trade agreement with the EU? Or has it been about something broader – a choice of civilizations between the West and Moscow, reflecting Ukraine’s own convulsed history? The academic literature also unpacks to how the geopolitics of the European Neighborhood Policy – and being kept out of the EU membership queue -- has affected the Ukrainian state and its progress on democratic reforms following communism.

To support my argument about Yanukovich’s cost-benefit calculations of Ukraine signing the EU’s trade deal, I use firsthand interviews, newspaper articles, government reports, trade agreements, and speeches and documents that represent the positions of the EU, of the Ukrainian government, and of Ukrainian opposition political groups. A background section will also include primary source interviews with those who did participate in the Kiev protests, potentially along with other young professionals and academics in Ukraine.

This thesis is organized in four parts. The first part examines the development of Ukrainian state after the end communism. It sketches the divide in Ukraine between people who look East and those who look West, and helps explain how this contributes to ongoing tension political tension and division. The second part connects the relevant literature on the shortfalls of the EU’s foreign policy towards Ukraine, the Eastern Neighborhood Policy and the EU’s policy of enlargement to its lapse in Ukraine failing to sign the Association Agreement in November 2013. My argument builds upon the theories that unpack the shortfalls of the EU’s Eastern Neighborhood Policy to help explain its more recent shortcomings in dealing with Ukraine. This literature explaining the ENP and why its effectiveness has been limited will help in understanding why the EU was ultimately unable to succeed in securing Yanukovich’s signature on the Association Agreement. This section also includes an analysis of how identity theory and

politics help illuminate the situation in Ukraine today, after Yanukovich's government rejected the EU Association Agreement. The third part provides evidence for my argument that the EU deal was rejected for two main reasons: Yanukovich's corrupt, Russian-influenced regime, which included oligarchs and political elites receiving strong support from Russia and plundering Ukrainian industries and government money, and the weak state of Ukraine's economy. This evidence includes firsthand interviews, polling data, government reports and speeches from Moscow, Brussels and Kiev and news articles that have catalogued the events and negotiations leading to the deal and the fallout since its destruction. The fourth part examines my evidence in light of my hypothesis. Then I will discuss the implications of Ukraine's crisis and Yanukovich's decision, and end with my conclusions.

BACKGROUND

Ukraine's Government Regime Since 1989

Ukraine has a complex history. Its political changes and upheaval over the last several decades, especially since the collapse of the Soviet Union, has shaped its economy and its domestic political system and its place in the European geopolitical map today. Understanding the past and the political and ethnic complexities that have shaped Ukraine is crucial to understanding Ukraine-Russian-European Union relations today, and Ukraine's journey towards and away from an Association Agreement with the EU. This section helps in explaining the political environment that helped create the Yanukovich administration and shaped his interests in dealing with Russia and the Brussels.

Ukraine became formally independent in 1990 with the Declaration of State Sovereignty of Ukraine. Scholars describe its separation from the Soviet Union in 1991, as a more evolutionary course than a watershed revolutionary moment.¹ An overwhelming majority of Ukrainians, even ethnic Russians voted to declare independence.² The state has historically been tolerant and open to its many minorities. First Ukrainian president Leonid Kravchuk won praise for striving for a civic concept of citizenship instead of an ethnic one.³ Ukraine's first Soviet constitution remained in effect until 1996, until a new one was created. The new constitution still had a Soviet framework and was developed with Soviet methods, bringing its neutrality into question.⁴ The country's institutions and practices were also modeled on the Soviet style, which affected which actors could be involved in its creation, a contrast to other post-Communist countries who used a roundtable approach to open up the political process and start anew.⁵ Members of the Verkhovna Rada (or Supreme Council) also stayed in office during this transition until 1994, shaping the transition process and obstructing reform.⁶ The elite were never ejected from power, and the absence of strong competition in the political system contributed to the low quality of democracy in Ukraine today.⁷

Kravchuk aimed to recreate a smaller version of the Soviet economy instead of a free market and instead of a true market. During his time in office, as a result of USSR dissolution

¹ D'Anieri, P. (2006). *Understanding ukrainian politics: Power, politics, and institutional design*. London: M.E. Sharpe. Pgs. 74,75

² Pond, E. (1999). *The rebirth of europe*. Washington D.C.: Brookings Institution Press. pg 143

³ Pond, 2000 pgs 143

⁴ D'Anieri, 2006, pgs 79

⁵ Pond, 2000, pgs 144

⁶ Pond, 2000, pgs 144

⁷ Vachudova, 2005, pgs 37,38

and economic mismanagement gross domestic product (GDP) fell by almost 50 percent.⁸ The Soviet form of government that the Ukrainian one was based from concentrates power in the Communist Party, creating a monopoly without a system of checks and balances. There were judicial, legislative and executive branches on paper, but no real separation of powers.⁹

In 1994 Leonid Kuchma was elected democratically, but further entrenched authoritarian practices in government. As one scholar put it, “the puzzle is not just that Ukraine became authoritarian, but that it did so after the democratic elections of 1994.”¹⁰ The puzzle being that democratic processes do not necessarily beget democracy. A few factors remain consistent in Ukrainian politics in the two plus decades since independence. Turnover of political elites is rare, and there is substantial institutional continuity from Soviet times despite alternation in the posts of prime minister and president. Kuchma passed the Law of Power in 1995 and in 1996 through threatening parliament by holding a referendum; he fundamentally changed the way the country functioned on a federal level. He redistributed power in the federal government, and gave the president more power, subordinating the cabinet to the executive branch. Ukraine’s inefficient and rough transition out of Sovietization and a state controlled economy, led to an opaque privatization process, which resulted in oligarchs taking control of the economy and all of its major industries in the 1990’s and early 2000s. Substantive economic reform was stagnant and GDP per capita dropped below \$650 from 1997-1999.¹¹ In his early years in office, Kuchma made some modest economic reforms to stabilize the economy, but resisted to follow the same

⁸ Wilson, A. (2013). Pathways to freedom chapter review: Ukraine political and economic lessons from democratic transitions. *Council on Foreign Relations, Civil Society, Markets and Democracy Initiative*, 2-6. Retrieved from http://i.cfr.org/content/publications/images/csmd_ebook/PathwaystoFreedom/ChapterPreviews/PathwaystoFreedomUkrainePreview.pdf

⁹ D’Anieri, 2006, pgs 81

¹⁰ D’Anieri, 2006, pgs 81

¹¹ Wilson, 2013, pgs 2-6

path to reform and economic prosperity as Poland.¹² Ukraine also struggled to produce a new generation of young leaders and political elites to push forward with change. “Ukraine never had the ‘bench depth’ of successive sophisticated Polish finance ministers and economists ... There was no pack of hot-shot reformers in Ukraine with an education in basic market economics.”¹³

Kuchma won reelection in 1999, and appointed Viktor Yanukovych as prime minister, tasking him to reform an economy, which continued to struggle. Most of Kuchma’s senior political appointees came from Dnipropetrovsk, an Eastern regional political clan with historically closer allegiances to Russia. Yanukovych’s reforms worked to some degree, but also further enriched the oligarchs. Political elites in a position to cash in on the new commerce that the reforms allowed focused their attention on short-term personal enrichment, at the expense of investing in domestic infrastructure, and doing the necessary state building that was necessary.¹⁴ The Constitution was amended after the Orange Revolution in 2004, which was spurred by a rigged presidential election. Hundreds of thousands of people marched in Kiev for two months, and Kuchma’s former head of the central bank-turned-opposition leader Viktor Yushchenko was elected to spearhead reform. Constitutional reforms stemming from the Orange Revolution shifted power from the president to the parliament. But the Orange Revolution did not fundamentally change the country’s political infrastructure; it just switched elites at the top. When Yushchenko was voted in by the more nationalist West, it allowed his opponent, Yanukovych to undermine and criticize the election’s legitimacy to his pro-Russian constituents in the East.¹⁵ Lack of support and financial help from the West and the international community

