

The EU's Eastern Policy in light of the Georgian Conflict and the Gas

To what extent should the EU get involved in the relations between Russia and other

Although there were repeated talks on possible solutions to the crisis, hostile acts between Georgia, and Russia and the secessionist regions never totally ceased after the final cease-fire in 1994. While Georgia staged incursions into the two territories, Russia

allegedly shot down Georgian drones, carried out over-flights, dropped bombs, and launched cyber-attacks against Georgian official websites.^{xiii xiv}

- Bringing Georgia under Russian control would effectively put an end to the most promising attempt of the EU to diversify its supply of gas by completing the Nabucco pipeline intended to link the Caspian basin, Central Asia and the Middle East with Europe. This pipeline runs through Georgia.

Ukraine

Russian policy towards Ukraine is also likely to lead to repeated crises affecting serious EU interests. Russia has long sought to bring Ukraine back under its influence. It has repeatedly interfered in Ukrainian affairs, especially in the parliamentary elections of 2002 and the presidential election of 2004-2005 in attempts to ensure victory for parties and candidates amenable to its interests.

Russia's energy policy towards Ukraine has been one of the instruments used for making Ukraine more compliant with Russian wishes. The 2003 Energy **Strategy of the Russian Federation up to 2020** states that Russia's fuel and energy complex is "*an instrument for the conduct of internal and external policy. The role of a country in world energy markets largely determines its geopolitical influence.*"^{xxii}

The price dispute at the end of 2005, when Russia for the first time turned off the gas supply to Ukraine and Europe, arose after Russia had torn up a multi-year contract it had concluded the previous year with a more pro-Russian government. Statements at that time made by the Russian government and officials make it clear that the main aim of the dispute was political. Andrei Illiaronov, the former economic adviser to President Putin, who had resigned at the end of 2005, stated, for example, that the price being sought by Russia was discriminatory, and the way in which it was proposed was deliberately provocative, so as to prevent the dispute from being settled before the parliamentary elections of March 2006. The dispute was also, according to Illarionov, intended to lead to the take-over of the Ukrainian gas transit pipeline.^{xxiii} Ukraine views control over its pipelines as the only leverage it has against Russia's attempts to limit its sovereignty. In addition, it needs control so as to supply gas to its own customers from its reserves in case of a Russian cut-off.

The EU had to intervene to put an end to the dispute. As part of the settlement, President Putin insisted on the insertion of two middlemen in the transaction:

- RosUkrEnergo, to handle shipments of gas from the Russian company, Gazprom, to the Ukrainian company, Naftahaz, and
- UkrGasEnergo to sell the gas to the best paying industrial clients in Ukraine.

This arrangement profited shadowy intermediaries, including, allegedly, the pro-Russian party in Ukraine. It meant, however, that the Ukrainian company, Naftohaz, which had been left with the less profitable customers,^{xxiv} was partly incapable of paying for the gas it received. This state of affairs in turn allowed Gazprom to renew its calls for the Ukrainians to turn over the gas transit system in payment of debts.^{xxvxxvi} Prime Minister Tymoshenko managed to get rid of UkrGasEnergo in 2008. Putin and Tymoshenko agreed to eliminate RosUkrEnergo in the negotiations ending the gas war.

Russia's relations with Ukraine just now are especially tense, because of Ukraine's campaign to join NATO, its support for Georgia in the recent conflict, and its refusal to renew the lease on the Russian naval base on Sevastopol in the Crimea, when it expires in 2017.

The Ukrainians accuse the Russians of supporting a separatist movement in the far west of the country in Transcarpathia and of distributing Russian passports to the residents of Crimea.

Against this background, it is difficult to regard the most recent gas war as being purely an expression of commercial differences. Admittedly the heavy losses sustained by Russia by the recent fall in oil prices were a powerful motivating factor in the tough position the Russians took. The Russians were also likely angry at the inability of the Ukrainians to pay a contested amount that the Russians said they owed for gas deliveries in 2008 and the tough, dilatory, and contradictory Ukrainian negotiating positions arising out of the tensions between the President Yushchenko and the Ukrainian Prime Minister Tymoshenko. The Russians had warned the Ukrainians that they would cut off the gas if the question were not solved by 31 December.

