

NORTH ATLANTIC TREATY ORGANISATION

**UKRAINE AND REGIONAL
CO-OPERATION IN SECURITY:
LOOKING AHEAD**

**11th Partnership for Peace
International Research Seminar**



**NATO DEFENSE COLLEGE
SEMINAR REPORT SERIES No.16**

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**UKRAINE AND REGIONAL CO-OPERATION
IN SECURITY: LOOKING AHEAD**

**11th Partnership for Peace
International Research Seminar**

Kyiv, 23-26 June, 2002

**NATO Defense College
in co-operation with
the National Institute of International Security Problems (Kyiv),
the Center for European and International Studies,
the Institute of International Relations of Kyiv
Taras Shvchenko University
with the support of
the NATO Liaison Office in Kyiv**

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Edited by Dieter Ose and Laure Borgomano-Loup
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TABLE OF CONTENTS

| | |
|--|----|
| Foreword..... | 5 |
| Editors' Remarks | 9 |
| KEYNOTE ADDRESS | |
| National and Regional Security: A Ukrainian Perception <i>Serhiy I. PyrozHKov</i> | 11 |
| PART 1 | |
| The Multiple Dimensions of Ukraine's Security | |
| Ten Years of Ukrainian Foreign and Security Policy, Five Years of the NATO-Ukraine Charter <i>David B. Collins</i> | 21 |
| New Concerns for National and Regional Security: Terrorism, Organized Crime and Illegal Immigration <i>Olena A. Malynovska</i> | 31 |
| <i>Iris Kempe</i> | 35 |
| Economic and Democratic Foundations of State Sustainability <i>Volodymyr Sidenko</i> | 47 |
| Strengthening the Economic and Democratic Foundations of Ukraine: A Comparative Perspective <i>James Sherr</i> | 51 |
| PART 2 | |
| Regional Cooperation in Security and Stability | |
| The Bilateral Approach to Cooperation in Security | |
| Ukraine and Russia | |
| <i>Sergey Ermakov</i> | 61 |
| <i>Anne de Tinguy</i> | 67 |

Ukraine and Central Europe

Oleksandr Pavlyuk.....77

Towards Regional Stability in Central and Eastern Europe

Jerzy Kozakiewicz..... 81

The Institutional Approach to Cooperation in Regional Security**Panel 1: GUAM–Prospects for Deeper Regional Cooperation**

Hryhoriy Perepelitsia 87

Panel 2: Regional Economic Cooperation in the Black Sea Area

Ersin Kalaycioğlu..... 97

The Oil Transportation Dimension and Security

Volodymyr Saprykin..... 115

A Romanian Perspective on Obstacles and Opportunities

Iulia Antonian..... 119

PART 3**The Impact of EU and NATO Enlargement on Regional Security****KEYNOTE ADDRESSES**

The Future of the NATO-Ukraine Partnership

Victor Ivanovych Bannykh..... 125

Security in the 21st Century: New Challenges and New Responses

Chris Donnelly..... 129

EU Enlargement

Norbert Jousten 139

FOREWORD

The 11th Partnership for Peace International Research Seminar on “Ukraine and Regional Co-operation in Security: Looking Ahead” was held in Kyiv from 23 to 26 June 2002. Organised in co-operation with the National Institute for International Security Problems, the Centre for European and International Studies and the Institute of International Relations of the Taras Shevchenko University, the Seminar’s topical theme and the high quality of its speakers attracted a large number of participants from a broad spectrum of backgrounds and disciplines.

First of all, I should like to express my appreciation to the participants, including former President Leonid Kravchuk, as well as all the experts and researchers for sharing their knowledge with us, and to commend the organisers for their very competent assistance and expertise.

The programme for this year’s Seminar was particularly wide-ranging and the following issues were discussed:

- Ukraine’s main security concerns: terrorism, organised crime, illegal immigration and economic and democratic foundations of state sustainability.
- The results of five years of the NATO-Ukraine Partnership.
- Various aspects of regional security, in particular Ukraine and the Black Sea.
- Achievements within the framework of GUUAM (a sub-regional organisation of Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova).
- The effect of the European Union’s enlargement on Ukrainian security.

It would be somewhat tedious to list all the main aspects of this meeting and the reader will have no difficulty in navigating his way through this report. For those who are interested in Ukraine as such, reference is made to Serhiy Pyrozhkov’s contribution, in which he clearly defines the country’s main internal and external security concerns, in particular drug trafficking and organised crime in general, the underground economy, environmental issues, economic and social imbalances and terrorism. David Collins, for his part, challenges Ukraine’s aspirations to integrate itself fully into Europe, and recommends the further implementation of reform in the political, economic and security fields if the Ukrainians are really determined to progress beyond the current arrangements.

In response to this perception, Oleksandr Pavlyuk points out that, after two years of reform, the differences that existed between Ukraine and the Central European states at the beginning have widened even further, whereas Ukraine has drawn closer to the other member countries of the Commonwealth of Independent States in economic, cultural and psychological terms. In order to

reverse this trend, Ukraine needs more support from the NATO and the European Union countries. In this respect, it would be desirable for neighbouring states to simplify their procedures governing the issuing of visas to Ukrainian nationals.

It was difficult within the space of a few days to make a full assessment of the difficulties encountered and the concrete and positive progress achieved by Ukraine within the framework of regional co-operation. Notwithstanding, participants went away from this Seminar with the picture of a young, dynamic and courageous country that has succeeded in keeping the peace within its borders and building up trust with its neighbours for the purpose of preserving regional and international peace and security.

I hope the reader will enjoy reading this Seminar report.

AVANT-PROPOS

Le 11ème Séminaire du Partenariat pour la Paix, consacré au thème “L’Ukraine et la Coopération régionale de Sécurité: quel avenir?” s’est tenu à Kiev du 23 au 26 juin 2002. Il a été organisé en co-parrainage avec l’Institut National des Questions de Sécurité Internationale, le Centre pour les Études Européennes et Internationales et l’Institut des Relations Internationales de l’Université Taras Shevchenko. Le séminaire a bénéficié d’une large audience, particulièrement intéressée par l’actualité du sujet et la qualité des conférenciers.

Je souhaite tout d’abord rendre hommage aux participants, parmi lesquels on comptait l’ancien Président Leonid Kravchuk, aux nombreux experts et chercheurs qui ont partagé avec nous leurs connaissances, et saluer le savoir-faire impeccable des organisateurs.

Le menu de ce séminaire était particulièrement abondant. Ont été ainsi abordés les thèmes suivants:

- les principales préoccupations de sécurité de l’Ukraine: terrorisme, crime organisé, immigration clandestine, fondements économiques et démocratiques de l’État;
- le bilan de cinq ans de partenariat avec l’OTAN;
- les divers aspects de la sécurité régionale, en particulier l’Ukraine et la Mer Noire;
- les réalisations dans le cadre du GUUAM (organisation sub-régionale regroupant la Georgie, l’Ukraine, l’Ouzbékistan, l’Azerbaïdjan et la Moldavie);

- l'impact de l'élargissement de l'Union Européenne sur la sécurité de l'Ukraine.

Il serait fastidieux d'énumérer les principaux aspects saillants de cette réunion. Le lecteur fera lui-même son chemin à l'intérieur de ce rapport. Ceux qui sont intéressés par l'Ukraine en tant que telle pourront se référer à la présentation faite par Serhiy Pyrozhrov. Ils y trouveront une claire énumération des facteurs qui définissent les préoccupations de sécurité interne et externe de l'Ukraine, en particulier le trafic de stupéfiants et le crime organisé en général, l'économie souterraine, les questions d'environnement, les distorsions économiques et sociales, le terrorisme. David Collins, pour sa part, met en question la volonté ukrainienne de s'intégrer totalement à l'Europe et recommande de poursuivre les réformes dans les domaines politiques, économiques et de sécurité, si l'on veut aller au-delà des compromis actuels.

Réagissant à ce point de vue, Oleksandr Pavlyuk, fait justement remarquer qu'après deux ans de réformes entreprises, le différentiel entre l'Ukraine et les pays de l'Europe centrale s'est creusé tandis que la proximité économique, culturelle et psychologique des pays de la Communauté des États Indépendants s'est consolidée. Pour inverser cette tendance, l'Ukraine aurait en réalité besoin de recevoir davantage de soutien de la part des pays de l'Union Européenne et de l'OTAN. A ce titre, une simplification des procédures d'octroi de visa de la part des États frontaliers serait la bienvenue.

Il était difficile de dresser en peu de temps un tableau exhaustif des difficultés mais aussi des réalisations concrètes et positives de l'Ukraine dans le cadre de sa coopération régionale. Il reste que les participants retiendront de l'Ukraine après ce séminaire l'image d'un Etat jeune, dynamique et courageux, qui sait maintenir la paix civile à l'intérieur de ses frontières et qui a su nouer avec ses voisins des liens de confiance propre à préserver la sécurité et la paix régionale et internationale.

Je souhaite aux lecteurs de passer un excellent moment à lire le compte-rendu de ce séminaire.

Jean-Paul RAFFENNE
Lieutenant General Général de corps d'armée
French Army Armée de terre française

EDITORS' REMARKS

This publication of the 11th Partnership for Peace International Research Seminar is the 16th in the Seminar Report Series edited and published by the NATO Defense College. It is appropriate that we express our deep appreciation to all those who contributed to the successful completion of the Seminar and this publication.

For their assistance in designing the programme and organizing the Seminar, we would like to thank Anatoly Gutsal, Prime Deputy Director of the National Institute of International Security Problems as well as Dr. Leonid Hubersky, Director of the Institute of International Relations of Kiev National Taras Shevchenko. In addition, a particular word of thanks is due to Dr. Hryhoriy Nemyria, Director of the Centre for European and International Studies and his wife who successfully arranged much behind the scenes. All of them, with their staff, assisted the College in determining the subject matter and in inviting a number of the distinguished lecturers that addressed the participants. Special thanks are also due to Mr. Leigh Merrick, Head of the NATO Liaison Office to Ukraine, whose support was highly appreciated, before and during the Seminar. We are also grateful to the Commandant and to the Dean of the NATO Defense College as well as to the Director of Academic and Policy Planning for their advice and encouragement as we prepared for and then conducted the Seminar in Kiev.

Last but not least, particular thanks are due to Mrs Mary Burke, Translator, and to Mrs Laurence Ammour, Publication Assistant, for their superb editorial and technical support.

The views expressed in this Seminar are solely those of the authors and should not be attributed to the NATO Defense College or the North Atlantic Treaty Organization. Extracts of this Seminar may be quoted or reprinted without special permission for academic purposes, provided that a standard source credit line is included.

The Editors
Rome, September 2003

KEYNOTE ADDRESS

NATIONAL AND REGIONAL SECURITY: A UKRAINIAN PERCEPTION

Serhiy I. PYROZHKOV¹

1. Introduction

Broadly speaking, the *national security of Ukraine* is understood as the way of self-preservation of the Ukrainian people who have achieved a level of organization in the form of an independent state. This way provides for (makes possible) Ukraine's state-organised existence and free self-development, reliable protection from external and internal threats. Its national security may be defined as a system of state, legal and social guarantees that provide for the stability of its vital activities and the development of the state-organised people of Ukraine in general and of every individual citizen of the State, together with the protection of their basic values and legitimate interests and the sources of their spiritual and material welfare from potential and real internal and external threats.

Traditionally, national security has been defined as a system of state and social guarantees that provide for the stable development of a nation and the protection of its basic values and interests and the sources of its spiritual and material welfare from external and internal threats.

As a community of all the nationalities living on Ukraine's territory, the Ukrainian people are considered to be the subject of national security.

National values—attitudes to material and spiritual objects, which have acquired a determinative significance for the self-identity and existence of the Ukrainian people. This is the basis for the Ukrainians' motivation, self-development and activities.

¹ Professor Dr. Serhiy I. Pyrozhkov is Deputy Secretary of the National Security and Defence Council of Ukraine and Director of the National Institute of International Security Problems, Kyiv.

National interests—accepted at the level of the highest bodies of State Power, the needs of the Ukrainian people in preserving and developing national values. Depending on the nature and sphere of their application, national interests should be sub-divided into strategic and tactical, political and economic, social and environmental (ecological), etc. The defence of national interests is aimed at eliminating, or keeping to a minimum, territorial, demographic, economic, environmental and other losses during the process of the activities of the Ukrainian people and, hence, increasing the useful outcome of social development.

The definition and adjustment of basic national interests is a function of the community's political bodies. The clear execution of this function has played an important role in the implementation of national security. The latter is an important national interest.

The most elementary, *personal level of the subject* of national security are the citizens of Ukraine, the representatives of the different nationalities, who have, freely and without coercion, integrated themselves into a community of 'Ukrainian people' and regard its national values and interests as their own.

Thus, the essence of national security is freedom of activities and the democratic social as well as the state self-development of the Ukrainian people, and the protection of this freedom, its conditions and factors is the essence of the activity that is aimed at providing national security.

The problem of national security and its support emerges as an antithesis to such notions as a *threat to the national interests of Ukraine*. As a matter of fact, national security and activities in support of it are acquiring the contents of the denial (removal) of a possible threat to the Ukrainian people and their national interests. We should understand threats to national security as potentially and really dangerous activities (natural and social) against the state-organised community of the Ukrainian people, capable of causing damage to national values or making it impossible to realise vitally important national interests.

Threats may be categorised in accordance with the following factors:

- quality (reality) of emerging: imaginable and real threats;
- character of direction: direct and indirect;
- character of accomplishing: evident (obvious) and concealed;
- place of a source: internal and external;
- the character (contents) of the threat: military, economic, social and psychological, ecological, ideological, caused by man, informational, etc.

National security is reflected in the specific activities of social institutions. As a specific form of activity, it is directed at creating and improving the conditions and factors (guarantees) for the effectiveness of the Ukrainian people's vital activities.

Thus, the *objective of providing security as an activity* boils down to a subject achieving the ability to keep all threats at a *sub-critical level* (level of permissible danger), at which all threatening factors would be unable to have a harmful effect upon its existence and development. The creation of protection capabilities, adequate to meet real or possible threats, implies the creation of security guarantees.

The appropriate social institutions create the *system for providing national security*, which is the necessary internal sub-system of state-organised Ukrainian society.

One of the important sub-systems for national security is *State security*. National security cannot be boiled (narrowed) down to State security, which is only one part, albeit a key one, of State security, as it would threaten State interests and afterwards State security dominating over the interests of the Ukrainian people.

The system approach allows for the possibility of orienting the National Security System in relation to external factors. State security is enhanced if it is connected to the collective security system. In this case, in some respects, the National Security System acts as an element (sub-system) of a collective security system.

2. The Current Priorities of Ukraine's National Security Policy

I would just like to give you a quick overview of some approaches regarding the defining of the basic priorities of current national security policy within the context of drawing up a revised National Security Concept.

Currently, many countries are revising their concept of 'national security', particularly since the events of 11 September 2001 in the United States. Traditionally, 'national security' defines the status of protection of values and interests that are vitally important for both the public in general and state citizens in particular.

That is why the *defining factor*, which influences the formation of State policy in this sphere, is *threats* to those values and interests. And those threats may not be limited to the military context but also extend to the wider context, including *non-military* (asymmetric) threats.

This should be taken into particular account, as the transition from the old-fashioned, *one-sided militarist paradigm of national security*, which dominated in the 'Cold War' period, has not taken place everywhere, not even in all the European states.

An analysis of the situation in Ukraine and its position in the international environment clearly shows that the majority of the threats to its national security are *internal in origin*. They include corruption and organised, primarily economic, crime, the expanding use of drugs, the shadow economy, as

well as considerable distortion of economic and social development, and serious environmental and man-caused problems, etc.

But, recently, we have been witnessing an *increase in the influence of external threats*: the emergence of a whole series of completely *new negative factors* and a dramatic strengthening of old ones. It is worth mentioning that these trends have not been provoked by Ukraine. In my view, they are the result of the negative consequences of the extremely dynamic *globalisation of the world* process.

The vigorous development of *communication assets, information technologies and transport systems* and the *emergence of new goods and migration flows* since the disappearance of the 'Iron Curtain' have shortened the distances to the most remote parts of the globe and facilitated access to the most distant sources of raw materials, goods and service markets, on the one hand, and increased sensitivity to the negative processes that may emerge anywhere on the planet, on the other.

This means that an increasing number of factors *must be taken into account, not only of a national* but also of a regional and even a global character (scale), in order to *secure national security*.

That is why the full range of any country's national security can currently only be provided by *close cooperation with influential international security organisations at the sub-regional, trans-regional and global level*.

This new trend can be seen very clearly in the wide-ranging fight that has been initiated by the civilised (developed) countries against **international terrorism**, which had traditionally been considered as, at least, a potential local threat. But since 11 September 2001, international terrorism *has become a real threat to the whole planet and does not have any geographical limits*. The terrorist acts committed in the United States on 11 September are a sign that:

Firstly, almost *a new technology for destroying the human and material resources of the most powerful and dangerous state* was demonstrated, taking into account the availability of a phantom aggressor and the non-availability of sufficient resources at his disposal to achieve political, economic or military victory.

However paradoxical this may appear at first glance, there are sufficient grounds to consider that this model of destruction emerged as a reaction to the collapse of the bipolar confrontational world order, in which the Arabs, in their conflict with Israel, were searching for (and found!) financial, political and even direct military assistance from the former Soviet Union.

But it is also known that, at the same time, the Soviet Union often deterred Arab extremism. After the collapse of the Soviet Union, and the disappearance of this support and deterrence, Islamic terrorist groups adopted a *terrorist model of fighting* with forces, offering considerable advantages. This

model proved to be effective for implementation within the religiously fanatical ideology and religious extremism.

Secondly, for the training of terrorists and the committing of those terrorist acts, they *used—and one should be quite clear about that—the indisputable achievements of ‘western’ civilization*—information technologies, the globalisation of financial flows, freedom of movement from one country to another and hypertrophied liberalism in security regulations on air transport in the United States.

Thirdly, those actions also proved the *defencelessness* against the threat of terrorism of the old ***national security system***, that had been created during the bipolar confrontation between the North Atlantic Treaty Organisation (NATO) and the ex-Warsaw Pact and which did not undergo considerable (profound) transformation when the ‘Cold War’ came to an end but continued to be based upon its mainly military constituent and orientation.

Fourthly, as the facts prove, the terrorists have at their disposal state-of-the-art armaments and equipment, and, as the second wave of terrorist acts in the U.S. shows, they even used anthrax spores, which are weapons of mass destruction (WMD).

Huge amounts of nuclear, chemical and bacteriological ammunition were produced and stored on the territory of the Commonwealth of Independent States (CIS), which is why it would be criminal negligence to consider that international terrorist groups would not try to obtain them or, at least, the technology to produce them.

With this in mind, one *of the most important tasks* of State policy in the national security sphere remains the fight against *weapons smuggling* as well as participation in international activities *against the proliferation of WMD and its components*.

Fifthly, the exceptional danger of those terrorist acts is determined not only by the unprecedented scale of their ***direct*** consequences but also by ***those consequences that may result from the actions taken by the United States in response***.

Ukraine is convinced of the need to root out international terrorist organisations and, undoubtedly, supports all possible operations against them. But one cannot take into account the possibility of a threat (and not only to Ukraine!) resulting from the wide-scale military operation in Afghanistan.

A crisis situation has developed in *a nuclear state*—Pakistan—with regard to the support by the country’s military leadership of the anti-Taliban campaign. There are good grounds to forecast attempts to slacken the international political situation in the Central Asian countries, which also support the anti-terrorist coalition and provide assistance to the U.S. for the conduct of the military operation.

Thus, terrorist acts are *almost capable of escalating conflicts in many areas of tension in the world—the Middle East, the Balkans, the Caucasus, Central and Southern Asia, etc.*

The risk of wide-scale armed conflicts may increase substantially as these countries, which have problems with terrorism, or under the shelter of the fight against terrorism, may activate their efforts to deliver preventive strikes against their enemies.

We are sure that states, whose governments provide shelter for terrorists, or even support terrorism, may be the objects of ‘peacekeeping actions’ or ‘humanitarian interventions’, but such operations should be conducted exceptionally on the basis of international law.

And if international law, that is built on the traditional principle of non-interference in the internal affairs of states, does not correspond to the more universal principle of human rights, it should be revised and improved.

Laws in community and international relations are drawn up and introduced by people and can be changed by people, if the need arises. Thus it is clearly understood that such important issues should be solved by a consensus among the international community.

It is also important that the international community devise reliable political and legal instruments (mechanisms) to *regulate the actions of states in similar crisis situations.*

Bearing all these circumstances in mind, Ukraine must be part of the mainstream with regard to the development of current world processes in the security sphere. We have supported the actions of the anti-terrorist coalition but we do not participate in military operations in Afghanistan.

Ukraine has expressed its readiness to participate in **humanitarian operations** in Afghanistan by providing its transport aircraft. So, we are ready to cooperate with other members of the international community on humanitarian aspects of peacekeeping activities conducted under the auspices of the United Nations (UN), the Organisation for Security and Cooperation in Europe (OSCE) and NATO and based on legal grounds, though the defining of those grounds remains the prerogative of national parliaments and influential international structures.

We can also expect the *activation of migration policies* by Western countries and the United States, as well as the strengthening of visa regulations and the fight against illegal migration, etc. Ukraine would be required to conduct a series of activities to ban the flow of illegal migration across its territory by strengthening the regulations on its borders, especially its eastern borders which are the most transparent for illegal migration.

Missions for enhancing cooperation with foreign partners as well as the introduction of new coordination mechanisms at the internal level are being brought to the forefront.

Ukraine pays considerable attention to strengthening the role of *international organisations*, primarily the United Nations, in the fight against international terrorism, especially in the context of Security Council Resolution 1373, adopted on 28 September 2001.

If the realities of national security influence the security status of other countries and the international community in general, the protection of democracy and the rights and freedoms of citizens becomes an international problem, and the fight against international terrorism, organised crime and the illegal weapons and drugs trade requires the rule of international law over national law. This means that the latter should be brought into line with the former and that completely transparent ‘game rules’, which should be equal for all international ‘players’, should be created.

These rules should also be reflected in national legislation, and only then will we be able to talk about a joint Europe or a ‘joint scope of international freedom’. If international practice has put peace support operations, ‘humanitarian interventions’ or the ‘actions of the antiterrorist coalition’ ‘on the agenda’, *then the functions, restrictions and conditions* for the use of force structures should be clearly identified.

In these new conditions, within the UN framework (in the context of UN structural reform and priority consideration of the problems of the fight against terrorism at the global level), Ukraine *could initiate* the development of EU and OSCE agreements for the *setting up of coordination meetings between the heads of appropriate structures* (in this respect, cooperation with NATO) *in the sphere of international terrorist counteraction*.

Particular attention should be paid to the development of *practical bilateral interagency interaction (cooperation) with the power structures of border regions* and leading countries; the issue could be solved by Ukraine’s participation in the international organisation of criminal police (Interpol).

3. Improving the Legal Basis in the National Security Sphere

Turning to the new edition of the National Security Concept, it is worth mentioning that experts are beginning to understand that not one legal act but several are needed: general legal grounds, which should be represented in an appropriate Law. In order to react promptly to external and internal changes, it is important to periodically revise the Strategy for Providing National Security, which should be approved by the appropriate Presidential Act.

The current National Security Concept represents a complex of general ideas about basic notions and grounds for creating a National Security System, as well as an attempt to draw up a list of concrete national interests and threats to them.

The basic notions given in the Concept are not perfect or explicit and there are no definitions of threats. And, speaking about the list of national

interests, it turned out that, firstly, it was incomplete and, secondly, that, taking into account that this category changes over time, some of these interests were already obsolete. The provisions for the *National Security System are not suitable for practical implementation.*

But the Concept has definitely played a role in that it has laid down a certain theoretical basis and given the impetus for the further scientific development of its provisions.

With this in mind, it is high time to develop and adopt a full-fledged Law of Ukraine 'On National Security', in which it would be appropriate to give thorough definitions of basic notions and legal mechanisms for identifying vitally important national interests and threats, and to clearly specify a National Security System and the mechanisms for managing it and the democratic control over subjects (legal entities) for providing it, as well as other important issues requiring legalisation.

With respect to conceptual approaches for providing (securing) national security in definite historic conditions, this should be defined by a Presidential by-law.

This paper, which might be active for a 3- to 5- year term and be called either a concept or a strategy (better a strategy in my view), should contain an assessment and a medium-term forecast of the outlook for the current internal and external situation. A list of vitally important national interests and threats to these interests should be drawn up, based on which a system of objectives and ways of achieving them could be defined and included in the missions of some of the Government Departments of the National Security System. At the same time, military doctrine should not only correspond to the Law and National Security System but also form an integral part of the legal documents in the National Security sphere for an appropriate period.

We intend to continue to contribute to international cooperation on collective defence, and we are also planning to participate in peacekeeping operations and to expand cooperation with NATO at the level of missions, as defined by the State Programme of Ukraine for the period 2001-2004 and the new Strategy for NATO-Ukraine Cooperation that was approved at the NSDC meeting on 23 February 2002.

One of the State policy priority directions in this sphere is the *structural and organisational improvement of the National Security System*, bearing in mind the improvement of its efficiency, especially during crisis situations.

As already mentioned, the peculiarities of the current international situation are driven to a large extent by the process of globalisation, which encourages an increase in the number of the so-called 'bifurcation areas', in which the process may develop in different scenarios, sometimes with tragic consequences.

In these conditions, the depth of the forecast is reduced over time, as well as its probability. This determines the need to increase the efficiency of the reaction and operating speed of the National Security System, i.e. its ability to react adequately, in the very short term, to threats in order to repulse or neutralise them.

In order to meet this requirement, the structure and the National Security System managing mechanisms should be rationalised by refusing inputs from inefficient units and managing chains, thereby simplifying decision-preparing and decision-making procedures. These are the missions the NSDC is currently dealing with.

Currently, a new international security architecture is being created, which has *partnership* and *cooperation* as its principal imperatives. Today, no country in the world is capable of guaranteeing its security solely with its own capabilities. In this context, the expansion of NATO and the EU, as the key players in the security sphere in Europe, has acquired particular importance. The European states' natural striving for unification in a joint Europe is laying the basis of this process.

Wide-ranging integration processes are currently taking place in the regional security sphere around Ukraine. On the one hand, the EU and NATO are expanding their boundaries and areas of influence in Central, Southern and Eastern Europe. On the other hand, dynamic processes related to the creation of a Collective Security Treaty Organisation (CSTO) are developing in line with cooperation with NATO's fight against terrorism and the Partnership for Peace (PfP) Programme.

Taking into account the current changes in the international relations system and the need to strengthen European security and the role of Kyiv's relations with NATO, it would be illogical for Ukraine to reduce its contribution to the level of an *enhanced partnership* or to a neutral or non-bloc status.

The political decision taken by the NSDC in 2002 on Ukraine's future accession to full-fledged NATO membership has become *a crucial stage in our State's relations with the Alliance*, a natural step within the context of its transformation from a military and political organisation into a political and military one, as well as the globalisation of the international security environment after the events of 11 September 2001, together with the implementation of NATO's eastwards expansion strategy.

This decision is of exceptional importance for Ukraine's future as an influential European regional state, in that it finally defines internal political priorities and foreign political development landmarks, assigns difficult, though definite, missions to State Government bodies and puts an end to long-lasting hesitation and uncertainty.

In accomplishing its course towards Euro-Atlantic integration, as an integral part of Europe, Ukraine is striving to become involved in the

20

construction of a European Security System through cooperation with other European states. Refusing participation in such a system would create a threat to our country in that it would risk finding itself on the outskirts of European integration processes.

Part 1

The Multiple Dimensions of Ukraine's Security

TEN YEARS OF UKRAINIAN FOREIGN AND SECURITY POLICY, FIVE YEARS OF THE NATO-UKRAINE CHARTER

David B. COLLINS¹

1. Introduction

When the cold war ended, the North Atlantic Treaty Organisation (NATO) was quick to recognise that one of the key elements for ensuring security in the Euro-Atlantic area was Ukraine's stability and independent statehood. The appearance of an independent Ukrainian state proved to be one of the biggest strategic and geopolitical developments to have positively revolutionised the security landscape on the European continent, and NATO was resolved to respond positively to that remarkable change. Since then, the Alliance's policy towards Ukraine has been based on recognition of the Ukrainian state and its importance for the Euro-Atlantic community at large. As Lord Robertson said in a speech to the Diplomatic Academy in Kyiv on 27 January 2000:

A self-confident, democratic Ukraine is a strategic benefit for the whole of this continent. We share a common interest in making Ukraine strong, stable and secure.

NATO's relationship with Ukraine began soon after the country achieved independence in 1991. Although Kyiv was initially very cautious about developing substantive relations with the Alliance, in accordance with its policy of non-participation in military alliances, Ukraine was among those states that joined what was in 1991 the North Atlantic Co-operation Council (NACC).

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In 1992, the late Secretary General of NATO, Manfred Woerner, visited Kyiv, and the then President of Ukraine, Leonid Kravchuk, visited Brussels. The visit of the Ukrainian President demonstrated Ukraine's commitment to a co-operative approach to its security. On the NATO side, Secretary General Woerner's visit was indicative of further development of the Organisation's policy towards Ukraine. As a next step, Ukraine enthusiastically welcomed NATO's Partnership for Peace (PfP) programme in 1994, recognising that this programme was ideally suited to a country like Ukraine, which was then neither in line for NATO membership nor demanding a special status that would differentiate it from the other European countries. Ukraine was also the first Commonwealth of Independent States country to seek participation in the PfP programme, which was, indeed, very telling. As a result, during those early days of the programme, Ukraine participated in several exercises within the Partnership for Peace framework and hosted a number of PfP exercises on its own territory. These steps further signalled Ukraine's foreign and security policy choices.

Ukraine's attitude towards the Alliance then evolved dramatically, especially following President Kuchma's visit to NATO Headquarters on 1 June 1995. Indeed, this may have marked a watershed in our relationship. During that visit, President Kuchma proposed a 'special relationship' between Ukraine and NATO. In 1995, Kyiv also presented its official position on the Alliance's open-door policy and for the first time President Kuchma publicly endorsed NATO's potential enlargement to the East.

The intensification of relations further cascaded throughout the other areas of NATO-Ukraine co-operation. Not only did Ukraine become fully active in the PfP programme, but it also proposed to expand relations beyond the Partnership. On 14 September 1995, Ukraine and NATO issued a Joint Press Statement in which the Alliance and Ukraine "...agreed to co-operate in the further strengthening of NATO-Ukraine relations across a broad front, including the development of an enhanced relationship both within and outside the PfP Programme and NACC activities". In that document, the general principles of NATO-Ukraine relations, in Partnership for Peace and in other areas, were clarified. An implementation paper was agreed in March 1996, and the first 16+1 consultation at the NATO Political Committee level took place subsequently, with high-level meetings continuing throughout 1996 and the beginning of 1997.

During that period, Ukraine made some difficult but very important choices that proved to be visible examples of its determination to continue with its clear-cut security policy priorities. One was an unprecedented decision to adhere to the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) as a non-nuclear weapons state. Resolving the difficult issues of the Black Sea Fleet and Sevastopol with Russia were other examples of crucial decisions aimed at pursuing a co-operative and responsible approach to both its own and regional

security. The NATO allies also warmly welcomed steps taken by Ukraine to improve relations with its neighbours, particularly with new NATO Allies Poland and Hungary, as well as with Romania and Russia. Those decisions did not go unnoticed by the rest of the Euro-Atlantic community, either. In fact, they were tangible signals of Ukraine's commitment and resolve.

In May 1997, then Secretary General Javier Solana inaugurated the NATO Information and Documentation Centre in Kyiv, the first of its kind in any partner country. The main idea behind the creation of the Centre was to improve knowledge and understanding between the Alliance and Ukraine by offering information, research assistance and project support to Ukrainian citizens and organisations on NATO-related topics, as well as providing access to Alliance documents and publications. The Centre's programme also includes the organisation of information tours by Ukrainian visitors to NATO Headquarters.

