



# BULLETIN

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## Russia's Take on the Protests in Ukraine

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*Ukraine is especially important to Russia for geopolitical and economic reasons as well as the cultural and historical ties between the countries. In this context, the EU processes taking place in Russia's surroundings, particularly in Ukraine, are unfavourable to the former and therefore it is taking measures to counteract them. It can also be expected that the Russian authorities will use a variety of capabilities, such as providing credit support, prolonging repayment of Ukraine's debts for gas supplies, or exerting influence on the oligarchs in Ukraine to keep the country in Russia's sphere of influence.*

**Ukraine: One Element in a Geopolitical Game.** In recent years, Russia has gradually sought to restore its position in the international arena. One element of this policy is for it to return as the leader of the post-Soviet area, and the main confirmation of this will be next year's inauguration of the Eurasian Economic Union (EaEU), which is based on the existing Customs Union and Common Economic Space of Russia, Kazakhstan and Belarus.

However, the success of the project depends largely on the willingness of the Eastern Partnership countries, particularly Ukraine, to participate in it. Although creating the EaEU without Ukraine is possible, the new Union would have much less political and economic significance without it. The more then the success or failure of the project will be decided, not only in the economic dimension (to which the customs union and the CES of Russia, Belarus and Kazakhstan are basically reduced), but also in the political and cultural aspects of the newly created Union. Meanwhile, the EU and Russia have become mutually competitive in Ukraine because association with the EU would automatically exclude the country from economic integration with Russia.

At the same time, Russia fears that the integration process would not only be about the EU but would also include NATO and that membership in the Alliance would return as one of the strategic goals of Ukraine's Security Strategy (excluded in 2010 by a vote of Party of Regions deputies) and the Ukrainian army could even expand its scope of cooperation with NATO forces (Ukraine now participates with the Alliance in Kosovo and elsewhere).

**Russia's Concerns about the Association Agreement.** Russia has many concerns related to a potential change of the Ukrainian government. Not only is it concerned about the return to a pro-Western policy vector but also a diminished ability to protect Russian interests in the economic, military, and symbolic spheres of Ukraine.

Russia also projects that an EU-Ukraine tie-up would cause an influx of Western European goods to the Russian market, as they would be exported there by Ukrainian companies using preferential Russian tariffs. Proximity to the EU, from the Russian perspective, also threatens the ties between the economies of Russia and Ukraine and would have consequences for the former's defence and aerospace industries. For example, the Ukrainian Motor-Sich factory has, until now, been the only maker of engines for modern Russian helicopters such as the Ka-31, Ka-32, Mi-17, Mi-24 and Mi-28. The Russians also want to return to producing An-124 Ruslan strategic transport aircraft, which are necessary for the Russian army. For Russia, it is also important to preserve the strong position of Gazprom as a strategic gas supplier to Ukraine, and thus maintain Ukrainian energy dependence on Russia, at least until the South Stream pipeline starts (in 2013, 53% of Russian gas sold to Europe was transported through Ukraine).

A possible change in the authorities in Ukraine also induces Russian concerns about a possible termination of an agreement to station the Black Sea Fleet in Crimea. The ability to maintain the fleet in Sevastopol is, for the Russian military, also very important because the other existing base, in Novorossiysk, although developed, has much worse weather conditions. The Russian side is also concerned about the possibility that Ukraine could prevent the use of this fleet during a conflict, such as the 2008 war in Georgia when then-President of Ukraine Viktor Yushchenko said that

the Russian fleet had to have his permission to leave port. Ukraine can also effectively reduce the combat ability of the Russian fleet by cutting it off from electricity, water and, in extreme cases, by mining the port's entrance.

For Russian authorities, the changes taking place in Ukraine are also very important from a socio-political point of view. It is not only the success of Ukraine's integration with the EU, but primarily the results of the social and political changes that may mean that Ukraine will no longer be part of the "Russian world". The common historical traditions, statehood, religion, culture and language area, in terms of geopolitics, treated by the Russian authorities as within its zone of influence.

Among Russian political elites, there are growing concerns that the Ukrainian revolution will become a model for Russian society, with local independent communities and the opposition gaining an example of an effective grassroots revolution and the impact of protests on authorities. It is also worth noting that Russia's leaders are afraid of the increasing nationalism in Ukraine as a result of social changes and, as a consequence, the growing popularity of the "Freedom" and "Right Sector" parties, with their anti-Russian rhetoric and actions. In the future, this may adversely affect not only Russia-Ukraine bilateral relations but also Russian interests in the country.

**Prospects for Russian Support.** A possible change of power in Ukraine and possibility of a pro-Western foreign policy shift are clearly not in Russia's interests. Thus, the Russian government will continue to financially and politically support President Yanukovich and the Party of Regions government. Nevertheless, this does not mean absolute support for the Ukrainian president, especially for the use of force. If in an extreme case the protests were to lead to a civil war and the division of the country, which could destabilise the entire region, it would be disadvantageous for Russia as Ukraine is an important gas transit country to the rest of Europe. The Russians are also not prepared for an influx of refugees from eastern Ukraine and Crimea, should such an event occur.

In case Yanukovich decides to use force to put down the protests, Russian support (including military) for the pro-Russian regions of Ukraine, especially Crimea cannot be excluded. Such intervention would be explained by the necessity to protect Russians living in Ukraine—in 2008, Russian leader Vladimir Putin stated there were 17 million. However, to carry out such an intervention, Russia would first try to get a UN Security Council mandate. This scenario should be considered an extreme case, especially since Russia may have problems with incurring the costs of such an intervention, mainly due to the scale and duration of such an operation and because it carries the risk of serious conflict with western countries if the UNSC rejects the action.

This lack of complete support for Yanukovich's actions may also mean that if a change of government and president calms the public mood in Ukraine (which would also mean silencing the anti-Russian voices), Russia may be likely to support it, while at the same time continuing to use its economic and political influence, including its links to Ukrainian oligarchs (who have huge loans from Russian banks), to prevent the signing of an Association Agreement with the EU.

However, if the Ukrainian authorities (whether now in power or elected in the future) return to negotiations with the EU, the Russian authorities could withdraw Ukrainian goods from the system of trade preferences, demand the country repay its gas-related debt (which now stands at \$2.7 billion), increase gas prices (or, in an extreme case, cut off gas supplies altogether), or withhold subsequent tranches of the loan it recently granted Ukraine (\$15 billion in December 2013), declaring the country was unable to repay the loan and thus bankrupting the Ukrainian economy. If this scenario played out, Moscow would offer support for Russians living in Crimea by guaranteeing the protection of the peninsula's autonomy.

In the mean time, the Russian government, especially through media associated with the Kremlin, will continue to discredit the protests by presenting them as nationalist (and sometimes as fascist) and not pro-European, stressing that Eastern Ukraine and Crimea are against both a change of government and the protests on Kiev's Maidan and elsewhere in Ukraine as supposedly the eastern part of the country supports the western part financially.