



UKRAINE: MOVING BEYOND STALEMATE

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Testimony by

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Mister Chairman, Mister Co-Chairman, Members of the Commission, I am honored to speak before you today about our relationship with Ukraine.

My perspective on Ukraine stems from years observing and developing U.S. policy toward Ukraine. Most relevant to this hearing, I served as Special Assistant to the President and Senior Director for European Affairs at the National Security Council in the run-up to the NATO Bucharest Summit during which the Alliance debated a Membership Action Plan for Ukraine. I also served as the NSC Director for Central, Eastern and Northern European Affairs, responsible for coordinating policy toward Ukraine in advance of the 2004 presidential election, during the Orange Revolution and during the first years of the Yushchenko presidency. My prior experience with Ukraine related to my work at NATO, where I served as Deputy Director of the Private Office of Secretary General Lord Robertson, as well as my work on NATO policy within the Department of State. I continue to follow Ukraine at the Atlantic Council.

Today, I would like to underscore why the issue of Ukraine should matter in Washington, outline some key benchmarks against which to judge the foreign and security policy of Ukraine's new president and government, and offer some recommendations for U.S. policy.

The views expressed in this testimony do not necessarily represent the views of the Atlantic Council.

Progress Yet Disappointment

I believe it is important to begin our discussion by stressing that we should not underestimate what has happened in Ukraine this year. On January 17, Ukrainian authorities conducted a successful first round of the presidential election. Three weeks later, there was a very close run-off. Nearly 70% of Ukrainian voters turned out for each round. Domestic and international observers validated that the election met key standards. Protests were lodged using legal procedures. On February 25, a peaceful transfer of power occurred.

This election is a victory for the consolidation of democracy in Ukraine (even if the maneuvers in the Rada required to bring a Regions-led government to office stretched parliamentary practice).

Nonetheless, many of Ukraine's greatest supporters, including myself, remain disappointed. Why?

First, a good election does not necessarily translate into good governance. While Ukrainians have developed a track record on free and fair elections, their representatives have not yet demonstrated a track record of performance – a dynamic which over time risks undermining support for democracy in Ukraine.

Second, many observers are disappointed because we were buoyed by the vision Orange Revolution leaders offered of a democratic, free-market Ukraine firmly anchored in the West. We believed that there was a genuine opportunity to ensure that this vision was not just a long-term goal, but a realistic prospect. As Ukraine's partners, we responded rapidly to help consolidate this vision by acting to lift Jackson-Vanik restrictions, provide Market Economy Status, conclude World Trade Organization (WTO) negotiations, offer a Millennium Challenge Compact to combat corruption, and support closer ties to both NATO and the European Union (EU). And yet President Yushchenko and successive Ukrainian governments were not in a position to deliver on their end because of their own infighting and the refusal in some cases to confront entrenched interests and battle corruption. A key window of opportunity closed.

Third, we are disappointed because of the timidity in the West to continue to support Ukraine. Indeed, at best, there is much talk of Ukraine fatigue. At worst, there is a growing acceptance that active support of Ukraine is considered provocative in Moscow.

President Yanukovich assumes the presidency in an atmosphere of pragmatism. And a sober assessment of Ukraine's prospects is appropriate. However, the vision of Ukraine in Europe remains important as it remains a motivator for tough policy decisions in Kyiv, as well as Brussels and Washington. We must not take this vision for granted. In the coming years, there is a good possibility that Ukraine will move further away rather than toward that vision. The most likely scenario is that Ukraine will muddle along.

What Is at Stake?

Why does this matter? First, it matters for the quality of life of Ukrainian citizens. But it also matters geopolitically. In some sense, Ukraine is “untethered.” Its future is not certain. Its future is being impacted by decisions being taken today. I do not want to exaggerate the situation, but it is potentially a dangerous period in Ukraine’s history – an ancient nation, but a young state.