The next natural step in relations between NATO Allies and Ukraine was to formalise their relationship. After several months of detailed discussions and exchanges between senior NATO and Ukrainian officials, an agreement was reached on a Charter on a Distinctive Partnership Between NATO and Ukraine, which was subsequently endorsed at the highest level by nations. The signing of the Charter in Madrid in July 1997 was one of the most visible results of meaningful political and institutional change. As a result, it shifted co-operation between NATO and Ukraine on to a new plane within but also beyond the PfP programme. It was also an obvious sign of the importance NATO attaches to Ukraine, her independence, territorial integrity and sovereignty. The Charter also aimed to support the reform process in Ukraine as it developed as a democratic nation with a market economy.

The document was also drawn up in line with Kyiv's declared strategy of increasing integration into European and transatlantic structures in the future. In this respect, the decisions of the document that support Ukraine's efforts to develop its democratic institutions, to implement radical economic reforms and to deepen the process of integration into the full range of European and Euro-Atlantic structures are of crucial importance. se visionary notions that were formulated five years ago should be taken  account as we consider our relationship today.

One of the most meaningful aspects of the Charter was also Ukraine's recognition of the profound transformation undertaken by the Alliance since the end of the cold war and its continued adaptation to meet the changing circumstances of Euro-Atlantic security, including possibilities for NATO's out-of-area crisis management operations. Ukraine's support of the Organisation's air campaign in Kosovo was just one example of that support.

At the practical level, the Ukrainian authorities were also determined to turn their words into deeds. Ukraine was a contributor to international

peacekeeping efforts in Bosnia through the Implementation Force (IFOR) and then the Stabilisation Force (SFOR). It is also providing troops to the United Nations (UN)-mandated Kosovo Force (KFOR) peacekeeping mission in Kosovo within the framework of the Polish-Ukrainian Battalion, which in itself is a visible sign of how much can be achieved if the will to co-operate with neighbouring countries exists. Ukraine has also worked beyond NATO-Ukraine co-operation under the Charter to provide contributions to the UN and the Organisation for Security and Co-operation in Europe, to support the European Security and Defence Policy and to earmark valuable assets for the European Union Headline Goal force.

Under the Charter, NATO and Ukraine also agreed to consult in developing Euro-Atlantic security and stability and in areas such as conflict prevention, crisis management, and peace support and humanitarian operations. The consultation and co-operation set out in the Charter were to be implemented mainly through NATO-Ukraine meetings at the level of the North Atlantic Council and NATO-Ukraine meetings with the appropriate NATO Committees and reciprocal high-level visits. Given the number of meetings of the NATO-Ukraine Commission and other bodies that have been held so far, one could say that this area of our co-operation has proved to be one of the biggest successes under the Charter. It has also contributed to the overall increase in mutual trust between NATO Allies and Ukraine, although quantity itself does not necessarily signal quality. In addition, NATO and Ukraine decided to develop a crisis consultative mechanism to consult together whenever Ukraine perceives a direct threat to its territorial integrity, political independence, or security. This decision, which complemented the security assurances offered to Ukraine by all the five nuclear-weapon states parties to the NPT, contributed in a major way to the stability of Ukraine's security.

The document itself is thus one of the most important endeavours that the Alliance embarked upon in the Nineties. The Charter is also one of those important political instruments that have allowed Ukraine to become a very important player in European security. After five years of co-operation under the Charter, NATO-Ukraine relations are now on firm ground: political consultations take place routinely and practical co-operation in PfP and beyond is considerable and growing. Both formally and substantially, Ukraine has made a clear choice of intensifying co-operation with NATO under the Charter while also maintaining good relations with neighbouring countries. This may be regarded as a critical contribution to Euro-Atlantic stability. The period of 'distinctive partnership' has also produced a more constructive attitude between NATO and Ukraine. The co-operation under the Charter was also a meaningful factor in the establishment of a new, post-cold-war Euro-Atlantic security culture of which Ukraine has been an integral part.

2. The Main Achievements of our Common Activities under the NATO-Ukraine Charter

2.1 Defence Reform

It is a great pity that so few people know that every year NATO and Ukraine realise programmes of defence reform-related co-operation encompassing literally hundreds of both NATO-Ukraine and bilateral activities. Such a large number of activities is mainly due to the fact that the Alliance regards defence reform as one of the most crucial areas of NATO-Ukraine co-operation as it prepares Ukraine to be a net contributor to the Alliance's security initiatives through the development of the required defence capabilities and structures. In a broader context, defence reform, along with reform of the security sector, also contributes to strengthening civil society. The Organisation has been assisting Ukrainian defence reform efforts through a large number of initiatives. Improving the interoperability of Ukrainian forces with NATO and Partners, supporting the reform of Ukrainian defence structures, advancing co-operation with the Alliance on defence issues, and co-operation in multinational units are among the main areas of defence reform-related activities. Expert and senior-level contacts have also been established with the Ukrainian Parliament and a number of governmental institutions, including the Ministries of Defence, Foreign Affairs, Border Services, Interior, Civil Emergencies, National Security and Defence Council. Let me also underscore that the active participation and combined efforts of the Ukrainian Ministry of Defence and National Security and Defence Council have been instrumental in taking forward Ukrainian defence reform. One could thus say that NATO-Ukraine institutional contacts are well in place.

The Alliance also decided to support Ukraine's defence reform in a tangible way. Like any reform, this requires concrete actions in order to be successful. In 2000, NATO and Ukraine decided to use the Planning and Review Process as a tool to support the implementation of Ukraine's State Plan for Reform of the Armed Forces. Consequently, it was carried forward in two stages. Stage One, the development of a baseline assessment, was completed in June 2001. Work in the second half of 2001 focused on the translation of aspects of the State Programme of the Ukrainian Armed Forces Reform and Development until 2005 into achievable and affordable planning targets—termed National Defence Reform Objectives. Under this year's Work Plan, Ukraine adopted 80 of them. This ambitious package reflects Ukraine's priorities in defence reform. Many reflect new directions for the Ukrainian Armed Forces. And, at the moment, NATO and Ukraine are examining how existing PfP tools and resources, including the Partnership Work Programme and the Individual Partnership Programme, may be used to support Ukrainian efforts to meet these

objectives. The success of these impressive defence reform activities will depend on making the best use of Ukrainian, NATO and Allied nations' resources.

Further examples of concrete steps in NATO-Ukraine co-operation in defence reform include:

- the implementation of the activities of the Joint Working Group on Defence Reform in Ukraine;
- expert discussions on security sector reform and the reform of the Border Guard and the Interior Troops;
- expert discussions and visits to support the development of a national crisis management system;
- round-table discussions with the Ukrainian Parliament on civil-military relations;
- the implementation of a NATO Maintenance and Supply Agency/Ukraine Memorandum of Understanding for the destruction of 400,000 anti-personnel landmines, and
- the holding of a high-level NATO-Ukraine conference in March 2002 in Berlin, focusing on challenges and opportunities in the security and defence sector and organised by the Aspen Institute. A number of high-level representatives of NATO and Ukraine, including Ministers of Defence, participated in that event.

In April 1999, NATO established a NATO Liaison Office in Kyiv to facilitate contacts between the Organisation and civil and military agencies involved in Ukrainian participation in Partnership for Peace and the implementation of the NATO-Ukraine Commission Work Plan. The focus of the Centre, which is staffed jointly by the NATO International Staff and the NATO International Military Staff, is defence reform and military-related activities. NATO-Ukraine activities relating to the economic dimension of defence reform include concrete projects in the field of retraining released military personnel and a pilot project on the economic management of former military sites. Another positive step taken within the framework of NATO-Ukraine defence-related co-operation includes the approval by the Ukrainian Parliament of the Partnership for Peace Status of Forces Agreement and its additional protocol.

In addition, great potential exists to further develop NATO-Ukraine defence-related activities. Examples include strategic airlift transport capabilities, improving interoperability with NATO and Partner forces, host nation support arrangements, command and control systems, language training, logistics, military exercises and related training, enhancing co-operation in armaments, standardisation and defence research and technologies, information on air defence and airspace management and control, proliferation of weapons of mass destruction, military geography, medical services, meteorological support and global humanitarian mine action.

2.2 NATO-Ukraine Co-operation in Civil Emergency Planning

Co-operation between Ukraine and NATO in the field of Civil Emergency Planning began in 1995 and is one of the most successful areas of activities carried out to date. It started following the disastrous floods in the Kharkiv region when all assistance from NATO and Partner countries to overcome these problems was co-ordinated by the NATO Civil Emergency Planning Directorate. The Work Plan for 2002 also presents an ambitious list of activities. They include such concrete examples as Ukraine's participation in the Euro-Atlantic Disaster Response Coordination Centre Exercise 'Taming the Dragon' or the current highlight of our co-operation which is the implementation of the Joint Ukraine-NATO Pilot Project on Flood Prevention and Response that is being conducted in the Trans-Carpathian Region.

2.3 Military Co-operation

Under NATO-Ukraine Military Co-operation, practical efforts have focused on interoperability. Looking towards the future, NATO and Ukraine may want to consider how to develop a broader framework that will improve the link between this practical co-operation and broader political and security goals. This would not only make our military co-operation more effective and goal-oriented, but also reinforce our broader political and security objectives for enhanced NATO-Ukraine relations.

2.4 NATO-Ukraine Co-operation in Science

NATO-Ukraine co-operation in science highlights the non-military aspects of security and brings to the fore the concrete benefits of such co-operation for the population at large. The Alliance has also supported the Ukrainian scientific community through a number of grants

3. Conclusions

NATO's co-operation with Ukraine based on the NATO-Ukraine Charter has been one of the most successful politically driven co-operative projects in the history of the Atlantic Alliance. In part due to its relationship with the Organisation, Ukraine's independence is firm and reform efforts are continuing to gain momentum. This is in large part due to the NATO-Ukraine Charter and our common efforts. The Alliance has supported this endeavour and will continue to do so. We want to build on the steps taken to date in developing a strong and enduring relationship between NATO and Ukraine. It should also be noted here that the creation of the new NATO-Russia Council will in no way lead to any diminution of NATO-Ukraine co-operation.

For our relations to be stronger still, defence- and security-sector reform in Ukraine must remain in the spotlight if we are to take our co-operation forward. NATO-Ukraine ties are of even greater importance in the light of September 11th. Indeed, the Alliance is grateful to Ukraine for the support it offered in the aftermath of the terrorist attacks against the United States and the measures taken by Ukraine in the struggle against terrorism, including its decision to open its airspace for overflight by United States aircraft. Ukrainian airlift capabilities have also allowed many Allies to deploy their forces in the Afghan theatre of operations. As the war against terror continues, NATO-Ukraine co-operation may become crucial, although it does also depend upon whether NATO decides to expand its defence strategy to focus on expeditionary warfare in response to 21st century threats.

This leads us to another strategic issue. One of the goals of Ukraine's foreign policy is full integration into European and Euro-Atlantic political, economic and security structures. The outcome of the parliamentary elections and the pro-Euro-Atlantic outlook of the new Parliament have further supported this policy choice. As a result, the Alliance welcomes Ukraine's desire for greater Euro-Atlantic integration and its enhanced Euro-Atlantic integration policy. Indeed, our explicit vision of the future is one in which Ukraine is firmly anchored to the Alliance. However, such aspirations must pass the test of commitment as much remains to be done in the field of reform in Ukraine. To this end, NATO stands ready to further support Ukraine in sparing no effort to further implement and intensify reform-related activities. Nevertheless, it should be stressed once again that it is crucially important that Ukraine herself be determined to further implement the necessary reforms. Ukraine simply must demonstrate her commitment by undertaking serious reforms as many Central and East European countries have done in the past. In terms of Ukraine's possible ultimate Euro-Atlantic aspirations, this might be termed a building block approach.

In the meantime, however, many opportunities may be promoted for deeper co-operation, including, to name just a few, anti-terrorist activities, non-proliferation and arms control, and further co-operation in peacekeeping along with the development of specific defence capabilities. NATO and Ukraine have both expressed their desire to deepen and expand their relationship, and political consultations are expected to intensify in parallel with the practical work carried out under the Work Plan. By November 2002, NATO and Ukraine will have worked together towards defining the parameters and goals of this deepened relationship, with a view to consolidating the contribution of the NATO-Ukraine Distinctive Partnership. This will allow us to focus on the substance of an ever-enhanced relationship.

Furthermore, we must not forget that the decisions of the NATO Prague Summit may be a turning point for the Organisation's future. The decisions to be

taken in Prague by the Alliance's leaders will include the enlargement of NATO, plans to develop new defence capabilities, and new relationships. As a result, they may also set the agenda for a new framework of NATO-Ukraine relations. We are on the brink of the creation of a transformed Alliance of which an integral component will be an energised focus on NATO-Ukraine relations.

At the same time, much work remains to be done. The meeting of NATO-Ukraine Commission Ambassadors in Kyiv on 9 July 2002 marked the fifth anniversary of the Distinctive Partnership and also provided us with an opportunity to take stock of our achievements and progress on our common work leading to Prague. Previously, the NATO-Ukraine Commission meeting at Ministerial level had tasked Ambassadors to explore and develop a deepened and broadened NATO-Ukraine relationship in order to take our relationship forward to a qualitatively new level, including through intensified consultations and co-operation on political, economic and defence issues. For, while the Charter signed five years ago continues to provide a solid and forward-looking framework for building the NATO-Ukraine relationship, it is still up to us as Partners to achieve the most we can from this enduring Charter.

**NEW CONCERNS FOR NATIONAL AND REGIONAL SECURITY:
TERRORISM, ORGANIZED CRIME AND ILLEGAL IMMIGRATION**

Olena A. MALYNOVSKA¹

While it is true that most Ukrainian citizens wishing to work abroad usually travel legally, it is also true that once they reach their destination they do tend to live and work there without obtaining the necessary permits. By failing to obtain residence and work permits in the host country, they immediately class themselves as illegal immigrants with all the consequences this status implies. Ukraine has about five hundred companies that are licensed to act as intermediaries for nationals seeking work abroad, but it takes the Ukrainian Prosecutor's Office about a year to audit these companies' annual accounts because of the violations committed by these firms.

But there are other ways in which Ukrainian citizens can find work abroad. For example, the same service is offered by a number of tourist agencies that are ostensibly engaged in sending people abroad as tourists. The largest source of these agencies' income comes from the huge profits they make from the fees they charge for this service. However, payment of these fees does not entail any responsibility on the part of the company or the agency concerned in respect of guaranteeing the preliminary agreed terms and conditions of employment and remuneration of Ukrainian nationals abroad or their repatriation. Such companies are sometimes involved in the resale of Ukrainian labour to foreign customers.

The worst form of people trafficking is the trafficking of women and children for sexual purposes. This is a major problem for Ukraine. According to one Ukrainian parliamentary committee on human rights, at least 100,000 Ukrainian women abroad find themselves in this kind of situation, and while 15% of them were aware of the situation when they were hired, the majority thought that they were being employed to work as waitresses, dancers or maids. An international non-governmental organization in Ukraine estimates that there are over 500,000 people living and working abroad illegally who are the victims of such crimes.

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Ukrainian nationals abroad often become the victims of criminal and racketeering acts committed by other Ukrainian citizens. According to illegal migrants in Italy, anyone who wishes to settle illegally in this country has to pay the racketeers \$100. In the Czech Republic, where the fee is about \$20-25, all Ukrainian workers have to pay the racketeers \$20 a month and anyone who refuses to pay runs the risk of being robbed, beaten up or even murdered.

Although Ukraine controls the illegal migration of its citizens, Ukrainian criminal groups are expanding their activities abroad. For example, 40% of the crimes committed by foreigners in the Czech Republic in 2000 were committed by Ukrainians. Therefore, it is not surprising that the number of Ukrainians arrested by law enforcement bodies abroad is, according to the Ukrainian Consular Service, growing.

Under these circumstances, it is understandable why the countries neighbouring Ukraine are so strongly opposed to the introduction of a visa regime enabling Ukrainian citizens to travel to these countries reasonably freely. According to a recent opinion poll carried out in Poland, over 50% of the Poles questioned believe that the positive benefits resulting from the introduction of travel visas for Ukrainians will far outweigh the negative consequences for their country. The Poles believe that the introduction of visas will help to keep crime out and increase law and order.

But I wonder whether the introduction of entry visas for Ukrainians travelling abroad will in fact help to fight the combined threats of illegal migration and organized crime. I personally have doubts about that because the strict requirements governing the issue of Schengen visas never stopped illegal migrants, including Ukrainians, from entering the European countries. I am also firmly convinced that while there is a considerable demand for highly qualified people in the West and despite salaries in Ukraine being ten times lower, labour migration will linger on, notwithstanding all the various control measures.

Although legal migration is growing, this does not imply that illegal migration will disappear. In fact, it will lead to improvements in the capabilities of organized crime, which, in turn, will boost the economy in the West, which is the major key consumer of illegal immigrants, together with the corruption of bureaucrats and border guards and customs officials. The conditions offered to illegal immigrants will also worsen because they will continue to make their way to the West to find work. In this respect, as far as combating illegal immigration is concerned, I believe that Ukraine is facing a number of challenges, one of which is finding ways of legalizing the procedure governing the norms for Ukrainian citizens who wish to leave for abroad.

Without wishing to downplay the problem of illegal immigration into Ukraine, if you compare the statistics, you can see that the regulation of the labour migration of Ukrainian citizens abroad poses a far more serious problem to Ukraine. And, while we have employment agreements on employment with a

number of countries, including Russia, the Czech Republic, Poland, and Slovakia, the scale of these agreements is currently inadequate. Given the enlargement of the European Union and the introduction of visa regimes, there would seem to be a need to find common solutions to the issue of illegal migration from Ukraine in order to avoid destabilization both within Ukraine and outside.

NEW CONCERNS FOR NATIONAL AND REGIONAL SECURITY: TERRORISM, ORGANIZED CRIME AND ILLEGAL IMMIGRATION

Iris KEMPE¹

1. Introduction

The perception of Ukraine as a new source of concern for national and regional security uncertainties arising from terrorism, organized crime and illegal migration is directly and indirectly related to the tragic events of 11 September 2001. By a twist of fate, the most recent Ukraine-European Union (EU) Summit also took place on 11 September, at which both sides' participants emphasized the need to continue EU-Ukrainian security cooperation but did not address the terrorism problem. However, Ukraine made international headlines on 4 October 2001 when a passenger plane flying from Israel to Russia was shot down over Ukrainian territory. After some false statements, it became clear that the incident was an accident caused by a Ukrainian missile. Although Ukraine has not been a target for terrorist attacks and is not regarded as a base by international terrorist organizations, it is obvious that there are a number of structural factors that might be relevant to terrorism. At the same time, it should be borne in mind that the agenda of terrorism-related security concerns is partly determined by outside events and in particular by the aftermath of 11 September 2001.

2. Identifying New Concerns for National and Regional Security

2.1 Terrorism

The problem with analysing terrorism is the absence of any commonly agreed definition. According to the United Nations (UN), the following definition best describes terrorism: "Terrorism is an anxiety-inspiring method of repeated violent action, employed by (semi-) clandestine individual, group or state actors, for idiosyncratic, criminal or political reasons, whereby—in contrast to assassination—the direct targets of violence are not the main targets. The immediate human victims of violence are generally chosen randomly (targets of

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opportunity) or selectively (representative or symbolic targets) from a target population, and serve as message generators. Threat- and violence-based communication processes between terrorist (organization), (imperilled) victims, and main targets are used to manipulate the main target (audience(s)), turning it into a target of terror, a target of demands, or a target of attention, depending on whether intimidation, coercion or propaganda is primarily sought” (Schmid, 1988).

On the basis of this definition, terrorism has not become a serious threat for Ukraine’s national security. According to the Ukrainian Anti-terrorist Centre, 60 terrorist-related activities were discovered in 2000² so that Ukraine can hardly be said to be a centre of international terrorism. In addition, international terrorist organizations do not regard Ukraine as a target for terrorist activities, although there are some factors that might be of structural interest to terrorists, such as relatively easy access to nuclear material, porous and badly controlled eastern borders, and weak state institutions and civil society. In fact, these same factors have led to the following type of assessment that was made by *The Economist* in June 2002: “For the time being, however, the squalor on Europe’s eastern frontiers poses a dismal prospect for the West. Both Ukraine and Belarus are weapons supermarkets for the worst sort of customer and provide transit for just about everything the West wants to keep at bay.”³

2.2 Immigration

Taking into account its geographical location and specific role as a successor state of the former Soviet Union, Ukraine is an attractive country for immigration. However, obtaining reliable data about migration in Eastern Europe is a problem in itself, due to weak administrations, porous borders and visa-free travel among the successor states of the former Soviet Union, which means that the statistical data that is available is mostly limited to an overview of officially registered migrants. This data shows decreasing trends in both immigration and emigration. Overall, the number of officially registered emigrants is significantly higher than the number of officially registered immigrants.

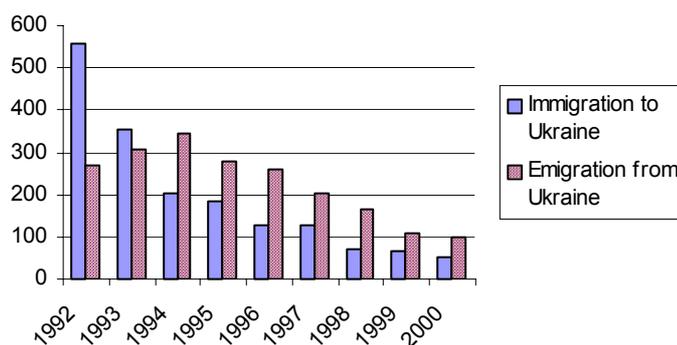
² See Yuriy Zemlyankiy, *Borderless Threats*, in <http://www.niss.gov.ua/cards/magazine/art15.htm>.

³ *The Economist*, 1 June 2002, p.30.

Table 1

Migration in Thousands

Source: UNDP Ukraine Human Development Report 2001



According to the United States Committee for Refugees, at the end of 2000 Ukraine was hosting more than 5,500 refugees and asylum seekers, mostly from Afghanistan (1,685), Armenia (229), Russia (218), Azerbaijan (192) and Georgia (113).⁴ In addition to seeking refugee or asylum status, other reasons for immigration to Ukraine are related to ethnicity. For example, approximately 270,000 Crimean Tatars returned to the Crimean peninsula after being exiled to Central Asia by Stalin in the 1940s. However, immigrants have to face citizenship problems and social difficulties of all kinds, such as housing and employment, which considerably weaken their social status. Their difficult social status, which is partly the result of their not always clearly defined legal citizenship status, and their links to their former Soviet Republics of origin make them a potentially good breeding ground for illegal activities.

Illegal migration to Ukraine is often related to economic aspects, transit from Asia further westwards, drug trafficking and trafficking in other goods and in people. However, in trying to establish its potential as a soft security threat, immigration cannot be considered solely in terms of the total number of migrants but must also take into account their place of origin together with structural factors. Based on this assumption, Ukraine is an attractive destination for migrants/refugees from weak states and, in some cases, migration is related to all kinds of illegal economic practices. Because of its porous border with Russia,

⁴ See US Committee for Refugees, *Country Report Ukraine 2001*.

Ukraine has long played the role of a transit country for migrant flows from Asia to Western and Central Europe.

2.3 Organized Crime

Organized crime and corruption are legacies of the Soviet past related to the endemic corruption of the Soviet Union. Since independence, these problems have had a serious impact upon the entire Ukrainian transition process, and led to the flight of capital, limited interest on the part of foreign investors, drug trafficking and money laundering through casinos, exchange bureaus and banks. According to international and regional assessments, Ukraine is a country with a high level of organized crime.⁵

Table 2:
Organized Crime Groups and Offences, Ukraine and Russia, 1991-1999
US Department of Justice, July 2001

| Year | Ukraine | | Russia | |
|-------|---------------|-----------------|---------------|-----------------|
| | No. of Groups | No. of Offences | No. of Groups | No. of Offences |
| 1991 | 260 | 2,549 | 952 | 5,119 |
| 1995 | 831 | 4,500 | 14,050 | 23,820 |
| 1996 | 951 | 6,410 | 12,684 | 26,432 |
| 1997 | 1,081 | N/A | 12,500 | 28,497 |
| 1998 | 1,157 | 9,000 | N/A | 27,097 |
| 1999* | 857 | 6,500 | N/A | 24,000 |

* Denotes first 9 months only.

Sources: Glushkov, unpublished report; Volodymyr Stashis, presentation to NIJ-sponsored conference, 20 November 1999, Kyiv, Ukraine; V.V. Lunev, *Prestupnost XX veka*, p.303; "Legislation and the Law: Impact on OC in Russia, 1997-1998", *Organized Crime Watch*, May-June 1999; and *Organizovannaia prestupnost*, No.4, Moscow, 1998, p.258.

One might draw a number of critical conclusions from this data. In particular, it would appear that organized crime is more significant in Ukraine than it is in Russia, due to a higher number of groups, the number of offences committed per group (Russia: 2-3; Ukraine 7-10) and a higher growth rate. Nevertheless, the data's comparability depends on size, and the character of a 'group' related to organized crime does eventually have to be qualified.

Because organized crime is frequently associated with political corruption, reference may be made to the comparative Corruption Perception

⁵ See Louise Shelley, "Organized Crime and Corruption are Alive and Well in Ukraine", *The World Bank Group Transition Newsletter*, January/February 1999. Organized Crime and Corruption Watch Transnational Crime and Corruption Center, American University, Washington D.C.

Index that has been researched by Transparency International. According to its most recent data, Ukraine is one of the most corrupt countries.

Table 3:
TI 2001 Corruption Perception Index.
Ukraine and its Neighbours

| Country | Rank | Score |
|---------|------|-------|
| Belarus | n.a. | n.a. |
| Hungary | 31 | 5.3 |
| Moldova | 63 | 3.1 |
| Poland | 44 | 4.1 |
| Romania | 69 | 2.8 |
| Russia | 79 | 2.3 |
| Ukraine | 83 | 2.1 |

Source: <http://www.transparency.org/cpi/2001/cpi2001.html> by business people, academics and risk analysts, and ranges between 10 (highly clean) and 0 (highly corrupt).

In many reports, organized crime and corruption are seen as a widespread transition problem for Ukraine. Indeed, the gravity of the situation tempted George Soros to say, “Ukraine gives corruption a bad name.”⁶ The most problematic aspect of organized crime in Ukraine is the alliance among former Party elites, members of the law enforcement and security apparatuses and gangs of organized criminals. One outstanding case concerns former Prime Minister Pavlo Lazarenko, who was involved in money laundering and illicit fiscal activities within the oil, gas and coal industries and even charged with ordering and paying for the murders of state officials in 1996 and 1997.⁷ When internal and international pressure against Lazarenko achieved a critical mass in 1998, he was forced to resign from office and flee to Switzerland, where he was arrested as he was trying to cross the border using a forged Panamanian passport, charged with money laundering and freed on bail of US \$2.6 million. Later, he fled again under a forged passport to the US, where the Americans brought their own set of corruption charges against him.

However, it should be emphasized that, even if the Lazarenko case represents a ‘worst case’ in the practice of corruption and organized crime in

⁶ See George Soros (The New Republic, 15 April 2002), in: <http://www.rferl.org/corruptionwatch/2002/04/15-190402.asp>.

⁷ See ‘Spotlight: Former Ukrainian Prime Minister Charged with Contracting Murders’, in “Crime, Corruption and Terrorism Watch”, *Radio Free Europe*, No. 2/2002.

Ukraine, it cannot be regarded as being limited to the former Prime Minister or as an exception to such other structural problems as the weakness of civil society, the influence wielded by economically-driven political pressure groups, the absence of checks and balances and the lack of free media. Other cases of organized crime were related to the murder of Internet journalist Georgy Gongadze and to international smuggling rings that imported illegal aliens from Ukraine into the U.S. and sold female aliens into prostitution.⁸ And, in an official letter from the Anti-Mafia coalition in the Ukrainian Parliament, Prosecutor-General Potebenko was also accused of taking bribes. This letter was first published in the small opposition newspaper, *Soboda*, but the Ukrainian militia destroyed all editions containing the text of the letter.⁹ Organized crime was or is a concomitant effect of dividing political power and economic influence, for instance, in the privatization process.

3. Structural Reasons for New Concerns

From the above analysis, it may be concluded that the most troubling new security risk in Ukraine is organized crime, while terrorism according to its classical definition is still of minor importance. Nevertheless, the current situation in the country is marked by structural weaknesses, all of which are threatening security and stability.

3.1 Border Security

Ukraine's borders are a sensitive factor for regional and national security. During the Soviet period, its western borders with Poland, Hungary, Slovakia and Romania were like a kind of iron curtain between the Soviet Union and its western neighbours. Due to the EU's impending enlargement, Ukraine's western border with the Central and East European accession states has to meet Western standards. Since the Copenhagen Summit in 1993, the Schengen agreement on personal control at the Union's outer border has become part of the *acquis communautaire*, and as such has to be implemented in order for a country to become an EU member state. Even if some countries, such as Poland, have not been very keen on introducing Schengen regulations, they have had to agree to EU requirements in order to fulfill membership requirements. In July 2003, Poland will introduce visa regulations for Ukrainian citizens travelling to Poland. In addition, the Union and its member states are also supporting border security and border checkpoints on the future eastern border with technical assistance and advisory projects. However, the high degree of border security on Ukraine's western border does not correspond to the situation at the eastern border and

⁸ See <http://www.rferl.org/corruptionwatch/2002/05/19-160502.asp>.

⁹ See <http://www.rferl.org/corruptionwatch/2002/04/15-190402.asp>.

Crimea. With a total length of 1,576 km., the Russian-Ukrainian border is neither demarcated nor adequately controlled.¹⁰ Until 1991, the Russian-Ukrainian border was an administrative boundary between the Ukrainian Soviet Socialist Republic and the Russian Soviet Federative Socialist Republic, and decision-makers had to start from scratch in developing border regulations. While Ukraine's overall goal is to implement border regulations that are based on international regulations, Russia's aim to regulate border relations with other former Soviet republics is limited to delimitation.

Another border problem is related to the Crimean peninsula, which historically used to belong to Russia and where the Black Sea Fleet is deployed. As a result of the 1997 Black Sea Fleet Agreement, part of the fleet still belongs to the Russian Federation. Consequently, by definition, Crimean borders have to provide access for the Russian military, which makes the requirement of controlled borders even more difficult. At the same time, the Crimea in itself is also the cause of many new potential security risks due to its special territorial status as the Autonomous Republic of Crimea and the specific ethnic problems arising out of the emigration of Crimean Tatars from other former Soviet Republics.

The third area of concern is the border between Western Ukraine and the Transdnistrian Moldovan Republic. After Transdnistria's declaration of independence from a successor state to the former Moldovan Soviet Republic in August 1991, the Moldovan authorities' unsuccessful attempts to regain control of the region led to a full-scale armed conflict in the spring of 1992. Although the military conflict was stopped, national players such as Moldova, Ukraine and Russia as well as the Organization for Security and Cooperation in Europe (OSCE) have not succeeded in solving the related status problems. In addition to the unclear status issue, the autonomous territory contains several sources of soft security risks, ranging from a high level of heavy and armaments industries, through a huge arsenal of outdated weapons left by the former Soviet army, to reports of corruption and the smuggling of goods and people through the territory.¹¹

According to an assessment by the European Union, the OSCE and other international players, Transdnistria continues to pose a threat to political and economic stability.¹² Moldova criticizes the inefficiency and porousness of the border and customs control between Ukraine and Transdnistria, which threatens Moldova with the trafficking of goods and people, organized crime and

¹⁰ See The Legal Status of the Russian-Ukrainian Border: Problems and Prospects, Borders of Ukraine. Aleksandr Fomin, "Selenaja," *Graniza Ukrainy*, in Den', 31.1.2001.

¹¹ See Vladimir Solonari, "Transdnistria: Old Problems, New Developments", in Iris Kempe (ed.), *Risks and Challenges beyond EU Enlargement*, forthcoming fall 2002.

