What are the possible outcomes in the relationship between the EU and Russia influenced by the current Ukraine issue?

Dissertation

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Executive Summary

Even before the current issue in Ukraine started, the country had to choose between the European Union and the Russian Federation. Russia wanted Ukraine in its own union, and Europe wanted closer cooperation with Ukraine in the form of an agreement. The European Union does not have any perspective for Ukraine on a future membership, while Ukraine would become a full member of the Eurasian Union. However, for Ukraine's economy, cooperation with the European Union would bring more advantages in economics, technology development, and political reformations. The rejection of the European Association Agreement by the former Ukrainian President Yanukovych caused protests in Ukraine by the pro-European population, protests that slowly turned into fights on pro-Russian and pro-European side. After a voting by the Ukrainian parliament, Yanukovych was outvoted and fled to Russia. The interim government that followed up and they signed the agreement. Russia's rage about this caused the annexation of Crimea, and Russia is not planning on giving back the peninsula. The Ukrainian provinces Donetsk and Lugansk held a referendum on gaining independence, and the majority of the population was in favour of this. Though, Russia does not respond to the request these provinces to merge with Russia. In the two provinces, as well as in other parts of East-Ukraine, fights are still ongoing and even the Ukrainian army is fighting against these rebels. The fact that Russia has not accepted the two provinces with a great ethnic Russian minority living in it, is remarkable. The Russian intentions are mainly based on re-gathering the former Soviet space, or as Russia claims it: 'protecting the ethnic Russian's'. The relationship between the EU and Russia is heavily influenced by this whole situation. Russia and EU are important trading partners, and the EU has already imposed sanctions towards Russia because of Russia's actions. So far, Russia is only threatening to the EU, but has not imposed sanctions. But both sides have to be careful, because every action done by a side will harm itself. Nevertheless, Ukraine has made a great choice with signing the Association Agreement. This will provide Ukraine with the most advantages.
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Abbreviations

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<thead>
<tr>
<th>Acronym</th>
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<tr>
<td>AA</td>
<td>Association Agreement</td>
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<td>CIS</td>
<td>Commonwealth of Independent States</td>
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<td>DCFTA</td>
<td>Deep and Comprehensive Free Trade Area</td>
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<td>ECU</td>
<td>Eurasian Customs Union</td>
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<td>ENP</td>
<td>European Neighbourhood Policy</td>
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<td>EU</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>OSCE</td>
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<td>USA</td>
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<td>USSR</td>
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1. Introduction

After the Second World War Ukraine became a part of the former Soviet Union (USSR). In December 1991 Ukraine became an independent state after a referendum was held which showed the support of the Ukrainian citizens on an own independent state. In the years after this, Ukraine’s interest in Europe increased, since this was not possible when Ukraine was still a part of the USSR. Ukraine wanted economical and political cooperation with the EU. At the end of the 90s, the Russian Federation was interested in trade relations with Ukraine and wanted Ukraine to join their customs union with Belarus and Kazakhstan (Aslund, 2013).

In 2004 the pro-Russian Yanukovych won the Ukrainian presidential elections. The pro-European/western population mainly living in the west of Ukraine did not agree with this and accused Yanukovych from fraud, while the pro-Russian population is mainly living in the east of the country and supported Yanukovych. After months of protests by the pro-European population, re-elections were held. After the re-elections the pro-European Yuschckenko became president. This is quite similar to what recently has happened (Aslund, 2013). After misuse of power by Yuschckenko, Yanukovych became president in 2010. In 2013 Yanukovych rejected the Association Agreement (AA) with the European Union (EU). Instead of cooperation with Europe, Yanukovych started focussing more on relations with Russia. This led to protest by the pro-European side in the country, they were angry because of the rejection of the AA, which means rejection of a closer relationship with the west. Months of protests followed, both non-violent as well as with violence (Laan, 2014). Eventually, Yanukovych fled to Russia and a pro-western interim government took over temporarily. The interim government signed important part of the AA with the EU. Russia did not agree with the whole change of the situation and Russian military exercises were held on the border of Russia-Ukraine, next to the peninsula Crimea. The suspicion of the EU on this action was justified, Russia annexed Crimea where the majority is ethnic Russian (Mdzinashvili, 2014).

The annexation was the most important action that brought tension between Russia and the EU. However, the relationship between the EU and The Russian Federation is important. The EU and Russia are important trading partners. Not only are they both economically depending on each other, they also have to deal with each other on a geopolitical field. The northern-east side of the EU shares its borders with Russia, with Ukraine lying in between both on the eastern side of the EU. Russia, as well as the EU, wants a tighter relationship with Ukraine in terms of trade. The population of Ukraine has
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a mixed opinion on which side Ukraine would tighten its relationship with (Al Jazeera, 2014). This was the main cause of the Ukraine issue. Now that the status of Ukraine is unstable, what is the status of the relationship between the EU and Russia? And despite the unstable status of Ukraine, will the EU and Russia remain important trading partners? For both, a prediction of this is important, otherwise actions have to be taken to not harm itself.

1.1. Research question

The situation in Ukraine is constantly developing, and future actions of the EU and Russia regarding Ukraine are unsure due to the unstable status of Ukraine and the disobedient part of the population. Still, possible outcomes in the relationship between the EU and Russia can be researched. Predictions can be made when looking at the events occurred in Ukraine. Also looking at the actions of the EU towards Russia, and the actions of Russia towards the EU can give more precise predictions on the possible outcome of the relationship.

The central research question of this dissertation is:

- What are the possible outcomes in the relationship between the EU and Russia influenced by the current Ukraine issue?

To come up with possible outcomes of the EU-Russia relation, the following sub questions will be researched and answered:

- Background: What is the cause of the Ukraine issue?
- What was/is the Russian reaction on the Ukraine issue?
- What was/is the EU reaction on the Ukraine issue?