The history of conflict in Europe is about uncertainty in the space between Germany and Russia – that is the storyline of European history and war. This would not matter if the Russia of today had evolved and changed to become like the Germany of today. But Russia has not. Last September at the Atlantic Council, Senator Lugar warned against “slid[ing] into... a very ominous potential crisis” in Ukraine. He cautioned that “our inattention... could be disastrous.”

This ancient nation of Ukraine just elected only its fourth president – its James Madison, if you will. Ukraine’s statehood remains fragile. If Ukrainian democracy continues to succeed, and helps produce good governance and economic growth, it will serve as a powerful example in a region that desperately needs positive examples.

And that is why Russia has a strategy which is essentially rollback. This strategy is well articulated by Russia’s leaders, including President Medvedev’s declaration of “privileged interests,” as well as in Russia’s new Security Strategy. Neither the West nor Ukraine has a clear strategy.

Benchmarks for Ukraine’s Policy

Let me first address Ukrainian policy, as what President Yanukovich does will have more of an impact on Ukraine’s place in the world than any outside actor. As we seek to evaluate the kind of partner we have in President Yanukovich, we should consider key issues, which essentially serve as a test for Ukrainian foreign policy.

- **Russia.** How does Kyiv manage its relations with Moscow? Many in the West are reassured by a Yanukovich presidency as it augurs a more stable, positive relationship with Moscow. But a stable and positive bilateral dynamic requires Ukraine to behave as and be treated as a sovereign, independent actor. Key issues on the agenda include whether Yanukovich maintains a non-recognition policy toward South Ossetia and Abkhazia and whether he opens the door to an extension of the Black Sea Fleet in Sevastopol.
- **Energy Security.** Russian interests have been keen to gain control of Ukraine’s energy infrastructure. Yanukovich will have an opportunity to demonstrate whether he views energy as a national security issue or simply as a transactional issue. If he believes energy is a national security issue, the new government would pursue a serious energy efficiency strategy.

- **International Economics.** The government's handling of the International Monetary Fund will be an early test of its credibility. Similarly, does Yanukovich pursue the Russian proposal for a Common Economic Space in a way that negatively impacts Ukraine's WTO membership or prospects for a free trade agreement with the EU?
- **Regional Relations.** Does Ukraine use its regional weight to support the new pro-Western government in Moldova and adopt a constructive position regarding Transnistria? How Yanukovich handle ties with Belarusian leader Lukashenka and Georgian President Saakashvili will offer insights into the regional role Ukraine may play. Similarly, does Kyiv engage or neglect GUAM (which groups Georgia, Ukraine, Azerbaijan and Moldova) given Moscow's irritation with the organization?
- **European Union.** During the campaign, Yanukovich played up his support for Ukraine in the EU while downplaying NATO. In office, will he press hard to grow Ukraine's bilateral ties to the EU as well as take advantage of the Eastern Partnership? A free trade agreement and visa liberalization are practical steps which would help Ukrainians be Europeans and move the country toward Europe.
- **Nonproliferation.** Ukraine had a spotty nonproliferation record under then-Prime Minister Yanukovich. Will Ukraine's arms sales track record continue to improve given the economic interests at stake?
- **NATO.** NATO is clearly not at the top of the agenda. Nor should it be. But NATO-Ukraine relations do need to be *on* the agenda. Yanukovich in fact had a track record as prime minister of advancing NATO-Ukraine ties. So while the window has closed on rapid movement toward NATO, both sides should ensure there is substance to underpin the NATO-Ukraine Commission. As NATO is a demand-driven bureaucracy, the signals from Kyiv will determine the substance.

I would like to make a broader point about NATO. I believe it is an imperative to maintain the credibility of the historic Bucharest summit decision that Ukraine will become a member of the Alliance. If we look back in 5 to 10 years, and the Bucharest decision is seen as hollow, there will be damaging implications for the Alliance's credibility and for Ukraine. And on this point, Russia is not quiet; Russia's national security strategy commits it to undermining the Bucharest commitment.