¹² Moldova: Country Strategy Paper 2002-2006 & National Indicative Programme 2002-2003, in http://europa.eu.int/comm/external_relations/moldova/csp/, p.3.

corruption. Insofar as the control is only organized by the Ukrainians, the Moldovan government requires its participation in the border control or suggests an international border control, but so far no decision has been reached.¹³

Except for its western part, Ukraine is almost completely surrounded by open and non-demarcated borders, which makes the country attractive for all kinds of 'business' related to soft and hard security threats, such as smuggling, the arms trade, illegal migration and drug trafficking.

3.2 Ethnic Conflicts

Ethnic and religious conflicts might be part of the structural causes of international terrorism.¹⁴ When Ukraine became independent in 1991, ethnic and religious factors were of high concern for the existence of a Ukrainian state. The risks were related to a potential separatism between the ethnically Russian part of the country in the east and the Ukrainian-dominated western part of the country. Ukraine's ethnic mixture is also linked to the absence of a state church and the existence of several, sometimes rival, churches.

Another separatist threat is posed by the Crimean peninsula. Historically, this part of Ukraine belonged to Russia and was the homeland of the Crimean Tatars. During the Stalinist period they were deported to Central Asia and have been migrating back since the collapse of the Soviet Union. The possibility of the ethnically Russian republic of Crimea seeking local powers and possible 'reunification' with Russia was seen as a potential threat. Furthermore, it was feared that a territorial dispute over the Crimean peninsula might arise concerning Black Sea Fleet assets and bases. Nevertheless, taking into account the high degree of ethnic and religious differences, developments since 1991 have brought much less conflict than was initially feared ten years ago.

3.3 A Weak Political and Social Transition and Weak State Institutions

Civil society in Ukraine is still weak, and the system of checks and balances between state institutions and social institutions is very limited. Ukrainian society may be defined as an event organized by the state, with the balance of power mainly driven by economic and political influence groups. Political parties are organized from above, and concentrate on the leading person in order to run elections. It is symptomatic of former socialist countries in transition that political parties are not programme- but actor-driven. The only exceptions are the Communist Parties. Closeness to or even pressure by the various levels of the state administration restricts the parties' social independence. During election campaigns, international and national election

¹³ See Allia Svartova, "Country Report Moldova", in Kempe (ed.), *Risks*.

¹⁴ Bruce Hoffmann, *Terrorismus der ungeklärte Krieg*, Frankfurt am Main, 2002. pp.112-171.

observers have reported pressure by the executive apparatus in order to influence the results.¹⁵ The weakness of civil society and the absence of checks and balances are also reflected in international rankings.

Table 4:
Freedom House. Comparative Measures of Freedom 2001.
Ukraine and its Neighbours

| Country | Political Rights A | Civil Rights C | Freedom Ranking |
|----------|--------------------|----------------|-----------------|
| Poland | 1 | 2 | Free |
| Slovakia | 1 | 2 | Free |
| Hungary | 1 | 2 | Free |
| Romania | 2 | 2 | Partly free |
| Moldova | 2 | 4 | Partly free |
| Ukraine | 4 | 4 | Partly free |
| Russia | 5 | 5 | Partly free |
| Belarus | 6 | 6 | Not free |

Source: The Survey of Freedom 2001/2002, Annual Survey of Press Freedom 2002, Freedom House. Ranking: 1 (most free)-7 (least free).

Another important factor for the development of civil society in Ukraine is the weakness of the independent media. Although the Constitution guarantees freedom of the press, this right is not enforced. The Ukrainian media are heavily dependent upon the state, and regional executives put pressure on journalists and editorial boards. The methods used range from administrative pressure, such as old Soviet methods of intervention by tax inspectors, through shortages of paper and distribution problems to physical violence.¹⁶ In the ten years since Ukraine's independence, several journalists have been killed and numerous media outlets shut down.

¹⁵ See OSCE/ OHDIR Election Observation. Ukraine Parliamentary Elections, 31 March 2002.

¹⁶ See Media Responses to Corruption in the Emerging Democracies: Bulgaria, Hungary, Romania, and Ukraine, A Freedom House Assessment Report, Key Findings and Recommendations, May 1999.

Table 5:
Press Freedom 2002. Ukraine and its Neighbours

| Country | A | B | C | Total | Rating |
|----------|----|----|----|-------|-------------|
| Poland | 6 | 6 | 6 | 18 | Free |
| Slovakia | 10 | 5 | 7 | 22 | Free |
| Hungary | 2 | 8 | 13 | 23 | Free |
| Romania | 11 | 24 | 24 | 35 | Partly free |
| Moldova | 22 | 20 | 17 | 59 | Partly free |
| Russia | 13 | 30 | 17 | 60 | Partly free |
| Ukraine | 23 | 26 | 11 | 60 | Partly free |
| Belarus | 26 | 31 | 25 | 82 | Not free |

Source: The Annual Survey of Press Freedom 2002, Freedom House, in <http://www.freedomhouse.org/pfs2002/pfs2002.pdf>.

A = Laws and regulations that influence media content, scale 0-30.

B = Political pressure, controls, and violence that influence content, scale 0-40.

C = Economic pressure and controls that influence content, scale 0-30.

Rating: Free 0-30; Partly free 31-60; Not free 61-100.

Since 2000, the restrictive situation of journalism in Ukraine has been a matter of growing international attention, following the murder of Jurij Gongadze, an Internet journalist, who was well known for his investigative reporting on corruption. In September 2000 he vanished, and in November a decapitated body believed to be his was found. The subsequent release of tape recordings made secretly in President Kuchma's office by his bodyguard made it look as if the President had been involved in the murder. The case has never been investigated properly and all attempts by US government organizations to help with the investigation have been refused by Ukraine.

But, the Gongadze case is just the tip of the iceberg of all the other restrictive possibilities that prevent Ukrainian journalists from working freely and independently. Even the Ukrainian Ministry of the Interior announced in August 2001 that "seventy-two crimes against journalists" had been committed since January 2001.¹⁷ In April 2001, the Parliamentary Assembly of the Council of Europe discussed the possible exclusion of Ukraine because of state pressure and violence against journalists and members of parliament—particularly against opposition members—and the weakness of the constitutional state. Indeed, the

¹⁷ See Ukraine Annual Report 2002, Reporters sans frontières.

weakness of civil society makes it easier for Ukrainian state actors to further their economic and political interests by means of corruption, criminal acts and illegal pressure. The incident in which a Ukrainian missile shot down a Russian passenger air jet and subsequent attempts to conceal the facts is one example of a security risk caused by the state.¹⁸

3.4 Lack of Engagement in International Structures

Ukraine is a member of the North Atlantic Treaty Organization's (NATO) Partnership for Peace programme and part of the EU's Partnership and Cooperation policy. Both connections provide links for cooperation but no clear membership prospects. While the West prevents itself from being directly threatened by new security risks by keeping Ukraine out of Western structures, one should also consider the risks of exclusion, which might increase instability and security threats. The situation has become even more complicated because of Ukraine's growing Western orientation, which is often refused by Western institutions. During the initial period of independence, Ukraine pursued a policy of successful integration and cooperation with its Western partners as well as balanced relations with Russia. At the time, this orientation between East and West was also viewed as a failure on the part of Ukraine to adopt a clear position.

After ten years of independence and Russia's recent rapprochement with the West, the disadvantages of a foreign policy that is balanced between East and West have become more obvious, and Ukraine is now trying to strengthen its relations with the West by focusing on NATO and EU membership. However, so far, the Western side has not responded to Ukraine's initiatives. Transition problems, including the above-mentioned security problems, are the main reason why the West, and the European Union in particular, is not keen on the potential integration of Ukraine. Nevertheless, despite all the West's understandable concerns, it should also be borne in mind that cooperation up to the level of integration increases the options for preventing and managing new security threats, including terrorism, organized crime and immigration.

4. Conclusion

In trying to establish whether Ukraine poses a new security risk in terms of terrorism, organized crime and immigration, it may be concluded that Ukraine is definitely not among the top ten states of concern. While terrorism in Ukraine is a phenomenon that has been on the agenda since the tragic events of September 2001, Ukraine is not characterized by a high level of terrorist

¹⁸ See Ukraine missile may have hit plane, in BBC News, 5 October 2001.

activities and is not regarded by international terrorist organizations as a target for terrorist acts. Immigration, including illegal migration, is of more serious concern because of Ukraine's high degree of attraction, its porous borders and the immigrants' countries of origin. However, the most dangerous security risk is organized crime, which is very often related to corruption. According to international surveys, Ukraine is one of the most criminal and corrupt countries and is characterized by a high degree of state power involvement in illegal actions.

Although it does not raise concern as a source of terrorism, Ukraine could be a potentially good breeding ground for new security risks because of the absence of checks and balances to counter a mixture of political and economic interests which achieve their ends by all kind of methods, including high-level corruption (Lazarenko) and murder (Gongadze).¹⁹ However, as long as the West continues to involve Ukraine in only a loose kind of cooperation, its influence over the prevention of new security risks arising will remain limited. Given that the country is in general very receptive to Western cooperation, new structural forms of cooperation could be developed to keep it from becoming a potential breeding ground for new security risks, although the precondition for any kind of institutional arrangements does, of course, depend on the success of Ukraine's transition process.

¹⁹ See Roman Kapuchinsky, 'The Government-Criminal Alliance', in "Crime, Corruption and Terrorism in the former UdSSR", *RFE/RL*, Vol.1, No. 3, 16 November 2001.

ECONOMIC AND DEMOCRATIC FOUNDATIONS OF STATE SUSTAINABILITY

Volodymyr SIDENKO¹

The foundations of sustainable economic development cannot be separated from the foundations of democracy, because economic pluralism, which is the basic feature of a competitive market economy, is basically inseparable from political pluralism, which is the basis for long-term social consensus. Any deviation from this principle is liable to create security problems and may pose a real threat to the country in question and even to the international community as a whole.

In the case of Ukraine, over the last three years we have witnessed a certain amount of progress in terms of economic dynamics and the creation of a system of institutions to underpin the emerging market economy and democratic pluralism. On the whole, this process is making Ukraine stronger and more predictable as well as more able to fulfil its international obligations and to participate in regional, economic, political and security cooperation.

Despite these achievements, a number of problems have not yet been solved and this is preventing Ukraine from reaching its full potential in terms of its contribution to international stability and cooperation. The first problem stems from the fact that Ukraine is still in the process of establishing a genuine competitive market economy, which is the precondition for the formation of an influential middle class that will guarantee political stability and prevent any form of social revenge or national or religious extremism. The setting up of an adequate system of market economy institutions is of key importance here and will require the continuing application of policies of institutional change. Clearly, the success of any type of economic policy, be it monetary, fiscal or budgetary, depends upon the creation of a critical mass of efficient market economy institutions. The important thing here is the continuing development of free enterprise, backed up by measures to boost dynamic economic activity, in particular by freeing up the entry of new economic players into the market and reforming the laws on bankruptcy. The latter is an extremely difficult task that

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requires the adoption of measures outlawing the monopolistic practices that linger on in Ukraine.

The solution to this problem lies in better business legislation together with independent courts of justice that are empowered to enforce the existing laws. In particular, much more attention needs to be paid to enhancing privatization and corporate development, *inter alia*, by introducing internationally accepted principles of corporate governance. Failure to implement these important changes will not only make it impossible to protect the interests of minor investors and outsider shareholders against any abuse by insider management but will also produce substantial structural distortions within the economy.

This particular set of problems is closely linked to the profound structural changes that must be made to Ukraine's economy to ensure that it achieves a higher level of competitiveness within the global and the European market environment. Failure to implement these changes will lead to economic and political instability. However, this is not something that can be solved in a matter of one or two years, because the formation of efficient market economy structures requires a considerable amount of time and resources as well as substantial and prolonged efforts in the field of market economy infrastructure development.

One specific problem here concerns the urgent need to modernize the existing production infrastructure that was created in Soviet times. This is a task that calls for a combination of sound and energetic economic policy on the part of the government and far greater involvement by the private sector, including foreign capital. Unfortunately, the current state of Ukraine's government machinery leaves much to be desired in terms of its ability to ensure long-term strategic development aimed at modernization and innovation. This state of affairs is due to the lack of financial resources, as well as the government's institutional inability to set strategic long-term goals rather than short-term priorities. Consequently, one of the main current requirements is the implementation of administrative reforms and the creation of state machinery to set and enforce the rules in accordance with the principles of the market economy and democratic pluralism.

Within the framework of administrative reform in Ukraine, drastic changes are called for in order to reverse the insidious practice of ruling by executive regulations rather than by laws. Unfortunately, there was no way of avoiding the continuation of this practice during the initial phases of Ukraine's transformation to democracy and the market economy as the success of this process depended upon the rapid implementation of new regulations. Under these circumstances, the presidential decrees, government regulations and normative acts issued by the National Bank of Ukraine and the various ministries were of primary importance.

However, this practice had a number of extremely serious side effects as it allowed frequent changes to be made to the regulatory environment, especially with regard to taxation, tariffs and customs, registration procedures, licensing, and foreign and exchange requirements. This continuing practice led to general instability within the regulatory framework and in many instances to the almost complete absence of legal rules and regulations. Another important consequence of this practice was the regulatory mechanism's extremely high sensitivity to the influence of all the various vested interests, which enabled the legislative system to be used as a tool to impede market- and democracy-oriented change and to safeguard the interests of a small minority.

Of course, all these negative consequences are a source of governmental chaos and social conflict and are, therefore, a matter of concern for Ukrainians and the international community alike. Overcoming this threat will require considerable political efforts, together with stricter parliamentary control over government activities and increased pressure by the civil society structures that are now developing in Ukraine.

Another issue of major importance for Ukraine's future development is the harmonization of its internal regulatory system with international standards. This is absolutely vital in the light of Ukraine's integration into European and international economic structures and the increasingly important role played by international organizations. In this respect, further efforts need to be made to accelerate economic and social change in Ukraine and to implement all the international economic standards that have been adopted by the international organizations that it aspires to join.

First on the list is the World Trade Organization (WTO), and Kyiv must implement all the WTO's rules on trade, investment and intellectual property. It should be stressed that WTO membership is not just a matter of trade liberalization, as many Ukrainians currently believe it to be, but first and foremost the transition to a rules-based economy from an economy based on exclusion from rules. This will create the conditions for moving closer towards the target set in the partnership and cooperation agreement that Ukraine has signed with the European Union (EU) on the harmonization of its economic legislation with that of the EU.

Clearly, in the long run, all these developments will substantially benefit the country's economic environment by making it more secure for international investment and innovation, which, in turn, will speed up more sustainable social and economic development. The same applies more or less to the implementation of the standards set by the Council of Europe for ensuring the efficient development of the democratic foundations of Ukrainian society together with an adequate level of personal freedom.

Turning now to the international dimension of Ukraine's economic and democratic development problems, we must carefully consider the multi-faceted

geo-political and geo-economic interests that are inherent in Ukraine's history, geography and culture. We must recognize that the setting of Ukraine's geo-political and geo-economic orientation is not so much a foreign policy issue as an internal policy matter that is rooted in Ukrainian civilization and society. If we ignore the ambiguous nature of the Ukrainian nation, its partially European and partially Asian character, we may sow the seeds of internal and international conflict.

While it is highly important for Ukraine's 'European choice' to be shared and endorsed by the majority of its population through democratic procedures, the free development of fruitful cooperation with Ukraine's post-Soviet partners is equally important. From Ukraine's perspective, the formation of an integrated European economic and political space based on mutually agreed terms and the adoption of European standards is vital.

In my view, senior policymakers need to pay close attention to the following issues that are crucial for strengthening the foundations of both European and international security:

- Firstly, trade liberalization in relations with all European states in order to create the preconditions for a future single all-European economic space, and the renunciation of discriminatory and protectionist measures within this space, including quotas, discriminatory anti-dumping procedures and the exercising of political influence in business transactions.
- Secondly, the creation of a system of stable trans-Euro-Asian energy supplies or an integrated energy space in the region to include oil-extracting Caspian Sea states, Russia and countries with transit functions, together with the development of a network of trans-Euro-Asian transport corridors based on a multilaterally agreed concept and distributed in a way that prevents long-term conflicts of national interests in terms of benefits and losses.
- Thirdly, the harmonization of trans-Euro-Asian relations with regard to the even development of high-tech production facilities in order to prevent the creation of economic divisions in Europe as a result of different levels of high-tech development.
- Fourthly, the conclusion of a pan-European agreement to regulate migration and employment.
- Fifthly, a balanced and mutually advantageous decision regarding any negative impact arising out of the EU's eastward expansion, including any negative impact it might have on outsider countries, such as Ukraine.

STRENGTHENING THE ECONOMIC AND DEMOCRATIC FOUNDATIONS OF UKRAINE: A COMPARATIVE PERSPECTIVE

James SHERR¹

1. Introduction

It should surprise no Ukrainian participant in Partnership for Peace (PfP) activities that the economic and democratic foundations of Ukraine matter to the West. It should also surprise no one that these foundations matter so much that they are not only the subject of discussion, but concern and on occasion even pressure. For this reason, it is easy to forget that these issues are even more important to Ukraine. They would be vitally important even if the North Atlantic Treaty Organisation (NATO) and the European Union (EU) did not exist. To be sure, unless the economic and democratic foundations of Ukraine are strengthened, Ukraine's goal of Euro-Atlantic integration will not be realised. But the key point is that an even more important goal will fail to be realised: the integration of Ukraine itself. In itself, formal independence, *nezalezhnist'*, cannot produce wealth, happiness, let alone genuine self-determination and security. For this, a country needs *samostiynist'*, the 'ability to stand' on strong and healthy foundations. The foundations of the totalitarian system were, during that system's prime, strong and unhealthy. 'Post- totalitarianism' is a system that is both weak and unhealthy.

Whatever might be the case elsewhere in the world, in contemporary Europe strong and healthy states have been erected on the foundations of liberal democracy and a liberal market economy. But these foundations and the relationship between them are widely misunderstood. Western policy, advice and 'assistance' have not always advanced an understanding of these realities and relationships in Ukraine. This is partly because there has been too much emphasis on the mechanics and too little emphasis on the culture of democracy. There has also been too great an emphasis on the narrowly political, as opposed to the wider public and civic realm. As a result, many in Central and Eastern Europe appear to believe that democracy relates to the conduct of elections, rather than the conduct of institutions: as if once elections are pronounced 'free and fair', it is entirely legitimate for public institutions to behave in ways that are

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unaccountable, self-serving, arbitrary, autocratic and corrupt. No less worrying, key Western institutions have devoted undue attention to the macroeconomic sphere (and ‘stability’) rather than to economic relations and their corollary, relations of power. These relations are as central to the health (and fate) of the political order and political democracy itself. Where the majority of ‘consumers’ feel they lack choice, where markets are rigged rather than open, where wealth derives from expropriation rather than production and investment, the majority of citizens will not only feel that they are shut out of the market economy. They will feel that there is no democracy in the country. To a significant extent, the struggle for samostiynist’ is the struggle to create economic relations that will give this majority faith in the political order and their own future.

In democratic orders, it is rightly and almost universally assumed that governments will not be legitimate unless opposition is deemed legitimate; that however ‘freely’ and enthusiastically elected these governments are, they must account and answer for their decisions and conduct; and that however enlightened and humane they might be, conflicts of interest and outlook will arise and must not be repressed. It is also rightly assumed that, within broadly agreed rules and conventions, opposition and criticism are not only a right but a necessity: that they, like competition in the market place, are essential to adaptation and progress. This interplay of interests, perspectives and ideas does not guarantee that good decisions will be made. It is simply the precondition for making good decisions—and, what is more, for perceiving choices and alternatives clearly. Nevertheless, as Lord Dahrendorf has warned, unhealthy incongruities and ‘social faults’ will arise if these conditions are confined to the narrowly political sphere and not reflected in the workings of public institutions as a whole. Weimar Germany was an unhealthy, not to say fragile, political order because the principles embodied in its liberal constitution were ‘incongruent’ with the traditional social structure and illiberal values of the country. As a result, this political order did not command a sufficient degree of legitimacy and respect to withstand challenges to it.

In what ways is this broader ‘congruence’ helpful to mature and successful democratic systems? In what ways is its absence harmful to Ukraine and other countries of the former Soviet Union? Let us consider the application of two principles widely associated with liberal democracy and ‘good governance’: transparency and participation.

2. Transparency

When we say that institutions lack transparency, we mean that those outside them have no ability to see what goes on inside them. Without the ability to see, democracy is not a meaningful term. First and foremost, we need to see who people really are. This, of course, should not entitle people to see everything. Fortunately, some Western democracies are still civilised enough to

treat the private lives of politicians (not to say diplomats, experts and scholars) as off limits to public scrutiny. But public lives are another matter. We expect those we elect to behave broadly in accordance with the political convictions and allegiances they profess. When British voters elect a Labour Party candidate, they expect him to enter the parliamentary Labour Party, to remain in it and to support most of its programme. If the country elected a Labour majority but found within a month that it had become a Conservative majority, British democracy would be in a state of crisis, and the country would conclude that we had no democracy at all. And if it were discovered that state authorities had bribed or threatened MPs elected under one party to defect to another, they would be out of office and very possibly in prison.

The ability to see is also essential to accountable and competent state administrations. When Ukraine's Ministry of Defence claims that the defence budget meets only 40 per cent of minimal needs, does the parliament's Commission on Defence and Security have any means of verifying the claim? How are 'needs' calculated, and who calculates them? Is budgetary expenditure presented in sufficient detail to allow an independent assessment to be made, or even to provide an intelligent basis for discussion? Fortunately, within the last few years Ukraine's Ministry of Defence (MOD) has recognised that the issue of transparency is relevant to effectiveness as well as accountability. Its decision to join NATO's Planning and Review Process (PARP) at the end of 2000 was taken out of recognition that the MOD itself did not have all the tools required to calculate the actual inventories and real costs of its military establishment. By comparison with the post-Soviet, not to say Ukrainian norm, it has become quite a transparent structure. As a result, the independent Razumkov Centre prepares its often critical assessments of defence policy on the basis of the same figures used, and made public, by Major General Valeriy Muntiyani, Assistant to the Defence Minister for Budget and Financial-Economic Activity. But can the same be said of the State Customs Service, Internal Troops, militia and other force structures?

Responsible and enlightened decision making also depends upon the ability to see. Transparency implies knowledge of what decisions are made, where they are made, by whom they are made and why. The inability to know these things leads, at best, to confusion, duplication of effort and loss of money. At worst, it leads to illegality, threats to national security and conflict. In the former Soviet world (and in some parts of the Balkans), transparency is often absent just where it is most needed. A few examples will suffice. When Anatoliy Chubays, a former Finance Minister and Acting Prime Minister of Russia, took over the giant energy distribution company UES (United Energy Systems), he discovered that this firm—by some reckonings the second or third richest in the world—did not have a budget. Without a budget, how is it possible to know who is making money, who is losing money, who is wasting money and who is

stealing it? In Ukraine, as late as 1998 the state “[did] not keep statistics” on grain exports (by the admission of the Minister of Agriculture),² there was no system for recording individual pension contributions³ and the volume of inter-enterprise debt was a state secret. In such conditions, the processes of budgeting, financing and monitoring will be carried out poorly, if at all.

The energy sector, vital to financial solvency, economic growth, ‘good neighbourly’ relations and national security, is the most powerful and opaque transnational entity in the former Soviet Union. How is one to know who owns what—or who owes what to whom—in an energy ‘market’ characterised by arbitrary price levels, hidden payment mechanisms, invisible partners, front companies, tax fraud and an extensive barter trade? In December 1999, Russia accused Ukraine of illegally siphoning 185 cubic metres of gas per day from the Druzhba pipeline. In retaliation, it cut off the supply of oil and insisted it would not be restored until gas siphoning was reduced to nought. Within a month, the Ukrainian authorities were able to reduce the figure to 35 cubic metres per day, and the dispute dragged on for another four months. Anyone knowledgeable about the chicaneries at work in this sector would ask—and many did ask—whether these elusive culprits were independent Ukrainian operators or agents of Gazprom seeking to prolong the dispute. The culprits were not found, and the dispute ended when President Putin stated his terms and President Kuchma took the first steps to meet them.

‘Privatisation’ presents an equally disturbing picture. Prior to Putin’s first summit with Kuchma on 15-16 April 2000, Russia published a list of 30 Ukrainian enterprises of interest to Russian entrepreneurs. These included Ukraine’s six oil refineries, already in the midst of a privatisation process, and the Mykolayiv aluminium plant. Of the four companies and consortia bidding for the latter, two were ostensibly Russian and two of them Ukrainian. But it later transpired that one of the Ukrainian bidders was controlled by the same group as one of the Russian bidders, and the other Ukrainian company was founded by Russia’s Siberia Aluminium Group. Some ten months later, the two presidents approved four intergovernmental documents as well as ten interdepartmental documents concerning energy privatisation, common industrial policy, shipbuilding and the aerospace complex, along with an agreement to link the power grids of Ukraine and Russia. None of these accords was published, and even Ukraine’s government was only allowed to see some of them in excerpted form! Until information about the ownership, capital and budgets of enterprises and banks—information available in any serious British or American library—is available to ministers, judges, investors, MPs and interested citizens, how will it

² Cited in Ron Synovitz, “Ukraine: Kyiv’s Policies Destroy Productive Farming”, *RFE/RL Report*.

³ As lamented by President Kuchma. See *Intelnews*, 19 April, 1998.

be possible to make intelligent economic choices, let alone see where the national interest lies?

3. Participation and Accountability

Liberal democracy is generally seen as synonymous with participatory democracy. But in the most visible sense—participation by ordinary citizens in local and national elections—the forms and intensity of participation vary greatly from one liberal democracy to the other. In Belgium, voting in national elections is a legal requirement. In the United Kingdom, a 60 per cent voter turnout in a national election is seen as a sign of disaffection with the political process. In the United States, where 40 per cent has become the norm, a 60 per cent turnout would be greeted with mild astonishment.

Does this make the political culture of the United States less democratic than the political culture of Russia or Belarus? Most people would say ‘no’, and they would be correct for three reasons. First, with some exceptions (e.g. Belgium, Switzerland), liberal democracies treat participation as a right rather than a duty, whereas in Belarus and much of the Russian Federation the totalitarian impulse of compulsory voting is still strong, and national as well as local authorities still have the ‘administrative resources’ required to encourage voting and influence the choices of voters as well. Second, many Russians (e.g. the large number who vote Communist) would say that apart from voting, they have no say in the political process because, once elected, the *vlasti* (powers) will use the resources at their disposal to do exactly what they please. Third, and for this reason, many Russians (not to say Ukrainians) suffer from a general sense of powerlessness. This powerlessness has far less to do with the conduct of elections and far more to do with the conduct of leaders, officials and institutions.

Let us again consider the United States. It is no secret that George Bush Jr. has long been supported by oil interests. On the positive side, one should note that it is no secret: the connection is easy to discover and document (as, to be sure, is the connection between Presidents Clinton and Carter with labour unions and public sector employees, as well as the environmental and race relations lobbies). It is expected that these interests will influence policy, and it is expected that other interests will be mobilised to oppose the President’s policy. Because there will usually be a plurality of interests, national leaders will be obliged to argue, persuade and compromise. This interplay of interests is what we mean by politics.

But the less obvious point is more significant. Politics has very little bearing on how the tax authorities, the police or the customs service define their duties or carry them out. Whilst very few citizens like the tax authorities in the United States, the overwhelming majority trust them and are confident that they will behave impartially. Attempts by a president to use the Inland Revenue (or,

for that matter the FBI and CIA) for partisan or 'subjective' ends are grounds for impeachment. Allegations that President Nixon sought to tamper with these institutions played an important role in inducing him to resign his office. No less important, an American president and a British prime minister have no influence on the authority, the independence and the decisions of the courts.⁴ Far from viewing the courts as an instrument of government or other powerful interests, citizens have repeatedly used them to challenge and overturn unjust and unlawful actions by executive authorities and private corporations. Perhaps it is not coincidental that whilst American election turnouts are the lowest of any advanced democracy, the United States is also the most litigious country in the world. It is a country in which the majority of citizens feel that they, not the state, are the principal 'architect of their fortunes' and that this will remain the case, whatever happens on election day.

In short, there is a difference between having elections and having a democracy. The defining features of an effective liberal democracy are the open interplay of interests, the integrity of the legal order, the probity of public institutions and the accountability of authorities. A country which is democratic simply on election day is not a democracy.

4. The Culture of Administration

Can a country's political culture be democratic if its administrative culture is authoritarian? In rare cases it can be, but the contradiction between the two is likely to produce clashes and, in Dahrendorf's words, 'social faults'. France might be said to be such a country, and it has been the theatre of a number of clashes between the state and body politic over the course of the twentieth century. It is a country in which democracy has definitely triumphed, but it is also one in which authoritarian instincts and practices survive. Many would say that after much turmoil and failure, the constitution of the Fifth Republic has finally produced a workable synthesis between the two. If so, it is because France is a country in which civic instincts and the ethic of individual initiative and responsibility are remarkably strong.

But in post-Communist countries, where democratic and civic instincts are weak, an authoritarian administrative culture can only inhibit the development of civil society. The French Sovietologist Françoise Thom has defined totalitarianism as a system of war against civil society. The bureaucracies that Russia and Ukraine inherited from the Soviet Union were an

⁴ The President has the power to appoint justices of the Supreme Court **when** seats become vacant and **pending** confirmation by Congress. Many presidential nominees are rejected by Congress. No justice considers himself answerable to the president who nominated him or the Congress that confirmed him, and there is no way to make him answerable to either.

instrument of this war. They not only reflect the weakness of civil society. They also prolong it.

Today it is not only necessary to ask whether this culture harms democracy, but whether it is administratively effective. The question is not as new as it might seem. Many have observed that imperial Russia and the Soviet Union were not only oppressively over-governed, but notoriously under-governed. On the one hand, they were characterised by mass mobilisation, rapid modernisation and an extraordinary degree of intrusiveness by the state. But, as Bruce Clark notes, they were also countries made up of ‘dysfunctional elites’ in which ‘pockets of conservatism, conspiracies of laziness or incompetence build up whenever given the chance’.⁵ It is widely recognised that as Communist control structures lost their cohesion in the 1980s, these conspiracies of laziness and other ‘negative phenomena’ proliferated. In the absence of civil society, perestroika did not arrest the growth of these negative phenomena, but accelerated them.

Two examples, both of them relevant to security and defence, might serve to illustrate the differences in administrative culture between weak and strong civic orders. During the Cold War, Norway, Finland and Switzerland possessed defence systems designed to mobilise the entire able-bodied population within 24-72 hours. In Finland’s case, the ratio between standing, peacetime armed forces and the forces after mobilisation was 1:17. This capability was achieved with an extremely lean and economical administrative structure and a defence budget equivalent to 1.8 per cent of GDP. None of this would have been possible without an extraordinary degree of civic mindedness in the country at large.

A second example is relevant to the process of defence reform that is now well underway in Ukraine. Several years ago in a visit which took place within the framework of the British-Ukraine Bilateral Programme of Cooperation, a British general was asked whom he consulted before making a decision. His answer was that he communicated ‘one level up, one level down, one level to the left and one level to the right—and, if time permits, two’. In shorthand, this answer meant that he was guided by his subordinates as much as his superiors; no less significantly, he was guided by those in different branches and departments who might be affected by his decisions.

His answer is reflected in the working arrangements of the British Ministry of Defence, as well as NATO Headquarters. In both institutions, much policy is initiated and much of it made at mid level by committees: committees that are civil-military and interdepartmental in composition, with access to all information relevant to their responsibilities. This results in a clear relationship

⁵ See Bruce Clark, *An Empire’s New Clothes: The End of Russia’s Liberal Dream* (London: Vintage, 1995).

between ideas from below and directives from above. It helps to break down departmental barriers and knit institutions together. It also helps to ensure that decisions are implemented swiftly and intelligently, because subordinates have participated in the process and have enough information to know what they are doing and why. This approach, which centres on increasing the horizontal integration of institutions, is in plain contrast to the Soviet approach to administrative problems, now revived by President Putin: strengthening the 'administrative vertical'. It is far from clear that this is the best way to improve the motivation of individuals and the performance of institutions. Dare one ask the delicate question? Did the 'administrative vertical' prevent the Nord-Ost tragedy? Would horizontal integration within institutions—and working-level cooperation and trust between them—not have stood a greater chance of doing so?