At first, academic literature on this topic will be researched, important findings in this literature will be outlined in the literature review chapter. This is, to research critical points, knowledge, and the opinion of the authors who are experts in the field of the relations between Ukraine, Russia, and the EU. The third chapter is focussing on the history of Ukraine in relationship with the EU and Russia, starting at the independence of Ukraine. This is for a better understanding of the background on the cause of the tension in the region and the relationship. To get more specific information on the EU, as well as on the Russian side, in chapter four and five the reaction of each side will be researched.
In the sixth chapter, the latest events will be described. After this, a conclusion will be made. This views some possible outcomes regarding the relationship between the EU and Russia influenced by the Ukraine issue. Last, a reference list provides all the used sources for this research.

1.2. Methodology
Researching such a newly developed and ongoing issue makes it difficult to come up with a correct outcome on how the relationship between the EU and Russia will be in the future. Therefore, this dissertation will be written by the use of academic literature on Ukraine as a country in between two optional economic allies. Ukraine has already made a decision on this cooperation, but this process influences the relationship between these economic and important allies. Beside this, news articles on the events in Ukraine, as well as news articles and documents on responses (such as sanctions and quotes) from both sides are important to analyze the relationship between the EU and Russia. The description of the events in Ukraine explain the development of the Ukraine issue, and the tense relationship between the EU and Russia. News articles also mention the opinions of experts on the related fields, and this can be used to form options of the outcome of the relationship. Government websites and documents, and websites from international expert and research institutions will also be used for this research, because this provides the research with the legal aspects and the view of both sides on specific matters. The use of this kind of research provides the dissertation with the latest available literature. However, the future outcome in the relation will remain to be unknown, academic literature, news articles, and government and international institution Web sites can provide the research with possible outcomes in the relationship.
2. Literature review

This chapter reviews some of the existing academic literature and the authors view on the choice of Ukraine between cooperation with Russia and cooperation with the EU. Academic literature on this choice reviews the origin of the problems with the cooperation triangle. The relationship between the Russian Federation and the EU influence by the Ukraine issue is too current, and therefore academic literature on this has not been found.

2.1. The choice of Ukraine

Russia and the EU both trying to pull Ukraine towards themselves brought Ukraine in a difficult situation, and Aslund (2013) thinks that the Ukraine issue is caused by all actors. The EU and Russia equally important in export. Russia wanted Ukraine to join the ECU, while Europe was trying to negotiate with Ukraine on the AA and DCFTA. Also the Eastern Partnership of the EU concerned Russia because this would mean a better cooperation between the EU and former Soviet states (Dragneva, & Wolczuk, 2012). Russia does not want to lose Ukraine to the EU. Putin's aggression towards Ukraine is not geopolitical related, but nationalism as Aslund (2013) wrote. Also Dragneva and Wolczuk think that Russia's aspirations are related to the former Soviet time where Ukraine was a part of. The goal of president Putin was to include Ukraine in the Eurasian Union. (Aslund, 2013). Both Aslund (2013), as well as Dragneva and Wolczuk (2012), think that if Ukraine wants to come with an agreement with the EU, the justice system needs changes (no prosecution of political opponents), also reformation in the economic system for more development is necessary (tighter budget and liberalization). This will be an advantage for Ukraine if it will cooperate with the EU. The EU is needed for this, and therefore better cooperation is needed since the EU did not offered much until the relationships got more tensed between the EU, Russia and Ukraine (Aslund, 2013) (Dragneva, & Wolczuk, 2012). Aslund, Dragneva, Wolczuk, and Sherr all agree on the advantages on what the EU can offer Ukraine, and the disadvantages that the cooperation with Russia will bring. The EU can bring modernization in Ukraine and will raise the GDP. It will provide Ukraine with “better access to the vast EU market, increased inflow of foreign direct investment, which will modernize the Ukrainian economy, restructure enterprises, and create jobs; and harmonization of regulatory and institutional standards, which will improve the business environment and rule of law in Ukraine” (Aslund, 2013). Russia grants Ukraine it will help with modernizing the technology research sector, helping in development and in cooperation in industries (Dragneva, & Wolczuk, 2012). However, Sherr is critical. His opinion is that the EU does not guarantee
any reformation in economics or democratization. Ukraine needs more liberalization, it needs to get rid of the Russian hegemony, and accept help. But even with accepting the AA, the situation of Ukraine will remain unsure (Sherr, 2013). With Ukraine joining the ECU, the GDP will decrease, “the market is smaller, technologically backward, less competitive, and does not offer Ukraine significant institutional benefits” (Aslund, 2013). The sentiment of longing to a trade union by Russia is an old soviet way of thinking, such as a reduction of competition for countries that are less developed in technology. Aslund (2013) even thinks that the Customs Union is even harming itself. Besides that, he thinks the economy between the member states of the ECU differ too much because of their interests and structure such as export products (Aslund, 2013). But in the advantage of Russia, Dragneva, & Wolczuk (2012) believe that Ukraine joining the ECU will strengthen the union. Russia stated that if Ukraine will join the EU, no membership will be provided and Ukraine has to stick to the rules of the EU. Future membership is just a hope, not a perspective as agreed by Sherr (2013) and Dragneva and Wolczuk (2012). This is not the case if Ukraine joins the ECU (Dragneva, & Wolczuk, 2012). Aslund, Dragneva, Wolczuk, and Sherr all agree on Ukraine signing the AA will be seen as a threat and an attempt to access the EU to Russia, and Russia will impose trade sanctions towards Ukraine. Whether Ukraine will sign the AA or not, Russia will be involve itself. Russia will impose trade sanctions towards Ukraine if it does sign the AA. To conclude, all writers seem to agree on the fact that the Ukraine-EU cooperation would work out the best for Ukraine.
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3. Since independence

To find a cause for the Ukraine issue, it is necessary to take a look at the history of Ukraine and the European Union (EU), and of the history of Ukraine and the Russian Federation. This can give a good impression on how the whole issue started. This will be followed by an explanation of the events that took place that brought the tensions in the region so high. The events being, why the Ukrainian population started to protest and raised their voices, and why Russia annexed Crimea, and the last referendum in the Ukrainian state Donetsk and Lugansk.

