



BULLETIN

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Poroshenko's Presidency: Eastern Concerns, West-Bound Aspirations

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On 4 June, Ukraine's President-elect Petro Poroshenko paid an official visit to Poland, where he met U.S. President Barack Obama. On 6 June, Poroshenko will attend the commemoration of the 70th anniversary of D-Day in Normandy. These first foreign meetings of Ukraine's new president highlight the foreign-policy priorities of his presidency. Relations with the U.S. and NATO will be strengthened following the breakdown of previous international security guarantees. While declining to accommodate Russia's political demands, Poroshenko will still try to avoid severing economic and diplomatic ties. The prospective implementation of an Association Agreement with the EU will remain a middle-term priority.

On 7 June, Petro Poroshenko will be sworn in as the fifth president of Ukraine. Having gained 55% of the vote in the first, thus only, round of the recent election, he received a solid mandate as commander-in-chief and key decision-maker on Ukraine's foreign policy. As if debunking the split electoral pattern in Ukraine, Poroshenko succeeded by winning the biggest share of votes in all electoral precincts where the poll was held, except for areas in Donbas controlled by pro-Russian paramilitary groups.

Domestic Constraints on Foreign Policy. The 2004 constitution significantly limits the competences of the new president in forming the executive branch. Poroshenko's influence on the cabinet is limited to appointing new ministers of defence and foreign affairs, although they must still be approved by parliament. While the president will appoint a new prosecutor general, the current head of the security service is likely to keep his seat.

The first task for Poroshenko is to decide whether and how to disband the unreliable coalition in parliament. Given the public's pressure to call a snap parliamentary election this year, Poroshenko is likely to attempt to disband the Rada. Ukraine's constitution allows the president to do that when parliament is unable to form a coalition within a month, to form a government within two months, or start a plenary session within 30 days. If negotiations for an "election pact" among parliamentary factions fail, Poroshenko is likely to follow the first scenario: his political allies (UDAR and part of Batkivshchyna) may exit the current coalition, thus ruining the majority. Such a move, however, would carry risks: the remnants of the Party of Regions faction and the Communists may attempt reformatting the coalition. The likelihood of the second scenario—dismissing the government—is much lower: Poroshenko would not muster enough votes in the current parliament to appoint a new cabinet. Thus, Prime Minister Arseniy Yatseniuk's government is poised to stay for at least several more months.

The second task for Poroshenko is to stabilise the situation in the Donbas. Three factors will press him to step up the military operation against armed pro-Russian groups in eastern Ukraine. Despite regular casualties among the Ukrainian forces, Ukraine's public supports the continuation of the war on the Russian-sponsored militants. That lends the president-elect the necessary legitimacy to carry it out. After gaining initial battle experience, the Ukrainian army commanders appear to be more assertive in carrying out this task. Also, the Donetsk region provides substantial currency inflow to Ukraine (accounting for 22% of Ukraine's total exports). It is estimated that more than half of enterprises in the region have seen their operations disrupted due to the security risks. As the IMF loan for Ukraine can be reduced due to loss of territory, Ukraine needs to regain control to shore up the hryvna.

A third challenge awaits Poroshenko in regional policy. The administrations in the Dnipropetrovsk and Odesa regions, controlled by the entourage of oligarch Igor Kolomoysky, have successfully resisted separatist subversion and protected the public order in the run-up to the May elections. Poroshenko would be ill-advised to replace them, as he lacks reliable networks in these regions. Leadership changes, however, are possible in other regional administrations, particularly Lviv and Donetsk. That said, the replacement of regional leaders would be of a selective rather than overarching nature.

Relations with Russia. Poroshenko's relations with the Kremlin will remain strained. The partial withdrawal of Russian troops from the border area does not stop movements of militants into eastern Ukraine across the now-porous border or regular attacks on Ukrainian checkpoints. Under these circumstances, the anti-terrorist operation conducted by Ukraine's military is bound to move closer to the border and could potentially aggravate the conflict with Russia.