¹² Pond, 2000, pgs 146

¹³ Pond, 2000, pgs 147

¹⁴ Pond, 2000, pg 148

¹⁵ Wilson, 2013, pgs 2-6

also hampered the scope and impact of the Orange Revolution's reforms, allowing Russia an opening to push its own agenda for the region. The changes that were made in 2004 were reversed in 2010 when Yanukovich ran again for the presidency and won in the elections that were mostly deemed reasonably free and fair.¹⁶

A free, robust press is inextricably linked to democratic prosperity, and Ukraine lacks both. The absence of a free press along with a limited impact of the alternation of political elites further hampers the quality of domestic political competition in Ukraine. Media companies are controlled by political oligarchs and journalists still face bullying and bribery. Yanukovich's hastily passed EuroMaidan laws that were swiftly repealed in early 2014 initially cracked down hard on journalists who question or criticize the government at all through their work.

Natural gas in Ukraine is a critical, yet mostly untapped resource for the economically troubled country. Despite its own gas reserves, the country's poor economic infrastructure, largely corrupt governance and lack of industrial development and structural reform has kept Ukraine highly dependence on Russia for its gas, making it even more vulnerable to external economic shocks.¹⁷

Geopolitical Identities in Ukraine

Identity plays a central role in shaping Ukraine's political history and its current national cleavages. Identity is important to consider when examining Yanukovich's background, his supporters, and his relationship with Russia. The differences between Eastern and Western Ukraine highlight the discrepancy between the values of the EU and those of Russia that help to

¹⁶ *ibid*

¹⁷ Central Intelligence Agency, (2014). *The world factbook*. Retrieved from website: <https://www.cia.gov/library/publications/the-world-factbook/geos/up.html>

explain why Yanukovich rejected EU ties like he did.

Identity, and all that constitutes it, is a key factor in the fundamental differences between Ukraine's regions. It is important in this thesis because identity influences and contributes to the schism between ethnic Russians and non-Russian Ukrainians and the politics they practice. Yanukovich's Russian allegiance draws from his Eastern Ukrainian identity and support base. There are a variety of identities, many with a geopolitical dimension, competing for power in Ukraine. Though there are many political cleavages that align with these identities, the divide between East and West is often most prominent. This divide includes a more exclusivist Ukrainian nationalist identity dominant in the West and growing stronger in the capital, especially among the youth, and a post-Soviet Ukrainian identity shared by many in the East and South, an identity that feels closer to Russia.¹⁸ Identity could be a core driver of the absence of a common historical sense among Ukrainians, because the territory that is now Ukraine has changed hands so many times. The country brings together people with different backgrounds and different historical experiences. The degree of memory repression, or how large a role the past experiences play in current affairs and the public consciousness, each side feels seems to most greatly influence their views. The West was annexed by Russia much later and thus its experience was tinted with brutalization of conquest, while the East became the part of the Russian state much earlier and its early experience of annexation was largely one of settlement and colonization. However, students from either side went to schools that taught a completely different and one-sided pro-Soviet curriculum.¹⁹ "The memory of the repression is fresher in

¹⁸ Dietsch, Johan. *Making Sense of Suffering: Holocaust and Holodomor in Ukrainian Historical Culture*. Lund: Media Tryck, Lund University, 2006.

¹⁹ Himka, John-Paul, *Making Sense of Suffering: Holocaust and Holodomor in Ukrainian Historical Culture*, and: *Holod 1932–1933 rr. v Ukraini iak henotsyd/Golod 1932–1933 gg. v Ukraine kak genotsid* [The 1932–33 Famine in Ukraine as a Genocide]. *1949-Kritika: Explorations in Russian and Eurasian History*.

western Ukraine which affected it longer; an older, but still active generation there remembers what Stalinism was like. It is different in the eastern oblasts, where most people are products of the Soviet school. They were loyal to the authorities in contrast to their parents, and the Stalinist repressions did not affect them.”²⁰

Ukrainian Divisions

As Riabchuk explains, the cleavages in Ukraine run along religious, cultural, historical, remembrance, linguistic and ethnic lines. “Western Ukrainians have never internalized communism, never perceived the Soviet Union as "their own" country, and never believed that the Soviet Army had come to liberate them as it claimed but rather as the replacement of some other occupants.”²¹ Political differences between the East and West are striking as well as they both fight for exactly opposite things. Western Ukrainians are mostly anti-Communist and anti-Soviet and believe Russia is their biggest threat, while America is their greatest ally and advocate a revival in the Ukrainian language and culture and eventual EU membership.²² Many in the East, especially ethnic Russians born in Ukraine do not want that.²³

One systemic issue that has led to these vast differences that has plagued post-Soviet rulers since Ukrainian independence is the lack of a founding national ideology or mantra.²⁴ This lack of cohesion in ideology is tricky to track, because the two region’s development, in terms of

(8/3) Summer 2007 (Review) DOI: 10.1353/kri.2007.0037

²⁰ Himka, 2007, pgs

²¹ Riabchuk, Mykola. Ukraine: One State, Two Countries? *Eurozine*. (2002 September 16). Retrieved from: <http://www.eurozine.com/articles/2002-09-16-riabchuk-en.html> pg 1

²² Ibid

²³ Ibid

²⁴ Ibid

its russification, then subsequent sovietization happened very gradually, region by region over the course of 300 years.²⁵ A neo-functionalist theorist would have predicted that, like a row of dominos, each region would assimilate into each other, further integrating one aspect of society, then another, and another, until a unified singular Ukrainian state was produced. Clearly, this has not been the case. Instead, virtually two Ukraines, one "Soviet" and one "European", have been created, overlapped and fused. "They permeate each other so deeply that even in Lviv [in the West] one may find many remnants of sovietism, while in Donetsk [in the East] some signs of "Ukrainianness" and "Europeanness" may equally be discerned."²⁶

There is a tension between a pro-independence approach and a pragmatist approach in Ukrainian politics that can help shed light on why Yanukovich got so close to signing a deep trade agreement with the EU and then walked away after years of negotiations and statements in support of closer cooperation. The pro-independence agenda advocates independence over everything, to end Ukrainian dependency on Russia and distance itself from Russia's eastern European sphere of influence.²⁷ The pragmatists focus on economic growth and prosperity for Ukraine, and argue that much of this hinges on closer cooperation and collaboration with Russia. The short- and long-term benefits of these approaches also play into the discrepancies between them. Ukrainian politics since its beginnings in 1991 typically swing back and forth between these two polarities.²⁸

²⁵ Ibid

²⁶ Riabchuk, 2002, pg 2

²⁷ Samokhvalov, V. (2007). Relations in the eu-russia-ukraine triangle: Zero-sum game or not?. *European Institute for Security Studies-Occasional Paper*, <http://www.iss.europa.eu/uploads/media/occ68.pdf> pgs 10-12