3.1. After Soviet life

Ukraine became independent from the Soviet-Union on the 24th of August 1991. This was as a result of the Declaration of State Sovereignty of Ukraine on the 16th of July 1990. The Ukrainian parliament adopted this declaration to become independent from the Soviet Union. In a referendum on the 1st of December 1991, 90% of the Ukrainian citizens showed that they are in favour of the Act of Independence. After this, Boris Yeltsin, who was the president of the USSR at that time, decided to break up the USSR. Yeltsin said: “I was convinced that Russia needed to rid itself of its imperial mission” (Aslund, 2013). This led to the Commonwealth of Independent States (CIS). Yeltsin’s ideal, was that the CIS would be an equivalent of the EU. (Aslund, 2013). The European Community (later in 1993 the EU) acknowledge Ukraine as an independent country, and was willing to cooperate economical and politically, and during the 90s Ukraine started to put interest in joining the EU in the future. A Partnership – and Co-operation Agreement would have been the first step for Ukraine to work on the conditions of the EU for joining. Despite this agreement, the reformations in Ukraine were difficult to pass through because of the pro-Russia population that did not wanted this. (Laan, 2014).
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3.2. ECU, EEC, and the Eastern partnership

In 1995 the Treaty on forming the Eurasian Customs Union (ECU) between Russia, Kazakhstan and Belarus has been signed. The ECU is a counterpart of the European EU. Whereas the CIS was mainly institutional, the ECU was established for economical trade and power. In 2000 the Eurasian Economic Community has been set up, and in 2006 Uzbekistan joined. Later in 2003 Russia, Belarus, Kazakhstan and Ukraine wanted to form a Single Economic Space, but Ukraine later resigned from this. In 2007 Russia has signed the Treaty on forming the Eurasian Customs Union with Belarus and Kazakhstan. During the years, the ECU has established common customs tariffs, an ECU commission has been set up, physical borders between the member states were eliminated, and an Eurasian Economic Commission court has been established. In 2012 the Eurasian Economic Commission (EEC) was established, and in 2015 the Eurasian Economic Union has to be established (Eurasian Economic Commission, 2013).

In 2009 the EU established the Eastern Partnership. This step of the EU concerned Russia. The Eastern Partnership was an initiative between the EU and former Soviet countries. Though, Russia tried to campaign the ECU to the Ukraine, the Ukraine tightened its relations and integration with the EU. Although the Ukraine is critical toward the Eastern Partnership, and does not see the added value of this, Ukraine agreed with other agreements (Dragneva, & Wolczuk, 2012).

3.3. Yanukovych and Yuschchenko

In 2004 the Orange Revolution started. Putin preferred Viktor Yanukovych as the president of Ukraine, because Yanukovych is more pro-Russian than the opposite candidate Viktor Yushchenko who is pro-European (Aslund, 2013). Possible intimidation, corruption, and fraud led to the win of Yanukovych over Yuschchenko. The win of Yanukovych did not satisfy the supporters of Yuschchenko, and the supporters protested against the result of the election after the candidate of the opposition, Yuschchenko, summoned to not accept this. This caused an inward conflict. In West-Ukraine, the majority of the population supported Viktor Yuschchenko, while East-Ukraine, where most of the ethnic Russian population is living, supported the winner of the elections Viktor Yanukovych. The pro-European protestors were occupying the Independence Square in Kiev for months until the elections were declared invalid. Re-elections followed up, and Yuschchenko won. Yushchenko appointed Yulia Tymoshenko as the Prime Minister (Laan, 2014).
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The Ukrainian government, under leadership of Yushchenko, was focussing on further and closer co-operation with the EU, and applied for accession in the World Trade Organization (WTO), and this was completed in 2008. In March 2007 Ukraine started negotiations with the EU on a new Associations Agreement (AA) with the EU (The AA is a part of the European Neighbourhood Policy, ENP, which focuses on neighbourhood countries of the EU). In February 2008 Ukraine started to negotiate with the EU on the Deep and Comprehensive Free Trade Area (DCFTA), which is a part of the AA (Aslund, 2013). In the AA “the key parts focus on support to core reforms, economic recovery and growth, and governance and sector cooperation in areas such as energy, transport and environment protection, industrial cooperation, social development and protection, equal rights, consumer protection, education, youth, and cultural cooperation” (Delegation of the European Union to Ukraine, n.d.). The DFCTA is an agreement that makes it easier for non-European countries to penetrate in the European internal market in goods and services. (Delegation of the European Union to Ukraine, n.d.). What Ukraine wants to accomplish with this, is not only economic integration with more trade and more benefits, but also political association with the EU (Aslund, 2013).

In 2010 there was a switch in leadership, and Yanukovych became the president of Ukraine. Yanukovych sent Tymoshenko to prison on the basis of misuse of power. Yanukovych restored the focus on Russia, but also continued negotiation with the EU on the DCFTA, which finished at the end of 2011. Yet due to concerns about violation of the rule of law of the Ukraine human rights in the country, the EU is restraining from signing the agreement (Laan, 2014).

3.4. Maidan revolution

The conflict in Ukraine started in November 2013 when the Ukrainian president Viktor Yanukovych rejected the AA proposal from the EU. The agreement was in the final stage when Yanukovych rejected this. Instead of the AA, Yanukovych signed a deal with Russia which involved economical benefits and aid for Ukraine.