Through no fault of those now responsible for Ukraine's defence reform, the fact remains that there is a civic deficit in Ukraine, and until this is remedied, Western approaches to administration and management might not have the intended effect. But how does one remedy that deficit? The experience of Ukraine-NATO cooperation—cooperation which is becoming widespread and effective at working level—does suggest that elements of the NATO approach are having a beneficial effect in Ukraine's Ministry of Defence and armed forces. Today there is reason to believe, and not only hope, that the development of individual initiative, participation and transparency in these structures is having a beneficial effect on the longer-term effort to strengthen civic values in Ukraine as a whole.

5. Democracy, Information and Security

These illustrations of the role that civil society and transparency play in defence and national security lead to an obvious question: were the totalitarian 'security states' really more secure than their liberal democratic counterparts? However we answer this question, there is no doubt that post-totalitarian states are not. This was well recognised in Ukraine's (1997) National Security Concept. This Concept dwelt upon three dangers: that Ukraine's economic, civic and institutional weaknesses could become vulnerabilities; that these vulnerabilities could be exploited by internal and external actors with harmful political ends; and that crises and 'emergency situations' could escalate in magnitude and geographical scale into civil, local and regional conflict. The message was clear: in post-totalitarian conditions, the issue is not so much how states might be threatened, but how they might be undermined. The Concept rightly identified 'strengthening civil society' as the greatest of nine national security priorities.

The Concept also stressed the importance of the information sphere, and today the challenges posed by information are routinely referred to by all Ukrainian structures with national security responsibilities. The problem is that

these challenges are fundamentally misunderstood. The term ‘global information order’ encapsulates the misunderstanding perfectly, because such a thing does not exist. Information disorder exists. In these conditions, a shrewd information policy will aim not to suppress information, but to create trust. This is not because information cannot be suppressed. It can. Censoring the television media, threatening journalists and dragging newspapers into the courts certainly suppress a lot of it. But even within one’s own country, one will never suppress enough, and the mere act of suppressing it, which cannot be disguised, fans distrust, even when trust in the state becomes vital to its survival: when, in the words of President Kuchma, it is essential that ‘people pull together at a critical moment’. Should one need to remind Ukrainians of the consequences of the Soviet regime’s attempts to suppress information about the Chernobyl catastrophe?

Moreover, outside one’s own country, one will hardly be able to suppress information at all. If Ukrainian authorities and news media do not provide full and timely information about military accidents, environmental disasters, banking scandals and arms smuggling, then other interested parties—Russian, Moldovan, Turkish, Romanian—certainly will, and these parties might not have Ukraine’s interests at heart. Already, a large amount of ‘facts’ ‘revealed’ about Ukraine in Western newspapers comes from Russian sources. In fact, these Russian sources—official, semi-official and ‘private’—are so forthcoming, so ‘comfortable to deal with’ and Ukraine’s official sources so defensive and irritating to deal with that a number of Western journalists have simply acquired the habit of consulting them rather than Ukrainian sources about what is happening in Ukraine. An hour spent reading such sources on the web is always an hour well spent. The coverage is intelligent, detailed and sophisticated, but it requires quite a bit of knowledge to discover that it is also distorted and written for a purpose. The main purpose of such sites is not to provide a bad image of Ukraine (although they often succeed in doing that). The purpose is far more ambitious: to make Russia the main source of information about Ukraine.

In this ‘information struggle’, Ukraine is handicapped for a historical reason. Ukraine never experienced a ‘Gorbachevian revolution’. Of course, this Gorbachevian revolution failed. But it produced a whole new class of people who knew that the USSR was losing the information struggle and knew why it was losing it. This class and its descendants understand the competitive and disordered conditions in which information is produced, exchanged and believed. It was overwhelmingly Russian, not Ukrainian, and today it serves Russia. Instead of such a class of ‘information technologists’, Ukraine has a corps of journalists, analysts and professionals who believe in the truth. But today they are regarded as a threat by the state authorities, rather than an asset. Until this changes, Ukraine’s ‘information policy’ will damage Ukraine’s interests.

What is the future for a country that allows post-Soviet practices and their analogues—‘shadow structures’, ‘subjective interests’ and ‘financial-informational struggle’—to go unchecked? The consequences are plain to see on Ukraine’s borders in Transnistria (the so-called Pridnestrovian Moldovan Republic). There the merger between business, crime, security services and state structures is complete. Whereas the connections between these different spheres constitute a source of weakness in Ukraine, for Pridnestrovie, this merger is the source of the entity’s strength. For this reason, de facto states like Pridnestrovie (ditto Abkhazia and South Osetia) can fairly be described as pathological states. Yet these pathologies are not simply a local problem. They feed on the state and civic weaknesses of their neighbours, as much as a parasite feeds on an unhealthy host. The containment and eventual eradication of these entities depends on the strengthening of state and society in neighbouring states. If this does not happen, the pathologies will spread. If there is any doubt that democracy is relevant to security, one need only look at Pridnestrovie. Perhaps it is time for Ukraine to do so with open eyes—and then draw the necessary conclusions.

Part 2

Regional Cooperation in Security and Stability

The Bilateral Approach to Cooperation in Security

UKRAINE AND RUSSIA

Sergey ERMAKOV¹

Any discussion about the new European security system cannot exclude Russia and Ukraine, which have to become fully-fledged participants in this new system. Europe is a unique region in the sense that it was here that the European security system was originally created. Indeed, the system worked quite well during the Cold War and effectively prevented the outbreak of a large-scale war in Europe. Of course, the situation has changed radically since then and we now have to build a new system with new parameters to meet the new security challenges. Indeed, over the years the concept of security has taken on a broader meaning and is no longer confined to the purely military sense in which it was previously understood. Consequently, priority is now being given to problems that are not directly related to military issues.

At the same time, we can talk about terrorism in terms of a military challenge to security in Europe because of the September 11 terrorist attacks in the United States, although the problem of terrorism emerged in Russia long before that. Back in 1989, two houses in a residential district of Moscow were

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completely destroyed as a result of a terrorist attack and since then Southern Russia has been hit by a series of terrorist attacks that have so far killed more than four hundred people. Of course, the situation in Chechnya and the terrorist groups and gangs that operate there pose a special challenge to Russia. Generally speaking, then, we can say that there has been a change in the parameters of military threats.

The nature of armed conflicts has changed, too, in the sense that they have become more local, and it is believed that up to 80% of all contemporary armed conflicts are of an internal nature. The hostile parties to such conflicts are making increasing use of guerrilla and terrorist warfare, including groups that are equipped with sophisticated weaponry and which totally ignore the rules of international law. These conflicts usually entail huge numbers of refugees and displaced persons and this factor poses a threat to European security.

Mention should be made of one other important change that will affect the parameters of a new European security system and that is the change in the role of the armed forces as a policy-making instrument. Whereas the employment of armed force used to be regarded as a last resort, we are now witnessing a more proactive and flexible use of armed force at various stages in the process of resolving political issues. As a result, we are seeing military activism that is no longer expressed in fully-fledged classical military operations but in numerous experiments in the peace-making field, ranging from the frequent use of or the threat to use armed force for prevention or peace-enforcement purposes to the broad use of general armed forces to back up economic sanctions or respond to anarchy or social disintegration.

A number of politicians, military men and scholars believe that the armed forces have now become inseparable from politics. For example, speaking at the United States National Defense University in January 1998, former American President Clinton underlined that diplomacy and military force are two sides of the same coin. Indeed, the recent operations carried out by the North Atlantic Treaty Organisation (NATO), including its operations on the territory of the former Yugoslavia, may well be regarded in this light, and here of course we should not ignore the activities of the European Union (EU) in the military sphere. Formerly, there was a clear division of labour between NATO, which was responsible for defence and ensuring so-called hard security, and the European Union, which was responsible for problems relating to economics, trade and the development of political and cultural cooperation—the so-called soft security issues. But, since the historical decisions that were adopted at the 1999 Helsinki Summit regarding the establishment of military forces within the European Union, the situation has changed, with both NATO and the European Union addressing hard security issues. The paradox here is that, as far as Ukraine and Russia and the majority of the European countries are concerned, the main threats to their security lie in the soft security field.

We should also note that the sole use of military force to guarantee security is not sufficient. For example, in the case of the recent operation in Afghanistan, we can see that the American armed forces operating there are acting jointly with the armed forces and units of the United Kingdom, France and Germany. These three countries are all members of both the EU and NATO and this type of cooperation is performed on a bilateral and a multilateral basis. However, there is no military cooperation as such within NATO or within the EU, and I believe that Washington is rather sceptical about the prospect after their experience of cooperation within NATO during the operations in the former Yugoslavia.

Moreover, generally speaking, military force cannot guarantee security, because security requires a combination of military and non-military action. This was the dilemma confronting Russia during its initial operations in Chechnya. In fact, during its first campaign the Russian Army fulfilled its mission and destroyed major concentrations of terrorists. But this did not bring peace to Chechnya, because the economic and all the other non-military elements needed to enable Chechnya to become a stable region were missing.

Therefore, we believe that both military and non-military methods are necessary to combat terrorism effectively, beginning with physical destruction through to the financial destruction of the terrorists' funding resources. This is the aim that Russia has been actively pursuing within the framework of the Commonwealth of Independent States (CIS). In particular, a programme for combating terrorism has been drawn up and a CIS Anti-Terrorist Centre set up on the basis of this programme. This Centre, which has been up and running since June 2000, is a special CIS organ that is designed to coordinate the efforts that are being made by the CIS countries' authorities to combat terrorism. In April 2000, the Anti-Terrorist Centre organised its first joint exercises, with the participation of the Commanders in charge of anti-terrorist activities in nine CIS countries and the representatives of the coordinating bureau of the border guard services in the CIS countries—a bureau tasked with coordinating the combating of organised crime. These exercises were designed to develop the skills and interoperability of the interior troops' security services and other law-enforcement agencies on the territory of the CIS.

In addition to enabling the setting up of well-balanced mechanisms for cooperation, these exercises proved to be an effective measure for preventing any kind of terrorist activities on the territory of the former Soviet Union. Of course, it is too early to say that everything is perfect. Not all the various problems have been solved and not all the CIS bodies have accepted the idea of a fully-fledged partnership. However, we are continuing our work and all parties are well aware that no single national security service can combat terrorism alone. At the same time, it should be stressed that regional security cannot be guaranteed without a new system that unites the efforts of all the stakeholders and which allows the

use of all the measures and means available in the countries in the region. Terrorism is today's major challenge to humankind. It requires a systematic approach and I think we should probably start by taking small steps that will eventually lead us to a comprehensive security system.

In fact, combating terrorism is the main feature of the NATO-Russia Rome Declaration, which is designed to build an entirely new relationship between Russia and NATO. Moscow believes that this important task should be based on mutual respect as well as on the need to find new areas of understanding. The major problem here is how to ensure that the new NATO-Russia Council becomes an effective organ and not just a symbol of our new relationship. The Russian side believes that it is important to transform the logic of our interests into the logic of joint action based on the clear understanding that neither rocket power nor Cold War commitments can provide a universal remedy for modern threats. As President Putin said during the signing ceremony, Russia firmly believes that the Rome statement is not just a declaration but that it also provides a solid foundation for future activities and that the members of the NATO-Russian Council will also need to define new areas of cooperation for their future activities. It should, nevertheless, be noted that Russia originally proposed a wider range of issues for discussion. It is quite possible that the new NATO-Russia Council will, from the very beginning, work as a vehicle for political cooperation. I personally think it is important to start with political issues and then see how joint military activities can be developed. At the same time, terrorism should not be allowed to become the sole area of specialisation.

Turning now to Ukraine, following the creation of the new NATO-Russia Council, Ukraine proclaimed its goal of moving closer to the Alliance. Ukrainian President Kuchma said that following the change in the environment there was not one single political leader who would deny that the NATO of today is the only structure that is capable of providing security. And, according to the Head of the Ukrainian Security and Defence Council, the maintaining of Ukraine's non-bloc status might even be dangerous or harmful. All this stems from the change in the situation in Ukraine and in relations between Russia and NATO. Many analysts believe that the changes in relations between Russia and the Alliance have opened up new prospects for Ukraine's relations with NATO. Russia has been reforming itself, too. Without Russia and Ukraine, a system of comprehensive security cannot exist. This is the rationale behind the stepping up of relations between Ukraine and Russia and of their relations with NATO. This view is shared by a number of experts who also believe that NATO membership is a more realistic process for Ukraine than membership of the European Union.

Another important point regarding security is that both Ukraine and Russia are potential real contributors to the European collective security system. However, some experts consider that the process of Ukraine's accession to NATO is too complex. To begin with, Kyiv would have to review all its

armaments standards and solve a number of outstanding political issues and even if this process did get under way, it would take several dozens of years to complete. It should also be noted that there is not one single NATO member country that is seriously discussing Ukraine's plans for Alliance membership. And, while Moscow has not expressed any opposition to Ukraine's plans, the Russian military are quite sceptical about Kyiv's intention of joining NATO, mainly because of Ukraine's huge military capabilities. On the other hand, it is clearly understood that Ukraine is militarily fully sufficient and well able to defend its borders, which is probably the reason for the Russian military's scepticism: that the Alliance will be able to digest such huge military capabilities in Ukraine. In this connection, the issue of Russia's full membership in NATO is not even on the agenda because Russian experts do not believe that this process can be fully realised. However, there are plans afoot for Russia to develop a better relationship with the Alliance and to step up cooperation on major security issues.

With regard to the Russia-Ukraine partnership, broadly speaking one can say that this relationship has gone through several stages of development, but that its major shortcoming is its declarative nature. There have been far too many declarations but very little action. The number of bilateral agreements that have been signed by Russia and Ukraine already run into the hundreds, but these agreements are not usually implemented and some of them are already out of date by the time they are signed. More specifically, the Russian leadership recently stated that they regard Ukraine as a fully sovereign country and a fully-fledged partner, with its own interests that in many respects coincide with Russia's, although in many other respects they do not. Indeed, I would not be telling the truth if I said that everything is fine in the Russia-Ukraine relationship.

As far as Russian foreign policy is concerned, it has been consistent and pragmatic since President Putin took office, which was not the case in the past, and this is clearly illustrated by Russia's reaction to NATO's operations in the former Yugoslavia, which Russia opposed from the very beginning. At the same time, the so-called heroic relocation of the Russian detachment in Yugoslavia enabled Moscow to make its point and to participate in the peacekeeping operations. As I said, President Putin's policy is quite consistent and pragmatic, although I would not go so far as to call it pro-Western. Indeed, when talking about Russia's Western foreign policy, one has to understand that Russia is not just a European country but a Eurasian country and our national emblem is an eagle with two heads, one looking westwards and the other looking eastwards. Therefore, anything we do in the West will be scrutinised in the East and vice versa. At the same time, Russia occupies a unique geostrategic and geopolitical position, acting as a bridge between East and West. So, in that sense, our leaders certainly do take into account the fact that anything they do will be scrutinised in

both the West and the East. For example, there may be the possibility of Russia integrating itself fully into NATO, but this would raise the question as to who this alliance would be against then. We must not forget that there are countries in the eastern part of Russia that have territorial disputes and we also have to take account of China's reaction to full integration. Therefore, the steps that are being taken by Vladimir Putin towards integration in the West are being supported by the development of the Shanghai Organisation for Cooperation in the East.

In conclusion, I would just like to say that we are interested in creating a new security system that focuses more on resolving specific issues. Currently, both Ukraine and Russia are trying to combat illegal migration but neither Kyiv nor Moscow has sufficient resources to enforce legal migration. This problem is becoming increasingly acute and if it is not solved it may lead to dire consequences. Given the fact that the EU has a direct interest in getting this problem solved, there would seem to be a good case for setting up a foundation or organisation under EU auspices to help Ukraine and Russia solve the problem of illegal migration in a civilised way.

Finally, I would just like to say that we are all interested in an equal partnership and that only an equal partnership will enable us to build a new European security system that will guarantee peace and stability in Europe, and peace in our region.

UKRAINE AND RUSSIA

Anne de TINGUY¹

1. Introduction

For historical, economic, political, cultural and demographic reasons, relations with Russia have been at the centre of Ukraine's foreign policy since the collapse of the Soviet Union. During the 1990s, Ukraine's main preoccupation seemed to lie in shaking itself free of the former imperial power on which it is still, of course, dependent although it has succeeded in distancing itself from it. However, since 2000 and the election of Russian President Vladimir Putin, together with the political crisis in Ukraine and the removal of its Foreign Minister, Boris Tarassiuk, Ukrainian foreign policy seems to have been dominated by a rapprochement with Russia.

2. Ukraine's Rapprochement with Russia

Speaking in January 2001, Ukrainian Foreign Affairs Minister Anatoli Zlenko said: «For a certain period of time, relations with Russia were not normal; now these relations are normalising.... We are sharply strengthening the eastern vector of our foreign policy». The rapprochement with Russia is indeed far-reaching and has resulted in a new relationship in the political, economic and security fields. Political ties have improved considerably and the pace of Russian-Ukrainian diplomacy has also increased quite a lot, including the holding of frequent high-level meetings. During the Yeltsin period, the dialogue between the two countries' Presidents was at a very low level, whereas there have been eight presidential summits since the nomination and election of Vladimir Putin in 2000, with Presidents Kuchma and Putin meeting a record twenty times over the last two years.²

However, the political dialogue is only one aspect of the new quality of the relationship between the two countries. Some of the many other aspects and signs include the appointment in May 2001 of former Prime Minister Victor Chernomyrdin as Russian Ambassador to Kyiv; the Ukrainian decision on the

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² See *Financial Times*, 6 February 2001, and *RFE/RL Newslines*, 29 March 2002.

border regime, allowing Russian and Belorussian citizens to continue to use their domestic passports when travelling to Ukraine and implying a special and close relationship between Russia and Ukraine; and the organisation in Moscow in December 2001 of a Congress of Russians of Ukrainian descent to encourage a rapprochement between the two countries, which was opened by Russian Presidential Administration Chief Aleksandr Voloshin as a sign of the importance Moscow attached to this event.³ Cooperation is not limited to dialogue, however, and sometimes also includes political concessions. One such example was the dismissal of Boris Tarassiuk from the post of Foreign Minister on 29 September 2000, which is often viewed as a turning point in Ukrainian foreign policy; he was considered too pro-Western to warrant Moscow's trust.

Another aspect of Ukraine's rapprochement with Moscow is the increase in Russian influence over the economy although Ukraine's dependence on Russia has always been and still is high in this field, particularly in the energy sector. But, as from 2000, Russian capital has become increasingly active in the Ukrainian economy, with Russian investors buying up important sections of Ukraine's industry, including steel plants and oil refineries, and Russian buyers purchasing two Ukrainian aluminium smelters. Cooperation has also been strengthened by the two agreements that were signed by Presidents Putin and Kuchma in Dnepropetrovsk in February 2001, namely, the aerospace cooperation agreement, which at the time was the latest in a series of steps aimed at integrating the two countries' defence industries—according to Leonid Kuchma, Ukraine «does not have any alternative to the unification of efforts of the Ukrainian and Russian military-industrial complex»⁴—and the deal to merge Russian and Ukrainian electricity grids—described by Vladimir Putin as «a huge step forward towards further harmonizing our production ties».⁵ Furthermore, Russia's economic recovery has made it a much more attractive economic partner for Ukraine, as underlined by Aeroflot in 2001, which reported that passenger traffic to and from Ukraine alone had risen by nearly 30% over the previous seven months and that several new weekly flights had been added to its schedule, partly to carry migrant workers.⁶ In the field of security, the cooperation agreement that was signed in January 2001 «signaled a new level in Russian-Ukrainian defence ties». When General Ivachov from the Russian Defence Ministry announced the agreement on 20 January 2001, he stressed that the goal of the agreement was the «joint parrying of foreign threats».⁷

This rapprochement with Russia has also had an impact on foreign policy issues, including some degree of acceptance on the part of Ukraine of several Russian goals in the former Soviet space. This means that President Kuchma is now

³ See *Nezavisimaia Gazeta*, 11 December 2001.

⁴ See *RFE/RL Newswire*, 19 March 2002.

⁵ See *RFE/RL Newswire*, 12 February 2001, and *Financial Times*, 13 February 2001 and 21 August 2001.

⁶ See *Financial Times*, 21 August and 4 September 2001.

⁷ See *Financial Times*, 22 January 2001.

less opposed to the Commonwealth of Independent States (CIS) than he was a few years ago. Indeed, he agreed during the summit of Moldova, Ukraine and Russia in Odessa in March 2002 and confirmed during the meeting in Sochi in May 2002 that his country would become an associate member of the Eurasian Economic Community (EEC), the former CIS Customs Union. He also said in Odessa that this was a step towards full membership of that body. As we know, Ukraine did not sign the 1992 CIS Collective Security Treaty, although it did join the CIS Antiterrorism Centre that was set up in 2000.⁸ Another important point is that the political and advisory forum of Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova (GUUAM), this loose coalition of states that was established in 1997 and which has been something of a nightmare for Moscow, is now playing a less prominent role than it was two years ago.

Going by what the two Presidents say, this relationship is excellent. At a joint news conference in Sochi on 17 May 2002, Vladimir Putin said that «the quality of relations between Russia and Ukraine has recently been enhanced», adding that «one would not like to change anything» in these relations, while Leonid Kuchma commented that «there are no clouds over us, the air is clean and transparent, and the temperature is appropriate—neither too warm nor too cold, just normal».⁹ And, in March 2002, he signed a decree for the commemoration in two years' time of the anniversary of the 1654 Treaty of Pereiaslav that placed Ukraine under Russian rule.

Moscow is apparently so satisfied with Ukrainian policy that it has decided to reward Kyiv. Consequently, the Russian-German-Ukrainian agreement that was signed by President Putin, Chancellor Schroeder and President Kuchma on 10 June 2002 on cooperation in developing and exploiting the pipeline infrastructure for transporting oil and natural gas from Russia through Ukraine to Western Europe, may mean the end of the proposals to construct a new pipeline through Poland and Belarus that would have bypassed Ukraine. In fact, this pipeline seems to be a political as well as an economic issue, and Leonid Kuchma has complained repeatedly about Russian plans to lay a gas pipeline that would bypass Ukraine and result in Ukraine losing its control over energy exports.¹⁰

⁸ See T. Kuzio, "Ukrainian Parliament and Public Favor NATO Accession Efforts as President Wavers", *RFE/RL Newslines*, 16 May 2002. According to Russian Foreign Minister Igor Ivanov, Ukraine was recently granted EEC observer status. See *Kommersant Daily*, 11 June 2002, cited in *NATO Enlargement Daily Brief*, 13 June 2002.

⁹ See *RFE/RL Newslines*, 20 May 2002, and the interview with Ukrainian Prime Minister A. Kinakh, "Russia and Ukraine are Strategic Partners", *Nezavisimaia Gazeta*, 21 November 2001.

¹⁰ See *RFE/RL Newslines*, 11 June 2002. This agreement is also a signal to Warsaw that Moscow expects concessions on the visa-free issue between Kaliningrad and the rest of Russia. On the gas pipeline issue, see "The EU-Ukraine-Russia 'Gas Triangle': the Positions, Interests and Prospects of Ukraine", and Frank Duffield, "Gas Transit: a Critical Strategic Issue for Ukraine", *National Security and Defence*, No.3, 2002, pp.29-39 and 46-48.

3. The Implications of this Rapprochement for Russia

The rapprochement was described by President Putin in 2001 as one of the main achievements of recent Russian diplomacy. Indeed, Ukraine has been and still is one of the first priorities of his foreign policy.¹¹ Vladimir Putin is a pragmatic man. He does not question Ukraine's independence and he was the first Russian leader to attend the annual celebration of Ukraine's independence on its tenth anniversary in 2001. At the same time, he is convinced of the need for a close relationship with Ukraine for he believes that Russia must have allies in order to be powerful in international life, and in his view Ukraine must be Moscow's main ally. Since he has been in power, one of his main foreign policy goals has been to re-establish Russian influence within the post-Soviet space. This does not, of course, mean rebuilding the former Soviet Union, but having neighbours who can be controlled to a sufficient degree as to never pose any danger as a competitor or a threat to Russian interests, and who will support Moscow's foreign policy, which was not the case in the nineties. Ukraine is the key to Vladimir Putin's policy. And, after so many years of hostile and strained relations, the Ukrainian political crisis created a new situation that offered a window of opportunity to Moscow and enabled it to recover its influence over Ukraine for the first time since 1991.

But this achievement is limited by the support enjoyed by President Kuchma, that is, by the personalisation of this relationship. Indeed, if you listen to Russian officials and politicians and read the Russian press, on the one hand, you have Leonid Kuchma and 'the pro-Russian forces', and, on the other, you have the opposition groups, in particular Viktor Yushchenko's Our Ukraine bloc, that is described as an anti-Russian, pro-Western and nationalist coalition. During the March 2002 election campaign, Moscow openly supported the pro-presidential parties that back a pro-Russian foreign policy strategy, and declared its hostility to Viktor Yushchenko's Our Ukraine. In fact, Russian Presidential Administration Chief Aleksandr Voloshin, Russian Ambassador to Ukraine Victor Chernomyrdin and the Chairman of the Russian Duma's International Relations Committee, Dmitri Rogozin, intervened in favour of the pro-presidential parties. As Victor Chernomyrdin explained, «we support those who are in favour of deepening Ukraine's ties to Russia», and Russian Deputy Prime Minister Valentina Matvienko underlined, «we cannot support those who are against Russian-Ukrainian integration».¹² For his part, Aleksandr Voloshin was quite open about Moscow's political preferences. He said that For a United Ukraine, the (united) Social Democratic Party of Ukraine and the Communist Party of Ukraine were the forces that were promoting the strengthening of Russian-Ukrainian relations, and

¹¹ President Putin made this statement after the Dnepropetrovsk Summit. See *RFE/RL Newslines*, 8 and 12 February 2001.

¹² See T. Kuzio, "The OSCE and the CIS: Strange Election Bedfellows?" (endnote), *RFE/RL Newslines*, 9 April 2002, and statements by Victor Chernomyrdin and Dmitri Rogozin in *RFE/RL Newslines*, 21 March 2002.

added that: «Unfortunately, Our Ukraine includes political forces that have overtly anti-Russian positions».¹³ And, after both Houses of the United States Congress had adopted resolutions warning Ukraine that future US aid would depend on the holding of fair elections, Victor Chernomyrdin accused Congress of «dictating how the elections should be run in Ukraine,» and asked: «why doesn't Ukraine come out with a similar statement, saying that one president has been elected in the US but another man is in power?» in reference to the disputed US 2000 presidential election.¹⁴ The Our Ukraine bloc's foreign policy objective of integration into the European Union (EU) and the North Atlantic Treaty Organisation (NATO) is seen and presented as an attempt to break away completely from Russia that opposes its pro-Western foreign policy. Consequently, the results of the recent elections, which confirmed the emergence of pro-reformer and pro-Western Viktor Yushchenko as a strong candidate for the presidency in the November 2004 elections, represent a defeat for both President Kuchma and Moscow.

4. The Implications of this Rapprochement for Ukraine

Four points should be mentioned with regard to the implications for Ukraine. First of all, its rapprochement with Russia marks a major shift in Ukrainian foreign policy. For, throughout the nineties, Kyiv's declared foreign policy was to achieve a balance between Russia and the West, and its main priority and 'strategic goal' was, according to its leaders, integration into European structures. Although this 'multi-vector' policy was not always very clearly defined, it was nevertheless very successful so that, within the space of a few years, Ukraine managed to strengthen its independence and distance itself from Russia: «En restant à l'écart de la Communauté des Etats indépendants (CIS) et en jouant un rôle moteur au sein du GUAM, devenu GUUAM avec l'adhésion de l'Ouzbékistan en 1999, elle a réussi à peser sur les équilibres internationaux au sein de l'espace anciennement soviétique. Elle a aussi réussi à nouer des relations de coopération avec les Etats-Unis et l'OTAN et à apparaître, grâce au soutien de la Pologne, comme un pays d'Europe centrale».¹⁵ However, this policy now seems to have reached its limits, although integration into Europe is still a goal. Indeed, in his state-of-the-nation address to the Ukrainian Parliament on 18 June 2002, President Kuchma repeated his wish to pursue the «European choice, which is a continuation of the general policy of

¹³ See *RFE/RL Newslines*, 20 March 2002, and Jan Maksymiuk, "Ukrainian Election as Strategic 'football'", (endnote), *RFE/RL Newslines*, 28 March 2002.

¹⁴ See *Financial Times*, 26 March 2002. The 20 March resolution by the US House of Representatives urged the government of Ukraine to ensure a democratic, transparent and fair parliamentary election on 31 March. See also T. Kuzio, "Russia Gives Ukraine a Helping Hand in its Elections", (endnote), *RFE/RL Newslines*, 22 January 2002.

¹⁵ See Anne de Tinguy (ed.), *L'Ukraine, nouvel acteur du jeu international* (Brussels: Bruylant, February 2001).

Ukraine since the moment it became independent».¹⁶ But, while all Ukrainian political groups, from the Communists to the reformers, support Ukraine's membership in the EU, not all of them are «willing to undertake the necessary domestic policies that would replace rhetoric with real reform».¹⁷

The second point is that there is neither a consensus nor any general opinion in Ukraine on the rapprochement with Russia. Since 2000, the Ukrainian opposition has been very critical of Leonid Kuchma's policy. One of his arch critics has been Ioulia Timochenko, former Deputy Prime Minister in the Yushchenko cabinet, who won 7% of the votes during the March 2002 parliamentary elections. In 2001, she accused President Kuchma of «handing enterprises over to Russia in exchange for political support for his regime. Russia will soon control Ukraine's energy sector, giving the Russians a blunt instrument with which to manipulate internal and external Ukrainian affairs».¹⁸ But, she is not the only one who has been critical of President Kuchma's policy vis-à-vis Russia, with other Ukrainian politicians describing the February 2001 energy deal as a 'capitulation'.¹⁹ Moreover, this policy has also come under attack by former Foreign Minister Boris Tarassiuk, who said that Moscow's goal was to divert Ukraine from European integration.

During the March 2002 parliamentary elections, a large part of the Ukrainian population who voted for Viktor Yushchenko's Our Ukraine bloc, for Ioulia Timochenko's coalition and for the Socialist Party of Ukraine, also voted for Europeanisation. All these people are pro-Western, and some of them are in favour of Ukraine applying for NATO membership. Indeed, Viktor Yushchenko's Our Ukraine bloc supports Ukraine applying for membership now, and, speaking at a NATO conference in Warsaw in May 2002, Boris Tarassiuk, who is a member of this bloc, said that he was in favour of Ukraine applying for NATO membership at this year's Prague Summit.²⁰ Another sign of the limits of Russian influence is the fact that: «voters turned their backs on the two Russian nationalist blocs (the Russian Bloc and the Union of Ukraine, Belarus and Russia bloc) that advocated Ukraine's membership of the Russia-Belarus Union, Russian as a second state language, economic union with Russia and Russians constitutionally defined as a second titular nation: these blocs obtained a combined 1.16%».²¹

¹⁶ See *Kyiv Post*, 20 June 2002, and *RFE/RL Newslines*, 18 June 2002.

¹⁷ See Nigel Pemberton, "Russia and the West Compete over Ukraine's Foreign Orientation in the Post-Kuchma Era", (endnote), *RFE/RL Newslines*, 29 March 2002; and Valeriy Chaly, "Foreign Policy Issues in the Programmes of Political Parties", *National Security and Defence*, No.2, 2002, pp.6-21, and "Foreign Policy in the Election Programmes of Parties and Blocs", *National Security and Defence*, No.2, 2002, pp.22-26.