²⁸ Samokhvalov, 2007, pgs 10, 11

Geopolitical Position Between Moscow and Brussels since 1991

Ukraine's geopolitical position between Moscow and the West also helps us understand the context for the fact that Yanukovich pursued actively a EU deal before walking away from it. The country has long been characterized as a borderland between the East and West and the latest spat between the two powers show that this is clearly still the case. The literature argues that the ENP and EP have largely failed on two critical fronts: converting Russia into a believer of the EU's signature normative democratic values through actual policy implementation and offering former Soviet states like Ukraine tangible incentives to move towards EU accession. Ukraine's political cleavages make sustainable democratic system reform challenging, but regional alliances and parliamentary-type government could be established there, just as it's been done in other multi-ethnic countries.²⁹

Energy in the form of natural gas has been a key point of contestation between Moscow, Brussels and Kiev. Russia holds a great deal of the continent's gas reserves. Ukraine is a transit country to veteran EU members like Germany and depends on the Russians and their prices as well. Ukraine has had gas-related and transit disputes with Russia nearly every decade since 1990 when it became independent from the Soviet Union. After a two-week dispute that saw gas supplies cutoff to Europe, Ukraine agreed to 10-year gas supply and transit contracts with Russia in January 2009 that brought gas prices to "world" levels. The strict terms of the contracts have further hobbled Ukraine's cash-strapped state gas company, Naftogaz.³⁰

The ways in which Russia and the EU have collaborated have mostly centered on narrow objective-based policies. This is relevant to Ukraine because it reflects a lack of coordination on

²⁹ D'Anieri, 2006, pg 104

³⁰ Gow, D. (2009) Russia-ukraine gas crisis intensifies as all European supplies are cut off. *The Guardian*.
<http://www.theguardian.com/business/2009/jan/07/gas-ukraine>

broader geopolitical issues between the East and West and reinforces Ukraine's historical position of straddling that East-West divide. The limited collaboration between Russia and the EU points to the fact that some geopolitical tensions remain, with competing European visions. These policies include visa regimes, illegal immigration, and drug trafficking, all of which affect broad interests like border security, fighting organized crime and counter-terrorism. The two have signed several security agreements, including several conventions on terrorism prevention. In 2008, the European Convention on the Transfer of Proceedings in Criminal Matters in 2008, and in 2009 the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism.³¹ But when it comes to economic and governance models, the EU and Russia continue to work at odds with each other in separate, parallel spheres. Collaboration on these other security goals is crucial for the stability of the broader region. If cooperation stagnates, international crime could flourish, Olga Potemkina argues in her essay on EU-Russia security goals.³² But for the two powers to be successful in achieving their shared goals on these issues, a fundamental shift in mindset and approach will have to take place. Potemkina is right to argue for a more symmetrical relationship, built upon responsibility and mutual trust. There has been significant progress in this direction, she argues, but it is still not enough.

The EU and Russia have an extensive history of trade and security agreements post Cold War. In 1994 they signed a multifaceted Partnership Cooperation Agreement, which Russia argued did not benefit them because it included about 600 restrictions costing the country

³¹ Potemkina, O. (2010) EU–Russia cooperation on the common space of freedom, security and justice – a challenge or an opportunity?, *European Security*, 19:4, 551-568, DOI: 10.1080/09662839.2010.498009, pg 562

³² Potemkina, 2010, pgs 562-563

hundred millions dollars a year.³³ Talks between Brussels and Moscow have made some economic and security progress in the past.³⁴ These developments include an enhanced Early Warning Mechanism for energy disputes and the EU-Russia Partnership for Modernization, which created a platform for more cooperation across economic, trade, energy, and infrastructure platforms.³⁵ Free trade between Russia and the EU was proposed in 1998 but quickly voted down.³⁶ Free trade, argues Shishkov, has a much greater likelihood of benefiting only the EU at Russia's expense, which could explain Russia's eagerness to assert their interests and power within such a deal. This argument is fitting, especially when looking at Russia's trajectory, advocating for its own Customs Union, where it can direct trade with Kazakhstan, Belarus and now potentially Ukraine.

Russia has at times been cooperative on energy agreements and some tenets of the Eastern Neighborhood Policy and Eastern Partnership, but other times, the country has been the biggest foil to the EU's trademark normative strength and its attempts to expand and integrate former Soviet Republics.³⁷ Russia's level of security cooperation with Europe has followed a sort of "two steps forward, one back" pattern, which can be seen through its lack of adherence on several key points of the EU's CSDP and the EP and ENP. In pure realist fashion, Russia cooperates as an equal partner with the EU only when it directly benefits its own national interests. It then actively tries to convince Ukraine to do the same.

³³ Pinder, J. Shishkov, Y. (2002). *The EU and Russia, The Promise of Partnership*. London. The Federal Trust for Education and Research.

³⁴ Averre, D. (2010) The EU, Russia and the shared neighbourhood: security, governance and energy, *European Security*, 19:4, 531-534, DOI: 10.1080/09662839.2010.543023
Averre, 2010 pg 532

³⁵ Ibid

³⁶ Pinder, 2002

³⁷ Christou, 2010, pgs 424-425

THEORY

After years of negotiations, meetings, and speeches to Ukrainian citizens back home and EU officials in Brussels, Yanukovich's decision to walk away from an Association Agreement with the EU spurred a near revolution in a standoff between political opponents and the Yanukovich government with highly organized government protests in Kiev and cities throughout the country demanding the resignation of the government and immediate elections. I argue that there are three competing explanations for why Yanukovich walked away from the agreement that was years in the making with the EU. The first is a combination of economic and political blackmail by Putin. The second competing theory is a lack of support from Yanukovich supporters in Eastern Ukraine. The third is that Yanukovich never intended to commit to further cooperation with Europe and only cared to advance his own political authority in Ukraine. In this thesis I argue that the first theory, and its associated longstanding factors were the major contributors to Ukraine's ultimate rejection of the EU Association Agreement in November 2013: First, the country's failing economy on the brink of bankruptcy. Second, the influence of Russia on its pseudo puppet, President Viktor Yanukovich and the time frame expectations gap within the Brussels-Kiev-Moscow relationship triangle."

The first and probably most important factor that explains Yanukovich's decision-making process includes a combination of political and economic factors. Yanukovich was, as he claims, pressured and essentially blackmailed by Vladimir Putin with damaging trade sanctions and a significant gas price hike. The inconsistency between what the EU could offer and what Ukraine needed lies in the timeframe and its implications for the structure of costs and benefits of the EU versus Russia's Customs Union. Ukraine had not met the requirements for the

International Monetary Fund loan and needed an influx of cash before the EU could deliver assistance. No loan to buoy the economy tripled with a sharp hike in gas prices and a trade embargo with its biggest current economic partner Russia would have, arguable hurt the country before it could make it to a “long-term” benefit scenario. In order to salvage the economy and not fiscally cripple his citizens, the costs of rejecting the EU were lower than the benefits of heeding Russia’s demands.

The second theory, which is considerably less probable, is that some Ukraine citizens believe is that Yanukovich never intended to sign the agreement in the first place. This theory argues that the president has been essentially putting on a show in an effort to placate Brussels but had always remained steadfast in his pursuit of the Russian agenda for the country. He did not want Ukraine to move towards the EU, but wanted to remain relevant and perceived as self-determined and sovereign on the European stage. This theory relies heavily on the relationship between Vladimir Putin and Viktor Yanukovich and posits that Yanukovich was only interested in getting quick money to keep the Ukrainian economy from bankruptcy, and played the EU in order to secure the loan and a fixed gas price and trade contract with Russia.