At the end of November 2013 the protests on the streets of Kiev started. Some 100,000 people protested against the rejection of the AA done by Yanukovych. It was the beginning of December that the opposition leaders asked Yanukovych to take another look at the AA and sign, to which Yanukovych refused. This made the number of protesters rise, and the Independence Square called ‘Maidan Nezalezhnosti’ was designed the protest place in the capital city. In the middle of December the EU
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suspended the negotiations on the AA with Ukraine, and Yanukovych had a meeting with president Putin. The outcome was that $15 billion of Ukrainian debts will be bought by Russia, and the gas supply price of the Russian gas will be lowered. Despite the fact that the Ukrainian court has banned the protests, and “Yanukovych had signed laws on banning anti-government protests”, in the middle of January 2014 the protests were still ongoing (Mdzinarishvili, 2014). On the 22nd of January, the EU was blending in the situation. During the protests three people died, and the EU said they will come into action if Ukraine is not going to deal with the crisis. Later, also the United States is threatening with sanctions. During February 2014, Russia boosted Ukraine with $2 billion, and more protesters died during protests due to violence, sniper shots, and fights with the police. The EU threatened with sanctions, and tried to mediate in the conflict. And attempt of an Ukrainian opposition leader to end the violence is to sign a peace pact (this ended up not working). An event that changes the whole situation in Ukraine took place on the 22th of February. Yanukovych has been outvoted by the Ukrainian parliament and he fled away (he is accused of ‘mass murder’), and the parliament voted for releasing the opposition politician Yulia Tymoshenko out of jail. New elections were declared for Ukraine to take place on the 25th of May 2014. Four days later, the Ukrainian new government chose new ministers, and Russia was enraged because of the whole situation and sent troops to the Russian-Ukrainian(Crimean) border. This action was disguised as the military troops ‘exercising’ (Mdzinarishvili, 2014).

3.5. Crimea

After the slash of Yanukovych, protests began in Crimea by the pro-Russian people. The Russian soldiers on the border of Russia (close to Crimea) were put on ‘combat readiness status’ (Al Jazeera, 2014). Russia claimed that these soldiers were just doing military drills and were not going to invade Ukraine or cross into the Ukrainian borders. On the 27th of February armed men taking over the Crimea parliament and the Russian flag was raised. A day later two airports has been taken over by pro-Russian armed men. This led to a UN Security Council meeting on the situation. Russia has also been accused of aggression and the United States is warning Russia for military sanctions. But, according to Russia, military intervening by Russia is allowed because of agreements on protecting their Black Sea Fleet in Sevastopol, Crimea. Two days later local Crimean leaders asked Russia for help (Al Jazeera, 2014).
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The Kremlin agreed to help and Putin decided to send the Russian army on the Russian-Ukrainian border into Crimea. The Russian take over occurred without any bloodshed. A response from Putin on the takeover, is that Russia will do everything it can to protect Russians (in Eastern Ukraine). The Crimean parliament voted for joining Russia on March 6th. On March 11th, the EU offered a package with trade liberalisation measures to the Ukraine as a support for the Ukrainian economy that suffed because of the situation in the country. On the same day, “the ‘Declaration of Independence’ has been adopted by the Crimean parliament” (Al Jazeera, 2014). The Western Countries have shown their support to Ukraine by warning Russia of possible economical and political sanctions. Almost a week later the USA and European countries froze assets, and banned visas of individuals related to the issue in Crimea. The same week, Putin welcomed Crimea as a Russian state by signing the treaty which states that Russia will absorb Crimea (Al Jazeera, 2014). On the 21th of March the most important parts of the AA had been signed by the EU and Ukraine in Brussels. “The European Commission has agreed to extend nearly 500 million Euros worth of trade benefits to Ukraine, removing customs duties on a wide range of agricultural goods, textiles and other imports” (Herman, 2014). On the same day, the annexation is was made official by Russia signing a bill. A day later more Ukrainian army bases are taken over by Russian soldiers, and most of Crimea is now under Russian power. As a response, Mr. Barack Obama, president of the USA, gathered the G7 without Russia, and agreeded on excluding Russia as long as Russia did not changed its position, with economical measures to follow. March 27th, $27 billion was granted for the rescue of Ukraine in the coming two years. On top of that, the UN General Assembly came to the conclusion that the annexation was illegal. March 28th Viktor Yanukovych wanted each region within the Ukraine to hold a referendum on its status. (Al Jazeera, 2014).
3.6. Separists

In the beginning of April government buildings were taken over in Donetsk, Lugansk, and Kharkiv (east-Ukrainian cities) by pro-Russian activists (later called separatists). They demand a referendum on independence. This was the beginning of the ‘anti-terror operations’ of the Ukrainian government, and two days later Ukraine had control over the government buildings back. Despite this action, the separatists were taking over other buildings, and the Ukrainian government was offered more power to the regions. This does not do much to deter the pro-Russia separatists and the taking over of buildings continues. The Ukrainian operation forces fail in taking back the buildings, and on both sides people were killed (Al Jazeera, 2014).

On the 17th of April, an accord was reached on Ukraine signed by The United States, Russia, Ukraine and the European Union on de-escalation. This deal has been made in Geneva, Switzerland. The agreement contained the following points:

- “All sides refrain from violence, and reject expressions "of extremism, racism and religious intolerance, including anti-Semitism.
- All illegal armed groups must be disarmed; all illegally seized buildings must be returned; all illegally occupied streets and other public places in Ukrainian cities and towns must be vacated.
- Amnesty will be granted to protesters and to those who have left buildings and other public places and surrendered weapons, with the exception of those found guilty of capital crimes.
- The OSCE would play a leading role in helping the authorities implement the agreement.
- Constitutional reform would be inclusive, transparent and accountable” (Borger, Luhn, 2014).