¹⁸ See *Financial Times*, 14 February and 14 March 2001.

¹⁹ See *RFE/RL Newslines*, 21 February 2001.

²⁰ See T. Kuzio, "Belarussianization or Europeanization? Post-election Ukraine Struggles to Define its Future", (endnote), *RFE/RL Newslines*, 16 May 2002.

²¹ See T. Kuzio, "Election Reveals Ukraine's Geographic Political Divisions", (endnote), *RFE/RL Newslines*, 19 April 2002. On the Russian bloc, which was created in July 2001, see also *RFE/RL Newslines*, 15 February 2002, and T. Kuzio, "Russian Nationalism Comes under Attack in Ukraine",

Thirdly, the Ukrainian-Russian rapprochement has coincided with a period of dramatic political crisis in Ukraine, in which the rapprochement with Moscow was dominated by Ukraine's tape scandal, which implicated President Kuchma in the kidnapping of journalist Georgy Gongadze. President Kuchma was politically weakened by this crisis and needed some support, but his policy towards Russia looked like a tactical move in his domestic struggles and explains why the rapprochement was regarded with suspicion by some people in Ukraine and the West. Indeed, although it appeared to be in President Kuchma's interests to be supported by Moscow, is this always in Ukraine's interests? The risk is that Vladimir Putin wants to give a helping hand to President Kuchma in order to gain some advantage for Russia in Ukraine, and it would be easy for Moscow to exploit the situation because of Ukraine's economic dependence on Russia in a number of fields. Indeed, energy debts, energy supply, pipeline politics and trade outlets all give Russia powerful leverage. And, although business is business and Russian capital has been invested in the Ukrainian economy because it is profitable to invest there, the danger is that Moscow will exploit this dependence. To quote Serhiy Tyhytko, the leader of the Ukrainian Labour Party, «if any particular country owns too much of our economy, or dominates an important sector, then it will very likely involve itself in our politics».²²

The final point to be noted is that Russia is not like any of Ukraine's other partners. Since the fall of the Soviet Union, Moscow has tended to view Ukrainian independence as a temporary aberration, although Ukraine is constantly on Russia's mind and the Ukrainian issue is a very sensitive one in Russia. In fact, some Russian political forces still find it extremely difficult to recognise Ukraine as an equal and sovereign state, and this is illustrated very clearly by the border demarcation issue. From the Russian perspective, demarcation should only be applied to the 'external frontiers' of the CIS (the former Soviet ones). Hence, the Russian-Ukrainian border must remain «transparent», and its demarcation is «out of the question», as Victor Chernomyrdin said in April 2002, because it is being imposed on Ukraine and Russia by the West. But, borders are a symbol of Ukrainian sovereignty, and to accept Russia's division of borders into 'internal' and 'external' ones «would be tantamount to accepting a status of partial sovereignty only».²³ There is no doubt that it will take some time for Russia to fully accept an independent Ukraine as an equal partner.

(endnote), *RFE/RL Newslines*, 7 February 2002.

²² See *Financial Times*, 6 February 2001.

²³ See *RFE/RL Newslines*, 30 April 2002, T. Kuzio, "Russia Continues to Disrespect Ukrainian Sovereignty", (endnote), *RFE/RL Newslines*, 9 May 2002, and *Nezavisimaia Gazeta*, 28 May 2002.

5. The Implications of this Rapprochement for Cooperation with NATO and the West

From the Western point of view, the rapprochement between Ukraine and Russia is confusing.²⁴ Because it is the cornerstone of President Kuchma's foreign policy and marks a major shift in Ukrainian foreign policy and because it was decided within the context of the political crisis, it makes Ukrainian foreign policy difficult to understand, reinforces the idea of Ukraine's inability to choose between East and West, and gives the impression of a lack of any clear strategic vision. This rapprochement and the new slogan 'To Europe with Russia' seem to indicate that Ukraine is doomed to operate under Moscow's wing, thereby «deepening the view among many West Europeans that Ukrainians, Belarussians and Russians should be treated as one group», which is «something that Kyiv had long complained about».²⁵ It also deepened the view that 'ambivalence', according to the term coined by Mykola Riabchuk, «is a socio-political phenomenon in Ukraine», that is «determinant in Ukraine's development».²⁶

However, the rapprochement with Russia does not seem to have seriously affected Ukraine's cooperation with NATO. Indeed, Ukraine is the most active CIS state cooperating with the Alliance and the future prospects are good. In particular, on 23 May 2002, Yevhen Marchuk, the Secretary of the National Security and Defence Council, decided to work out a «long-term strategy that would enable Ukraine to join the collective security system on which NATO is based». According to Mr Marchuk, «there is no future for Ukraine if it remains outside the bloc». Ukraine informed the Alliance about its new strategy during NATO Secretary General Lord Robertson's visit to Kyiv on 9 July 2002, and it will probably announce its intention of joining NATO during the Organisation's Prague Summit in November.²⁷

This statement came as a surprise because over the past few years President Kuchma has often ruled out NATO membership and because Russian opposition to membership has up to now always been very strong. One of the explanations is the new Russian-NATO relationship and the fact that—to quote Yevhen Marchuk—«de facto Russia is becoming a member of NATO and will take part in decision-making while not being a member formally».²⁸ In fact, Presidents

²⁴ See, for example, Tammy M. Lynch, "Post-election Return to Foreign Policy Status Quo", *The NIS Observed: An Analytical Review*, Vol.7, No.9, 22 May 2002, cited in *The Ukraine List*, 29 May 2002 (dominique_arel@brown.edu). See also James Sherr, "Ukraine's Elections and Future Relations with the West", *National Security and Defence*, No.2, 2002, pp.54-57.

²⁵ See Taras Kuzio, "To Europe with Russia—Ukraine's 'little Russian' Foreign Policy", *RFE/RL Newswire*, 4 June 2002.

²⁶ See Mykola Riabchuk, "Ambivalence to Ambiguity: Why Ukrainians Remain Undecided?" presentation made at the colloquium organized by the CERI and the *Association Française des Etudes Ukrainiennes* on "Ukraine and the External World Ten Years after Independence", Paris, 5 April 2002.

²⁷ See *RFE/RL Newswire*, 24 May 2002.

²⁸ See interview in *Den*, 29 May 2002, cited in *NATO Enlargement Daily Brief*, 30 May 2002.

Kuchma and Putin met in Sochi on 17 May 2002, one week before Yevhen Marchuk made this statement, and it is unlikely that he would have made it without Vladimir Putin's approval. And, the latter's approval would seem to indicate a shift in Russia's attitude, which seems to be confirmed by the statement made by him on 28 May, the day on which the new NATO-Russia Council came into being, when, speaking about NATO enlargement, he said that «there is no reason why Ukraine should stay out of the new move going on in Europe».²⁹

Some of the other Russian reactions point in the same direction. For example, Boris Nemtsov, the leader of the Union of Right Forces in the Duma, said that: »Russia, through NATO at 20, is already a NATO member to the tune of 70% or 80%«, and therefore has no reason to try and stop Ukraine from following suit.³⁰ A statement issued by Russian Foreign Minister Igor Ivanov on 11 June 2002 also indicates a change in Moscow's position. In this statement, he said that Russia's goal was no longer to prevent NATO enlargement and continued: «We are actually creating an alternative to this process. This alternative opens up a path to a qualitatively new relationship between Russia and NATO and facilitates the transformation of NATO itself in a direction which is in the interests of common European security».³¹ Assuming that Russia is partly in NATO, it may then be in its interests to have Ukraine moving in the same direction, not moving against Russia but as Russia's ally. This might not only help Moscow to strengthen its position vis-à-vis NATO, but it might also fit in with Ukraine's interests. In particular, it might prevent Ukraine from remaining isolated at a time when NATO's enlargement process is spreading, with the participation of Russia, to the whole of Central Europe, although this will not change Ukraine's dependence on Russia in any way. And, judging by Russia's policy over the past few months, it looks as if this corresponds to what Vladimir Putin thinks.

²⁹ Cited in *Le Monde*, 30 May 2002. The Russian press immediately stressed the impact of the new NATO-Russia Council on the relationship between Russia and its CIS partners. See *Nezavisimaia Gazeta*, 28 et 29 May 2002.

³⁰ See *Jamestown Foundation Monitor*, 24 May 2002, cited in *The Ukraine List*, 29 May 2002.

³¹ See *Kommersant-daily*, 11 June 2002, cited in *NATO Enlargement Daily Brief*, 13 June 2002.

The Bilateral Approach to Cooperation in Security

UKRAINE AND CENTRAL EUROPE

Oleksandr PAVLYUK¹

Like any medium-sized state, Ukraine's main foreign and security policy interests and ambitions are largely of a regional nature. Consequently, upon gaining independence, Ukraine began to attach particular importance to regional cooperation and its relations with neighbouring countries, in particular to the development of close ties with the countries of Central Europe. In the spring of 1997, Kyiv officially declared that "the final fixation of Ukraine's status as an inseparable part of the Central European region" was one of the country's foreign policy priorities. Ukrainian diplomacy put a considerable amount of effort into securing international recognition of Ukraine's identity vis-à-vis Central Europe, and, at Ukraine's insistence, a clause to this effect was inserted into the May 1997 Joint Statement of the Kuchma-Gore Commission and the Charter on a Distinctive Partnership between Ukraine and the North Atlantic Treaty Organization (NATO) of July 1997.

Establishing itself as an essential part of Central Europe was viewed by Kyiv as a necessary precondition for the ultimate success of Ukraine's internal transformation as well as for the shaping of the country's geopolitical future. Indeed, regional cooperation with the Central European states was viewed as an essential component of Ukraine's European and Euro-Atlantic integration, and it was hoped that stronger bilateral ties with the Central European states, in particular with the more advanced countries, such as Hungary and Poland, together with multilateral regional cooperation would help bring Ukraine closer to the Western integrated institutions. Relations with Poland were the most promising and in 1996 the two countries recognized their relationship as one of 'strategic partnership.' In fact, it was, and still is, only with Poland that national

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interests, parity of potentials and the level of mutual understanding and support converge closely enough to warrant speaking about a true 'strategic partnership.'

However, due to the speed and the results of domestic reform, Ukraine has failed to become an integral part of Central Europe. As has been the case with a number of other issues, its decision to identify itself as a Central European country has remained mainly declarative. Already in 1998-1999, questions had been raised about earlier hopes of Ukraine speeding up its reform process and moving closer to its more advanced Central European neighbours, some of which, in particular Poland, were strongly supporting Kyiv's declared European aspirations. However, over the past two years, the differences that existed between Ukraine and the Central European states at the very beginning have widened even further due to the speed of the transition process in Ukraine so that it in political, economic, cultural and psychological terms it is now closer to the other member countries of the Commonwealth of Independent States (CIS) than it is to the states of Central Europe.

As most, or even all, of the Central European states become members of NATO and the European Union (EU), this will create a new situation in terms of bilateral trade and economic cooperation, travel and human contacts, the position of national minorities and cross-border cooperation between these states and Ukraine. It will also increase the existing gap between Ukraine and Central Europe and isolate Ukraine in the region, especially if Kyiv fails to deliver the necessary domestic changes and is left behind, or stays out of, the mainstream process of European integration.

September 11 has given a new impetus to the process of European and Euro-Atlantic integration. The upcoming NATO Summit in Prague in November 2002 is widely anticipated to give the go ahead to 'big bang' enlargement, with the taking on board of up to seven new members, two of which, Romania and Slovakia, border directly on Ukraine. The negotiations on EU enlargement are entering the final leg and the first post-communist countries of Central Europe are expected to join the Union in 2004. All this marks the conclusion of just one stage in the reconfiguration of Europe that began with the collapse of communism and the break-up of the Soviet Union.

But, Ukraine finds itself excluded from this process, and, as the fight against illegal migration moves to the top of the EU agenda, it finds itself being increasingly viewed as a source and a route of illegal migration. As a result, the tightening of visa procedures for Ukrainian nationals and strengthened controls at Ukraine's western borders might soon become an unpleasant and harsh fact of daily life for millions of Ukrainians. From this perspective, the next several years will pose a serious test for Ukrainian-Central European relations. Unfortunately, the current level of interdependence and cooperation between Ukraine and the Central European countries is not sufficiently high to avoid Ukraine's regional marginalization. Once successful and promising, its relations with these

countries have lost much of their momentum and are currently stagnating. At the heart of this lie Ukraine's own serious problems: the failure to make the necessary domestic changes and inconsistencies in its foreign policy.

In addition, notwithstanding some progress, the economic and social foundations for a sound Ukrainian-Central European relationship are not sufficiently solid. And, even when these relations were at their height, and relations were quite good at the political level, they were far less productive in terms of economic ties and societal closeness. Indeed, mutual trade, intra-industrial links, and investments are still at a very low level and far below economic potential, and in some cases historical grievances and unresolved problems continue to cast a shadow over bilateral relations and to constrain mutual trust and confidence. This is why even the Ukrainian-Polish strategic partnership has remained more declarative than truly substantive.

Ukraine needs more friends and lobbyists among the NATO and EU member countries to look after its interests. If only because of geography, Poland and the other Central European countries could well become such lobbyists, although the intensity and success of their efforts will depend very much on Ukraine's own performance. Indeed, Kyiv needs to deliver two closely interrelated tasks—carrying out domestic reform and remaining consistent and firm in its declared intention of European and Euro-Atlantic integration. Much precious time has already been lost, and only an extraordinary effort by Ukraine itself might now help to change the situation. Part of that effort should be devoted to bringing new dynamism into relations with the Central European states. And, since Ukraine has more to gain from closer ties with its western neighbours, it is Ukraine that needs to be more pro-active in promoting cooperation with the Central European countries.

Recent experience has shown that accession countries that have stronger stakes in Ukraine, such as Hungary and Poland, are much more willing to consider Ukraine's interests in the process of their own EU and NATO accession than those that have weaker ties to and/or interests in Ukraine, such as the Czech Republic, Slovakia and Bulgaria. It is therefore critically important for Kyiv to work hard to develop much stronger bilateral links with the more advanced Central European states and to increase Poland's and other Central European countries' interests/stakes in Ukraine and its integration into Europe. This will call for an increase in bilateral trade and economic cooperation, mutual investments, political dialogue and human contacts. The successful implementation of several large joint projects, such as the Odessa-Brody-Gdansk pipeline, might become one such link. It would also be beneficial for Ukraine, and stimulating for Ukrainian-Central European relations, if it could learn to apply the lessons learnt by the Central European states from their experiences of European integration and domestic reform. Indeed, this would encourage these states to actively support preferential relations with Ukraine during the process

of their accession to the EU, and make them far more willing to lobby for Ukraine's interests once they have actually become members.

Ukraine should also work with its western neighbours, first and foremost Hungary and Poland, to find solutions to minimize the negative implications of the forthcoming introduction of visa regimes for Ukrainian nationals. In this respect, the Central European countries will need to expand the consular sections of their respective embassies in Ukraine and improve consular services in order to cope with the dramatic increase in requests for visas. The three states should also work jointly with the EU in order to explore the possibility of simplifying the current procedure governing the issuing of Schengen visas to Ukrainian citizens. This might include the introduction of longer-term—up to three years, as is the case with US visas—multiple-entry visas for Ukrainian 'frequent travellers' to EU countries, such as officials, business people and academics. It might also be desirable for Hungary and Poland to be allowed to introduce and/or maintain special (simplified) national procedures governing the issuing of visas to Ukrainians for several years after these countries' accession to the EU.

Ukrainian-Central European relations have a far greater chance of succeeding if they are allowed to develop within the general context of European integration and to become an integral part of the construction of the future Europe. More than in any other region, the logic of bilateral relations and multilateral regional cooperation in Central and Eastern Europe has been linked to the logic of European integration and enlargement, and September 11 has demanded more clarity from each state in respect of foreign policy priorities and partnerships. Ukraine's previous 'balancing act' policy has lost all remaining meaning and relevance. It is time to move on from vague declarations about 'strategic goals' and long-term intentions of obtaining EU and NATO membership and to start taking concrete and clearly defined steps. As far as relations with NATO are concerned, Kyiv should make a formal application for membership and take the necessary action to achieve that level of democracy, economic development and military reform that is required of NATO candidates. This will also pave the way for stable relations between Ukraine and the Central European countries.

TOWARDS REGIONAL STABILITY IN CENTRAL AND EASTERN EUROPE

Jerzy KOZAKIEWICZ¹

The decade following the collapse of the Soviet Union and the emergence of new states on its territory was one of accelerated political, social and economic changes in Central and Eastern Europe as well as an increasingly widening gap between the countries of Central Europe and the new-fledged post-Soviet states. During this period, the first group of countries, in particular the Czech Republic, Hungary and Poland, succeeded in incorporating liberal-democratic institutions into their national political and social structures and developing the ability to create and sustain economic growth. In fact, these countries have now become part and parcel of the European integration process and, by and large, albeit with some reservations, the same is probably also true of the three Baltic states, Estonia, Latvia and Lithuania.

In contrast, the second group of countries—in particular Ukraine—is still marked by uncertainty, with state structures hesitating between the need for institutional changes and an inert propensity to preserve old attitudes, ideas and mechanisms. This situation poses a very real dilemma in that the amorphous political and economic regimes that were established on post-Soviet territory might very well decide to direct their policies towards the creation of instruments and procedures to ensure their own self-sufficiency and self-propagation. This would not only considerably hamper these countries' efforts to achieve economic growth and stable political systems, especially if such policies were implemented in a conscious and deliberate way, but it would also lead to political, social and economic stagnation, thereby posing a serious threat to the region's future development. If these unfavourable trends are not checked in time, we may find ourselves having to face the risk of a new division emerging in Europe between a Central European region that is characterized by intensive economic development and the eastern part of this region that is in economic stagnation or even recession. In fact, the possibility of such a division emerging should not just

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be viewed in terms of a regional threat but also in terms of the very real danger it would pose to European and global stability.

There would, therefore, seem to be an urgent need to define specific mechanisms for preventing the fulfilment of this scenario, and one of the most important and effective mechanisms for achieving this goal would be the establishment and strengthening of a system of strong mutual ties based on cooperative activities. Indeed, there would seem to be considerable scope for such activities on the part of the Central and East European countries, including Poland. If we fail to achieve this goal, the role played by the Central European countries will be reduced to that of a political buffer between a wealthy West and a desperate East—a difficult and uncreative role that does not bode well for anyone.

Clearly, the most promising and durable basis for ensuring a qualitative breakthrough in regional cooperation lies in the implementation of liberal-democratic systems in the post-Soviet countries, together with economic changes oriented towards the adoption of the market economy. If this undertaking is successful, it will undoubtedly create a new social dynamism in the post-Soviet territory of Central and Eastern Europe. But, while the creation of this new social dynamism is the most promising and important task confronting the region, it also seems to be the most difficult one in that it entails long-term social, political and even economic programmes. It is not enough to stimulate global integration processes solely at the political level. Consequently, when dealing with Central and Eastern Europe, and more particularly with the post-Soviet territory, we should bear in mind the need to consider a set of variables specific to this particular region—a mosaic of issues linked to mind-sets, feelings of resentment, levels of self-consciousness and self-identity as well as historical legacies and burdens. Moreover, the success of this undertaking will require a qualitative change in the political attitudes and awareness of post-Soviet power elites, particularly the Russian, Ukrainian, and Belarussian ones, as the political and/or security models that are eventually chosen for the region will, to a large extent, depend on the models of self-identity that the Russians or the Ukrainians have already chosen for themselves.

As far as Poland is concerned, Warsaw has very few instruments available for reversing or changing any unfavourable trends that may develop in the post-Soviet territory. In any case, the following three main tasks of Poland's Eastern policy seem to be clear based as they are on a social and political consensus: acting as a keystone in the arch of cooperation between two parts of post-communist territory—Central Europe and the post-Soviet states; promoting the development of democratic systems; and supporting the transition to the market economy.

The axes of regional political importance have not changed since the completion of the first wave of the North Atlantic Treaty Organization's

(NATO) eastward enlargement. Consequently, the future outlook for and the quality of Polish-Russian, Polish-Ukrainian and Ukrainian-Russian bilateral relations and the security policies of the Baltic countries are still crucial for the region's future development. However, from Poland's perspective, it is Ukraine, its statehood and its ability to survive as well as the course it finally chooses to take in terms of its economic development that continue to pose the most important challenge to the region. Indeed, Warsaw recognized the need to support Ukrainian statehood as soon as the new-fledged state began to take its very first steps, and throughout the last decade the Polish political debate never questioned the importance of the Poland-Ukraine axis as a pillar of regional, if not to say pan-European, stability.

In terms of Polish political consciousness, this attitude used to be regarded as fundamental to the concept of Polish national interests. And, following the first stage of NATO's enlargement and on the eve of the enlargement of the European Union (EU) and our accession to the integrated European structures, we continue to perceive Ukraine and Ukrainian statehood as an important geostrategic asset. However, Polish-Ukrainian relations and interests will clearly have to undergo some qualitative alterations, not only because Poland's national interests have changed slightly since NATO's enlargement and our membership in Euro-Atlantic structures, but also, and more importantly, because some discrepancies have appeared over the last few years in Ukrainian and Polish political priorities as well as in their current political attitudes and approaches.

Bilateral Polish-Ukrainian relations need to be built up again from scratch. From Poland's standpoint, this means that both countries' power elites have to discard the old system of pretending to cultivate friendship, mutual understanding and close cooperation and make a joint effort to define a completely new set of political tools as a matter of political urgency. These tools must be adequate to the new political arrangement and effective in achieving the goal of a bilateral relationship and defining a realistic set of common interests. Any attempt to evade this responsibility in favour of continuing a pseudo-friendship and a pseudo-partnership will have a very negative impact.

There is no doubt that a fresh start must be made immediately, because the quality and depth of a new bilateral Polish-Ukrainian relationship will to a large extent determine the course of political developments in the region as a whole. This new bilateral relationship will also determine whether Poland's Eastern policy will simply become a function of European and/or Euro-Atlantic policy—as EU and NATO policies are often referred to—and may also encourage or prevent the development of a dividing line between collective security systems. Finally, this new relationship will determine the course of Ukraine's own political development.

Much is at stake here, with Poland and Ukraine playing crucially important roles in the region. In fact, the May 2002 Rome Declaration on NATO-Russia Relations does not leave Ukraine much choice: either it substantially redefines (or simply defines) its political relations with Poland and the Central European region or it will get left outside the mainstream of European policy. This is due to the fact that the period of confrontation between NATO and Russia has come to an end, with the new NATO-Russia partnership raising some important questions about the Central and East European region. Indeed, from the Polish point of view and also perhaps from the regional perspective, the Rome Declaration has considerably altered the level of our region's geopolitical importance and has actually lowered its geostrategic significance to quite a secondary level. Let us take a risk and assume that the only real source of the Central and East European countries' strategic importance lay in the buffer qualities this region was able to offer up to the present time. Indeed, the front countries of the region were of high strategic and geopolitical importance to both the West and the East. But, the situation has now changed in favour of the major regional player, Russia. Hence, Moscow now has the consent and the blessing of the West to pursue its own particular interests in the region provided that its activities do not undermine Western strategic interests, although this caveat does not necessarily apply to the interests of the other countries in our region.

It is quite possible that the Central and East European region has lost its protective umbrella now that it has ceased to be an exclusive sphere of Western influence. And, it may be that such protection is no longer necessary now that the Cold War has come to an end. But, once we are free of the old geopolitical nightmare, we have to ask ourselves what we do next and the answer to that question seems to be quite simply to create a network of strong multidimensional cooperative ties at the regional level. Let us take another risk and ask two more questions. First of all, did it take NATO's transformation to show us that membership of an international organization does not need to be considered as a wonderful political remedy? And, secondly, why do we not turn our attention back to the oldest political story of all, when state power and a friendly neighbourhood used to be the real indicators of political status, international importance and level of security? So, the post-Rome period would seem to be a good starting point for reconstructing and redefining the regional network of relations.

Building a stable, friendly, helpful and predictable Eastern neighbourhood used to be one of the main geostrategic goals of Poland's Eastern policy. However, we perceive the Ukrainian challenge as the major regional axis. In order to create a positive environment for regional political development, Poland should offer its Ukrainian neighbour the opportunity to close the gap between the two countries' economic and social development or simply prevent

this gap from getting any wider. Then, we should make it easier for Ukraine to stay in the mainstream of the European integration process by encouraging it in its efforts to bring about change. Finally, the Polish political elites should seize every opportunity to support the process of building a long-term non-confrontational Ukrainian-Russian relationship. Indeed, the political stabilization of the post-Soviet territory will remain the most important goal of Poland's Eastern policy for many years to come and no effort should be spared in trying to achieve that goal.

Within the framework of promoting fundamental democratic change in Eastern Europe, Poland—together with the other Central European countries—has an important role to play in Europe in trying to prevent its Western and Eastern parts from becoming isolated from each other. However, this has to be a common regional undertaking aimed at minimizing the threats posed by instability in the post-Soviet territory and encouraging efforts to build stable democratic statehoods with viable economies. Therefore, Poland continues to pin its hopes and expectations on Ukraine. Indeed, from the Polish geostrategic perspective, a politically and economically stable Ukraine is viewed as:

- a fundamental stabilizing factor for the post-Soviet territory as a whole;
- a model of peaceful change for the region;
- an important guarantee of the irreversibility of democratic change in the post-Soviet territory; and
- an important factor for promoting democratic change in Russia.

What then are the chances of developing a new Polish-Ukrainian relationship based on genuinely common efforts and interests that can provide a strong foundation for building a friendly and stable regional neighbourhood? Despite some pessimistic forecasts, the idea does seem quite feasible. In the case of Poland, the problem seems to be clear-cut and easy to solve as Polish-Ukrainian bilateral relations have recently become an important factor on the international political scene and are no longer the exclusive domain of Kyiv and Warsaw. Furthermore, a genuine Polish-Ukrainian rapprochement will also help to minimize political tension in the global arena. In fact, Poland's political position as a NATO member country also depends to a considerable extent on whether the Polish political elites can launch and implement a new Eastern policy aimed at making the post-Soviet neighbourhood friendly and stable.

However, it is Ukraine that holds the key to bringing about a positive and lasting change in both the Polish-Ukrainian bilateral relationship and in regional relations in general. This implies the establishment of a strong centre of reform that is firmly anchored to the Ukrainian political scene and which views fundamental political, economic and social change as a serious undertaking and not just as some kind of slogan. The Central European countries will also have an important role to play here in terms of providing a model of successful economic, political and social change.

It may be concluded, therefore, that the prospects for the development of effective regional cooperation in Central and Eastern Europe are good. Indeed, the geopolitical situation is favourable and there is also an awareness of the political importance of such cooperation on the part of some of the regional states concerned. However, the prerequisite for the success of regional cooperation is the restoration of an effective Poland-Ukraine axis and this cannot be achieved until Ukraine decides to pursue a course of genuine pro-integration and to implement a process of serious domestic reform. Only then will it be possible to make substantial progress towards the development of effective regional cooperation in Central and Eastern Europe.

The Institutional Approach to Cooperation in Regional Security

Panel 1 GUUAM–Prospects for Deeper Regional Cooperation

Hryhoriy PEREPELITSIA¹

1. Introduction

Since 11 September 2001, there has been a fundamental change in the international security environment and the nature of global security threats. Unlike the second half of the twentieth century when the possibility of a nuclear world war was viewed as the main global threat, the focus has now shifted to a number of new threats, in particular the threat posed by international terrorism. However, recent developments in world affairs would seem to indicate that the international community is not ready to react effectively to this new challenge. Consequently, we need to answer two fundamental questions before we can begin to set about devising an appropriate set of measures to cope with this challenge. First of all, to what extent does international terrorism threaten all regions of the world? And, secondly, does international terrorism cover other threats to world security, because overestimating the threat of international terrorism can be just as dangerous as underestimating it?

The new international security environment is characterised by new global threats and a trend towards threat dispersal. Unlike the period of the cold war when the main threat of confrontation was posed by rivalry between the two superpowers, we now find ourselves facing a broad spectrum of threats of a local, regional and global nature. In addition, whereas the threat of a nuclear world war breaking out between the two superpowers was posed at the global level, international terrorism and the other new threats tend to emerge at the local

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level before developing and spreading to the regional and global level. This can be seen very clearly in Afghanistan, with the establishment of the Taliban regime and the subsequent launching of al-Qaeda's global network. Therefore, if we want to cope with these new threats effectively, we must establish a three-tier system of international security, comprising the appropriate global, regional and sub-regional structures.

With regard to global structures, nuclear world war was averted during the cold war thanks to the global system of international security that was in place and which was comprised of the United Nations (UN), the system for monitoring the non-proliferation of nuclear weapons and the strategic armaments accords agreed between the United States and the former Soviet Union. These global security structures now have to be reformed in order to enable them to cope with the new global threats.

As far as the regional security structures are concerned, they have to be able to react adequately to the entire spectrum of regional threats. Indeed, regional structures that focus solely on antiterrorist activities and do not take account of other threats to regional security are dangerous. In this context, the functions of organisations such as the European Union (EU), the North Atlantic Treaty Organisation (NATO) and the Organisation for Security and Cooperation in Europe (OSCE) need to be reappraised.

Finally, special attention should be paid to sub-regional security structures in the new security environment, because, unlike the global threats of the cold war period, the new threats tend to be both internal and external in nature and to emerge at the local level. This means that international security will be determined by the stability of a particular region, which, in turn, will depend upon the stability of its sub-regions. Consequently, there cannot be a stable Europe unless its sub-regions are stable. In this respect, mention should be made of a number of initiatives that have recently been launched in the security field, such as the Stability Pact for North-Eastern Europe.

2. GUUAM

Still within the sub-regional context, we must now turn our attention to the establishment and development of the sub-regional organisation of Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova (GUUAM). This grouping is continuing to develop despite all the scepticism that was expressed prior to its establishment and notwithstanding the fact that Uzbekistan has expressed its intention of withdrawing. Indeed, since the Yalta Summit in June 2001, the GUUAM group has been officially recognised as an organisation although it has decided to forego formal institutionalisation and to concentrate on developing its conceptual thinking in order to maintain its future prospects as an organisation. But, before we address its future prospects, we need to answer the following four key questions:

- First, what interests do the member countries share within the framework of GUUAM?
- Second, what area or function of GUUAM should be given top priority—for example, economic cooperation or sub-regional security?
- Third, how does GUUAM blend in with the region's geopolitical configuration?
- Fourth, what role might this organisation play in interacting with other organisations, such as the Organisation of Black Sea Economic Cooperation (OBSEC), the OSCE, the EU, NATO, the Commonwealth of Independent States (CIS) and, of course, the UN?

Given the fact that the debate on conceptual thinking has not yet provided any satisfactory answers to the above questions and that opinions continue to diverge as to what such thinking should be, it is reasonable to assume that the final conceptual conditions can best be worked out precisely by discussing all these opinions. One example of diverging opinions is the commonly heard statement that GUUAM should simply limit itself to being an economic sub-regional organisation and that any mention of security issues would ruin the idea of GUUAM because it would impinge on Russian interests in the Caucasian and Black Sea regions.

Without wishing to belittle the importance of economic cooperation within the framework of GUUAM, there is nevertheless a certain element of weakness and absence of logic in the above statement. Obviously, those who make such statements do not take into account two factors that are intrinsic to this region, namely, its internal instability and its high geo-strategic importance for a number of external geopolitical powers, such as the United States, Russia, the Western countries, Turkey and Iran. As everybody knows, strong economic relations cannot flourish in internally unstable and externally conflicting regions, as in the case of the GUUAM region at the present time. Consequently, if GUUAM does not solve its own security problems and those of the region, sooner or later other sub-regional initiatives will be launched to perform this function. The establishment of 'the Caucasian team of four' and the Stability Pact for the Caucasus is clear evidence of this.

