



BULLETIN

No. 6 (6) • January 23, 2009 • © PISM

Editors: Sławomir Dębski (Editor-in-Chief), Bartosz Cichocki, Mateusz Gniazdowski,
Beata Górka-Winter, Leszek Jesień, Agnieszka Kondek (Executive Editor), Łukasz Kulesa

The Putin–Tymoshenko Gas Agreement and Political Developments in Ukraine

by Andrzej Szeptycki

After Vladimir Putin and Yulia Tymoshenko reached an agreement on the supply of Russian natural gas to Ukraine during the night of 17 January 2008, the Ukrainian Prime Minister was accused of actions allegedly tantamount to giving up her country's Atlantic aspirations. It is true that Tymoshenko has rebuilt relations with Moscow and that some of her actions in 2008 in domestic and foreign policy were consistent with Russian interests. These were, however, solely tactical maneuvers preceding the Ukrainian presidential elections scheduled for 2010. Victory in those elections is Tymoshenko's principal aim.

Yulia Tymoshenko's Foreign Policy. The accusations leveled over the past few months by circles close to President Yushchenko against the prime minister—claiming that she had fundamentally altered the government's position in foreign and security policy and replaced the high-priority target of integration with Western institutions with renewed cooperation with Russia—seem unjustified. Tymoshenko has held the post of prime minister since December 2007, when the “Orange” coalition, made up of the Yulia Tymoshenko Bloc and the presidential party Our Ukraine–People's Self-Defense Bloc, formed a majority government. This government continued the policy of working for closer relations between Ukraine and Western institutions. In February 2008, Ukraine signed the protocol of entry into the World Trade Organization; it has also begun negotiations with the EU on the establishment of a deeper free trade zone. The pro-Western orientation of this government is symbolized by the deputy prime minister, Hryhorij Nemyria, a proponent of integration with the EU and NATO.

Foreign policy has become a subject of political dispute between Ukrainian centers of power during the Russia–Georgia conflict of August 2008. Prime Minister Tymoshenko delayed speaking out unequivocally on this issue for a long time, and this led the President's supporters to accuse her of high treason and of having reached an understanding with Moscow with a view to allegedly striking a victory in the 2010 elections. It is certain, however, that the Ukrainian Prime Minister's position in the face of the crisis was dictated by political expediency and related to Tymoshenko's efforts to win over voters from eastern and southern Ukrainian regions, where pro-Russian sentiment are strongest. Tymoshenko's successful wooing of voters from the above-mentioned regions, which today form the electoral base of Viktor Yanukovich and his Party of Regions, could prove decisive in Tymoshenko's struggle with Yanukovich for the presidency. For a long time now public support for both politicians has been similar and oscillates around 20%. In addition, Tymoshenko is most probably trying to replace Yanukovich as Russia's main partner in order to deprive him of Moscow's support.

Fears that Tymoshenko may be moving away from a pro-Western foreign policy are also related to Yulia Tymoshenko Bloc's decision, in early September 2008, to vote with Party of Regions and the Communist Party of Ukraine on legal changes narrowing the competencies of the head of state. The president's Our Ukraine–People's Self-Defense Bloc party left the government coalition at the time, and the president then made an unsuccessful attempt to dissolve parliament. Many weeks of talks between Yulia Tymoshenko Bloc and Party of Regions on forming a new government proved fruitless

and, on 9 December 2008, Tymoshenko unexpectedly came to an understanding on forming a new coalition with certain Our Ukraine–People’s Self-Defense Bloc S deputies and with the Litvin Bloc.

At this point, it is worthwhile to note two issues. Firstly, Yushchenko, who is planning to stand for re-election, enjoys the support of no more than 5% of the electorate. Consequently, he is using every opportunity to weaken Tymoshenko’s position, even resorting to accusations about her supposed connections with Russia. Secondly, as prospects for Ukraine’s accession to European and Atlantic institutions become more remote, the pre-electoral benefits to be derived from pro-Western rhetoric are dwindling in Ukraine.