The third alternate theory is the inability of Ukraine to meet EU requirements, in concert with public opinion and political elites in the Eastern part of the country that did not favor closer EU ties. In a political system that is largely driven by a few wealthy oligarchs at the top, Yanukovich may have been beholden to the group of officials that helped him reach power and the constituents from his region. He may have been influenced by the leverage and opinions of the pro-Russian Ukrainians in the East and the pro-Russian oligarchs who control key industries like oil and gas and manufacturing in the country.

The primary argument of this thesis is that Yanukovich ultimately rejected the Association Agreement with the EU because of political pressure from Russia and economic desperation for quick money to keep the country afloat. This argument and the events that support it in late 2013 show that Ukraine is an example of a failure of the EU's ENP and highlights the EU's limitations in inducing movements towards democracy without an enlargement incentive.

This thesis adds a new dimension to past analysis of the ENP by exploring the tension between the short-term and long-term time frame in the agenda of the EU as well as in the agendas of its neighboring states that are hopeful of obtaining a membership perspective. In the case of Yanukovich's about-face on the Association Agreement, the EU and Russia were thinking in terms of very different time horizons. The EU pushed forward with measures and aid incentivizing long-term benefits and gains to Ukraine, while Russia emphasized the short-term benefits and immediate costs of refusing their offer and instead taking the road to the west.

And in this case, motivated by economic factors and Russian pressure, Yanukovich reasoned that he needed to keep Ukraine afloat financially in order to preserve his own political power. This gamble that ENP countries make, and the dynamic that forces them to choose one path and forego another is important to note among other countries in the Eastern neighborhood too. It would be prudent for the EU to consider the implications of the short and long term dichotomy and the significance of in its advocacy work and relationships with its other neighbors. It's unclear whether the very nature of the EU, being a 28-member supranational state, and therefore steeped in complicated and long bureaucratic decision making makes it incapable of extending more short-term incentives and benefits to countries who are struggling to come into line with its normative values. Russia, by virtue of its less democratic and therefore more streamlined

approach, can more easily offer incentives and attempt to exert regional influence in a way it knows the EU fundamentally struggles to match. This time component applies to the ENP specifically but could be useful in an analysis of the CSDP broadly.

Ukraine's recent reversals in its relationship with the EU illustrate the salience of realism as a way to approach international relations and bandwagoning as a way to maximize benefits and minimize costs. Realist theory in international relations posits that countries will first and foremost seek their own security in order to maintain or attain sovereignty and power. Weaker states may then do this by bandwagoning off more powerful states, who can provide them with tangible benefits but demand little cost (at least in the short term).³⁸ Making decisions based on broad principles or values when those values do not have an immediate, concrete benefit is not practiced among IR realists. According to the measures of power described by both Stephen Walt and Kenneth Waltz, states with illegitimate leaders, weak governmental institutions, and/or little ability to mobilize economic resources are weak states are likely to bandwagon anyway.³⁹ Ukraine and the Association Agreement fit these qualifications nearly perfectly. "Bandwagoning involves unequal exchange; the vulnerable state makes asymmetrical concessions to the dominant power and accepts a subordinate role. . . . Bandwagoning is an accommodation to pressure (either latent or manifest) Most important of all, bandwagoning suggests a willingness to support or tolerate illegitimate actions by the dominant ally."⁴⁰

Literature on the European Neighborhood Policy generally argues that it is significantly limited and has not been as comprehensive or as effective as hoped in inducing neighboring

³⁸ Hill, C., & Smith, M. (2011). *International relations and the european union*. (2nd ed.). Oxford: Oxford University Press. Pg 28-32

³⁹ Schweller, R. (1994). Bandwagoning for profit: Bringing the revisionist state back in. *International Security*, 19(1), Retrieved from <http://www.jstor.org/stable/2539149> pg 78

⁴⁰ Schweller, 1994, pg 80

countries to reform institutions and adopt EU rules in some sectors of society. Analyzed in the context of the EU's enlargement process, the EU's most successful and familiar foreign policy, the ENP does not fare well. As a de-facto, tweaked enlargement policy, essentially aimed at getting countries to jump on the EU's signature normative values bandwagon, and then get on an entry ramp to membership candidate status, the ENP has been a failure.⁴¹

In her landmark article on the approach and effectiveness of the EU's European Neighborhood Policy, Judith Kelley traces the extent to which the ENP uses its enlargement process incentives and approaches to promote domestic reform within the countries along its Eastern frontier. Kelley highlights Ukraine in pointing out the limitations of the EU's attempts at reform in its neighbors without the carrot of membership. Although Ukraine's action plan was among the first of the ENP to be finalized in 2005, its trajectory has not followed the EU's hopes or expectations. Through interviews with EU officials, she makes key distinctions between the ENP and enlargement process, but affirms that both are largely based on the same foundations.

The ENP has grown and developed from the enlargement process, most notably in its focus on socialization and conditionality. The EU promotes socialization and conditionality by partnering with reform-minded domestic NGOs within ENP countries to socialize those groups towards EU values but also offers countries wider access to trading and economic integration to commensurate with domestic reforms. The EU also funds various domestic projects to develop civil society and aligns itself with reform-minded forces in the countries. Though methodological differences remain, there is path dependency and adaption from the EU's enlargement experience. But non-member ENP countries are clearly a very different challenge in terms of both their starting points and their recent interactions with the EU. Thus, as much as the EU has

⁴¹ Kelley, J. (2006). New wine in old wineskin: Promoting political reforms through the new eastern neighborhood policy. *JCMS*, 44(1), 29-55.

to offer its neighboring states, the absence of the membership incentives for most countries should require significant adjustment, not just adaptation, of the enlargement strategy. The available policy tools are weaker, while the tasks in terms of political reforms are more demanding.⁴²

Several analyses of the ENP also agree that ENP diminishes EU as any kind of significant normative influence in the Eastern area. Through their research, Silander and Nilsson refute the idea that the EU should be considered a normative power. The ENP has extended or enhanced the EU as a normative power on its own continent. Although the EU enlargement process has been considered the most successful EU foreign in its history. (Dannreuther 2006, Bosse 2009, p. 215), the subsequent Eastern Neighborhood Policy has largely failed in its major objectives in making neighboring countries more democratic. This has significantly hindered the EU's development as a normative power on its own continent. It's unclear the role Russia has had in the trajectories of these states.⁴³

There are other more specific factors that dictate how well a country converges with EU expectations and values. Much depends on the domestic politics and economic interests in the country.⁴⁴ The process of convergence occurs in a way that is uneven and specific to each country. This indicates the patchy impact of the EU on its neighbors, even in the core economic field.⁴⁵ While the EU membership is an important incentive for ENP countries, the membership aspirations of the countries do not shape the outcome in the dimensions. Convergence to EU

⁴² Kelley, 2006, pg 50

⁴³ Silander, D., & Nilsson, M. (2013). Democratization without enlargement? The European neighborhood policy on post-communist transitions. *Contemporary Politics*, 19(4), 441-458. Doi: 10.1080/13569775.2013.835115 pgs 447,448

⁴⁴ Langbein, J., & Wolczuk, K. (2011). Convergence without membership? the impact of the European union in the neighborhood evidence in Ukraine. *Journal of European Public Policy*, 19(6), 863-881. doi: 10.1080/13501763.2011.614133

⁴⁵ Langbein, 2011, pg 878

rules can occur in countries even without EU aspirations and the adjustment costs and the range of mechanisms the EU uses. Early analysis on the effectiveness of the ENP noted its limits as a pseudo enlargement policy, by comparing incentives and tools, more recent scholarship takes a more nuanced approach looking at the EU's toolbox more in depth, with specific mechanisms examined for how well they bring results in ENP countries. Langbein looks at how state and non-state actors are involved in the process of convergence and takes each country industry by industry to explain how or why changes occur. In the case of Ukraine, the country's strategy towards EU convergence is summed up as 'maximizing commitments to maximize benefits' with 'benefits' including securing the membership perspective and promoting convergence as a template for modernization.