Despite the fact that these agreements have been accomplished, Ukraine sent its military on a mission to overrule the rebels in the ‘anti-terrorist operation’. The Geneva agreement, nor the Ukraine military force had impressed the action groups to disarm and end the occupation. According to Reuters, the separatists will not disarm themselves unless the Right Sector disarm themselves first. Right Sector is the counterpart of the pro-Russians, they are a nationalistic Ukrainian group active in West-Ukraine. (Balmforth, Vasovic, 2014). According to the U.S. and European officials, this may lead to further economic sanctions. These sanctions have not been determined yet. Due to the fact that
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the European countries are depending on Russian gas- and energy export, these sanctions cannot be too strict. Otherwise, these sanctions will counteract and make the situation more difficult for the EU. But these sanctions are not hitting on the separatists, only Russia and the EU itself. (Balmforth, Vasovic, 2014).

In the end of April new Russian exercises took place at the Russian-Ukrainian border. “The Ukrainian Prime Minister Arseniy Yatsenyuk responded that Moscow is seeking to trigger a third world war” (Al Jazeera, 2014). The Ukrainian government is still fighting against the separatists in the east of Ukraine that occupying government buildings and cities. The western countries set up new sanctions towards Russia, and Russia responds that it will set up sanctions towards the energy sector, but it says it will not invade the Ukraine.

3.7. Referendum

The referendum in the Ukrainian provinces were held on the 11th of May. In the provinces of Lugansk (96%) and Donetsk (80%) the outcome was that the people wanted the province to become sovereign. Shortly after this, the separatists leaders in Donetsk said that they wanted to merge with Russia. They claim that they always have been a part of Russia, since there are a lot of Russian Ukrainians living in the east of the Ukraine. In Lugansk, officials wanted a referendum on this matter, whether they wanted the province to join Russia or not. The Ukrainian government does not agree with the referendum since not all of the people who were allowed to vote were actually voting because they would have been scared to go out on the streets and experience violence. So far (2014, May 18), Russia has not reacted on the outcome of the referendum and the wish of the Donetsk leaders to merge with Russia. Russia even wanted to postpone the referendum. Nevertheless, Russia does want to do something with the outcome of the referendum. "We believe that the results of the referendum should be brought to life within the framework of dialogue between Kiev, Donetsk and Lugansk," (Robinson, & Prentice, 2014) the Russian Foreign Ministry said. And the Kiev government has been accused of criminal lack of readiness for dialogue with their own people (Robinson, & Prentice, 2014). The provinces see the Ukrainian forces now as intruders in their own sovereign states, and want the support of Russian forces. The eastern provinces are important for the Ukrainian economy, since the most biggest companies are located in the east. Especial now the Ukraine is bankrupt it needs these regions (Robinson, & Prentice, 2014).
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4. Relations with Russia

From the beginning on, there have been tensions and accuses between Russia and the west. Russia is showing its power and abilities to the world. What was the reaction of Russia towards the EU, and what actions did Russia do in the Ukraine? And from what ideology are this responses and actions originated?

4.1. Annexation

One of the biggest events done by Russia, is the coup in Crimea. Before Russia entered Crimea, Russian military troops were holding exercises near the Crimean border. According to the Russian government, this was “to check combat readiness of armed forces in western and central military districts as well as several branches of the armed forces” (Banerjee, & Talukdar, 2014). This action showed Russia’s power and influence to the region. The EU found this exercise disturbing and suspicious (Banerjee, & Talukdar, 2014).

Ukraine, and especially Crimea is a strategic place for Russia. Russia’s black sea fleet is based in Sevastopol, Crimea. Russia had made a deal with Yanukovych in 2010 on the lease of the Russian Black Sea fleet port in Sevastopol until 2042. Russia was in fear of the interim government of Ukraine would cancel the deal. The deal is important to Russia because it has the best access to the Black Sea (Banerjee, & Talukdar, 2014). After Russia entered Crimea, Russia claimed that the reasons of the coup were that Russia wanted to protect the ethnic Russians living in the Ukrainian Peninsula. Besides that, Russia felt that the interim government in Kiev and the ‘illegal extremist groups’ active in the Ukrainian capital were a “direct threat to the sovereignty and constitutional order in Ukraine” (Banerjee, & Talukdar, 2014). Sergei Lavrov, Russia’s foreign minister, has said this, and Russia entering the Ukraine was a response to Yanukovych request for this protection. Of course, the USA and the EU did not accept this. The USA and the EU recognized the new interim government in Kiev and not the annexation of Crimea, while Russia sees the interim government as an illegal takeover of power. The consequence of this, was that Russia did not buy the Ukrainian debts of $15 billion that Russia said it would do as an aid to the Ukraine (see 3.4 Maidan Revolution). After the majority of the Crimean population voted in favour of joining Russia, Russia signed the treaty on this on the 18th of March (Banerjee, & Talukdar, 2014). Russia is not planning on giving back Crimea to the Ukraine after the Ukrainian elections of the end of May. Russia recognizes
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Crimea now as a part of Russia. Whereas the west and the Ukrainian government do not recognize this, Russia and the Autonomous Republic of Crimea had signed an agreement on this at the end of March 2014 (Pravda, 2014). Though the EU does not recognize Crimea as a part of Russia, Vladimir Chizov, a Russian representative, did say that the EU will stay a foreign policy and economical partner of Russia. Despite the fact that the relationship between the EU and Russia is troubled, there is a mutual interest. The EU stays an important trading partner to Russia in the future (Ria Novosti, 2014).