Within the context of sub-regional security problems, reference should be made first of all to the **settlement of conflicts in Pridnistroye, Abkhazia and Nagorno-Karabakh**. Certainly, Kyiv should take the lead in expanding peacekeeping in a GUUAM format. Indeed, Ukraine does send military observers to conflict zones to operate within the framework of UN/OSCE mandates. Ukraine also has sufficient capabilities to assume a peacemaking role in the European part of the post-Soviet space. First of all, Ukraine's own geopolitical location enables it to take account of all the various political, climatic, social, economic and cultural ethnic features of the Eastern European region, and, secondly, Ukraine has the appropriate educational centres and

structures and forces and facilities required for preparing and conducting peacekeeping operations.

As far as the principles of peacekeeping are concerned, Ukraine is ready to contribute its contingents to peacekeeping operations provided that such operations are conducted under the aegis of the UN/OSCE and peacekeeping forces are multinational and commanded by an international army headquarters. Concerning the realisation of concrete forms of Ukrainian peacekeeping activities, such activities will be adjusted for each conflict on a case-by-case basis. For example, in Nagorno-Karabakh, Ukrainian peacekeeping activities will presumably be limited to intermediary services, such as providing technical consultations and carrying out military observer activities. At the international level, Azerbaijan can rely on Ukraine's support in restoring its territorial integrity.

There are wider possibilities for peacekeeping activities in Georgia. On several occasions, Georgia has asked Kyiv to send Ukrainian military peacekeeping contingents to the conflict zone. The issue of the establishment of a Georgian-Azerbaijani-Ukrainian peacekeeping battalion is still on the agenda and the parties concerned have already reached a preliminary agreement on its establishment. Ukraine is ready to send its contingent to settle the conflict in Abkhazia, which, along with Ukraine, relies on the support of the United States, as the country directly interested in strengthening security in the Black Sea region.

As far as Moldova is concerned, Ukraine has already met its obligation to act as the mediator for the resolution of the Transdnister conflict and as the guarantor of the parties' security. Together with Russia, Ukraine has signed the memorandum laying the foundations for stability in the mutual relationship between Tiraspol and Kishinev. A group of Ukrainian military observers is on duty in the security zone in Transdnister.

Reinforcement regimes for the non-proliferation of nuclear and other kinds of weapons of mass destruction pose another important security problem to these countries, as well as the **prevention of arms deliveries to conflict zones**.

The GUUAM countries' common security goal should be to reach a co-ordinated policy for the liquidation of the Russian military presence on their territory.

3. GUUAM-Russia

As far as Russia is concerned, Moscow is really very jealous in respect of the strengthening of GUUAM. This reaction should not be regarded as constant and well defined. Everything will depend on the way it chooses to develop.

If Russia continues to regard the surrounding outside world as ‘hostile’, any regional organisation that does not provide for Russian domination will be considered as hostile.

If Russian policy continues to be aimed at ‘struggling for domination in the region’ and maintaining the former imperial or Soviet status quo, then GUUAM will be deemed to pose an obstacle to the achievement of Russia’s exclusive prevalence in the Caucasian region and its influence on and expansion to neighbouring regions.

In the event that Russia does pursue such a policy, it will then strive to destroy GUUAM, to strengthen its military presence in the Caucasian and Black Sea regions and to ‘freeze’ the internal conflicts that exist in these regions.

But the price to be paid for pursuing such a policy will inevitably be the extension of instability to its own territory, as has already been demonstrated in Chechnya.

However, if Russia were to put the defence of its own territory rather than the domination of other regions at the top of its national security policy agenda and to concern itself with the security of its own borders rather than the ephemeral borders of a Soviet Union that disappeared a long time ago, then it would be interested in regional organisations such as GUUAM. Because the realisation of GUUAM’s tasks in the regional security field could reap Russia dividends in the form of security on its southern borders, the promotion of stability in the northern Caucasus and stable and non-confrontational policies on the part of the regional countries. By cooperating with GUUAM, Russia would remove the possibility of other power centres unfriendly to it establishing domination in the region. The GUUAM countries share common interests with Russia in the field of strengthening regional stability and fighting terrorism.

The advantage of security cooperation within the GUUAM framework is that it enables better account to be taken of each of the countries’ military, political-military and military-technical interests as well as to exploit their national capabilities more efficiently. It is precisely each country’s common interests and potential possibilities that will define the prospects of GUUAM’s existence.

4. GUUAM-CIS

GUUAM’s second task is the pursuance of a common security policy, both within and outside the CIS structures. Such a policy would enable the countries to achieve their individual national security interests within the post-Soviet space. So it is not by chance that it was mutually agreed to base the cradle of GUUAM in Vienna, following the negotiation process concerning the revised agreement on conventional armed forces in Europe. According to this agreement, Georgia, Ukraine, Azerbaijan and Moldova appeared to be in the area of the ‘flank zone’. At the meeting of the General Consultative Group in Vienna on 8

April 1997, a joint Declaration was issued by Ukraine, Azerbaijan and Moldova, stressing that it would be unacceptable for the Russian Federation to be granted the possibility of launching its weapons and techniques within the borders of the 'flank' region without the appropriate bilateral arrangements. In this way, for the first time, these countries managed to protect their common security interests despite the fact that these interests contradicted Russian interests.

The GUUAM countries are not members of the CIS Collective Security System. As this system has revealed its inefficiencies, the GUUAM countries could not resolve their security problems within the framework of this newly formed structure.

Despite the fact that the GUUAM member states are members of the Commonwealth of Independent States, these two organisations are completely different. While the CIS countries are united by a common past, the GUUAM countries are united by their intention to share **a common European future**.

Basically, interrelations within GUUAM are completely different to the system of interrelations within the CIS. The helplessness of the Commonwealth stems, in particular, from the fact that it continues to follow the former Soviet system of relations between the centre and the republics, with Russia now playing the central role in the CIS vis-à-vis the republics that have now become independent. In contrast to the CIS, GUUAM does not have a centre; it is a continually evolving system of equal partners that share common interests.

In addition, GUUAM and the CIS are pursuing different aims. Unlike GUUAM that is dedicated to providing regional integration, ever since the establishment of the CIS, its member countries have been pursuing three alternative aims. This means that some CIS states, such as Russia and Belarus, support the reconstruction of one state institute with its centre in Moscow, while a second group of states sees the CIS as a form of civilised divorce and a third group views the future of the Commonwealth in terms of putting relations on a bilateral basis.

Unlike the CIS, the development of GUUAM should be built on the following aims: **economic cooperation on the basis of the idea of rebuilding a 'New Silk Road'; political and economic integration into Europe; and ensuring regional and national security**. GUUAM's role, both inside and outside the CIS, might be that, working together, its member countries could form that 'critical mass', which would force both Russia and the other great geopolitical powers in the region to take the member countries' interests into account.

The common position of the GUUAM countries may promote reform in the CIS, thereby increasing its effectiveness and efficiency. But GUUAM cannot be the ship for which the CIS is the only harbour. GUUAM has an essential role to play in the format of such organisations as the OBSEC, NATO, the OSCE and the EU.

All members of GUUAM also take part in the functioning of the Organisation of Black Sea Economic Cooperation. *This joint participation in the work of the OBSEC gives GUUAM the opportunity to develop more harmonious economic relations with such regional leaders as Turkey and Russia.*

The OSCE should be the leading regional security organisation for GUUAM, and its member countries' main efforts within the OSCE framework should be concentrated on the following areas: preventive diplomacy; arms control and efforts to strengthen military trust; and the propagation of democratic values.

As the major threat to European security is posed by regional conflicts, the settlement and prevention of such conflicts have become the OSCE's main function. In accordance with this trend, attention should be focused on ensuring more active participation by GUUAM representatives in OSCE peacekeeping missions and the elaboration of mechanisms for liquidating the causes of conflicts at an early stage.

Arms control and efforts to strengthen military trust are an important way of ensuring the national security of the GUUAM countries. Reference should be made to their common interests and basic purposes in the security field, the integration of joint efforts and the co-ordination of their national policies regarding their integration into European security structures. In this respect, GUUAM might be regarded as the Visegrad group of the Central European countries, whose basic task is to coordinate their joint efforts for integration **into NATO and the EU.**

5. GUUAM-NATO

Great prospects for military cooperation between the GUUAM countries and NATO have been opened up by the Partnership for Peace (PfP) programme. With this programme, NATO is pursuing two strategically important targets: firstly, preserving its defence alliance by taking in new members and, secondly, transforming itself into a security structure that can react effectively to challenges to European stability. This broad approach has enabled almost all the European countries to take part in the Partnership.

On the basis of this vision, the basic priority areas of cooperation between the GUUAM countries and NATO might be as follows:

- joint cooperation in peacekeeping operations;
- enhancing the efficiency of the North Atlantic Consultative Committee;
- enhancing the fighting readiness of the GUUAM countries' national armed forces and moving to NATO standards;
- the democratisation of armed forces and civil control over them;
- crisis and conflict management;
- the compatibility of military doctrines and strategies;

- co-ordinating approaches and efforts in the field of strengthening stability and security in Europe, particularly in the GUUAM region;
- access to NATO information and technology.

6. GUUAM-EU

All the GUUAM member countries—Georgia, Ukraine, Uzbekistan, Azerbaijan and Moldova—are now actively involved in the realisation of the grandiose European project for the revival of the old Silk Road. In this respect, the interests of the GUUAM countries coincide exactly with those of the EU and the NATO member countries. That is why the creation and strengthening of GUUAM may be regarded as part of the member countries' integration policy—their participation in European security structures.

7. GUUAM-Ukraine

The GUUAM countries' general political-military and political-economic interest lies in securing the functioning of the Transcaucasian oil corridors. These transport corridors will encourage the new geo-economic and geopolitical configuration of this European region.

Ukraine is interested in power supplies—gas and oil in particular. GUUAM has emerged as a means of receiving power supplies by a cheap and short route from the zone of the Caspian Sea and Central Asia, as well as ensuring the cheap delivery of goods, because delivery tariffs across the territory of Russia make them non-competitive. However, the realisation of the above-mentioned geo-economic interests should be based on the following four key principles of GUUAM's activities in the security field:

- **First**, in institutional terms, GUUAM should be understood as a sub-regional organisation. Within the framework of achieving this principle, there is a need to complete the process of developing continually acting executive bodies as well as all the other attributes and mechanisms that are intrinsic to a rigorous international organisation.
- **Second**, cooperation within the GUUAM framework cannot be aimed against third countries or groups of countries. GUUAM is not a military alliance or a collective defence system. Its activities should be aimed at strengthening its own national security and that of the region.
- **Third**, in orientating its activities, GUUAM should focus on the internal aspects of security, beginning with the strengthening of internal security factors and the removal of internal threats.
- **Fourth**, the development of close and comprehensive security cooperation with other international organisations present in the Black Sea-Caspian region, such as the UN, NATO, the OBSCE, the OSCE, the EU and the CIS.

Hence, the analysis of the outlook for GGUAM in the regional security field shows that the basic priority directions for it in this process will be the following:

- orientating itself to NATO and the EU as a strategic prospect;
- strengthening the OSCE as part of the foundation of all-European security;
- developing regional security structures and bilateral military cooperation.

Panel 2

Regional Economic Cooperation in the Black Sea Area

Ersin KALAYCIOĞLU¹

1. Introduction

The Black Sea region was a stage to many civilizations and a transit route between East and West and North and South where people and armies moved and clashed and massive migrations of different cultures occurred in the past. The early settlers used the facilities provided by the Black Sea and mainly chose to settle on the coastal rim where their lifestyle centred on seafaring and trade. Later transcontinental trade developed within a wider setting shaped by the Silk Road that connected the Black Sea with both the Far East and the Far West. Intercontinental trade brought prosperity through the links established across various countries from Asia and Europe, creating a Silk Road trade area. Consequently, the Black Sea culture and the Silk Road trade area with their respective shared values overlapped to develop local cultures.²

The development of the Atlantic trade area and the establishment of new trade routes in the Indian, Pacific and Atlantic Oceans led to the eventual eclipse of the Black Sea area in international economic and political systems. In the 18th century the Black Sea was engulfed by the confrontation between the rapidly growing power of Russia in the north and the receding power of the Ottoman and Persian Empires in the south. Until the collapse of the Romanov and Ottoman Empires, the Black Sea provided a buffer zone between these Empires. However, World War I not only led to their collapse but also to a change in the status of the Black Sea area. The newly established Soviet Union started to collaborate with the young Turkish Republic, and Bulgaria and Romania also began to develop closer economic and political links with Turkey. By the 1940s the Black Sea had once more turned into a theatre of military conflict. German and Russian forces came into contact on the western shores of the Black Sea, which was briefly converted into a war zone. Following World

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² For a survey of the historical developments of the region, see Neal Ascherson, *Black Sea: The Birthplace of Civilization and Barbarism* (London: Vintage, 1995).

War II, the Black Sea area once more changed its nature and evolved into a region of confrontation, or a major fault line, separating the Warsaw Pact from the North Atlantic Treaty Organization (NATO). The end of the Cold War brought an abrupt end to that picture of the Black Sea area, and new economic and political relations started to develop around and across the Black Sea.

It was at this juncture in history that the Turkish government invited the Heads of States or Governments of eleven countries, namely, Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine, to a summit conference in Istanbul, Turkey. The summit took place in Istanbul in June 1992, and on 25 June the Istanbul Declaration was signed.³ In that declaration the idea of the establishment of Black Sea Economic Cooperation (BSEC) was launched. BSEC was eventually chartered at Yalta on 5 June 1998 and, hence, gained legal international status by that act of the eleven founding states, which stretch from Albania in the west to Armenia, Azerbaijan and Russia in the east.⁴

2. The Black Sea Region

For any geographical area to be designated as a region there needs to be some commonality that binds the states of that area together. Historical and cultural affinities tend to act as attractive elements that engender closer relations between states. The Central Asian and Arab states often act under such influences. Economic interests often provide similar incentives for cooperation between neighbouring states. Often mixed with cultural affinities, economic interests provide strong motives for close cooperation, or generate competition or even conflict between states, i.e. the North Atlantic Free Trade Area (NAFTA) and the European Union (EU). However, there are also security calculations that render cooperation between neighbouring states feasible and precipitate alliances and 'balance-of-power' games, which in turn become a defining factor of a region.⁵ Often many factors come into play at the same time. However, all such cultural, historical and economic factors can also act to hinder relations between neighbouring states. Hence, we can find regions, such as the Balkans, which are deeply divided over many issues, and hence live in a state of conflict.

Geographical proximity, which compels neighbouring states to interact with each other, probably functions as the main factor that defines a region. Trade and transportation routes often encourage states to get into contact with their neighbours. For example, Turkish relations with Central and Western

³ Yannis Valinakis, *The Black Sea Region: Challenges and Opportunities for Europe* (Paris: Institute for Security Studies, Western European Union, 1999), p.1.

⁴ Nurver Nureş, "BSEC at Crossroads," unpublished manuscript, Istanbul, 2002, p.1, and Valinakis, *The Black*, p.25.

⁵ Jack Snyder, "International Security in the Black Sea Region: A Systems Perspective," *Boğaziçi Journal* (Review of Social, Economic and Administrative Studies), Vol.9, No.1, 1995, p.42.

Europe would require that goods and people travel through Bulgaria or Greece, and through Romania, Hungary, Macedonia, Albania, and Yugoslavia, respectively. Hence, Turkey is forced to become wary of developments in the Balkans. Furthermore, historical and cultural ties still connect large numbers of Turks with their relatives, former neighbours and acquaintances in Greece, Bulgaria, Romania, Albania, and Yugoslavia. Social and economic interactions further incorporate Turkey into the Balkans. Finally, the political conflicts of the area that occurred in Bosnia, Kosovo and Albania also draw Turkey into closer contact with the Balkan states. Security concerns often constitute a major factor that defines a region. The Association of South East Asian Nations (ASEAN) and the Gulf Cooperation Council are good examples of regional developments, which emerged from security concerns and gained economic importance over the years.

The Black Sea was a frozen border, which neither superpower wanted to contest during the Cold War. On the contrary, not much seemed to happen there during the 20th century. Hence, it was not an area of active conflict, and conflict there was more or less put on ice. A thawing of the past conflict and a new potential or opportunity for cooperation seems to be occurring there now.⁶ It did not take long for the littoral states to recognize that as an inland sea, with a tiny and meandering opening to the oceans, the Black Sea is faced with various challenges and dangers. Many river systems that flow into it bring pollution, mainly phosphates, into its waters, which influence all the littoral states. It is also a main route for oil traffic from Russia to the international markets. The status of the Black Sea in international law is relatively problem-free. Hence, an opportunity for regional rapprochement and cooperation seemed to be present right after the end of the Cold War.

It was in that optimistic climate that a window of opportunity for the littoral states of the Black Sea seemed to have opened up. It was thanks to the initiative of the Turkish Prime Minister at that time, Mr Turgut Özal, that the above-mentioned conference was held in Istanbul in 1992. The name of the organization which emerged, Black Sea Economic Cooperation, was indicative of the fact that the main goal of the organization's constituting states was primarily motivated by the idea of exploiting the economic benefits of their proximity.

An organization, in which eleven members participate, demarcates a geography that those member states define as constituting the Black Sea Region. Whether they had sufficient historical, cultural and social background and affinity and sufficient economic relations predating the establishment of BSEC to hold them together therefore became a theoretical question. Not only have these eleven countries become BSEC members, but they have also shown their

⁶ Valinakis, *The Black*, pp.2-8.

willingness to systematically participate in the meetings and activities of the organization in question. The legal entity of BSEC and the socio-economic and political entity of the nation-states that make up the eleven member countries should be sufficient for us to consider the 'Black Sea Area' as a region. In short, in this paper, I will assume that the territories of the eleven member states of BSEC constitute the geography of the Black Sea Region (BSR).

3. BSEC: Aim and Structure

BSEC is made up of states that connect Asia, the Caucasus, the Middle East and the Balkans. The BSR has a geographical span of 20 million square kilometres, it is inhabited by 350 million people and is second only to the Gulf area in crude oil and natural gas reserves. The BSR also possesses other mineral resources, which are just as rich as its oil and natural gas reserves. The human capital of the area is also very rich, though some of it has been involved in a 'brain drain', due to the economic hardships endured by the member states of the BSEC.⁷ The region extends over strategic trade routes, especially sea routes, and environmentally delicate inland seas. It has a vast agro-business and industrial potential, which is not yet fully developed, due to the economic restructuring which most member states have been going through in the last ten years.⁸

BSEC was established to generate economic growth and international trade and to promote peace in the Black Sea region. Although economic interests have been a major motivating factor for the establishment of BSEC, the motive behind it was not really economic. On the contrary, BSEC was initiated in 1990 by diplomats and political elites who seemed to consider international trade and cooperation as factors contributing to peace and security in the BSR.⁹ In the early 1990s all the Black Sea littoral states were going through a rough and sudden period of adjustment to dramatic socio-economic and political transformations. The old security divide was withering away, and a new window of opportunity had developed to stabilize, if not develop, socio-economic and political relations in the Region. It was assumed that if functional economic relations between Russia, Turkey, Ukraine, Greece and their neighbours could be established, strong economic lobbies for peaceful relations would develop in each country. Such an environment would then inhibit political conflict in the former Soviet territories from spiraling out of control.

BSEC was set up with the aim of promoting political, economic and environmental cooperation between the member states. Hence, it is organized to carry out tasks in all those three areas. The political tasks are carried out by two

⁷ Nureş, "BSEC," p.4.

⁸ Valinakis, *The Black*, pp.8-14, and Nureş, "BSEC," p.4.

⁹ Ersin Kalaycıoğlu and Gareth Winrow, "Editorial Introduction," *Boğaziçi Journal*, Vol.9, No.1, 1995, p.1.

structures, namely, the Council of Foreign Ministers and the Parliamentary Assembly (PABSEC). BSEC also serves the aim of promoting economic cooperation by means of the BSEC Trade and Development Bank (BSTDB) and the BSEC Business Council (BSECBC). Finally, it deals with environmental issues through the interaction between scientists and experts. Academic networks have also been initiated across the region beyond environmental cooperation to an extent that we may even consider academic interaction as constituting a separate sphere of activity.¹⁰

3.1 Political Structure

The Council of Foreign Ministers is the organization's ultimate authority. The Council has a chairperson that rotates among the member states bi-annually, in alphabetical order.¹¹ The Committee of Senior Officials acts on behalf of the Ministers and functions as a board where all BSEC matters are discussed and presented to the Council for final approval. Consensus is the principle in voting.¹² In 1995 a 'Troika' was established composed of the present, former and future Chairpersons. It is a consulting body and discusses topics of a special nature assigned by the Council of Ministers and/or Chairpersons, and it was established with the hope of promoting continuity in policies.¹³

The Permanent International Secretariat (PERMIS), which was founded in Istanbul on 15 March 1995, acts as a coordinator, provides secretarial services under a Secretary General and is essentially an intergovernmental body that exercises its work and responsibility within the same parameter. The Secretary General, the top executive of the PERMIS, is appointed by the member states every four years and is responsible for the Secretariat's daily management. In the assignment of professional staff to the Secretariat by the member states, equitable distribution, based on geographical location, is the practice.¹⁴

The Parliamentary Assembly also has a secretariat that is located in Istanbul. The PABSEC provides an opportunity for the legislative assemblies of the member states to meet and discuss the issues and political problems of the region, as well as the legislative issues of the BSR. PABSEC meetings provide an additional opportunity for the member states' legislators to interact, become

¹⁰ Nureş, "BSEC," p.5.

¹¹ Ibid.

¹² Ibid.

¹³ Ibid., p.6.

¹⁴ Ibid., p.7.

familiar with and develop an increasing awareness of the issues, concerns and problems of other member states and of the BSR.

3.2 Economic Structure

The BSEC Business Council, which was established in 1992, consists of private enterprise representatives, is equipped with a Secretariat based in Istanbul, operates under a Secretary General, is run by a Board of Directors and functions as a forum for BSEC businessmen.¹⁵ The businessmen and women of the BSR are thus provided with a structure, which promotes their chances of interaction, familiarity and contact. However, so far, especially in Turkey, the Foreign Economic Relations Board (DEİK) seems to have been more active in promoting business contacts than BSECBC and there seems to be much room for expansion as far as trade relations are concerned between the BSEC member countries.

The BSEC Trade and Development Bank provides the financial structure for promoting economic relations in the BSR. It was founded in Thessaloniki in March 1998 and started operations in July 1999 with a Turkish Chief Executive Officer. It is structured as a development bank, more or less along the lines of the European Bank for Reconstruction and Development (EBRD) or the International Bank for Reconstruction and Development (IBRD).

It is managed in conformity with commercial precepts and private banking norms and principles. Its initial capital is composed of quotas assigned to the member states in accordance with a specially fixed scale and is expected to reach the full authorized capital of SDR 1 billion (approximately US \$1.35 billion) upon fulfilment of the quota purchases. The Bank's niche is the promotion of regional cooperation as an integral component of economic development. It has a dual function: to finance bankable projects in the BSEC region and to cultivate channels of investment flows thereto by interactive relations with international banking and financial circles.¹⁶

4. Environmental Cooperation

The Black Sea has its specific characteristics. It is landlocked, except for a narrow strait, the Bosphorus, which connects it with the Aegean and the Mediterranean Seas. More than thirty rivers feed the Black Sea, yet its waters flow to the south through the Turkish Straits. It receives slightly more water than it loses from evaporation. Finally, it has a unique two-layer system. Its lower

¹⁵ Nureş, "BSEC," p.6.

¹⁶ Ibid.

layer, which constitutes about 90% of its water mass, contains concentrated hydrogen sulphide and is uninhabitable by any living organism. The top layer used to be rich with fish stocks, but there has been a dramatic loss in those species in the recent decades: “By the 1990s the environmental degradation of the Black Sea had reached a level that a prominent official of the United Nations Environmental Programme (UNEP) would describe as an ‘unholy mess’”. According to Yu. P. Zaitsev, “one cubic kilometer of Black Sea water annually receives about 20,000 kg. of pollutants, while the same volume of Mediterranean Sea water [receives] only 3,775kg.” “that is a 5:1 ratio of the pollution in the Black Sea to pollution in the Mediterranean”.¹⁷

Environmental concerns and pollution constitute a relatively conflict-free issue, which influence all the littoral states equally, and hence they were not that difficult to anticipate as comprising an area of fruitful cooperation for BSEC. Indeed, BSEC became an instrument of such cooperation and action. The Bucharest Convention of 1992 provided the legal basis for cooperation among BSEC members on environmental issues.¹⁸ However, UNEP officials and scientists still argue that there need to be major developments to cut back the dire impact of such pollutants as phosphates in fertilizers on the Black Sea ecosystem. Hence, such cooperative efforts were forged early on, yet they have not yet delivered any stellar success. Nevertheless, BSEC started to act as a platform where scientists, researchers and academics started to interact in a relatively stable pattern, and not only on environmental matters. In this domain there is the International Centre for Black Sea Studies (ICBSS) that was founded in 1997 in Athens. It has its own status and operates independently under the umbrella of the BSEC.¹⁹

5. BSEC: A Decade of Challenges

After one decade of performance BSEC seems to have reached a stage where it had consolidated its organization and structure by 1999. It has been functioning as a forum or arena for dialogue and interaction. Politicians, businessmen, scientists and peoples of the region have started to interact with each other. However, the organization’s accomplishments have been rather humble. How has BSEC performed?

5.1 Political Cooperation

Although BSEC was not able to prevent political conflicts from developing, there is no evidence that the conflicts that emerged in the BSR

¹⁷ Martin Sampson III, “Black Sea Environmental Cooperation: States and ‘the Most Seriously Degraded Regional Sea,’” *Boğaziçi Journal*, Vol.9, No.1, 1995, p.53.

¹⁸ *Ibid.*, p.59.

¹⁹ Nureş, “BSEC,” p.7.

immediately after the collapse of the Soviet Union spiraled out of control. It would be unfair to expect any international organization to be successful at birth and it took years for ASEAN, the EU, NAFTA or any other similar regional endeavour to become respected and valued and stable sources of influence or respect. Hence, although it is difficult to identify the specific influence of BSEC on the course of events in the BSR, there is nothing to indicate that as a forum for political dialogue between the eleven participant states it has undermined peace and security in the region, either. Overall, BSR has become relatively calm over the years, and only the war in Chechnya still lingers on, whereas other conflicts, such as the Nagorno-Karabagh, the Armenian-Azeri, the Abkhaz-Georgian or the Osset-Georgian conflicts, have been put on ice. Tension between Turkey and Greece and Greece and Albania has also eased. The main methods of conflict management, if not resolution, have been diplomatic contacts and political dialogue in, as well as out of, the BSEC structure in the BSR.

BSEC has provided all member countries with an opportunity to develop contacts. The annual and bi-annual meetings of politicians and diplomats, as well as the activities of the General Secretariat, enabled all members to develop or initiate contacts. Hence, those member states in conflict, such as Armenia and Azerbaijan or Albania and Greece, could use the organizational context to exchange views and proposals and negotiate. Such a context should have enhanced diplomatic efforts to manage conflict. Multilateral contacts also came into play. Each party to a conflict was contacted by all member states. They were able to use the good offices of other members. Most probably, BSEC contributed to 'damage control', even if it could not bring about any solution to the area's unresolved political conflicts.

Such a performance amounts to much less than conflict resolution and instituting peace in the region. However, most states have not yet reached a full state of maturity in their nation-building process. In particular, the ethnic conflict-ridden parts of the region have serious difficulties in defining a national identity that is acceptable to all their citizens. For example, the Armenians in Nagorno-Karabagh have never accepted the political status of being citizens of Azerbaijan, which was a status handed down to them from previous Soviet rule, and the Abkhaz and the Ossets seemed to have similar difficulties in accepting their Soviet-imposed status of being citizens of Georgia. Similar difficulties emerged in most of the post-Soviet territories, although post-Cold War Bulgaria and Romania experienced relatively little difficulty in forging their new national identities.

However, Moldova experienced similar difficulties with its Russian, and Gagauz (Turkish) inhabitants in the early 1990s. After a brief struggle with its ethnic Russian citizens, Moldova witnessed the establishment of

Transdnistria that is inhabited by the Russians and protected by the 14th Army.²⁰ Moldova adopted a constitution that established autonomous rule for the Russians and the Gagauz in 1994,²¹ but which failed to prevent Transdnistria from establishing separate constitutional rule one year later. The territory of Moldova, that was known as Bessarabia, was part of the Ottoman Empire until 1812 when it was conquered by Russia, which ruled Bessarabia until the end of World War I. However, Moldova shares the same culture as its southern neighbour, Romania, and indeed became part of a larger union with Romania in the aftermath of World War I until 1940. In 1940, the Red Army occupied Bessarabia and the Soviets established the Moldavian Soviet Socialist Republic by uniting Bessarabia with the eastern bank of the Dniester. Hence, deeply influenced by the political struggle between Russia and Romania, Moldova had to resist the further deepening of its relations with Romania, to avoid further complication of its relations with its Russian citizens when it became independent again.²²

The former Soviet Republics were often allotted territory by Joseph Stalin, who created 'administrative' borders, which created national complexities that would keep the Soviet government out of trouble.²³ Hence, the nationalities were often intertwined in a complex fashion, which often made it very difficult or impossible for them to disentangle themselves from their Stalin-imposed status. Stalin had envisaged this 'nationalities' policy as a safety valve for the centralised Soviet system.²⁴ Consequently, most post-Soviet states found themselves hosting various ethnic groups, that would rather be separate and establish their 'new' nation-states.²⁵ Conflict and civil war became the standard in the early 1990s. Even Russia could not exempt itself from the new mess. The only case where Stalinist policy failed was the velvet divorce between the Ingush and the Chechens of the Ingush-Chechen Republic and the war of independence the Chechen religious nationalists launched against Russian rule.

The creation of BSEC coincided with the nationalist and tribal challenges faced by the newly established nation-states and the member states of BSEC. However, BSEC did not have the necessary resources and facilities to manage the ethnic conflicts harassing its member states and was even less

²⁰ William Crowther, "Moldova: Caught between Nation and Empire," in Ian Bremer and Ray Taras (eds.), *New States, New Politics: Building the Post-Soviet Nations* (Cambridge: Cambridge University Press, 1997), pp.321-327.

²¹ *Ibid.*, p.326.

²² *Ibid.*, pp.316-327.

²³ Richard Pipes, "The Establishment of the Union of Soviet Socialist Republics," in Rachel Denber (ed.), *The Soviet Nationality Reader: The Disintegration in Context* (Boulder: Westview, 1992), pp.60-66 and 74-81.

²⁴ *Ibid.*, pp.74-81.

²⁵ Graham Smith, "Nationalities Policy from Lenin to Gorbachev," in Graham Smith (ed.), *The Nationalities Question in the Soviet Union* (London: Longman, 1990), pp.4-7.

equipped to cope with conflict between its member states. Such conflicts may even be hard for highly institutionalized international organizations to contain, manage or resolve. For example, the EU failed to manage conflicts and violence in Ulster, Britain, the Basque region of Spain, or Corsica, France. Similarly, how successful has ASEAN been in preventing or resolving emerging conflict in Indo-China and the Far East since its inception in 1967 until now? Both the EU and ASEAN are highly respected regional organizations, but their performances in dealing with domestic ethnic conflict do not seem to be much better than the BSEC's.

We should not omit to mention another consequence of the historical characteristics of most BSEC member states, namely, that most of these states became independent very abruptly so that their new political elites found themselves at the helm of government without much preparation or experience. For example, the first cohort of political elites, such as Zviad Gamsakhurdia of Georgia or Ebulfez Elchibey of Azerbaijan, were ardent nationalists who were not ready to yield on any nationalist demand or issue. Formerly, they had not occupied any public office and had spent most of their political careers in opposition, in prison or under surveillance by the Soviet authorities. They were good at resisting the establishment, but poor at governing or leading a country or a bureaucracy. Hence, their contribution to BSEC was modest at best. Soon they were removed from government and replaced by such members of the Soviet political elite as Eduard Shevardnadze in Georgia and Gaidar Aliev in Azerbaijan, although dialogue and compromise over thorny issues had not been part of their relatively lengthy political careers. Nor were their political resources, especially the central government bureaucrats and diplomats they 'inherited', always ready to adjust their mentality to the new situation. In addition, heavy emphasis on state initiative in the realms of the economy as well as sluggish bureaucratic organizations did not help the new leaders to develop economic relations with much speed. Hence, their contribution to regional cooperation was slow to develop. However, it was under this second type of leadership that BSEC started to show some modest results.