A sustained and stable progress of convergence is difficult given all the moving parts both within the country trying to make changes and within the EU and its limited to nonexistent monitoring activities. In cases of strong domestic opposition, the EU mechanisms of reform make some impact, but do not lead to a sustained process of convergence. Rather than a 'blanket' change when ENP countries adopt and apply rules, there are more gradual forms of change that need to be noted. Ukraine's membership aspirations play a key role in accounting for rule selection, justifying the perception of Ukraine as 'most highly active' in the ENP, but these aspirations recede when it comes to actually adopting EU rules. However effectively the EU can get ENP countries to adhere to its standards, scholars agree that without a concrete membership incentive, there needs to be widened possible access to the EU's single market.⁴⁶ The Association Agreement negotiated with Ukraine was on the right path, but, again, the timing was off. Solid economic assistance didn't come soon enough.

⁴⁶ Slay, B., & Milcher, S. (2005). The economics of the european neighborhood policy: An initial assessment. Slay, 2005, pg 9

The ENP's weaknesses also create a security vacuum, which can also widen to an economic one, which allows Russia to promote its agenda in what it sees as its chief foreign policy domain, an extension of its national interests and nearly a de-facto part of its own country. A relatively weak and incoherent ENP and EP, under the larger EU foreign policy umbrella hampers its relations with Russia and other Eastern non-member states and leaves an opening for challenges to its normative security agenda. To truly become an influential player, among Eastern non-member states, the EU needs to remedy its ENP and EP asymmetries and competing policy narratives and actually implement a coherent policy that achieves its objectives.

The EU has largely failed to communicate and exercise a cohesive and coherent Common Security and Defense Policy with the ENP, and Russia has capitalized on it, often times being a “two-faced” partner.⁴⁷ Russia's lack of cooperation and realist attitude is most clearly being seen currently through the situation in Ukraine. In pure realist fashion, Russia cooperates as an equal partner with the EU only when it directly benefits its own national interests. The majority of research done on the effectiveness of the ENP recognize significant shortfalls in the actual results yielded from the programs, and attempt to explain why EU peripheral states like Ukraine continue to struggle to adopt and enforce European normative values, and use these to propel the development of their infrastructure, economy and civil society to EU member state standards. The significant limitations of the ENP has weakened and further debilitated the EU's CSDP overall, which critics say has “too little bottom-up and, at the same time, inconsistent top-down strategy.”⁴⁸ George Christou argues that this multilateral and somewhat inconsistent EP narrative was a direct product not just of the EU's internal inability to form a “consensus on any ‘single’

⁴⁷ Garwich, A. (2010). Neighbourhood Europeanization through ENP: The case of Ukraine. *Journal of Common Market Studies*, 48(5), 1209-1235.

⁴⁸ Garwich, 2010

way but also due to the perception of a larger and more real security threat from Russia” in light of the Russia-Georgian war in 2008.⁴⁹ When EP policy is inconsistent, it threatens the whole EU’s security structure towards the East. In assessing the EU’s normative power and its security challenges post 1990, Ian Manners agrees, stating that, undoubtedly, the “promotion of normative principles through development policy had difficulties of coordination, complementarity, coherence, and consistency.”⁵⁰ This is especially true when the EU typically cannot deliver the short-term help that Eastern Neighborhood countries need. The EU’s lack of a short-term option in incentivizing countries to modernize creates both an economic and security vacuum. When the EU’s limitations surface, Russia is right behind it, always extending one hand full of help along with another full of conditions tied to the help.

A ring of well-governed countries in the Eastern periphery of the EU is crucial because for the EU, “good governance is intrinsically linked to democracy and to the rule of law, which are major building blocks in ENP Action Plans.”⁵¹ To achieve this governance goal, the EU needs a broader, regional approach to reach its security objectives. The case of Ukraine shows that policies specifically geared towards individual partners have been disjointed and ultimately unsuccessful in meeting its objectives. Christou, Manners, Garwich and others are right to in attribute this to the paradox of the ENP’s inconsistent double narrative approach and inability to deliver on tangible goods. Even when potential Eastern Neighborhood member states disagree with the principles that are tied to Russian help, those ideological differences fall the wayside when it comes to signing actual trade and security cooperation agreements.

⁴⁹ Christou, 2010, pgs 415

⁵⁰ Manners, I. (2006) European Union ‘Normative Power’ and the Security Challenge, *European Security*, 15:4, 405-421, DOI: 10.1080/09662830701305880

⁵¹ Delcour, L. (2010). The European Union, a security provider in the eastern neighbourhood?. *European Security*, 19(4), 535-549, DOI: 10.1080/09662839.2010.528398, pg 544

ANALYSIS

Why did Viktor Yanukovich reject the EU? Two Competing Theories.

I now turn to providing evidence for my explanation of Yanukovich's decision to reject the EU's Association Agreement. In this section, I argue that it was the urgency of Ukraine's economic situation that tipped the scales, in combination with the corruption of Yanukovich and his cronies and their ties to Putin and Russia. I show why this explanation is better at explaining Yanukovich's course of action than alternative ones.

First Theory: Yanukovich in the EU-Ukraine-Russian tug of war

The key to why Yanukovich acted as he did in pivoting away from Europe lies in the speeches, negotiations and agreements over the last few years as he has danced between close ties with Russia and articulating his European aspirations. As Yanukovich talked, Ukraine's economy has spiraled downward and contracted, in part due to rampant theft of state resources. And all the while, Ukraine continues to be beholden to Putin's Russia and the natural gas they control and price. These three factors have escalated slowly throughout the last few years, culminating with the Yanukovich EU spurn in November 2014.

Yanukovich clearly operates in a classically realist mindset; he firstly seeks to maintain and increase his executive power and do whatever he can to stave off national bankruptcy, yet keep the status quo of political pilfering he and his family have been engaged in for years. He likely wants Ukraine to make more money, so long as he can keep siphoning a large chunk of the profits of it off the top, or the middle, or bottom... For him the Kiev-Moscow-Brussels triangle is

a zero-sum game. He was thinking in the short-term only, but realized you need to survive the short term to make it to the long term. There is a discrepancy between this realist Yanukovich timeframe and the liberal, long term functioning of the EU, and this played a significant role in Yanukovich's decision to walk away from the deal. Ukraine remains vulnerable to Russia in a myriad of ways, one of which is the accessibility and pace of Russia's decision making and action regarding Ukraine. The money, or the lack thereof, surrounding the Association Agreement illustrates this. Need a billion dollar loan bailout? Russia can authorize and send that over in days. The EU is still deciding and negotiating on whether it's feasible. For the EU, its arguably greatest strength, its democratic normative values among its members and prospective member states, is also its biggest hindrance. The bureaucratic and convoluted processes that direct the way the EU functions and the organization and hierarchy of its institutions neuter it, in a sense, from making impactful decisions in its neighborhood. This lag essentially puts the EU's entire foreign policy at risk, making it perennially two steps behind others, namely Russia, who with its more authoritarian, unilateral approach can streamline its decisions and actions. If membership is the EU's biggest carrot on the international stage, its single market and economic fortitude is likely second. But as its own economy suffers through the Euro crisis, high unemployment, and debt, how can it then efficiently incentivize others to ally with it and posture itself as a provider of aid or loans. One could argue that the economic assistance, actions, is the first step in the door. If a country can benefit from an EU boost to their economy, they're much more likely to develop EU values like the Copenhagen Criteria and more resolutely chase after membership. In the case of Ukraine especially, the EU is still trying to open that door, much less take a step through it.