In face of Russian opposition and genuine divisions within Ukraine, some have argued that we should aim for the "Finlandization" of Ukraine – independent, but not part of any alliance structure. While Finland is an exemplary partner of the Alliance and a possible future member, I believe the term Finlandization has no utility beyond the Cold War. When applied to Ukraine, analysts imply big powers taking decisions about Ukraine's future. I believe Ukraine must be in a position to determine its own future, including whether to pursue membership in any alliance.

These issues provide benchmarks against which we can judge the new government. I have modest expectations, but do believe Yanukovich can deliver on his campaign pledge to continue moving Ukraine toward Europe. Yet the most important factor to achieve this foreign policy goal is what the government does domestically. Yanukovich's reception in Western capitals will be determined by whether he governs effectively, protects democratic advances, stabilizes and grows the economy, and ensures Ukraine is a reliable energy partner.

Implications for U.S. Policy

In the wake of the collapse of the Berlin Wall, "Europe whole, free and at peace" was not just a vision; it was a successful policy leading to the consolidation of democracy in Central and Eastern Europe and integration of the region into Europe's great institutions. This outcome was neither easy nor obvious.

The same bipartisan leadership demonstrated over the past 20 years is required today to "complete Europe" – that is, to finish the unfinished business of integrating the western Balkans and Eastern Europe into the European mainstream, including ultimately the European Union and NATO.

However, at present, we are missing the vision and the policy to extend this great success story to the south and east.

Russia has a strategy – unfortunately, one of rollback. The West does not yet have a coherent strategy, although Vice President Biden's trip to Kyiv last year helped lay out excellent broad principles for U.S. policy. We cannot afford to put Ukraine on the back burner or accept the argument that active U.S. engagement is somehow provocative toward Russia. We should not accept the argument that Ukraine is "messy" and too divided as an excuse not to engage. If so, we may lose Ukraine. Ukraine's future is in play today. While changes in Ukraine are unlikely to be decisive in the next few years, the trend lines could take Ukraine further away rather than closer to Europe. We do not want to look back at Ukraine's next election and wonder what happened.

Mister Chairman, as part of my effort to outline a way ahead for U.S. policy toward Ukraine, I offer six recommendations:

1. **Be in the Game.** The United States needs to be in the game. Ukraine is in play, and we need to engage and be present. The Obama Administration has sent a top-notch Ambassador, John Tefft, to Kyiv. The visits to Kyiv by Vice President Biden and National Security Advisor Jones, as well as President Obama's early call to congratulate Yanukovich, are key steps in this effort. This high-level outreach should continue.
2. **Articulate a Vision.** We need to recommit to building a Europe whole and free, energizing the bipartisan tradition behind this vision and making clear that Ukraine has a place within this vision, as does Russia.

3. **Maintain Funding.** We need to protect our funding for transition in Ukraine, as the Freedom Support Act model of “graduation” no longer applies in Europe’s East. Higher per capita GDP does not necessarily translate into a democratic Ukraine anchored securely in Europe.
4. **Reach Beyond Leaders.** Yushchenko was a failure. Yanukovych is unlikely to bring decisive change in Ukraine. We therefore need to ensure our relations with Ukraine extend beyond leaders. We should place emphasis on developing next generation leaders, engaging the regions, and fostering people-to-people ties. In this area, the European Union can lead given the prospect of visa-free travel.
5. **Push Energy Efficiency.** The United States and Ukraine need to get serious about working with European partners to support energy efficiency in Ukraine as a national security strategy.
6. **Enhance Mil-Mil Ties.** We must ensure that close military-to-military ties continue and are backed with funding through Foreign Military Financing and Foreign Military Sales. We should cultivate mil-mil links between Ukraine and NATO as well as with Allied nations. And we must push back when Russia tries to portray military cooperation with Ukraine as provocative.

In the wake of Ukraine’s election, Yanukovych is now president and his party leads the government. Now is the time to move beyond stalemate. Just as much as we hold Kyiv to that standard, we must hold ourselves to that standard.

Thank you, Mister Chairman, Mister Co-Chairman, and Members of the Commission. I look forward to answering your questions.