The actions of Russia has affected the financial market and economy. With the financial market of Russia declining in the beginning of 2014, and the economical growth will probably be less than originally hoped for (1% instead of 3%) according to Goldman Sachs (Banerjee, & Talukdar, 2014). But Russian presidential aide Sergei Glazyev sees this different. He believes that the actions of Russia, as well as the EU sanctions (see paragraph 5.1) does not harm to Russia, and can even bring benefits. It is in his belief, that Russian companies and businessmen can concentrate on Russia itself, instead of on export to the EU. Less money will leave the countries, and more will stay in the country. Less Russian money in the world economy (Ria Novosti, 2014).

The Moscow Times has done interviews with analysts on the Russian aspirations in the Ukraine. The opinions do not reach a consensus. Some analysts think that Russia is satisfied with the annexation of Crimea, some think that Russia will be satisfied with Donetsk and Lugansk merging with Russia. However, Russia did not respond to the request of the pro-Russian separatists for a merge with the greater Russia. The analysts do agree on the idea of Russia expanding more outside of the Ukraine is not the aspiration of Russia. They also think that Russia does not want Ukraine becoming pro-western, and therefore the underlying reason why Russia is operating this way. Russia does openly pronounce the opinion on the ‘illegal’ interim government and fascism by right-wing groups. Russia said, it would recognize the outcome of the Ukrainian elections in the end of May. Although the pro-Russian election candidates seems not to be the favourites. If Russia does not recognize the outcome of the elections, the EU has said it will set up harder sanctions toward Russia, sanctions that even might harm the EU (Eremenko, 2014).
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4.2 Putin

As the president of the Russian Federation, president Putin is a powerful man. Putin has his own ideas on the future of Russia, and also the future of the Ukraine is in his hands.

After Russia took over Crimea, president Putin stated that it is not the plan of Russia to annex more regions of Ukraine. Putin sees the take over as a step to bring more justice and protect to the ethnic Russians and Russian speaking people living in the Peninsula. Also Mikhail Gorbachev, the former USSR president, supports the referendum on Crimea and the annexation. Putin compares the outcome of the referendum in Crimea with the Kosovo situation. Kosovo had the right to choose to separate from Serbia and gain independence according to the EU, and the EU supported a referendum on this matter. Kosovo did gain independence from Serbia. Now that Crimea chooses for joining the Russian country by a referendum, the EU does not recognize this, and Putin finds this hypocrite (Banerjee, & Talukdar, 2014).

Russia has put up a vigorous action with taking over Crimea. This action was the start and incentive of Russian separatists to protest and raise their voice on separation of the largely Russian populated regions of the Ukraine. Is this the start of a new Russia united with former USSR regions? And is this the goal of Putin, to go back to a former USSR-state? A clue might be, that Putin has said after the Orange revolution:

"The collapse of the Soviet Union was the biggest geopolitical disaster of the century" (Aslund, 2013). “According to the German Chancellor Angela Merkel is president Putin living in another reality” (Duk, 2014).

The sanctions from the EU towards Russia (see paragraph 5.1) do not impress Putin. "Isn't it obvious that economic sanctions as an instrument of political pressure have a boomerang effect in the interconnected modern world, and that at the end of the day they affect the business and economies of those countries that initiated them?," (The Moscow Times, 2014). Putin believes that despite the difficult relationship between the European countries and Russia at this moment, Putin is always able to discuss controversial topic

with the German Chancellor Angela Merkel, and both are able to come to an agreement on these topics (Telegraaf, 2014). According to Reuters (The Moscow Times also published the article from Reuters), the EU sanctions will ‘boomerang’, like Putin has said. The EU sanctions towards individuals and companies do not cause much harm said Andrei Belousov, the economic aide of president Putin. According to him, Putin and the Kremlin have a tactic, and these are unknown to the western countries. He will come up with sanctions towards the EU on every level of the western economy and mainly targeting the countries that are highly represented by companies in Russia. “I can tell you my observation: Our Western partners - our colleagues who work in Russia - are much more worried about sanctions than we are,” Belousov said (Reuters, 2014).

In a book that Weird Duk (historian and journalist, former Russian correspondent in Russia) wrote about President Putin, he stated that Putin is aspiring a Russian unity of the state and the people. Putin is following the ‘Russian Idea’ which is all about Russia as a derzjava, a Russian super power that contains a big Russian united state. Not to forget the Eurasian Union that Putin tried to establish with Ukraine as a member. Russia includes the Ukraine in its plans because of the large group of ethnic Russians are living in Ukraine. The EU and the NATO is enlarging, and this worries Putin. With Russia’s actions in the Ukraine, Putin is showing the west that the enlarging should stop, and that he does not want the west to include Ukraine, Putin has draw a limit, a border for the western expansion. Duk also believes that the Putin’s actions are part of a plan, a plan for Russia to become a new world order, reviving the super power of Russia. (Duk, 2014).