Ukraine's track record of cooperating with the EU's CSDP shows that the country has been interested and committed to EU's security approach for the area. Much of the country's official attitudes towards the Eastern Partnership and Eastern Neighborhood Policy and Common Security and Defense Policy have been dependent upon which political party is in power at the time and holds the presidency. Party politics, including those of its current president and the oligarch industry leaders have largely driven Ukraine's attitude towards the EU. Clashes between domestic political factions, with the more nationalistic, European West and Russian-allied East have traditionally complicated the country's public opinion on the EU and continue to do so through the government protests that started in late 2014. In the years leading up to the Association Agreement deadline, Ukraine has actively taken part in its foreign policy missions. It is involved in the EU Mission in Bosnia and Herzegovina and also the ATALANTA mission combatting piracy off the coast of Somalia.⁵² Ukraine has closely allied its security platforms and priorities with EU Common Security and Defense Policy.⁵³ Ukraine signed a Permanent Security Agreement with the EU in 2005, it signed another agreement in 2008 and according to a 2010 Ukrainian Cabinet report, the administration at that time had self-reported allegiance to nearly all EU security positions.⁵⁴ It also signaled it was on board with EU democratic governance through progress on children's rights, the establishment of a gender-equality commission, and the adoption of a package of anti-corruption laws.⁵⁵ The election of Yanukovich in 2010 saw a correlating shift in the country's attitude and actions toward Europe. Upon his election, judicial

⁵² Zarembo, 2011, pg 2 Zarembo, K. (2011). Ukraine in EU Security: An Undervalued Partner. Policy Brief (88) FRIDE A European Think Tank for Global Action

⁵³ Zarembo, 2011, pg 2

⁵⁴ European Commission. 2010 May 5. European Commission. (2010 May 5). Implementation of the European Neighborhood Policy in 2009: Progress Report Ukraine. Brussels. Commission Staff Working Document. Retrieved from: http://ec.europa.eu/world/enp/pdf/progress2010/sec10_524_en.pdf

⁵⁵ Ibid

and freedom of expression reforms slowed and Ukraine was aligned to only 26 out of 44 CFSP statements, significantly less than in the past.⁵⁶

Despite its slow-moving processes, the EU has been proactive and clear in its relations with Ukraine, and the Association Agreement debacle shows this. Joint statements between the EU and Ukraine over the last several years and the Ukraine's initialing of the documents and willingness, in words only, to reform appears to indicate a desire on some level to work with the EU. But the very nature of what the EU, a slow-moving machine of many parts nullifies any kind of swift action. The EU-Ukraine Association Agreement and DCFTA agreement represented the 'most ambitious and complex agreements the European Union has ever negotiated with a third country' said Stefan Füle, EU Commissioner for Enlargement and European Neighborhood Policy at a cooperation meeting in 2012.⁵⁷ The EU had already helped Ukraine significantly in being admitted to the World Trade Organization, and this agreement then indicated and expressed a hope that membership could have followed for Ukraine, if it modernizes its economy, reforms its judicial and civic infrastructure and cleanses state institutions of rampant corruption.⁵⁸ Critics may fault the EU for emphasizing and holding tight on the Association Agreement's demands of Ukraine and imposing tougher entry terms for a free trade union, but these conditions are the only teeth the EU has when it comes to its Eastern Partnership policy. They are necessary if the Ukraine hopes to improve its economy, infrastructure and civil society in the future, and make it qualified for EU membership. The failure of the EU to get Ukraine to sign the Association Agreement reflects poorly on the merits of the policy itself, especially

⁵⁶ Zarembo, 2011, pgs 2-3

⁵⁷ European Commission, Speech EU-Ukraine Parliamentary Cooperation Committee, 2012

⁵⁸ Garwich 2010, pg 1230

considering how Ukraine was heralded as the “most promising case” for democratization through the ENP in past years.⁵⁹

Russia’s Asserts Its Interests

But as the EU spent years negotiating with Ukraine on the deal, Russia continued to further assert its own agenda as a EU alternative. And Brussels was largely unprepared for this.⁶⁰ Former Polish President Aleksander Kwasniewski, who directly worked with Ukrainian leaders on crafting the Association Agreement, said the EU underestimated the country’s ideological divide towards the EU and Russia’s role in Ukraine’s attitude towards the deal. “...Brussels was naïve. From Putin's perspective, Ukraine is an important factor, perhaps the most important one of all. He cannot achieve his goal of creating his own Euro-Asian union without Ukraine. This is nearly verified by the leaking of a draft of a Russian plan to thwart the signing of Association Agreement by Ukraine. The paper lays out a plan for preventing Ukraine from signing an EU Association Agreement, creating an "influential network" of pro-Russian organizations capable of preventing the government from "undertaking actions that are not beneficial for Russia," and bringing Ukraine into the Russia-led Eurasian Customs Union and Single Economic Space by 2015.⁶¹ The immediate objectives of the paper are as follows:

- “1. Preventing the signing of agreements between Ukraine and the EU on the Association.
2. Formation of an influential network of pro-Russian political forces capable of Ukrainian authorities to restrain from adverse action for Russia, as well as forcing them to Ukraine joining the Customs Union and the Common Economic Space.

⁵⁹ Ibid

⁶⁰ Puhl, J. 2013. Puhl, J. and Neef, C. (2013, December 9). 'Brussels Was Naïve': Ex Polish Leader on Failed Ukraine Talks. *Der Spiegel*. Retrieved from: <http://www.spiegel.de/international/europe/spiegel-interview-with-aleksander-kwasniewski-on-ukraine-talks-a-937964.html>

⁶¹ About the complex of measures to involve ukraine in eurasian integration process. (2013, August 13).*Gazeta.zn.ua*. Retrieved from http://gazeta.zn.ua/internal/o-komplekse-mer-po-vovlecheniyu-ukrainy-v-evraziyskiy-integracionnyy-process-_html

3. Neutralization of the political and media influence weakening.
4. Creating conditions for Ukraine's accession to the Customs Union and the Common Economic Space 2015.”⁶²

It also highlights specifics of how joining the Customs Union instead will mean big gains for Ukraine’s economy. The Custom’s Union would create and expand opportunities for high-tech industries “created as part of a single economic complex of the USSR.” Ukraine’s participation will ensure the co-dependency of it on the Russian market of engineering, agriculture, chemical and metallurgical complexes that form the basis of the Ukrainian economy, and will bring stability and increase GDP will increase by 15-18% in the medium term.⁶³

The very nature of the EU, the way it was built and works, limits its capabilities when responding to crises. This also contributes to a “silo effect” within its bureaucracy and contributed to its miscalculation on the Russian agenda. In the months following the fallout from Ukraine’s Association Agreement rejection, diplomats reflected that so much bureaucratic energy had been invested in brining the country into the ENP, that “wishful thinking prevailed over hardheaded calculation.”⁶⁴

When Stefan Fule visited Kiev in November 2013 a few weeks before the signing conference in Vilnius, he reportedly told EU officials that Yanukovych was having second thoughts about the agreement, noting that Russian restrictions on trade would may have decreased Ukrainian industrial output by 40 percent. Fule noted this privately, but in public statements, the EU only heralded Yanukovych’s commitment to democratic values.⁶⁵