Ukrainian–Russian Gas Relations. Relations with Russia in the context of natural gas are an important field of rivalry for the support of Ukrainian voters. The cyclically recurring crises between Gazprom and Naftohaz have been used by Party of Regions and Litvin Bloc politicians to discredit the “Orange” coalition. The provisions of agreements that bring such crises to an end in turn, especially the price of gas and methods of its supply and distribution (the role of intermediaries), gave rise to mutual accusations on the part of Yulia Tymoshenko Bloc and Yushchenko. Tymoshenko accused the President of having ties to the intermediary firm RosUkrEnergo, although it seems more probable that this company was used by Russia to corrupt Ukrainian politicians of different parties. In addition, during the past year, the President and the Prime Minister competed with one another to see who would change Ukrainian–Russian gas relations. A preliminary agreement on the issue was concluded on 12 February 2008 during Yushchenko’s visit to Moscow: RosUkrEnergo was to be replaced by two companies belonging to Gazprom and Naftohaz. Tymoshenko criticized the president for submissiveness towards Russia and her government hampered the implementation of the said agreement. In response, Gazprom temporarily reduced gas deliveries to Ukraine in March 2008. The crisis was resolved by another Gazprom–Naftohaz agreement concluded on 13 March 2008. Thanks to this agreement, RosUkrEnergo was not eliminated from Ukrainian–Russian gas relations. In turn, on 2 October 2008, Tymoshenko succeeded in signing in Moscow a memorandum announcing the elimination of middlemen from Russian–Ukrainian gas trade. Russia decided shortly thereafter to back out from this understanding, with this change in position caused by the worsening economic situation and Gazprom’s unwillingness to do without RosUkrEnergo’s services.

Immediately following Russia’s suspension of gas deliveries to Ukraine on 1 January 2009, Yushchenko and Tymoshenko adopted a common position. Differences appeared again shortly, however, and the President and Prime Minister began to blame each other for the crisis. On 17 January, multilateral talks devoted to the gas crisis were held in Moscow. Yushchenko refused to participate in the meeting, but Tymoshenko did fly to Moscow and on the night of 17 January 2009 concluded a preliminary understanding with Putin that was confirmed on 19 January by Gazprom and Naftohaz.

The Yulia Tymoshenko Bloc leader is portraying the provisions of the new agreement as a personal success. The company RosUkrEnergo has been eliminated from bilateral gas relations and, according to Tymoshenko, Ukraine is to pay less than \$250 per 1,000 m³ of gas in 2009 (Moscow had demanded as much as \$450). The contract between Gazprom and Naftohaz was concluded for a period of 10 years in keeping with Tymoshenko’s postulates. Politicians from Yushchenko’s entourage have already declared they would call the agreement into question, with such steps rooted in determination to discredit Tymoshenko and in fears of Ukraine’s excessive dependence on Russia. Should the Ukraine–Russia agreement (or some of its elements) be effectively undermined, this could rapidly lead to yet another gas crisis, but Ukraine’s international position as the party questioning the agreement would not be favorable then.

Conclusions. On two occasions, in October 2008 and January 2009, the Russian authorities let Prime Minister Tymoshenko present herself to Ukrainian public opinion as an effective politician in relations with Russia. This is significant for voters both in the eastern and western part of the country. Prime Minister Putin thus wants to encourage Tymoshenko to undertake changes in the sphere of Ukraine’s domestic and external policy, such as giving up efforts to be granted MAP, letting Russia’s Black Sea fleet remain in Crimea after 2017, or Russian access to the Ukrainian energy sector. For the Ukrainian Prime Minister, cooperation with Putin is of a tactical nature. In case of victory in the 2010 presidential elections, Tymoshenko will continue to work for a rapprochement with the EU. Efforts aimed at bringing Ukraine closer to NATO may slow down, although this will primarily be motivated by internal policy requirements. Tymoshenko will strive to maintain friendly relations with Russia, including favorable conditions for cooperation in the gas sector, but without making any fundamental concessions to its Russian neighbor. Such a policy would be consistent with Polish interests, but it should be borne in mind that it could generate repeated crises in Ukrainian–Russian relations, and hence more interruptions in gas supplies to Poland and the rest of the EU.