5.2 Economic Cooperation

When the Soviet economy ceased to function in the early 1990s, there was not much from that era for the newly established states to inherit. Transportation and communication networks had been established to serve the former Soviet system so that the independent states found themselves still tied to Russia by roads and communication lines although they felt the need to develop new roads, railroads, ports, pipelines, telephone and Internet links to the global markets. Politically speaking, they felt the need to develop alternative routes that bypassed Russia. In some cases, it was political conflict that necessitated the establishment of new transportation and communication facilities. Old railroads,

roads and ports could no longer be used by Armenia, Georgia or Azerbaijan due to political conflict between these states or among them. However, economic cooperation in any region requires transportation and communication facilities that enable the movement of messages, information, goods and people. None was easy or even possible for a while between some member states. War, as well as brigandage, created road conditions that undermined any movement of traffic. For a while, it became impossible to travel without the risk of being robbed or hurt across some of these new states. The lack of law and order also undermined trade and tourism across the member states. Finally, they not only lacked transportation and communication infrastructure, but also the financial means to build and run new ones. Therefore, it was no surprise that for most of the 1990s the member states did not improve their trade. This meant that the old trade patterns of the former Soviet system lingered on wherever any possibility of trading existed.

The non-Soviet members of BSEC, such as Greece, Turkey and Albania, had other priorities or worries to deal with. Greece was a member of the EU and NATO by the time BSEC was established and Turkey was also a NATO member and an associate member of the EU. Hence, their economic relations were closely connected with the EU and NATO member countries, although they still mainly traded with Germany, Italy and the United States. In particular, Turkey was also trading with Iraq and Saudi Arabia for its energy (oil) needs. Consequently, bringing Russia and the other former Warsaw Pact countries and territories into Turkish foreign economic relations was a slow process. Indeed, even today, except for Russia, neither Turkey nor Greece does much trade with each other or the BSEC member economies. Greek exports to the Black Sea area had risen from \$355 to \$1,544 million by 1995, and imports increased from \$524 million in 1989 to \$1,695 million in 1995.²⁶ However, as of 1999, the five most important trading partners of Greece were Germany, the U.S., Italy, Britain and France as export markets, and Italy, Germany, the U.S., France and Britain as import markets (see Table 1).

Turkey's foreign trade partners have also been similar to those of Greece, yet there have been some interesting developments. In 1991, Turkey's top five export markets were Germany, Italy, the U.S., France and Britain, with the former Soviet Union ranked sixth and Greece a distant fortieth. However, in 2001, Turkey's top five export markets were Germany, the U.S., Britain, Italy and France, followed closely by Russia, while Greece had moved up to twelfth place and Ukraine occupied twenty-fifth place (see Table 1). Turkey's main import markets were Germany, the U.S., Italy, France and Britain, followed closely by the former Soviet Union in 1991, with Greece once again occupying fortieth place. However, in 2001, Turkey's main import markets were Germany,

²⁶ Valinakis, *The Black*, p.41.

Italy, Russia, the U.S. and France, followed by Britain and Switzerland, with Greece moving up to thirtieth place and Ukraine occupying eighteenth place (see Table 1).

Russia's five main export markets are Germany, Belarus, China, Ukraine, and the U.S. as of 2000 (see Table 1). Its five main import markets were Germany, Belarus, Ukraine, the U.S. and Kazakhstan in 2000 (see Table 1). Foreign trade between the Commonwealth of Independent States (CIS) and Russia has decreased over the years. In 1997, 17.8% of all Russian exports and 17.5% of all imports into Russia originated from the CIS countries. In 2000, they fell to 14.6% of exports and 13.3% of imports, respectively (see Table 1). In addition, Russia does not seem to be developing specific trade relations with BSEC member countries, except for Ukraine, which should be interpreted as a carry-over effect from the former Soviet Union.

Table 1
Trading Partners
(Ranks as of 1999 for Greece, 2000 for Russia and 2001 for Turkey)

| | EXPORTS | | | IMPORTS | | |
|------------|---------|--------|--------|---------|--------|--------|
| | Greece | Russia | Turkey | Greece | Russia | Turkey |
| Germany | 1 | 1 | 1 | 2 | 1 | 1 |
| U.S. | 2 | 5 | 2 | 3 | 4 | 4 |
| Italy | 3 | - | 4 | 1 | - | 2 |
| Britain | 4 | 6 | 3 | 5 | - | 6 |
| France | 5 | - | 5 | 4 | - | 5 |
| Ukraine | - | 4 | 25 | - | 3 | 18 |
| Belarus | - | 2 | - | - | 2 | - |
| China | - | 3 | - | - | - | - |
| Kazakhstan | - | - | - | - | 5 | - |
| Russia | - | n.a. | 6 | - | n.a. | 3 |
| Greece | n.a. | - | 12 | n.a. | - | 30 |
| Turkey | - | - | n.a. | - | - | n.a. |

Note: n.a. not applicable

Sources: DIE, "Foreign Trade Statistics" (www.die.gov.tr, 2002); DEIK, "Report on Greece" (www.deik.com.tr, August 2000); and DEIK, "Report on Russia" (www.deik.com.tr, 2002).

The most severe bottleneck for economic growth and cooperation in the region is shortage of capital in the member states and the timidity with which the rest of the world approaches the BSR: "The amount of foreign capital inflows between the BSEC countries has been small and BSEC firms are involved mainly in energy, machinery building and infrastructure projects".²⁷ Domestic savings are too low to self-finance any rapid growth programme in any of the member countries, except perhaps for Russia. There are three tiers of economies

²⁷ Ibid., p.41.

by size among the members of BSEC. The first tier consists of Russia, Turkey and Greece, which have large economies with GNPs exceeding US \$100 billion, followed by Romania and Ukraine comprising the second tier with GNPs exceeding US \$20 billion, and, finally, there are the other members each of which has small-size economies and low to very low per capita GNP. Russia has the largest economy of all BSEC member countries and was ranked sixteenth in the world, followed by Turkey, ranked twenty-second, and Greece ranked twenty-ninth. However, Russia has been going through a massive privatization process and capitalist market development effort since the 1990s. Coincidentally, by the late 1990s, Russia was deeply influenced by the Asian market slump and started to suffer from severe recession, which did, however, seem to be over by 2002. Soon after, Turkey followed Russia and by 2001 Turkey was experiencing a financial melt-down and a severe banking sector crisis. Greece, with its US \$11,770 per capita GNP and US \$124 billion GNP (see Table 2), is the only modern capitalist economy without any major economic woes to fuel BSEC in the early 2000s. However, Greece has been more concerned with deepening its economic relations with the EU area rather than playing a leading role in BSEC.

Table 2
Economic Size
(BSEC Member Countries, 2000/2001)

| Countries | Gross National Product (billions US \$) | GNP per capita (US \$) |
|------------|--|---------------------------|
| Albania | 2.9 | 870 |
| Armenia | 1.9 | 490 |
| Azerbaijan | 4.4 | 550 |
| Bulgaria | 11.3 | 1380 |
| Georgia | 3.4 | 620 |
| Greece | 124 | 11,770 |
| Moldova | 1.6 | 370 |
| Romania | 34.2 | 1,520 |
| Russia | 332.5 | 2,270 |
| Turkey | 186.3 | 2,900 |
| Ukraine | 37.5 | 750 |

Source: IBRD, *World Development Report: Attacking Poverty* (Oxford: Oxford University Press, 2001), p.274.

Russia managed to start pulling itself out of economic recession with the help of its oil exports and the favourable international oil prices. However, Turkey's economy has been kept afloat by an International Monetary Fund (IMF) austerity programme and is still grappling with financial problems, while most of the other members have never shown any sizeable growth potential in the BSR in the last decade. The only possibility of generating economic growth

in the area and promoting regional trade is foreign direct investment (FDI). However, the BSR does not appear to look safe or stable enough for foreign investors to invest in.

Law and order has not yet been fully established in some member states. The transaction costs of investment are very high and only some business enterprises, such as Turkish construction companies that have diaspora populations from the region and function in their domestic business environment, which until recently resembled the BSR economies, can perform effectively there. Hence, the economic growth performance of both the member states and the BSR has been erratic and mostly only slightly better than dismal since 1992.

The central government bureaucracies are still too active for the taste of most business groups to consider investment in the BSR. These bureaucracies tend to impose various rules and regulations that are not only numerous but often also difficult to understand or keep track of so that getting a contract signed and activated often requires many and unforeseen difficulties. In addition, deregulation, decentralization and privatization have been slow-moving processes. Unless there are serious moves in all those directions and a concomitant withdrawal by the state from the economy, most member countries' financial difficulties do not seem to have a chance of being treated in the near future.

The only area where the profits are high enough for any major investment to flow into the market to justify high risks has been oil and natural gas, where a number of multinational corporations and consortia have been active. Major cooperative undertakings have also been possible in the fields of oil and natural gas transportation. Russia had initially been keen on retaining its influence over oil and natural gas transportation from the Caspian Sea Basin, which most other member states viewed as a political, strategic move by Russia and a threat to their security and independence. Moscow insisted that the other BSR oil- and natural gas-producing new states continue to use its pipeline system and port facilities in Novorossisk on the Northeastern Black Sea. But, this seemed to create a complication in the plans and efforts by the Azeris and the Georgians to establish their own separate pipelines and port facilities. And, Turkey, another member country, has also been trying to establish an alternate pipeline from Baku in Azerbaijan through Tiflis in Georgia to Ceyhan in Turkey, connecting Azeri oil to its Mediterranean port and eventually a similar natural gas pipeline. After lengthy negotiations, it now seems as if those three countries and a consortium have agreed upon building and operating that pipeline by 2005. Russia, which had formerly and systematically objected to the project, declared in Rome, at the time of the signing of a treaty with NATO in May 2002, that it no longer had any objections to the Baku-Tiflis-Ceyhan pipeline. Consequently, Georgian-Azeri cooperation as well as Turkish, Russian, Georgian and Azeri cooperation on oil and eventually also natural gas transportation looks imminent.

In the meantime, the Baku (Azerbaijan)-Supsa (Georgia) pipeline has already started to deliver oil to the world markets. And, the most recent signs would seem to indicate that, following the recent changes in Russian foreign policy towards the region, even Armenia seems to be willing to negotiate a settlement of its differences with the Azeris and to develop similar links with its neighbours. If this Transcaucasian cooperation is forged, there will then be a chance of establishing law and order across the region, and within each member state, and an environment of economic cooperation, and this will also give sustainable peace and economic growth a reasonable chance of being implemented. Similarly, an alternative Russian-Bulgarian-Greek oil transport scheme has been on the drawing board for a while, and it would not be much of a surprise to see that come to life soon, too.

There is more reason to be hopeful about the future of economic cooperation if the oil and natural gas transportation across the region materializes. There are likely to be various externalities involved in this project. Such cooperation will strengthen functional economic relations between the member states so that oil as well as other goods and services may then be extended throughout the region. A mushrooming of border trade between some member states will probably follow oil and natural gas trade. Tourism, which has already reached major volumes, can now expand even further to include most if not all the BSEC member states. Cultural, educational and other activities are also likely to increase as a result of these developments. Hence, relatively large groups of economic, social and cultural interests will emerge in each member country to support and enhance this economic cooperation so that even when the political parties in office and political ideologies change, it will be increasingly difficult to change these close economic relations. Furthermore, there will be other non-regional interests, such as those of the EU, the U.S. and the oil companies, which will be keen on supporting cordial and fraternal relations between neighbouring countries in the region. While BSEC has not been the only or the major determinant in the recent developments, the context it has provided may well have helped the member countries' political, economic and other elites to shape their perceptions and images of each other.

6. BSEC: An Appraisal

BSEC has not been short of lavish and oral support from its member states. However, there is scant evidence of there having been any serious effort to mobilize financial, human and other resources to aid the programmes envisaged by BSEC. In a recent paper, a member of the Turkish representation notes that:

Ever since its foundation the PERMIS (the BSEC Secretariat) in general has operated remarkably well; deserves trust and praise and hence fuller support by the member states. This is still not forthcoming. Their (the member states') attitude vis-à-vis the BSEC and similarly the PERMIS, varying between shades of indifference and negligence, would have to change to real engagement.²⁸

Nureş argues that the decision-making rule of consensus creates lethargy or paralysis in the organization.²⁹ He also criticizes the laxness of the member states toward their commitments.³⁰ However, not all the woes of the BSEC organization are due to commitment or motivation.

Indeed, most BSEC members have other and multiple commitments and national interests, which have motivated them to orient themselves towards other alliances, regional integration projects or international organizations. This means that Bulgaria, Romania and even Turkey give more priority to their EU membership; Bulgaria, Romania, Albania, Georgia, Azerbaijan, Ukraine and even Russia have been trying to re-define and deepen their ties to NATO; and Armenia, Georgia and Azerbaijan expend a lot of energy on becoming members of the European Council. All these efforts have coincided with the BSEC's institutionalization process. However, such moves also indicate that the member states seemed to be banking more on Western Europe for economic development, security and peace, rather than on their own efforts and those of their fellow BSEC member states.

The economic and in particular the financial woes of BSEC could not be effectively dealt with as all their members, despite their relatively large financial resources, found themselves in economic recession or even depression. The only exception to this economic downturn was Greece. However, Greece was more concerned about participating in the euro zone than leading BSEC and the BSR out of the economic mess the rest of the members had managed to create. Greece seems to have followed a policy of surveillance in respect of BSEC developments to monitor and check what its arch-enemy, Turkey, was up to. The Turkish economy was on an unstable path of development in the 1990s and at the beginning of the new century. Furthermore, the re-alignment of the Turkish electorate led to the stellar rise of the far right in Turkish politics so that by the mid-1990s Turkey was governed by political parties that were either more interested in establishing 'Islamic' solidarity in the world or developing ethnic nationalism.

²⁸ Nureş, BSEC," p.16 (the statements in parantheses were added by the author of this paper).

²⁹ Ibid., p.17.

³⁰ Ibid.

Finally, the BSEC project was originally launched by former Prime Minister and President Turgut Özal, which made it unattractive to the other political leaders who had their own pet projects to present to their electorates when seeking their votes. Turkey thus lacked the vision, motivation and financial resources to lead BSEC. Nor was Russia in any better economic or political shape to enhance economic cooperation in the Black Sea region and Ukraine had similar woes, too. Both Russia and Ukraine looked more concerned about either domestic or global politico-economic problems and almost unconcerned about regional issues. If Turkey had provided the leadership and allocated the financial resources for the various projects, Russia, Greece and Ukraine might have shown more interest in the BSR and also made an effort to match the Turkish challenge. However, no sufficiently challenging initiative or leadership was taken by any BSEC member to motivate the others to follow suit over a range of programmes.

Under these circumstances, the BSEC secretariat does not seem to have much motivation or orientation to draw up and execute programmes. Under the auspices of the BSEC, various meetings, conferences, symposia and workshops have been held on a wide range of issues and attended by diplomats, legislators, political leaders, academics, businessmen and women, journalists and students. However, it has not been possible to mobilize the resources to carry the decisions, proposals and suggestions emanating from those fora. Consequently, so far, BSEC seems to have charted and programmed what needs to be done, but lacks the political will and economic resources to carry out what needs to be done.³¹

In a recent article, the BSEC Secretary General, Ambassador Valeri Chechelashvili, stated that there are still three main interrelated problem areas.³² He identifies the first one as the lack of financial resources.³³ The second one “relates to the need for sufficient co-ordination and, in particular, the need for ‘co-ordination enforcement’ mechanisms and instruments in the Organization”.³⁴ And, the third one is “how to increase the interest of the Member States”.³⁵ The Secretary General goes on to argue that it is still uncertain whether the member states will pursue their foreign economic policy objectives through the Organization or outside its framework.³⁶ This last point goes to the heart of the matter and is an existential one. As I argued earlier, it is quite unlikely that Greece, Romania, Bulgaria and even Turkey will pursue their foreign economic policies outside the EU framework and within the BSEC framework. Indeed, the

³¹ Valeri Chechelashvili, “BSEC: The Way from the Regional Economic Initiative to the Full-Fledged Regional Economic Organization,” *Turkish Review of Eurasian Studies*, Annual 1, 2001, p.9.

³² *Ibid.*, p.18.

³³ *Ibid.*

³⁴ *Ibid.*

³⁵ *Ibid.*

³⁶ *Ibid.*

BSEC Secretary General perceives what he refers to as a “project-oriented endeavour” as the main role of BSEC in the near future,³⁷ yet so far that is exactly where the BSEC seems to have failed. As a window of opportunity, the BSEC exists, although its members seem to lack the interest to glance through it.

³⁷ Ibid.

**BLACK SEA ECONOMIC COOPERATION:
THE OIL TRANSPORTATION DIMENSION AND SECURITY**

Volodymyr SAPRYKIN¹

The main problem facing the Bosphorus and the Sea of Marmara is that the amount of oil currently transported through the Turkish Straits may double over the next few years. This will mean that the risk of major accidents involving tankers in the Straits will go up dramatically and pose the threat of an environmental catastrophe to a heavily populated Turkey.

Very briefly, 49,000 ships pass through the Bosphorus and the Sea of Marmara each year, including 5,000 oil tankers transporting over 75 million tonnes of oil. Over the last fifty years, there have been 50 emergency situations in this area, 40 of them serious, and 167 major accidents.

Turkey is also concerned about Russia's plans to process the European countries' spent nuclear fuel and the possibility of this spent nuclear fuel being transported to Russia via the cheapest route, through the Turkish Straits.

As far as trade and economic relations between the Mediterranean and the Black and Caspian Sea regions are concerned, the Turkish Straits is criss-crossed by a number of transportation corridors. It is also a popular recreational area and there is a high risk of accidents.

The Montreux Convention that was signed in 1933 created the legal framework regulating the use of the Straits. The main purpose of the Convention was to resolve the problem of the free passage of military ships of all countries through the Straits.

However, Ukraine, Georgia, Moldova and some eastern Mediterranean and Balkan states are not members of the Convention, and in 1994 the Turkish government took the initiative of unilaterally approving a new procedure regulating navigation in the Turkish Straits and the Sea of Marmara. This is an international long-term Convention on free shipment in the Straits that cannot be amended without the consent of all the signatory states.

In May 1994, the International Marine Organisation, which is the agency that was created to regulate shipping in the Straits, expanded its

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jurisdiction over shipping and the environmental protection of the Straits. It has responded to the Turkish initiative on the basis of a new document that has softened some provisions of Turkish regulations governing shipping, but it also includes a number of other controversial provisions.

Through their representatives to the International Marine Organisation, the majority of Turkey's neighbours, including Russia, Ukraine, Bulgaria, Greece and Cyprus, have regularly expressed their satisfaction with Turkish policy regarding the Straits, but efforts by the Russian Federation and Greece to cancel the most controversial provisions have failed because their efforts are not backed up by the United States, which is one of Ankara's main allies. Many countries neighbouring Turkey do not fulfil Turkish and International Marine Organisation requirements governing shipping because they are considered illegal.

Currently, 40% of the ships passing through the Turkish Straits use Turkish navigators and most accidents are caused by ships that do not use Turkish navigators. There is no radar traffic control system, although Turkey has recently begun to introduce a modern system which has produced some positive results. Regrettably, plans to double its capacity have not been met.

However, the main threat to the Turkish Straits is posed by the activities of the Caspian Pipeline Consortium. Over 71 million tonnes of oil and gas products are exported through the Turkish Straits each year, including about 4 million tonnes of crude oil through Bulgaria and Romania, thereby exceeding the transport capacity of the Straits. The introduction of a radar traffic control system in addition to other measures for improving the security and safety of shipping would increase the transport capacity of the Straits by up to 110 million tonnes.

Turning to the position of the main players, Turkey has expressed its interest in developing other means of transporting oil and gas through the Straits in order to prevent the Bosphorus and the Sea of Marmara from being turned into an oil pipeline.

As far as Russia is concerned, Moscow believes that the problem of safety in the Straits is Turkey's problem and Russia is not willing to share responsibility for environmental and energy safety in the Straits.

In the case of Kazakhstan, while recognising that environmental dangers do exist in the Straits, the Kazakh leaders say that these dangers have been exaggerated.

With regard to the European Union, the United States and the international oil and gas companies, they are trying to implement a number of measures to improve safety in the Straits, in particular by introducing double-shelled tankers, thereby reducing the risk of oil spills in the event of accidents.

As far as Ukraine is concerned, its view is that the Montreux Convention is no longer adequate to the reality that has emerged in the 66 years that have passed since the Convention was signed. Kyiv believes that part of the

solution to the problem of safety in the Turkish Straits lies in reducing the amount of oil transported through the Straits by channelling part of it through the Odessa-Brody-Gdansk oil pipeline. In fact, this 667-kilometre-long pipeline, which was completed last year, was intended to resolve this very issue.

The annual carrying capacity of the first part of this project has now risen from 9 to 14.5 million tonnes of crude oil and it is planned to increase this capacity by up to 40 million tonnes of crude oil a year. Although the project has now reached a decisive stage, a lot of issues have still not been solved, including the most important one of the signing of agreements between oil suppliers and consumers.

The portfolio of orders for the transportation of oil is about 2.4 million tonnes of Caspian oil, and we are currently considering several temporary destinations for Ukraine to carry its oil to, including Romania and Slovakia. However, I believe that the most purposeful direction is the one to Poland, although the pipeline has not yet been extended to Plock.

**POLITICAL-ECONOMIC COOPERATION IN THE
BLACK SEA AREA: A ROMANIAN PERSPECTIVE ON
OBSTACLES AND OPPORTUNITIES**

Iulia ANTONIAN¹

1. Introduction

It is obvious that the continuation of the division between a secure and economically prosperous West and a less secure and less prosperous East is unsustainable and that there is, therefore, a need to create economic prosperity and political stability throughout the Euro-Atlantic area. “Good for stability, therefore good for investment, therefore good for prosperity.”² It is equally obvious that developing and strengthening regional economic cooperation is one of the major steps towards achieving Euro-Atlantic integration and that it will also contribute to strengthening confidence and broadening stability and security.

In addressing the question of political-economic cooperation in the Black Sea (BS) area, this paper will consider the BS region together with the Black Sea Economic Cooperation Organization (BSECO) as representing the interests of both the riparian states and, to some extent, the countries in the Balkans and the Caucasus. Most analysts would agree on the comprehensive security relevance of any regional economic cooperation project in this area and in this respect the BSECO represents an institutionalized form of cooperation aimed at integrating a highly diversified area that is facing a wide range of security challenges. However, as long as regional initiatives are aimed at encouraging cooperation and improving market access, they might well help the BSECO member countries to improve their ability to link up with the global economy. Thus the central goal of this paper is to highlight some impediments to the development of regional economic cooperation and to recommend that the BSEC member states adopt a more active cooperation policy.

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² See “Security and Prosperity: Two Halves of the Same Walnut,” Speech by the Rt. Hon. Lord Robertson of Port Ellen, Secretary General of NATO, to the British Chamber of Commerce in Belgium, Brussels, 15 March 2001.

2. Impediments to the Development of Regional Cooperation

2.1 BSEC Status

The intention of the BSEC states was to develop economic cooperation in accordance with the principles of the process of the Conference on Security and Cooperation in Europe (CSCE). Cooperation within the BSEC would be based on “the potential of the Participating states and the opportunities for enhancing the mutually advantageous economic cooperation arising from their geographic proximity and from the reform and structural adjustments” (Article 3),³ and would not require strong commitments by the member states. Economic cooperation would be promoted gradually, according to Article 10. Instead of providing for regional integration, the agreement aimed at the “achieving of a higher degree of integration of the participating states into the world economy” through cooperation (Article 5).

In addition to this clear indication of the commitment to globalization through regionalism, the Istanbul Summit Declaration made it absolutely clear that membership of the BSEC would not prevent countries from developing relations with “third parties, including organizations as well as the EC” or participating in other regional initiatives (Article 7). In fact, the BSEC did not emerge as an organization specifically intended to provide incentives for subregional integration. From this perspective, no clear-cut strategy for the creation of a BSEC community sharing the same goals and values has yet emerged, thereby inhibiting the development of economic co-operation in the region.

Consequently, each country in this area encouraged the development of trade with the member countries of the European Community (EC) and the Organization for Economic Cooperation and Development (OECD), but not with the riparian states despite their geographical proximity. However, there is one exception. Due to the fact that Russia and Turkey represent the biggest economies, they are the largest foreign trade partners for the majority of the countries in the region. This means that crude oil and oil products still represent an important export item for Russia and Azerbaijan in their trade relations with the countries in the region.

2.2 The Need for a NATO and an EU Regional Strategy on the BS and the Lack of a Strategic Dialogue and Partnerships

Another obstacle to the development of regional economic cooperation has been the almost complete absence of any kind of regional strategy towards the Black Sea area on the part of the North Atlantic Treaty Organization (NATO)

³ See Summit Declaration, Istanbul, 25 June 1992.

and the European Union (EU),⁴ together with their perception of this region as a crossroads for the problems of the neighbouring regions (South-Eastern Europe (SEE) and the Caucasus). Coupled with the riparian states' great diversity of status and interests (NATO, EU members, NATO, EU candidates, members of the various political-economic initiatives launched by Russia), the geo-strategic realities have not really helped the BSEC to promote the BS as a robust economic region. However, following the recent changes in the Balkans and the Caucasus, the international organizations are now focusing their attention on the BS area. In this context, NATO has launched the Euro-Atlantic Partnership Council/Partnership for Peace (EAPC/PfP) in response to the need to adapt to the new security environment, while the EU is analysing the BS Dimension of Enlargement.⁵ This geo-strategic focus on the BS will probably bolster regional economic cooperation and create a new starting point for countries in the region in their attempts to formulate a joint political strategy and promote a viable, long-term strategic dialogue.

2.3 Lack of Regional Ownership

The economic situation and the great diversity of the member states' status and interests are preventing players in the BS area from assuming regional leadership/regional sponsorship. The success of the Balkan stabilization process has proved that the 'regional ownership' principle was worth implementing in the BS area. Maybe a collective leadership, along the lines of the EU/Troika model, could be successful in this area, if states can agree on a common denominator with respect to the risks and opportunities for regional political and economic cooperation as occurred in SEE. In fact, they found themselves facing the same old dilemma confronting the EU institution-building process: task-driven—creating institutions as required for agreed projects—or institution-driven—filling existing structures with a more substantial content. The time has come to reconsider BSEC by broadening its stability and security dimensions.

2.4 The Persistence of Pre-BSEC Difficulties

A significant step forward in adapting the BSECO to the new global risks and challenges and to its transformation into a regional multi-level organization with political aspirations in order to complete the transition to

⁴ Preference was given to the bilateral approach to the relationship, i.e. special relations, such as the Common Strategy with Russia in 1999, the special NATO-Russia Partnership or the NATO-Russia Council.

⁵ Colin Powell proposed the setting up of a regional headquarters for the PfP programme in the Balkans, the South Caucasus and Central Asia. The International Center for Black Sea Studies (ICBSS) organized the Halki Conference in 2001 for the third consecutive year, in cooperation with the Hellenic Foundation for European Foreign Policy (ELIAMEP), and launched the idea of the BS Dimension.

democratic societies was achieved through the Yalta Declaration. Nevertheless, despite all the progress that has been made, the following **detrimental pre-BSEC structural obstacles persist**:

- The former artificially created complementarity or interdependence between the economies of former socialist states, which determined two different patterns of pre-BSEC trade between its current members: the sizeable but largely diverted trade among former Soviet bloc countries and the relatively insignificant volumes of trade these countries had with other countries, such as Greece and Turkey, despite their geographical proximity.⁶ One exception worth mentioning is increased trade between them and the Russian Federation.
- The lack or inefficiency of both bilateral and multilateral trade channels, based in some cases on the absence of effective agreements between states.
- The meagre situation regarding transportation and infrastructure.

2.5 Regional Structural Changes/Proximity of Hotbeds

Apart from the historical heritage, namely, the East-West confrontation, the region has been subject to the negative impact of the recent Balkan crises coupled with the difficult consequences of the painful and multiple processes of internal transformation and restructuring. As far as economic development, the pace of economic growth, ethnic groups, cultures and religions are concerned, the situation in the region varies enormously from country to country. Like any other transit or buffer zone, the region is also facing the risks of international terrorism, extremism, aggressive separatism, organized crime and drug trafficking, as stated in the BSEC Economic Agenda for the Future: Towards a More Consolidated, Effective and Viable BSEC Partnership. Unsolved local conflicts are undermining the region's political, economic and social fabric and compounding the process of multilateral economic cooperation.⁷ In addition, trade partnerships and the free movement of goods, which play a significant role in the process of regional cooperation and integration, have also been jeopardized by the local ethnic conflicts that have broken out in some of the New Independent States since the collapse of the Soviet Union. And, the transportation of goods through conflict-torn territories has even had a direct impact on traditional foreign trade relations in the region.

⁶ See Serdar Sayan, "The Black Sea Economic Project: A Substitute for or a Complement to Globalisation Efforts in the Middle East and the Balkans," 1998.

⁷ See "BSEC Economic Agenda for the Future: Towards A More Consolidated, Effective and Viable BSEC Partnership."

2.6 Lack of Information

Lack of information about the BS countries' production capabilities and export potential is another obstacle to the development of trade among the member countries. Therefore, it is important to accelerate the activities of international organizations and Chambers of Commerce in support of information exchange. Special customs and tax laws on trading in the Black and the Caspian Sea Basin region would considerably support the development of trade.

2.7 Pipeline Projects

Unfortunately, for some considerable period, disputes over the development of pipeline projects from the Caucasus to Europe have had a negative impact on regional cooperation. More recently, pipeline projects have gradually become a regional symbol and a possible tool for integration, or an incentive for countries to create shared economic interests. In this respect, the following two main principles should be emphasized: on the one hand, keeping a non-politicized perspective on the energy routes issue and, on the other, maintaining the diversity of export routes as a main requirement. In this context, cooperation between Azerbaijan, Georgia and Turkey looks promising as it is being built upon the final aim of the region's step-by-step integration into European political and economic structures.

2.8 Current Difficulties Arising out of the BSEC's Internal Deficiencies

While endeavouring to develop multilateral cooperation projects and notwithstanding the substantial progress that has been achieved in many fields, the BSEC countries are fully aware of the following difficulties confronting them at the present time:

- the shortage of financial resources and the failure to attract significant investments from abroad, which are hampering the BSEC member states' participation in joint cooperative programmes and projects;
- the lack of a coherent definition of aims, priorities and long-term issues;
- a discrepancy between the proclaimed objectives and the degree of implementation of the projects adopted under the aegis of the BSEC;
- low efficiency in implementing the adopted resolutions and decisions, and the absence of mechanisms for monitoring compliance by the appropriate national authorities;
- insufficient coordination among important parts of the Organization;
- too many projects and too much bureaucracy.

3. Conclusion

To summarize, regional economic cooperation under the auspices of the BSEC has been undermined by a wide range of obstacles, including:

- The status of the BSEC and the persistence of some pre-BSEC structural obstacles.
- The lack of strategies towards the region on the part of the external players, combined with the absence of a congruent or mutually agreed policy among the countries of the region.
- The persistence of crises and low-intensity conflicts.

Despite all these structural obstacles, the BSEC has succeeded in becoming a key instrument in the ongoing process of the regionalization of the Black Sea area and is playing an important role in the development and formation of common interests and values.