Nevertheless, the way in which the gas war escalated, suggests that there were, as in 2005-6, wider Russian motives. On December 31, the Russians had proposed a gas price of \$250 per 1000 cubic metres. The Ukrainians countered on the same day with an offer of \$210, plus an increase in the transit fees on gas being shipped to Western Europe. The transit fees had increased by only 6% to \$1.70 per 1,000 cubic meters per 100 km, in the preceding three years, and were about half of some other transit fees, while the price of gas had approximately doubled.^{xxvii xxviii xxix} On the next day, 1 January, Naftohaz first offered \$235; then President Yushchenko agreed to \$250, but with an increase in transit fees to \$2.00 or \$2.50. Yushchenko asked Prime Minister Putin and President Medvedev to help find a solution. In response, President Putin on the same day accused Yushchenko of breaking off negotiations, insisted on \$450 and halted gas deliveries intended for Ukraine.^{xxx}

Three days later, on 4 January, the President Putin accused the Ukrainians of taking gas intended for Western Europe. In reprisal, he halted all shipments to Western Europe. The Deputy Gasprom CEO, Aleksandr Medvedev, at a press conference in London on 6 January, claimed, however, that it was the Ukrainians who had turned off the taps.^{xxxi} The Ukrainians flatly denied both accusations. They pointed out that the taps were on the Russian side of the border. They also claimed they did not need to steal any gas since

improvement on the ENP, which had lumped the EU's eastern neighbours with Middle Eastern countries. The Partnership offers, among other things, free trade, closer energy ties, visa liberalization, and financial assistance programs to support the adoption of democratic and free market reforms. It does not guarantee, however, membership in the EU. There is a danger therefore that this plan too may turn out to be inadequate. Ukraine, while welcoming the Partnership, has reiterated that EU membership remains its goal. In their paper, **Contested Neighbourhood: Moldova, at the Crossroads between the EU and Russia**, Constantin Chira-Pascanut & Oliver Schmidtke come to the conclusion that, without a firm promise of membership, the reinvigorated assertion of Russian influence is likely to be a considerable obstacle to bringing Moldova closer to the EU.^{xliii} Ukraine may now also be coming under increasing Russian pressure.

What should be the EU's response to the Russian call for a European Security Pact?

The success of any efforts by the EU to influence Russia's policies toward the other former Soviet republics or to overcome Russian opposition to the extension of the EU's links in Eastern Europe will depend in part on the EU's ability to establish a new relationship with Russia. Russia's current uneasy relations with the West have partly risen from Russia's perception of unfriendly, and possibly threatening, Western attitudes and actions. The EU and NATO have expanded eastward into the Soviet Union's old sphere of influence. According to Gorbachev, *"The Americans promised that NATO wouldn't move beyond the boundaries of Germany after the Cold War, but now half of central and eastern Europe are members, so what happened to their promises? It shows they cannot be trusted."*^{xliv}

Russian disillusionment increased with the Kosovo conflict in 1999, which showed, in Russian eyes, that NATO was not a purely defensive organization, but was prepared to wage aggressive war without the authorization of the UN Security Council. The Kosovo conflict also showed them that the West, by attacking Russia's friend, Serbia, was prepared to ignore serious Russian interests.

The Russians saw the Coloured Revolutions that shook Georgia, Ukraine and Kyrgyzstan, from 2003 to 2005, as the product of Western coups intended to weaken Russia. The Russians were concerned not merely at the strategic implications of these Revolutions, but also with the danger that the contagion of democracy might spread even to Russia.

In addition, the steady increase in the price of oil gave President Putin from 2005 onwards the means to pursue a more muscular foreign policy.^{xlv} This assertiveness has proved a useful tool at home.

For the EU to influence effectively Russia's relations with its neighbours, and for the EU to develop its relations with them without Russian opposition, the West has to deal with Russia's concern that its security is being threatened and its other interests are being ignored in the growth of Western influence. The West might place greater emphasis on engaging Russia constructively on a wide range of world issues. On the major questions Russia and the West are no longer on opposite sides. Both are concerned at the threats posed by terrorism and the proliferation of weapons of mass destruction. There is potential for rediscovering common ground in the area of arms control and disarmament. The West should also seek to involve Russia further in the Western network of

organizations and agreements. It has been argued that a vision comparable to the Eastern Partnership is absent from the EU's proposals for the EU-Russian relationship.^{xlvi}

The West should respond to the Russian proposal for a European Security Treaty. The EU will have to move quickly on this front. President Sarkozy, on behalf of the EU Presidency, has converted the Russian proposal into a Franco-Russian initiative to hold

on conventional weapons. Among other things, the Treaty is supposed to prevent the massing of Russian forces on its borders, such as we saw in the invasion of Georgia.¹

Devaluing the Helsinki Accords and the treatie

ⁱ Lyne, Roderic, **Reading Russia, Rewiring the West**, www.opendemocracy.net