⁶² ZN,UA,Mirror of the Week. Ukraine 2013, 18:55

⁶³ ZN,UA,Mirror of the Week. Ukraine 2013, 18:55

⁶⁴ Higgins, A. The New York Times. Ukraine Upheaval Highlights EU’s Past Miscalculations and Future Dangers (2014March20).<http://www.nytimes.com/2014/03/21/world/europe/ukrainian-tumult-highlights-european-unions-errors.html?src=xps>

⁶⁵ Higgins, 2014

The Lithuanian Foreign Minister, Linus Linkevicius said Yanukovich sent so many mixed signals that it was “impossible to know what he intended to do.” Sweden’s foreign minister, Carl Bildt, made similar comments. “. . . We have seen a different Russia emerging in the last year in particular that many anticipated.” Bildt says that the EU did two things wrong in retrospect: not taking seriously Russian military doctrine claims since 2009 that it had the right to protect Russian speakers outside its own borders, especially in former Soviet lands, and when Russia started to block the import of Ukrainian goods when Ukraine moved towards a deal with Brussels.⁶⁶ Another senior diplomat quoted anonymously by The New York Times said that Europe “stumbled badly by reducing its outreach to Ukraine to a ‘technocratic and bloodless’ exercise that ignored political realities” and added most member states have completely ignored the hard power political dimensions of dealing with Russia.

The West underestimates Russia's determination, and it also underestimated the political and economic situation in Kiev that drove Yanukovich’s decisions on the agreement.”⁶⁷ Western observers largely agree. Bruce Jackson, the president of the Project on Transitional Democracies, an American nonprofit group that has concentrated on Eastern Europe. “Russia did a much better job of explaining pocketbook issues in a very forceful way than Europe did in explaining abstract political benefits . . . Russia wanted this more than we did, certainly more than America did; we didn’t even show up.”⁶⁸ ⁶⁹ Russia has postured its Customs Union with Kazakhstan and Belarus as an ideological contrast and economic foil in opposition to the EU and all that it stands for. Rather than imposing any immediate conditions, because it doesn’t want Ukraine to modernize,

⁶⁶ Ibid

⁶⁷ Ibid

⁶⁸ Herszenhorn, D. 2013

⁶⁹ Ibid

lest it moves out from under Moscow's thumb. Russia has emphasized the short-term benefits of joining their trade union, namely lowered gas prices and potential loans from Russia. Russia, which is Ukraine's biggest trading partner, argued that economic integration with the EU would lead to a flood of cheap EU goods, further fuel inflation and hurt Ukrainian produces and Russian products by extension. Russia has essentially blackmailed Ukraine as the country moved towards a decision on the EU agreement, threatening higher gas prices, tariffs and trade sanctions.⁷⁰ In the wake of Yanukovich's about-face on the Association Agreement, Ukraine will continue to be a quickly sinking disenfranchised state, billions of dollars in debt, with more and more young and educated people leaving the country each year. EU leaders may lament Yanukovich's response to their Association Agreement, but critics argued that Russia offered a better deal, with promises for a major loan, increased trans-national trade and lower gas prices.⁷¹

Unlike the EU, when Russia threatens, it follows through. In August 2013, months before the Vilnius meeting with Russia launched a 6-day trade embargo of Ukrainian goods from 50 Ukrainian companies, stopping them at the Russian border through intensive checks by customs.⁷² At the time, several Russian officials said that embargo was a precursor to a total freeze out in trade if it were to sign the Association Agreement with the EU. Comments by Sergei Glaziev, Putin's adviser on economy, confirms this: "By signing the AA (Association

⁷⁰ Sherr, J. (2013). Ukraine and Europe: Final Decision? Chatham House. Russia and Eurasia 2013/05 Sherr, 2013

⁷¹ Petro, N. (2013, December 3). How the EU Pushed Ukraine East. *The New York Times*. Retrieved from: <http://www.nytimes.com/2013/12/04/opinion/how-the-eu-pushed-ukraine-east.html> Petro, 2013

⁷² Popescu, N. (2013). The russian-ukraine trade spat. *European Union Institute for Security Studies*, 26, Retrieved from http://www.iss.europa.eu/uploads/media/Alert_Ukraine_trade.pdf pg 1

Agreement), Ukraine loses independence and ceases to be not just a strategic, but even a full-value partner (for Russia),” Glaziev said.⁷³

It has long been known by the international community that Russia’s foreign policy aspirations include a hand in Ukraine. Many scholars agree that the country is the most important in Russia’s sphere of influence, without it, Russia cannot be on top in Eastern Europe.⁷⁴ Zbigniew Brzezinski, a former US national security adviser, noted that ‘without Ukraine, Russia ceases to be a Eurasian empire’ (Olearchyk, 2011).⁷⁵ Russia’s control over Yanukovich is clear in the account from former Polish prime minister Radoslaw Sikorski from February 2014, after protests in Kiev forced the president to work through a truce with the opposition to call early elections in 2014.

“He was fighting hard to preserve whatever he could and yield the least,” said Sikorski, the foreign minister of Poland, who spent hours with Mr. Yanukovich as part of a team of European diplomats who mediated the accord.

“Mr. Sikorski said he told Mr. Yanukovich that the only way to sell a deal to the opposition was to specify when a new presidential election would be held. “You need to declare on what date you’ll resign,” he said he told the president. Mr. Yanukovich “went white,” Mr. Sikorski said. But the deadlock lifted after the Ukrainian leader received a phone call shortly afterward from President Vladimir V. Putin of Russia. “He came back, he was agreeing to limit his time in office,” Sikorski said.”⁷⁶

⁷³ Gorchinskaya, K. (2013, September 03). Yanukovich addresses parliament but refuses to talk about tymoshenko. *Kyiv Post*. Retrieved from <https://www.kyivpost.com/content/ukraine/yanukovich-addresses-parliament-but-fails-to-talk-about-tymoshenko-328951.html>

⁷⁴ Olearchyk, R. (2011, August 16). Ukraine poses dilemma for Brussels. *Financial Times*. Retrieved from <http://www.ft.com/intl/cms/s/0/b3d9b820-b769-11e0-b95d-00144feabdc0.html>

⁷⁵ Ibid

⁷⁶Higgins, A. (2014, February 23). As his fortunes fell in ukraine, a president clung to illusions. *The New York Times*. Retrieved from http://www.nytimes.com/2014/02/24/world/europe/as-his-fortunes-fell-in-ukraine-a-president-clung-to-illusions.html?_r=0

Second Theory: Yanukovich Never Intended to Sign the EU Agreement

As Ukraine continues to cope with the Association Agreement rejection, many pro-EU Ukrainians have turned to alternate theories to explain Yanukovich's about face. These theories include the belief that Yanukovich never intended to sign the EU Agreement and his years of negotiations were an act, while he continued to plunder the national treasury. This is an especially popular theory among young Ukrainians who are eager for a complete change in political elites. Many Ukrainians in Lviv, in the pro-European West, protested at EuroMaidan in Kiev often out of anger and frustration with the cozy Yanukovich-Putin relationship and corruption rather than a strong desire to join the EU. Young people support the EU want their country to someday be a part of it, but recognize progress must be made first.

"EU it is not paradise for Ukraine, it is hard world of market economy and competition where Ukraine haven't experience, but we need the EU, because it is modern and progressive world, and Russia it is degradation from past times," said Sergiy Olynik, a graduate student in Kiev.