In the years to come, the importance of the BSEC region in world politics and in an increasingly globalized economy will grow considerably due to the recent geo-strategic changes, including new NATO-Russia relations, the US-Russia partnership, new NATO-Ukraine relations and NATO/EU enlargement, American involvement in the stabilization of the Caucasus and international recognition of Russia as a market economy. New processes and structures are currently being created in the region and will probably have a beneficial impact on regional cooperation in the political and security field. However, the sustainable development of the entire Black Sea area will continue to depend upon the individual countries' economic progress and effective relations among the BSEC member states, and constant effort and proficient management will be required by these countries' governments in order to achieve this goal.

Part 3
The Impact of EU and NATO Enlargement
on Regional Security

KEYNOTE ADDRESS

THE FUTURE OF THE NATO-UKRAINE PARTNERSHIP

Victor Ivanovych BANNYKH¹

Ladies and Gentlemen,

First, I would like to welcome everyone to Kyiv and to express my appreciation for this opportunity to address you.

As you know, cooperation between Ukraine and NATO is developing in a number of frameworks, including the European-Atlantic Partnership Council (EAPC), the Partnership for Peace (PfP) programme and the Charter for a Distinctive Partnership between Ukraine and NATO. In 1995, Ukraine was one of the first partner countries to adopt the Planning and Review Process, whose main objective is to ensure effective cooperation with the Armed Forces of other Partner and NATO nations, as well as to exchange information about defence and budgetary planning within the PfP framework.

This year, on 23rd May, the National Defence and Security Council of Ukraine, chaired by the President, approved a gradual but emphatic strategy for joining NATO. The decision was taken in the light of:

- the significant changes in the world's security tapestry;
- the favourable internal conditions, particularly policy support for Euro-Atlantic integration by both governmental structures and society;

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- a new format in the relationship between NATO and Russia;
- successful developments in the sphere of cooperation in the military field.

I wish to underline that, in my view, the most developmental element of cooperation between Ukraine and the Alliance is the military part and that the level of military cooperation is essentially strategic in nature, because of its practical influence upon our reform processes. I would like to touch upon some of the main aspects of Ukraine-NATO defence and security cooperation.

The most pressing issue for us today is the question of reforming our Armed Forces. Our aim is to create a mobile and well-equipped Army to Euro-Atlantic standards. With this in mind, the Defence Ministry has drawn up a Package of National Defence Reform Objectives. Moreover, flowing from all this, and as a matter of urgency, we are integrating the Planning and Review Process into our national system of Defence Planning. For this, we have a special legislative basis, which should help to ensure an effective system of planning, programming and budgetary support for our Armed Forces.

The basis for the practical implementation of our National Defence Reform Objectives is the Defence Survey. Its objectives are to transform the structure of the Armed Forces in accordance with conceptual documents on security and resources. The successful realization of this Defence Survey may give us the opportunity to make a significant 'break-through' in our relationship with NATO, particularly in terms of matching words and deeds.

Bearing in mind the aim of defining more concretely the work needed to intensify the Ukraine-NATO dialogue in the Defence Ministry, we have drawn up a plan of immediate measures for 2002, in response to the NSDC's decision of 23rd May.

One example of intensified cooperation with the Alliance is the language training pilot project. Knowledge of foreign languages is obviously the basis for all interoperability. Without this, all our plans for cooperation with NATO would remain a pipe dream. Lists of posts for which knowledge of English is obligatory have been drawn up and approved by the Defence Minister. This academic year, the language training programme will be increased to 450-500 hours per year per person attending Higher Educational Institutes. Moreover, the Central Staffs of the Defence Ministry and the General Staff will conduct all their official correspondence with NATO member countries and partners solely in English.

In addition, we are currently focusing our efforts on the following two important Memorandums of Understanding (MOUs) with NATO:

- Memorandum of mutual understanding on host nation support in international training and peacemaking operations.²

² The MOU on Host Nation Support was signed on the fifth anniversary of the NATO-Ukraine Charter during the North Atlantic Council's visit to Ukraine.

- Memorandum of mutual understanding on strategic airlift aircraft.

The signing of these two MOUs will significantly enhance the understanding that underpins international cooperation between Ukraine and NATO. We are also pursuing further joint projects for the destruction of antipersonnel mines, surplus ammunitions and small arms, and rocket fuel.

We are continuing our joint work on the individual training of civilian employees at the Defence Ministry. For this, they attend a course on civil-military relations and democratic control of the Armed Forces at the National Defence Academy of Ukraine.

Ladies and Gentlemen,

We have always understood that the implementation of Ukraine's decision to intensify relations with NATO would never be easy. At the same time, I think you will agree that we are starting to make use of the full potential of the mechanisms available under the Partnership for Peace programme. This is particularly important, not least because our ultimate objective is a stable Europe built on consensus in which Ukraine would not be in last place.

Thank you for your attention.

KEYNOTE ADDRESS

SECURITY IN THE 21ST CENTURY: NEW CHALLENGES AND NEW RESPONSES

Chris DONNELLY¹

1. The Changing Nature of Conflict

A study of history shows us that approximately every fifty years the world experiences a revolutionary change—a paradigm shift—in the nature of armed conflict, provoked by sociological, technological or other external factors. Examples from the past two centuries would be: the development of effective mass conscript armies during the Napoleonic Wars (c 1800); the introduction of rapid-firing rifled weapons in the mid-19th century; the industrialization of military production and relevant infrastructure that preceded World War I; and the development of nuclear weapons and their global delivery systems during and immediately after the end of World War II.

It seems to me that we are now in the midst of just such a ‘revolutionary’ change, ushered in by the dramatic developments of the last decade and brought into sharp focus on 11 September 2001. The major factors underlying this change, which is still ongoing, I would tentatively identify as follows:

- the new global power balance which has emerged following the end of the Cold War, and the consequent impact on the geostrategic significance of states;
- the rapid advances of technology;
- changing attitudes to the use of armed force in Western societies.

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2. The New Security Scene

As far as Europe and North America are concerned, the specific elements of the above factors which have the greatest impact on the current security scene are:

- the uncontrollable proliferation of technology;
- the growing gap between rich and poor countries;
- the information revolution.

As a result we are faced today with the need to reassess what constitutes security, what are the threats to security, and what should be our responses to those threats, including the particular threat of terrorism.

As is so often the case, it is not one single cause but the combination of new factors which creates the new security conditions and which will generate new security threats. Take, for instance, the issue of technology proliferation mentioned above. Technological advantage in warfare is always transient. It would be unwise to assume that 'Western' technological superiority will in all cases translate into overwhelming military superiority. Today, the rapid proliferation of technology means that even small developing countries—especially those run by strong dictatorial regimes—can, by focusing their efforts, acquire weapons and delivery means which may pose a real threat to major powers. When this is coupled with fanaticism the threat is even more evident.

Furthermore, the nature of modern weaponry means that, unless the technology gap is truly enormous (as it was between the United States and the Taliban), a determined and competent defender today could make a 'forced entry' too costly for any country to contemplate. Forces that can be projected and maintained overseas can be ten times more expensive than conscript forces for national defence. Compare, for example, the firepower that Canada and Israel can deploy for roughly the same defence expenditure. The West's capacity for military intervention may be a lot less than is sometimes supposed.

The growing gap between rich and poor countries poses a potential security problem in many ways, not just when combined with the problem of proliferation of technology. This gap is most dramatically evident if we compare the statistics for population growth and per capita income for the countries of North Africa and the Middle East with those of Europe, and project these over the next ten years. It is wrong to blame this growing wealth gap on 'Western' countries just as it is wrong to conclude that poverty alone produces, or even justifies, terrorism. In fact, in what is now becoming known as the 'arc of instability' stretching from North Africa to Central Asia, incompetent government, social injustice and lack of democracy are by far the greatest causes of discontent. But the discontent and desperation generate such serious security problems as illegal migration and drug smuggling and create the breeding grounds for fanaticism that can in turn produce regional instability and terrorism. This is a worsening problem and one that will have to be dealt with on its home

ground by proactive measures (which may be military, political or economic) as well as by protective or defensive measures in our countries. This, too, has important implications for our security policy.

The information revolution is the third general factor that has so changed the security environment. This has several aspects. It is one of the factors which contributes to the proliferation of technology. It can accentuate the 'poverty gap' by making it more evident. In democracies it has two major implications. Firstly, reliance on information technology can render a society very vulnerable to certain forms of terrorist attack. Secondly, democracies can no longer exert any control over the flow of information and therefore over the media. Yet dictatorships can, if they are sufficiently efficient, manipulate the media to a certain degree and thereby have a considerable influence on public opinion, including in democracies with which they may be in conflict. Governmental information and even military intelligence can no longer compete with the media for speed of information transit. As a result, every action which a democracy takes in pursuance of its security, be it a military operation or not, will in future be played out in a new environment—that of intrusive media attention. If we do not take account of this and plan accordingly, then our security operations will suffer severely.

Added to these general trends we have seen, in the past decade or so, the welcome collapse of the Cold War confrontation and, with it, the bipolar security system. It is this which has precipitated the sudden and dramatic shift in the security environment. We have gone, in a very short time, from Cold War to Hot Peace. We have witnessed a significant change in what constitutes security.

3. Redefining Security: New Threats and Responses

Only a decade ago, 'national security' was synonymous with 'defence'. East and West faced the threat of World War III, characterized in Europe by the threat of invasion which was feared, with whatever justification, by both East and West. The threat was common, as was the response—mass armies based, in continental countries, on mass mobilization and conscript military service. Deterrence was by conventional defence backed up by the threat of nuclear weapons. 'Security' was measured largely in military strength.

Today 'security' means much more than just military might. In as far as 'security' retains its military significance, 'deterrence' is by guarantee of effective counter-attack (the difficulties and cost of which put a premium on crisis and conflict prevention). Otherwise, security has become a much broader issue. For most European/Euro-Atlantic countries, security today is primarily measured in **non**-military terms and threats to security are non-military in nature. These threats include: incompetent government, corruption, organized crime, insecure borders, smuggling (weapons, drugs, contraband, people), illegal

migration, ethnic and religious conflict, proliferation of weapons of mass destruction, shortage of natural resources (e.g. water) and, of course, terrorism.

All developed nations face these threats. But they face them in different measure, and therefore they will require a different response. This is in marked contrast to Cold War days, where threat **and response** were more or less the same everywhere. The need for differentiated response is the factor which today most complicates the evolution of security alliances (the North Atlantic Treaty Organization (NATO), the European Union (EU) and the European Security and Defence Policy (ESDP)). If it is to be worthwhile, an alliance must offer each and every member a clear and unequivocal security advantage. It must repay their financial and political cost. Today, this means that an alliance must meet the now different security needs of each of their members rather than the common need of the Cold War.

As security is no longer just a military concern, it is no longer just the preserve of Ministries of Defence (MODs) and Ministries of Foreign Affairs (MFAs) which have to date been the main ministries involved in security cooperation. It is no longer possible to draw a clear distinction between external security and internal security. Security henceforth requires the coordination of the 'external' ministries (i.e. MOD and MFA) and their agencies (armed forces, intelligence services) with those of the 'interior' ministries: internal affairs, education, finance, overseas development, transport, environment, health, etc., with their agencies (policing forces, security services, disaster relief agencies, etc.). Security today takes in social development and demands the involvement of all elements of society in a way which security in the Cold War days did not. Meeting these new security requirements demands fundamental reform of national structures, patterns of investment and systems of government. Likewise it demands the evolution of international institutions on a truly radical scale.

4. The Military Implications of the New Threats to Security

Whilst security is now a broader concept, it still contains major military elements. Yet even here, a security threat will today require a very different military response than in the past. No longer can the threat to the defender be dealt with simply by passive defence or protective measures. These remain essential, but have changed in nature. Armies today may have to be deployed in support of domestic police operations. In addition, our armed forces will have to go out to deal with the threat in the countries from which it is generated. Forces today must expect to be projected—i.e. sent abroad—sustained there (perhaps over long periods) and **used**. This will not be passive peacekeeping or, as in the Cold War, deterrence by simply waiting. Troops must expect to fight.

This faces armed forces with completely different demands than was the case a decade ago. Most countries in Europe maintained large, mainly static, armed forces which deterred just by their existence. The West never **really**

expected to have to fight a sustained conventional operation at short notice. Consequently, in the face of increasingly costly weapons and manpower, most NATO nations maintained large national military structures but very low reserves of expensive munitions—an unrealistic balance. Most countries could mobilize forces only in the event of total war. The problems European countries had in deploying forces for the Gulf War and the structural reorganization needed (for example in the British Army) to make a division viable in the field bear witness to this fact. (Warsaw Pact armies, it must be said, maintained a much higher degree of military capability—but in doing so ruined their economies.) When we deployed troops for peacekeeping we did not expect them to have to fight—merely to patrol in blue helmets and white vehicles.

Today, the truth is that we are much more likely to have to deploy troops actually to fight than was ever the case during the Cold War. As a result, the kind of forces a country needs to project, maintain and use military power abroad faces most European countries with the need for a **total** reform of their military systems. Very few of Europe's current two million men and women under arms can be reckoned useable in this respect. Put bluntly, much of Europe's defence budgets is spent on maintaining the wrong kind of armed forces for today's threats. In a war on terrorism, most of Europe's troops can be used only for certain limited tasks.

Most European countries, therefore, face the difficult challenge of military reform on a massive scale. Armed forces need to be more capable and flexible. This means that they will be more expensive. Therefore, unless defence expenditure is to increase dramatically, they will be smaller. For small countries this means that they will no longer be able to field balanced national armed forces capable of conducting all the functions needed in an all-arms military conflict. This implies role prioritization which in turn implies that an alliance approach will be essential. In this respect, NATO and EU ESDP requirements are identical. ESDP cannot in the foreseeable future provide an alternative to NATO because most EU members have not reformed their armed forces to provide credible expeditionary capability. In addition, for independent actions, EU will have to develop C₃, intelligence and logistics capabilities it does not currently have.

This is the outstanding challenge today facing European national defence and security establishments and the international institutions—NATO and the EU. Both organizations will have to evolve rapidly and demonstrate that they can indeed offer their members some real security benefit in the new era if they are to survive and flourish. Otherwise, their member nations will not fund them. If the tool cannot do the job required, why pay to keep it? Equally, both organizations will have to collaborate and coordinate their roles, functions and operations. Neither will be able in the near future to do all the tasks necessary. Here too there will have to be prioritization and role sharing. Intelligence sharing

and active intelligence and security cooperation are becoming the key elements of this increasingly important collaboration.

5. The Challenge of Terrorism

I have attempted to paint this new security environment in some detail so as to put Terrorism in its proper context. Terrorism is only one of the threats to security today, and it is considered a much greater threat in some countries than in others, for obvious reasons. Terrorism has many manifestations. It has been with us for a long time. There are different definitions of the term, and to counter it requires actions on many different fronts.

When we speak of the 'War on Terrorism' we should remind ourselves that terrorism is a tactic, a means. Whilst we seek to prevent it, our real target is not the tactic but the perpetrator. Our enemy is those groups and movements which seek to overthrow our social order and which use terrorism and many other tactics (e.g. information warfare) to that end. 11 September brought this into focus. The clear distinction between 'war' and 'non-war' is now blurred. So, therefore, is the distinction between the role of armies and policing forces also blurred.

If we liken this new form of attack on our societies, which includes terrorism, to a disease—say, lung cancer—then as we attempt to treat the disease, we can draw on several sources of help. The armed forces are the surgeons. The security forces (police, gendarmerie) are the doctors, dispensing medicine, chemotherapy, etc. The overseas aid and crisis prevention agencies are the health workers who try to stop us smoking and help us avoid the causes of the disease. The intelligence and security services are the diagnosticians who should give us early warning of our health problem.

Just as in medicine, all these agencies have indispensable roles to play. Just as in medicine, no one agency on its own will be effective—best effects are achieved when they all collaborate. Military power has an important role to play in the defeat of terrorism. But military force alone cannot defeat a terrorist threat. Military force can at least buy a breathing space. For example, it can deny terrorist groups a safe haven in space or time, as in Afghanistan, without which they cannot easily function. But this breathing space must then be used to tackle the problem at its source, or the military action may come to be ineffective or even counter-productive.

Likewise, domestic protection can no longer be assured by passive defensive measures alone. There will be occasions when security can only be achieved by taking the war into the enemy's camp. The problem facing much of Europe, of course, is that it does not have the military option to do that. It does not have the armed forces it needs to pursue the War on Terrorism by force. The challenge, therefore, is a manifold one and entails:

- restructuring military forces within an alliance context (virtually identical for NATO and the EU) so that they can play a useful role in this new form of warfare;
- developing other national security forces (police, gendarmeries, border guards, intelligence and counter-intelligence services, etc.) so that they can cope with the new threat, and provide for their international collaboration;
- developing the inter-ministerial cooperation necessary to enable the various ministries and agencies (police, intelligence services, etc.) which now need to cooperate to deal with the threat actually to do so effectively; and
- investing more heavily in crisis and conflict prevention, including making overseas and planning part of the national security policy.

The armed and security forces themselves need to agree in concert a framework for tackling the new security threats which breaks down old barriers to collaboration. The most widely used framework is a good place to start. This divides the tasks into ‘anti-terrorism actions’, ‘counter-terrorism actions’ and ‘consequence management’:

- ‘Anti-Terrorism’ is defensive and includes all measures taken to reduce the vulnerability at home or abroad of: people (soldiers, civilians, diplomats, workers, etc.); physical objectives; communication systems; social structures, etc.
- ‘Counter-Terrorism’ includes all proactive or offensive measures which should aim to: identify and locate, deter, prevent and stop terrorist activities, whether internal or external.
- ‘Consequence Management’ describes all efforts, preparatory or subsequent, to limit the effect of terrorism, stabilize the situation and repair the damage done.

Both military and security forces will need new capabilities for intelligence and new weapons and equipment as well as a much higher degree of collaboration and training to fulfil these new tasks.

6. Implications for NATO and the EU

So, how should we begin to address the issue of change—of rethinking our approach to security? A good starting point would be to readdress the fundamentals of alliance membership in the perspective of new security threats. To be a good member of an alliance (be it NATO or a future EU ESDP) a country should be able to do the following:

- provide an essential minimum of self-protection;
- be capable of receiving help from other allies;
- be capable of providing help to other allies.

What do these mean nowadays?

Self-protection no longer means simply self-defence. Some nations do still face a potential external military threat and will feel the need to keep

traditional defences in place. For others, classic defence of this sort is not a requirement at all. For some members, the threat of terrorism is very high, for others it is very low. In a modern alliance, there will have to be very significant differences in how members prioritize threats and allocate resources to dealing with them.

Likewise the kind of help nations are likely to need from allies will also differ considerably. It will no longer just be classic military help. Interior ministries and other security agencies may now have to be prepared to open their doors to outside help in a way that they have not previously been prepared to do. The concept of what is alliance-related infrastructure will have to change. So will the understanding of which allied countries are on the 'front line' in facing new threats. Very important to realize is that this 'frontline' is no longer of necessity a geographical issue. Patterns of intra-alliance investment will have to change, as well as national investments.

In providing help to others there are limited options, but much variation within them. Military options, as discussed above, will require forces capable of projection, maintenance and utilization. But armed forces will also have to be capable of being deployed in domestic situations in support of domestic security agencies. Providing forward basing and logistic support will also be very important. However, sharing the burden not only of cost but also of risk and of casualties will remain an important factor in deciding how allies will need to contribute to this function. Help, however, will not only be military. This does not offer an excuse for not making a military contribution, but is rather a recognition that, firstly, a response will no longer be purely military and, secondly, that even with the best will in the world it will be some time before many European countries are in a position to make substantive contributions to a projected military force. One way that this process could be speeded up would be for members to develop specialized military capabilities to contribute to a common effort, and to ensure collaboration by non-military security agencies which nations have hitherto been unwilling to do (as evinced by the EU's difficulties in developing its 'third pillar'). And, as we noted above, collaboration between the EU and NATO will have to improve considerably.

An additional consideration which affects all the foregoing is the impact that the source of the new threats to security will have on the evolution of strategic geography. In the Cold War the threat came from a clear direction—from East or West depending on the viewpoint. This geographical orientation created 'frontline states', 'rear-area states', 'flanking regions', etc., all of which had a fundamental impact not only on those nations' national psychology but also on practical preparation for conflict. The new security environment overturns this hierarchy. Firstly, geography is no longer the sole determinant of the immediacy of a threat. Secondly, inasmuch as geography does play a role, then just as the new threats destroy the clear line between internal and external threats, so they

also throw up a new Strategic Alignment with a North-South or North West-South-East alignment. Turkey has replaced Germany as the keystone state for European security. NATO's Mediterranean countries, headed by Greece, are at greatest risk from the spill-over of a conflict in the Middle East. Now on the one hand this will require a huge effort to avoid political polarization into a 'North-South' confrontation and the creation of a new political and cultural divide. On the other hand there is to a certain extent already a new geographical imperative and we must all face the fact that some countries will be playing a more important role in the new security environment than they were in the old.

7. Implications for the Corporate Sector

In all our countries, the current pace of events faces government offices with enormous burdens of overwork. There is no longer enough time to deal with everyday problems and find enough time for conceptual thinking. After all, the scope of change being forced upon institutions is the greatest that it has ever been in peacetime. Consequently there is a great need to generate ideas, stimulate thinking and debate on all aspects of security sector reform, to break down boundaries between different elements of the security establishment and to expand the frontiers of what is considered 'security'. There is an equal need to increase the strength of the 'security community'—the body of military and especially civilian personnel competent in the new security issues and capable of filling posts in national and international institutions and educating the population to understand the new needs of security so as to ensure their support through the democratic process.

It is at this point that the issue becomes more than an academic one for the corporate sector. The corporate sector has always had an interest in national security, of course, but that interest was general and invested in the social and political basis of the country. Business did not usually involve itself directly except inasmuch as there was business to be done in the field of supplying the defence sector. 'Security' for the business world was mostly protection against competition, theft or fraud, and the occasional green ecological protestor. Very large conglomerates have always played a major role, especially in smaller countries, but the main focus was usually on economic and political issues, not security issues.

The change in the nature of security, however, has created a new imperative: the need to break down the barriers not only between government agencies but also between those agencies and the corporate world. As societies, under the influence of commercial competition, become ever more efficient, ever more information dependent, and ever more 'globalized', they also become more vulnerable to disruption, even catastrophic disruption. Business is the first and most immediate institutional victim of terror. Long before terrorism is a threat to governments or to social cohesion it will have put companies—especially small-

or medium-sized companies—out of business. Other threats to security, such as organized crime, corruption, and smuggling, are equally threats to society because they are first and foremost threats to the health of the business sector. Genuine business needs secure conditions to flourish. The whole concept of security as developed by NATO and the EU was based on economics. But the threat that inspired Schumann to found the basis for the European Economic Community and ultimately the EU was the threat of hot war. Today, security needs to be applied against a much wider range of threats in which business features directly, and not at a second remove as it did in the past.

More immediately, business is itself a generator of stability and prosperity and a hedge against the new threats. Therefore it is of greater interest to governments as an element of security. Business needs governmental help in order to know in which countries and in which ways the new threats to security will arise. Security becomes a major determining factor in foreign direct investment (which, for example, doubled in Poland in the year after that country joined NATO). Today, business can provide governments with intelligence that they cannot easily get from other sources. Big business may be the actual prime target of cyber crime or terrorism pursued with a political, rather than an economic, motive. All these considerations demand a new relationship between the corporate world and the security sector.

Equally, the answers to new security problems will likely lie in the hands of corporations. We need to explore new responses to security in collaboration with business. If we seek security merely by ratcheting up old procedures we risk creating such obstacles to trade and commerce that we destroy the market freedoms which form the basis of our society and ensure our prosperity. Governments and international institutions, in other words, can no longer solve their security problems without building a new partnership with business. Business can no longer ensure conditions for its secure operation without having a greater input into government policy. The need for partnership works both ways. The challenge we face in the immediate future—for this is a problem which is already with us—is to develop that partnership, to make it work, and to keep it flexible so that we can keep ahead of the threats in what will, from now on, be a rapidly evolving security environment.

KEYNOTE ADDRESS

EU ENLARGEMENT

Norbert JOUSTEN¹

1. Introduction

The enlargement of the European Union (EU) from 15 to more than 25 member states offers a unique opportunity to progress towards ending the division of the European continent that prevailed during most of the second half of the 20th century. If you look at the five decades of European integration, the most striking thing is that safeguarding peace was the central purpose of this venture right from the outset. The goal of safeguarding peace through integration is a thread that runs right the way through what may often appear to be a rather complex integration process. Even the most recent stride forward, the single European currency, is ultimately rooted in the same idea of safeguarding peace. Monetary union effectively makes the economic integration of Europe irreversible. There is simply no way of going back.

With the collapse of the East European communist bloc, the prospect of uniting the whole of Europe presented itself. More than a decade later we are reaching the point at which a number of previous Communist totalitarian regimes are ready to integrate into a Union that was initially formed to create unity among the West European democracies that had fought each other during several terrible wars. With respect to regional security, this enlargement has parallels with the earlier Southern enlargement when Greece, Portugal and Spain joined the Union in the 1980s. The EU's eastern enlargement is also about the political and economic stabilisation of new democracies, with many of the countries concerned also aiming for membership of the North Atlantic Treaty Organisation (NATO).

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However, huge preparations have had to be made by both existing and potential members in order to realise EU enlargement. On the EU side, the Union has had to adapt its own policies, finances and procedures to prepare for an enlarged Union. The first two challenges were met at the EU Summit in Berlin in March 1999 when budgetary ceilings were set for all areas of EU spending up to 2006. These were accompanied by wide-ranging reforms to regional, social and agricultural expenditure. The EU Summit in March 1999 made some 22 billion euro available for pre-accession support between 2000 and 2006.

2. EU Membership Conditions

For the candidate countries, the three basic membership criteria were laid down at the Copenhagen Summit in June 1993. The so-called Copenhagen criteria are:

- the existence of stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union;
- the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

Around the time of the Copenhagen Summit, a number of Central, Eastern and Southern European countries applied for EU membership. Negotiations with six of them—Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia—opened in March 1998. In February 2000, negotiations started with another six candidate countries, namely, Bulgaria, Latvia, Lithuania, Malta, Romania and Slovakia. Although the accession negotiations have been launched in two groups, each applicant is considered on its own merits. The Union has put in place a fully flexible, multi-speed accession process in which countries will be assessed on their own merits and join when they are able to meet all the obligations of membership.

The first stage in the complex process is a screening exercise involving a series of meetings with the candidates. These enable the European Commission to present the *acquis communautaire*—the whole corpus of EU Treaties, legislation and practices that runs to almost 100,000 pages. This is followed by detailed negotiations on 31 individual policy chapters ranging from fisheries to external relations. Thereafter, the Commission continues to monitor the progress each applicant makes in actually implementing and applying EU legislation. In principle, each new member must be able to implement all EU obligations and responsibilities from the first day of entry, with temporary exemptions and transition measures kept to a minimum.

To help the candidates prepare for membership, the Union has a number of specific pre-accession programmes. The best-known and longest-running vehicle for channelling financial and technical cooperation to the candidates is

Phare. This programme provides grants, rather than loans, and can be broken down into two main priorities. The first, with some 30% of the budget, is institution building to help national and regional administrations as well as regulatory and supervisory bodies familiarise themselves with EU objectives and procedures. The second, with 70% of the budget, helps the candidates bring their industries and major infrastructure up to EU standards by mobilising the investment required. The support is chiefly targeted at areas in which EU norms and standards are becoming increasingly demanding: the environment, transport, industrial plants, and quality standards in products and working conditions.

Other aid programmes are specifically aimed at agricultural and rural development and at transport and environmental projects. There are also programmes to fight corruption and organised crime and to handle refugees and asylum seekers. In addition, numerous seminars and workshops for officials in the candidate countries are held on subjects as diverse as fiscal surveillance and customs clearance.

3. Current Status

Last weekend's Seville European Council reaffirmed that, if the present rate of progress in negotiations and reforms is maintained, the European Union is determined to conclude the negotiations with Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia by the end of 2002, if those countries are ready. Concerning Bulgaria and Romania, given the considerable progress achieved over the last few months, the Seville European Council indicated that a more precise timetable would be set for these countries' accession process by the end of the year. Later this year, the European Council, under Danish Presidency, turned its attention to the regular accession country progress reports for 2002 and the Commission's specific recommendations as to the countries with which negotiations should be concluded. This will clear the way for the final stage of negotiations to begin before the European Council meets again in Copenhagen in the middle of December 2002.

It would therefore seem reasonable to expect that the Treaty of Accession could be signed in spring 2003. The objective remains that these countries should participate in the elections for the European Parliament in 2004 as full members. However, this common aim can only be realised within the envisaged time frame if each candidate country adopts a realistic and constructive approach. Thus, it appears that we might be able to close the circle from Copenhagen to Copenhagen. During this time, the candidate countries have gone through a remarkable development, not only by fulfilling the Copenhagen criteria but also by changing their entire political and economic systems. This is an achievement, which must not be underestimated.

4. Enlargement and Ukraine

I would like to end by saying a few words about the EU's relationship with Ukraine within the context of enlargement. Ukraine's relations with the European Union are based on the framework of the Partnership and Cooperation Agreement (PCA) from 1998 and the EU Common Strategy on Ukraine from 1999. The basic principles underpinning the PCA are support to Ukraine's consolidation of democracy and its transition to a market economy. In respect to the latter, the agreement's provisions on goods, services, labour and capital-introducing extensive legally-binding requirements-make it an important instrument for bringing Ukraine closer to the legal frameworks of the single European market and the World Trade Organisation (WTO) system. The PCA also contains a number of evolutionary clauses, including the prospect of a free trade area, which are dependent upon progress made in fulfilling the requirements of the PCA.

The Common Strategy from 1999 further underlines the significance the EU attaches to Ukraine. It aims to develop a strategic partnership on the basis of the PCA, acknowledging Ukraine's European aspirations and welcoming its European choice. The three objectives of the strategy include:

- supporting the democratic and economic transition process in Ukraine;
- meeting common security, energy and environmental challenges on the European continent; and
- supporting or enhancing cooperation within the context of enlargement, including support for Ukraine's integration into the European and world economy. This includes the WTO, and cooperation in the field of justice and home affairs, dealing with common problems related to trafficking, illegal immigration and transborder crime.

With respect to enlargement, its consequences will overall be positive for Ukraine and will lead to increased opportunities, in particular concerning trade and foreign direct investment. Continued structural reform and progress in harmonising Ukrainian legislation with EC standards are of course vital to enable Ukraine to fully benefit from these positive consequences. Through the Tacis and other programmes, the Commission is paying increasing attention to border issues between Ukraine and the accession countries, the upgrading of border crossings and the enhancing of customs and cross-border cooperation. Enlargement is also likely to give fresh stimulus to EU-Ukraine relations, due to the fact that the neighbouring countries with which Ukraine has traditionally had very close political, economic and cultural ties will now become members of the Union and actively influence its future path.

However, the enlargement process does of course also raise questions about how the Union will more generally organise its relationships with countries facing a longer road towards membership than those that will become members in the next few years. The proposal by some member states for a

special neighbour relationship between the enlarged Union and Ukraine, Belarus and Moldova should be seen in this context. Similar discussions about models for developing relations with South-Eastern Europe and the Mediterranean basin are also ongoing at the current time.

As noted in President Kuchma's recent address to the Ukrainian Parliament on Ukraine's European choice and the strategy of economic and social development from 2002 to 2011, consistent progress has been made in developing the EU-Ukraine strategic partnership since the PCA came into force in 1998. His address also emphasised the need for systemic transformation involving political, economic and social reform to move Ukraine towards the standards of real democracy and a socially oriented market economy based upon the supremacy of law and ensuring the rights and freedoms of citizens to realise Ukraine's European choice.

With the further integration of Europe being pursued through enlargement and with the aspirations of neighbours such as Ukraine to join or work closely with this new Union, regional security on the European continent is being enhanced and helping us to build upon the progress already made in our cooperation and to step by step move ever closer towards building the foundations for making Ukraine's European choice a reality.