Despite growing pressure from Moscow, Poroshenko is unlikely to negotiate on either of the "constitutional" issues insisted upon by Russia. First, Poroshenko intends to resolve the "Crimean issue" by protecting Ukrainian citizens on the peninsula and, in the longer run, see it returned to Ukraine. The issue is sensitive for Ukraine's public; therefore, his administration will continue denouncing Crimea's occupation. Moreover, Russia's proposals on federalisation of Ukraine will be further dismissed by Poroshenko, even as control over key regions may be further assumed by the local elites. Unless Poroshenko proves willing to pursue a conciliatory approach on these issues, Russia will continue to wage a de-facto proxy war in the Donetsk and Luhansk regions.

Apart from his unwillingness to negotiate with Russia on domestic matters, Poroshenko will be cautious not to disrupt trade or energy links. The risk of losing the free-trade area with Russia will deter an exit from the Commonwealth of Independent States (CIS), which has been aired by some Ukrainian officials. Poroshenko's position on a review of the Russian price for gas is also far from antagonistic. He is eager to invoke the country's currently low gas demand and sizeable reserves (up to a quarter of annual consumption) in re-negotiations of the price. Yet, he realises that Ukraine has little room for manoeuvre in the medium-term, given that reverse gas flows from Central Europe will not cover more than a third of Ukraine's import needs.

European Affairs. The relationship with the EU will not be free of difficulties, even though Poroshenko campaigned on a pro-European programme. He has declared his readiness to sign the trade section of the Association Agreement with the European Union after being sworn into office. However, following the signature, the Agreement will have to be ratified by parliament. This process may become hostage to MPs eager to use it as a negotiating tool against snap parliamentary elections.

Delivering on the promise of a visa-free regime by the end of the year will require Poroshenko's administration to undertake a concerted effort to ensure implementation of laws adopted in the first phase of the visa liberalisation action plan (VLAP). That is far from assured, given that the new president will have few constitutional means to directly influence the policies of the cabinet. In parallel to pursuing visa liberalisation at the EU level, Ukraine is likely to step up efforts to secure the facilitation of long-term visas from individual EU Member States, similar to the existing agreement on free long-term visas with Poland.

Defence Policy. Given that the 1994 Budapest Memorandum failed to provide lasting and efficient security guarantees to Ukraine, Poroshenko will be hard-pressed to come up with a new framework for national security backed by international partners. With Ukraine's army underfinanced and the arms industry skewed towards export markets, Poroshenko may push for an increase in military spending and more government control over sales of military enterprises.

Poroshenko's attitude towards relations with NATO will be more ambitious. During the presidential campaign he made clear that Ukraine will not join the Alliance in the near future, given some of the existing members' positions. He was also cautious not to allow the NATO debate to wedge the society. However, he may be bolder in discussing some sort of enhanced cooperation with NATO now that he has the popular mandate as president. Tellingly, Poroshenko claimed that Ukraine needs a "new agreement on collective defence" after the election, signalling an openness to more ambitious proposals for a regional security framework. The establishment of a joint Ukraine–Poland–Lithuania brigade may be test for further regional initiatives with NATO members.

Conclusions and Recommendations. With the escalation in eastern Ukraine, Poroshenko will find himself under pressure to step up military operations there. The EU should increase its support of border control facilities in eastern Ukraine to help register (if not prevent) militants from crossing into Ukrainian territory. Also, the EU could help with humanitarian aid and expertise for managing migration flows of internally-displaced persons from Donbas.

One of Poroshenko's deterrents in disbanding parliament may be the need for swift ratification of the Association Agreement. After the agreement is signed, EU MEPs should step up dialogue with representatives of the Ukrainian parliament's factions to mitigate concerns over the likely call for snap elections. Despite the EU's aversion to delve into internal politics of non-members, moderating the deal on snap elections may prove useful to avoid a political impasse in Ukraine. Amid the changing balance of power between Kyiv and the regions, the EU should focus more on direct cooperation with Ukraine's regions. This could be done by building cross-border links between regional authorities and prioritising financial support. As local government reform is poised to grant more powers to local authorities, the EU should tailor reform support programmes to regional needs.