"The association with the EU for Ukraine is a necessity. We need to destroy the system of corruption and strengthen democracy," said Lesya Bilyk, a student at Ukrainian Catholic University in Lviv, who spent several days protesting in Kiev. "It's important for our economy, education, for everything."

Many believe that Yanukovich never intended to sign the EU accord in the first place, "I think his decisions are directed by the influence of our Eastern neighbor. I don't think he was really looking towards the trade agreement with the EU," said Nazariy Fedyshyn, a seminarian student at Lviv Holy Spirit Seminary of Ukrainian Greek Catholic Church.

“He wasn’t going to sign up the EU contract from the very beginning. It’s just a game. Moreover it seems that he doesn't really control the country. He is like a doll,” said Oleg Klymonchuk, a seminary student in Kiev.

One popular opinion is that Yanukovych was an opportunist hoping to get money wherever he could, said Mariana Shchetyna, a university professor in Lviv. “He just wanted to receive money and didn't really care from whom - EU or Russia. Other people say that all of this is carefully planned by Putin in his attempt to divide Ukraine and create a new version of the USSR.”

Other theories that might explain Yanukovych’s trajectory and his cost-benefit analysis that ultimately led to his pivot away from Europe, do not take into consideration the complexity of the chain of events leading to his decision and Russia’s heavy hand in influencing him. Some Ukrainians say that Yanukovych never intended to sign the Association Agreement to begin with and doubt any and all comments he’s made pledging closer ties and expressing a desire to be considered possible members of the EU. But in the two years leading up to the Vilnius summit, he welcomed European Parliament monitors into Ukraine. Both parties have reiterated commitments to a Deep and Comprehensive Free Trade Area (DCFTA) and agree to a loan of 610 million Euros from the IMF.⁷⁷

He initialed a draft of the plan months before the signing meeting in Vilnius. Why go through all the trouble to initial and the draft if it was always never going to be signed? The paper trail from the EU Association Agreement and signed treaties between the EU and Ukraine in the past suggest that there were intentions to follow through at the time the agreement was being negotiated.

⁷⁷ Yanukovych, V.(2013,February). 16th *ukraine-eu summit*. Retrieved from http://eeas.europa.eu/delegations/ukraine/press_corner/all_news/news/2013/2013_02_25_1_en.htm

If the theory that Yanukovich never intended to sign the Association Agreement to begin with, an important question would have to be asked for which there are no easy answers. Why would he, then, spend so much time and effort negotiating and initially approving a trade deal that he knew would never come into effect? And why bother allying with the Europeans on other key security issues and initiatives, potentially jeopardizing its relationship with Russia, his biggest ally? All of Yanukovich's speeches, and the motivations articulated by his staff during negotiations in Brussels indicate a willingness to not only cooperate and collaborate with the EU, but someday may be key part of it. In a speech to the European Parliament in September 2013, just two months before he refused to sign the final trade deal, Yanukovich emphasized his country's commitment to legal reform and progress and said the deal is necessary despite any opposition. "This is the homework Ukraine's parliament has to complete before the Vilnius summit to enable Ukraine to sign the Association Agreement and the Deep and Comprehensive Free Trade Agreement," the president said during his address to parliament, which reconvened after a summer recess on Sept. 3. "The association is not needed for the authorities or the opposition, it's needed for Ukraine." It's unlikely these comments are outright lies, but that, at the previous theory stated, his turnaround was the result of a varying mix of factors coming together. In the same speech Yanukovich delivered to the Council of Europe in 2011, he said his biggest foreign policy goal was improving Ukrainian relations with Russia and taking them "to a new level" while also emphasizing a priority of European integration.⁷⁸ Yanukovich outlined domestic reforms already underway, including legal reform, constitutional reform and judicial reform. It's unclear whether any of those reforms were actually under development. He also

⁷⁸ Address by Viktor Yanukovich, President of Ukraine on the occasion of the third part of the 2011 ordinary session of the council of Europe Parliamentary Assembly. (2011, June 20). Retrieved from <http://hub.coe.int/speech-yanukovich>

condemned corruption and promised legislation to curb it.⁷⁹ But he also said “his efforts had experienced opposition from individuals who had become rich as a result of embezzling public funds.”⁸⁰

Maybe he never intended to sign the agreement, but it seems unlikely given the efforts he had gone through in the past. It is more likely that he intended to sign it, hoping to get the best of both worlds for Ukraine from both Russia and the EU. Yanukovich believed Ukraine would receive short-term, financial benefits, in a massive loan and cuts in gas prices by joining the Russian-led Customs Union and the Common Economic Space. But yet he continued the course towards European integration, and even initialed a draft Agreement with the EU on a free trade area (FTA), the signing of which was scheduled for November of 2013. After that Ukraine's accession to the CU would be impossible.⁸¹

CONCLUSION

As Ukraine continues to find its way towards a new government and a new path forward, it is clear the Russians will still try to exert their influence. Their major ally may be ousted but the pressure will be on the next president and the economic realities of an economy on the brink

⁷⁹ Ibid

⁸⁰ Ibid

⁸¹ Third Theory: Geopolitical Divides in Ukraine Drove Yanukovich to Reject the EU

Another competing theory that has gained more traction as Yanukovich has fled to his eastern home base is that he didn't sign the Association Agreement because of the EU requirements and did not want to risk a deeper chasm in Ukraine between the East and West. Although divisions and tensions between the more Western-looking West and the East, dominated by ethnic Russians and Russian speakers have always existed, the split was not on the precipice of a civil war as it looked in late February 2014 when Yanukovich's own Party of Regions allies turned against him after state police killed protestors. It's a stretch, with little evidence to suggest that a protest in Eastern Ukraine would have occurred like the one in Kiev if Yanukovich had signed the deal and further integrated economically with Europe. There are far too many moving parts and the economic and Russian factor are too significant to discount it as the driving region behind Yanukovich.

of bankruptcy has the potential to leave Ukraine vulnerable once again, if the EU cannot remedy the time discrepancy in their reactions and plans and find a more effective way to influence and incentivize Eastern countries towards their normative democratic policies. This thesis argues that there are structural and institutional obstacles that face the EU in incentivizing Eastern European countries to conform to its democratic policies and reform domestic institutions. Yanukovich ultimately rejected the Association Agreement with the EU because of political pressure from Russia and economic desperation for quick money to avoid bankruptcy. Research and analysis from political observers of Russia's geopolitical agenda, along with statements, government and news reports provide evidence to support this combination of factors that ultimately led to Yanukovich's rejection. The evidence, most notably, the duration of time Yanukovich took in negotiating the AA with Brussels, does not suggest he never intended to sign it, nor that he was swayed by public opinion and/or is constituent support base in Eastern Ukraine. The Kremlin is shown to have much more influence over Ukraine's crooked executive than the people that elected it.

With Yanukovich now ousted and in exile from his own country, Ukraine has another chance for a new start. It's elections in May 2014 will indicate much about the way the new regime will work, and whether it will stay on a path towards Europeanization and democratization, reform and economic solvency. For this new government to be successful it must succeed in many large endeavors, most notably keeping the Russians from further annexing its territory, protecting and reestablishing the rights all Ukrainians, regardless of their ethnicity, what language they speak, or what their political preferences. It already has a good start by re-balancing federal authority between the legislative and executive branch. Time will tell whether

the elections can be the catalyst for a new, prosperous Ukraine with a new group of political elites to lead it.

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