

Multi-Directional Policy Forever



Someone once said about Great Britain that it had no constant friends or enemies but rather constant interests. This saying clearly does not apply to present-day Ukraine, which has yet to figure out what its constant interests are. The debate on where Ukraine should turn — to the West or to the East — has been going on non-stop over the fifteen years of the country's independence. The problem is not merely to do with the perceived historical attraction of the eastern and southern regions to Russia, and the western regions' orientation toward Europe. Ukraine's eastern part (primarily, Donbass and Dnipropetrovsk) with its developed industry became the cradle of the country's big industrialists. The new Ukrainian oligarchs are not interested in Ukraine joining either the EU or the WTO, as the accession will expose them to open and unrestrained competition with transnational corporations — a competition they are bound to lose. Lakshmi Mittal's acquisition of Ukraine's largest metallurgical plant in 2005 left the national market players extremely disconcerted. At the same time, the western regions of Ukraine remain economically depressed and are in dire need of grants and investment from the EU.

Meanwhile, competition with Russia is also dangerous for Ukrainian business. If Ukraine joins the Unified Economic Space of the CIS and the Free Trade Zone, its metallurgical and chemical assets (which constitute more than half of the country's exports) will either be bought by the Russians or simply become redundant. The fact that energy and coal are cheaper in Russia ensures that Russian steel will inevitably be cheaper than steel produced in Ukraine. The situation is therefore somewhat paradoxical: Viktor Yanukovich's Party of the Regions, which is often accused of a lack of patriotism, in reality deserves the most credit for trying to preserve Ukraine's status as an independent political and economic actor on the global scene. Conversely, the National Democrats — who form the ideological core in both Our Ukraine (the presidential bloc) and the Yulia Tymoshenko Bloc — are anxious to

see Ukraine join the EU and NATO, a move which will lead to Ukraine losing economic and political sovereignty.

It turns out that during the November 2005 presidential and the March 2006 parliamentary elections, both camps received equal numbers of votes. The Orange team had a year and a half at their disposal to break the balance of power and pave the way to the West as promised. Nevertheless, the balance of power remained intact, and will most probably stay that way for a long while. Therefore, a dramatic shift in the country's foreign policy is highly unlikely. Ukraine will continue former president Leonid Kuchma's multi-directional foreign policy of balancing between the geopolitical centres which has attracted much criticism domestically and abroad.

The geopolitical centres themselves have already begun to realise that. Ukraine lived for many years under the "spell of Brzezinski", who in his book, *The Grand Chessboard*, saw Ukraine as a geopolitical pivot restraining Moscow's imperial ambitions and forming a cordon sanitaire, or buffer zone, around Russia. Brzezinski's theory became a foundation for the foreign policies of the US, EU, and Russia toward Ukraine, all of whom tried to win over Ukraine with either monetary infusions or low energy prices. In the meantime, Kiev, playing the gentle calf, was milking both cows. The "great game" around Ukraine reached its climax during the 2004 presidential campaign and the subsequent Orange Revolution.

Moscow, disillusioned by its struggle over Ukraine, decided to bow out, bringing its relations with Kiev to a minimum and removing all political restrictions on energy supplies to Ukraine. Let business be business, it was decided. It has become clear to Moscow that none of Ukraine's leading political forces will lobby Russia's interests. Therefore, Moscow decided to cut to the chase: if Ukraine wants to freeze the growth of gas prices, it has to be able to discuss the prospects of Russian companies participating in the operation and development of its gas transport system. This was the message of the last meeting between Russian Prime Minister Mikhail Fradkov and his Ukrainian colleague Viktor

Yanukovich. We have all reasons to believe that the Ukrainian side took the point. Leonid Kuchma managed to dodge the establishment of a gas transport consortium with Russia because the latter used to grant Ukraine preferential energy prices. The Orange authorities' scope for action was limited by the advice of their American friends and their own ideological concerns. Meanwhile, without foreign investment, the Ukrainian gas transport system is deteriorating, to the extent that Ukraine could, in the nearest future, lose its status as the principal transit corridor between Russia and Europe. This also means Ukraine will have to bid farewell to potentially massive profits. Therefore, the political divorce from Russia may bring an improvement of bilateral economic relations.

Additionally, the EU has let Ukraine know that she should abandon her hopes of becoming an EU member state, even in the distant future. Such a swing in the stance of the EU and the West toward Ukraine has a lot to do with their loss of political interest. If Ukraine does not participate in the Grand Chess Game, the EU and the West can only have an economic interest in the country. However, they have no such interest. Ukraine is too big and, according to the West, too different to be integrated successfully. NATO, which is less motivated by economic interests, is the only organization that continues its manoeuvring around Kiev. Ukraine, however, is interested in an alliance with NATO only if it comes as part of a package with EU and WTO membership. For that reason, we can boldly predict that NATO has no chance of dragging in Ukraine.

The era of inflated expectations is over. Ukrainians have calmed down and stopped expecting radical change. The influence of external factors has also been minimised. The political institutions have matured in the course of harsh crises and collisions, and have learned the democratic principles of interaction and co-operation. This all means that the country's economic growth should soon pick up.

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