4.3. Human rights in Ukraine

As a response to the demonstrations and the turmoil in Ukraine, the Russia Ministry of Foreign Affairs has done a research on the violation of human rights in Ukraine in the period of November 2013 up to the end of March 2014. According to the White Book, extremist groups, such as ultranationalists and neo-Nazis, took over the protests at the Maidan Square. The report is a counterpart of the researches and representations of western international human right organizations and the International Community had shown. The Russian Ministry of Foreign Affairs thinks that some facts have not been highlighted enough, or not properly. The report is pointing out “the onslaught of racism, xenophobia, ethnic intolerance, the glorification of the Nazis and their Banderite sycophants” (Ministry of Foreign Affairs of the Russian Federation, 2014). Not only non-violent pro-western Ukrainians were protesting against the rejection of the AA and DCFTA
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done by Yanukovych, also right-wing groups were joining in the protests and using violence. These right-wings groups put their forces together, and “activists from several right-wing groups, including the Stepan Bandera All-Ukrainian Organization Trizub (Trident) movement, the Socio- National Assembly/Patriot of Ukraine (SNA/PU), the Ukrainian National Assembly (UNA) party, the Bilyi Molot (White Hammer) group, as well as football fans, organized the informal Pravyi Sektor (Right Sector) association at Euromaidan” (Ministry of Foreign Affairs of the Russian Federation, 2014). According to the White Book, these groups even gathered to exercise for the use of violence (with weapons) against the opposition parties, the police and other enforcers of the law. The right wing activist groups started with the riots in Kiev. Later on, this spread all over Ukraine and other groups joined. These groups were/are mainly active in the more pro-Russian parts of the Ukraine, the now autonomous regions. With this violence and the self-proclaimed interim government, the situation in Ukraine is violating the international law on human rights and the governmental overtake has not been approved by Russia. The conclusion of the Russian ministry, is that the USA and the EU support these nationalistic groups, which threatened the peace in the Ukraine and eventually ended up in a civil war. With the self-proclaimed interim government, Russia had to take actions. This clarifies Russia’s action to protect the ethnic Russians and Russian speaking population living in Ukraine. Ukraine is ‘lawless’ at the moment in Russia’s opinion, and the East-European and Russian region have to be aware on escalation. The western countries are only seeing the situation from their point of view, the unstable threatening situation for the pro-western population. However, the situation for the pro-Russians are far from safe and secure. (Ministry of Foreign Affairs of the Russian Federation, 2014).
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5. Relations with the EU

Opposing Russia, the EU does support the interim government in Kiev. The EU and Ukraine signed important parts of the AA, what makes the Ukraine a step closer to the west, and further away from Russia. This is not what Russia had in mind for Ukraine, and actions followed. How did the EU respond to this?

5.1. EU sanctions towards Russia

Since Russia penetrated in Crimea, the EU has imposed sanctions towards Russia and separatists. The EU (and the USA as well) have set up sanctions towards Russian individuals such as Visa travel denials and account freezes. Also four companies have been put on the list of sanctions. Some of these individuals and companies are linked to the Russian president Putin as can been seen on the figure below. (BBC, 2014).

Opposing Russia, the EU does not recognize the referenda in the Eastern-Ukrainian states of Donetsk and Lugansk and the outcome. Sanctions towards Russian companies will follow. However, the EU does not want to come up with sanctions that affect these companies in economical performances. Sanctions such as capital assets blocking in the EU are more likely. The opinion on the level of sanctions is divided in the EU. Great Britain and Poland would like to see sanctions that are stronger. However, all EU foreign ministers have to agree with the sanctions, so this will not happen (yet). To predict how the sanctions will influence the economy of the EU countries, the EU commission has made an analysis in March for all the EU member states on the affect of the sanctions. The sanctions will not influence the EU economical too badly (Riegert, 2014). But even with the outcome of the analysis, the EU countries are staying alert. The main concern is
the gas and energy supply from Russia to Ukraine and the EU countries. Until the end of May, the gas supply will be continuous, as this was a deal between all involved parties. After this, the EU would like to have one single gas price that is equal to all EU countries and the Ukraine. The EU, Ukraine and Russia are still in such a relationship that negotiations are still possible. Also, all parties would like to see Ukraine to pay off the gas debts to Gazprom, one of the most important gas suppliers of Russia to the European continent. (ANP, 2014). In this gas supply issue, the financial aid from the EU to Ukraine can help. Ukraine can use a part of the aid to pay off a part of the debts to Russia, since this must be done quickly. After this has been done, negotiations on the gas price are possible again. Also, Gazprom does not accept any more debts and does expects a pre-payment from Ukraine for the gas supply. Putin blames Ukraine for the regional gas problems and accuses Ukraine for abuse of its position. The gas is quite important to the EU countries, since about one third of the gas that the EU is using is coming from Russia, and about half of this is going through the Ukraine. Russia uses the gas supply to put pressure on Europe if needed since Europe is relying on Russia for one third of its gas. (RT, 2014). Russia uses the gas supply to put pressure on Europe if needed since Europe is relying on Russia for one third of its gas. To replace the one third of the gas supply from Russia, is difficult for Europe, but not impossible. This justifies the concerns of the EU. If there are too harsh sanctions towards Russia, Russia can cut off the gas supplies. Though, Russia and especially Gazprom will lose a lot with this (Lain, 2014). In a short term, the EU can get gas supplied from other countries. The other way around, Russia is more dependent on the EU in the export of gas. Russia also exports gas to Asia. But the easiest way to transport gas is through pipelines, and compared the Europe, Asia has less pipelines from Russia. On the other hand, some regions in the EU are completely depending on Russia’s gas like the Baltic States and Poland. However, these countries do not consume much gas compared to other regions in the EU (Behrens, & Wieczorkiewicz, 2014). But the fact that the Baltic States are not connected to other pipelines is risky and despite the fact that these countries do not consume much gas in comparison to other EU countries, the reliability of the Baltic States on Russian oil and gas is almost a hundred percent (Dempsey, 2014).
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5.2. NATO

Ukraine is not a member of the NATO. Therefore, the Russian penetration into Crimea did not mobilize the NATO units. Nonetheless, the NATO is worried. The unstable Crimea and East-Ukraine are close to the NATO borders, and if the conflicts cross the border to NATO territory, the NATO has to act according to Article 5 of the Treaty of Washington (Buckley, & Pascu, 2014). “Article 5 is at the basis of a fundamental principle of the North Atlantic Treaty Organisation. It provides that if a NATO Ally is the victim of an armed attack, each and every other member of the Alliance will consider this act of violence as an armed attack against all members and will take the actions it deems necessary to assist the Ally attacked. This is the principle of collective defence” (NATO, 2005).

