

**The state in-between:
Russia presses Ukraine as the ENP summit is
approaching**

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WWW.PECOB.EU

SEPTEMBER 2013

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As the EU's summit with its Eastern neighbors is approaching, Russia grows impatient about Ukraine's possible signing of the Association Agreement with EU. The Association Agreement (AA), which has been prepared almost two years ago, but was frozen since then due to an anti-democratic turn in the Ukrainian home politics, should come together with the Deep and Comprehensive Free Trade Agreement (DCFTA), opening a virtually unimpeded access for Ukrainian exporters to around 90% of the European markets. As PECOB has reported earlier, EU has used its Association Agenda in Ukraine as a lever to promote democratic and market reforms. Yet, seeing Ukraine under Viktor Yanukovich's presidency unwilling to comply with EU's requirements, the union leadership grew increasingly skeptical of the future of Ukraine's integration into the European free trade and customs framework.

But something must have changed in Kyiv's official position in the last months. Ukrainian leaders have made it clear that they are willing to sign the named agreements with the EU during the upcoming summit in Vilnius, and undertake the required steps to do so. Signing the AA and DCFTA would create a free-trade zone between Ukraine and the EU, lift off tariffs on export and import activities on most goods within it, and set a system of quality standards to be met by Ukrainian exporters to EU.

Such integration would effectively preclude Ukraine from participating in Customs Union between Belarus, Russia and Kazakhstan. Many commentators see the Russia-led Customs Union as Putin's attempt to revive Soviet Union. Although such comments might seem inappropriate or untrue, Russia was clearly disappointed by the new turn in Ukrainian diplomacy, and quickly responded with its usual 'weapon' — imports blockade.

On July 29, the Russian Sanitary Service stopped the imports of Ukrainian-produced 'Roshen' sweets after claiming they contained harmful substances and required further inspections. The owner of 'Roshen', a Ukrainian businessman and minister of trade Petro Poroshenko claimed that in blocking the import, Russia breached the rules of the World Trade Organization, of which both Ukraine and Russian are members. In two weeks, on August 14, 2013 the Russian Federal Customs Service listed the majority of import items from Ukraine as "risky" and demanding inspection to check their compliance with country's quality standards. Such a move blocked import flows from Ukraine, and in the first two weeks 27% of the import items underwent selective inspections, according to Sergey Glaz'ev, the

Russian presidential adviser on Customs Union integration. While Mr. Glaz'ev and other Russian officials declare that the issue is thoroughly technical, Ukrainian commentators believe that the sudden and unprecedented controls of Ukrainian products were an attempt to demonstrate the 'perils' of Ukraine's signing the AA. Mr. Glaz'ev declared the official reason of the inspections to be the tightening of import quality standards vis-a-vis Ukraine's imminent application of the EU's system of quality standards. Yet, the timing and the sheer extent of the blockade, now joined by the ban on imports of wines from Moldova which also hopes to sign its AA in November, leave one to wonder about the true motives of the blockade.

Over the past few years, Russia has sought to make Ukraine sign the agreement with the Customs Union, which was explicitly contrary to the conditions of the association with the EU. Ukrainian leadership seemed undecided about which trade association to join, and apparently sustained Russia's claims that joining Customs Union would not mean renouncing on finalizing the EU's Association Agenda. European diplomats repeatedly stressed the opposite: AA precludes membership in treaties creating united customs zones with third countries or organizations, in this case the Customs Union. But the opposite was perhaps truer: for a country to join the Customs Union means delegating its sovereign control over customs and tariff revenues to a supra-state entity, which automatically excludes country's individual membership in similar trade agreements, unless the Union as an entity partakes in them. Sergey Glaz'ev recently claimed that after signing the AA, Ukraine will cease to be "not only a strategic, but even a full-fledged partner" of Russia. Moreover, Ukraine would breach its agreement on friendship and cooperation with Russia, which could have long-lasting political and economic implications for Ukraine.

Other comments by Mr. Glaz'ev expressing Russia's official position that re-classifying Ukrainian imports was a purely technical matter, rather than a political maneuver, hardly persuaded anybody in Ukraine. Nor did they convince European officials and diplomats. The desire to sign the AA with the EU is perhaps the only objective that unites all major actors in Ukraine. Even the Party of Regions, the majority party in the Parliament, which was adverse to the integration into the European geopolitical space during the Yushchenko presidency, has expressed its consent with what is called an 'European course'. At a meeting with the party's MPs earlier this month, President Yanukovich denounced Russia's desire to "humiliate and crush on" Ukraine, and stressed that the 'European choice' is inevitable for Ukraine. Furthermore, an MP of the party was recently expelled from the parliament after he openly expressed his opposition to the Party's pro-European position, claiming it was a "treason of its electorate".

Mr. Glaz”ev further claimed that Ukraine will experience an economic catastrophe and, perhaps, attempts at secession of several of its regions, in case it signs the Association Agreement. British newspaper *The Guardian* reported Mr. Glaz”ev as saying that in case the agreement is signed, “Russia can no longer guarantee Ukraine’s status as a state and could possibly intervene if pro-Russian regions of the country appeal directly to Moscow”.

In response to Mr. Glaz”ev, Mr. Poroshenko, the Ukrainian trade minister, thanked Russia for making the signing of AA more plausible. If anything, Russia’s persistent attempts at forceful intervention into Ukraine’s dealings with EU have made the signing of the AA and DFTA more likely. Today, more than 50% of adult Ukrainians favor the AA, which is 20% more than the level of support of Customs Union. Mr. Poroshenko attributed this to Russia’s rough tactics in dealing with Ukraine.

Europe also seems more inclined now to put aside its discontent with the Ukrainian law enforcement, high levels of corruption, and selective justice, as signing the Association Agreement with Ukraine becomes a matter of regional geopolitical play. However, if signing is to happen, President Yanukovich must find a quick solution to the case of Yuliya Tymoshenko, the ex-PM imprisoned under the charges of the abuse of office.

At the international forum on Ukraine’s European strategy in Yalta, the Chairman of the European Parliament Committee on Foreign Affairs Elmar Brok said the case of Ms Tymoshenko should be resolved by this October 15, when the European Parliament will hear the report by the Cox-Kwasniewski mission to Ukraine. As of now, Mr. Yanukovich seems to be avoiding any final decisions as to whether, and how, this deadline can be met. His and Ms Tymoshenko’s actions now are likely to decide their further political careers, and both will be careful in their maneuvers. One likely scenario is that Yuliya Tymoshenko will be allowed to leave Ukraine for a hospital treatment in Germany. However, Ukrainian authorities are waiting for the ex-PM to make her first move, and until now she has not made any declarations in this regard.

September 27, 2013

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