The NATO sees the intervention from Russia in Ukraine as illegal. Despite the fact that Ukraine is not a NATO member, Ukraine has cooperate with the NATO in the past with operations, and there is even a NATO-Ukraine Commission. The NATO supports the sovereignty of Ukraine, and wants to strengthen the relationship with the country for more security in Ukraine (NATO, 2014). To help Ukraine, NATO has send ships to a port in Lithuania to ensure the security in the region. Also several European countries (Great Britain, France, Denmark, and Germany, which are also NATO members) might send air force to the region. Because president Putin claims to protect the ethnic Russians, the NATO is worried for further actions, action towards other countries like the Baltic States (NATO members) and Moldova (not a NATO member). However, NATO is not likely to take military actions, which could mean a big regional war influencing many countries in the world. (Reuters, 2014).
6. The situation at the moment
After the protests started at the Maidan Square in Kiev, many people from both sides have been killed. Ukraine is in a crisis situation, and pro-Russian separatists cause a war-zone in the east. Occupation of (public) buildings, OSCE observers have been kidnapped, and fights against the Ukrainian army (BBC, 2014). Despite these unstable situation, the first round of the elections were held on the 25th of May.

6.1. The election
The winner of the first round of Ukrainian elections is the oligarch Petro Poroshenko. Poroshenko won the first round with 55% of the votes. However, on the 1st of June the official results will be expected. Due to conflicts in the regions of Donetsk and Lugansk, many polling stations were closed. Also in other eastern regions the turnout was not as high as in the western regions of Ukraine. This explains the overall turnout of just 60%. Both the EU, as well as Russia have acknowledged Poroshenko as the results of the elections, and Poroshenko want to have diplomatic talks with both. The program of Poroshenko for Ukraine is to be neutral, which means no NATO membership. Poroshenko also want more economical and political cooperation with the EU, and destabilizing the relationship with Russia (Sasse, 2014). He also will not recognize the annex of Crimea (Reijner, 2014).

In the same week as the election, the operations of the army against the separatists started. The new Ukrainian president Poroshenko does not want to talk to the separatists. The foreign minister of Russia Lavrov has said that Russia wants the fighting from the Ukrainian army against the separatists to stop (Reijner, 2014). “The Ukrainian authorities have every right to use all necessary measures, including the right to self-defence under the UN Charter, say MEPs, warning Russia against using the Ukraine's legitimate right to defend its territorial integrity as a pretext to launch a full-scale military invasion” (European Parliament, 2014).
7. Conclusion

There is a tense relationship between Russia and the EU (countries) caused by the events in the Ukraine. The rejection of the AA has caused protests and a start of the crisis in Ukraine. The EU is worried about the human rights in Ukraine during the protests and fights, and especially the violence used by the separatists. Russia sees this different, and tries to remind the EU on the right-wing nationalist groups, who also use violence. This leads to the purpose of Russia penetrating in Ukraine. President Putin's aspiration is to protect ethnic Russians living in the Ukraine. The EU disapproves Russia's actions, and set up sanctions towards Russian individuals. Visa refusal and assets freezes are the first steps of the EU towards the aggressive action of Russia. The EU does not want to set up too strict sanctions towards Russia, strict sanctions will effect themselves eventually. This is mostly applicable to economic sanctions. This is because the EU and Russia are great trading partners. Also the gas supply from Russia is important, and Russia is threatening with ending the gas supply to Europe. Despite the fact that the treat of Russia is concerning the EU, Russia will be disadvantaged by this as well.

NATO is watching over the whole situation from a distance. Ukraine is not a NATO member, and because of this, NATO is not forced to come into action towards Russia. This also might be too risky, and brings a chance on a regional war, influencing other countries outside the unstable Europe.

What will happen in the future is not sure. Because the aspirations of Putin are to protect ethnic Russians outside of Russia, it is not sure if Russia will stop expanding after it annexed Crimea. But the refusal of the merge of the Ukrainian provinces Donetsk and Lugansk is controversial. If Russia wants to re-establish the former Soviet Union, the enlargement of the Russian countries has not stopped yet. This means that the Baltic States and Moldova are next since there is a large ethnic Russian minority living in these countries. This will cause conflicts with the NATO, because the Baltic States are NATO members. Also the EU will have to come into actions, since the Baltic States are also EU member states. A logical result to this, is that the relationship between the EU and Russia will get worse, even more unstable, and further actions will be even more unpredictable. More vigorous sanctions from both sides will follow, and the economy of both sides will go downwards. Ukraine will be in the middle of the conflict, and the suspension of gas and energy supplies from Russia to Ukraine and the EU might be a serious threat. Russia has to seriously over think this option, because it will harm its own economy hard.
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Another possibility, is that Russia does not want to expand its territory besides the Ukraine. Russia did not agree with the pro-EU government and the western approach of the interim government and the Ukraine signing elements of the AA with the EU. Since the 90s, Russia tries to include the Ukraine in an Eurasian Union, while the interim government is moving the Ukraine towards the EU. To stop the Ukraine from becoming more pro-western, Russia is putting pressure on the country by taking over a region and gaining support from a part of the population. This possibility will keep the relationship unstable, the way it is at this moment, but there is space for negotiations and a change on improvement of the relationship. Impressive is that, so far, Russia has accepted the outcome of the Ukrainian end May elections. The new president wants to negotiate/mediate between the EU and Russia, maybe this will provide the region with some light at the end of the tunnel. However, the Ukrainian conflict with its rebellious citizens has not stopped yet.

The first optional outcome, as well as the second optional outcome are the most likely. But at the end, the future of the region is in the hands of president Putin, and President Putin cannot forget that every action he is taking, has consequences for his own Russia, this can be positive, but also negative. The EU has to be careful with sanctions, and Ukraine has to deal with its own problems. At the end it is a matter of time to figure Russia’s next reaction in this issue.

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7. Bibliography


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