

Russia and Ukraine settle disputes, sign major accords

by Konstantin George

Hidden by the war in Chechnya, an important, singular process of Russia seeking and establishing concrete cooperation with the “core” former Soviet, non-Russian republics—Ukraine, Belarus, and Kazakhstan—has been under way throughout the month of February. In the cases of Belarus and Kazakhstan, this involves developments toward economic, political, and military reintegration. The key singularity in this process, a portent of other policy changes afoot in Moscow, is the abrupt reversal of the Russian posture vis-à-vis Ukraine, from one of provocation and sabotage of potential joint economic cooperation, to re-launching close economic ties on the basis of not tampering with Ukraine’s sovereignty.

The changed dynamic became visible with the Feb. 4 meeting in Moscow of the prime ministers of Russia, Belarus, and Kazakhstan, which produced an agreement to establish a customs union among the three. This event was preceded by a landmark agreement in January between Russia and Kazakhstan to create joint armed forces, an event that went unnoticed in the western media.

The developments with Belarus and Kazakhstan, while important, were “in the pipeline,” so to speak, and not surprising. But the integration track was given more impetus by a two-day visit by Russian Federation President Boris Yeltsin to Belarus on Feb. 21-22, where he and Belarus President Alexander Lukashenko signed a “Treaty of Friendship, Good Neighborly Relations and Cooperation” in the Belarus capital of Minsk. The treaty reaffirmed the customs union, established a coordinated foreign policy, the joint securing of Belarus borders, and reaffirmed the 1992 Collective Security Treaty.

As announced by Russian Defense Minister Pavel Gra-

chov, who was present with Yeltsin in Minsk, agreement was reached for the stationing of Russian aircraft on “several” Belarus air bases, and the two antiballistic-missile early warning facilities on Belarus territory have been officially made Russian property. A draft agreement for creating joint armed forces, with a joint command in Moscow, has been formulated and is expected to be signed later this year.

A surprise development

The surprise positive singularity of the month emerged on Feb. 10, when Russia and Ukraine initialled their long-stalled Treaty of Friendship and Cooperation, in the Ukrainian capital of Kiev. The treaty had been on ice since September, because of Russia’s provocative and unacceptable insistence that the treaty contain a clause granting dual citizenship to Ukraine’s 12 million ethnic Russians, and Moscow’s refusal to amicably settle the question of Ukraine’s outstanding debts for Russian natural gas deliveries. The Russian Foreign Ministry, under Andrei Kozyrev, had played a leading role in pushing these demands.

Then, Moscow suddenly reversed itself on both counts. As events have made clear, the reversal was effected by the leaders of the Russian military-industrial complex and the military, in alliance with Prime Minister Viktor Chernomyrdin. The Russian delegation to Kiev that initialled the treaty was led by Oleg Soskovyets, a leading figure in the military-industrial complex and Russia’s first deputy prime minister. The treaty was agreed to with the elimination of the “dual citizenship” clause.

The visit was cleared through a behind-the-scenes agreement to eliminate the natural gas debt impasse. This agree-

ment became formal on Feb. 17 when, under the direction of Chernomyrdin, the former head of Gazprom, the Russian gas producer and exporter, agreement was reached settling Ukraine's outstanding debts for 1994 gas deliveries.

Under the terms of that agreement, \$1.4 billion in debts were settled as follows: \$500 million was rescheduled; Ukraine agreed to cover \$600 million of debts through deliveries of goods; and the final \$300 million was settled by allowing Gazprom to acquire equity stakes in Ukrainian oil and gas facilities, such as refineries and pipelines.

The agreement thus ensures the continued supply of natural gas, absolutely vital for Ukrainian industry and for household heating and hot water.

Russia gets the Black Sea Fleet

The Kiev talks also settled the other major outstanding Russian-Ukrainian conflict, the resolution of the Black Sea Fleet question. Here, the Russian military got what it wanted. It was agreed that Russia would nominally receive 85% of the fleet. In reality, except for coastal patrol boats, the entire fleet is now in Russia's formal possession. More important, the single most crucial demand of the Russian military was accommodated: Ukraine agreed to give Russia permanent possession of the main Black Sea Fleet naval base at Sevastopol in Crimea.

The terms of the agreement, while clearly overwhelmingly in Moscow's favor, were no different than what the Ukraine government of President Leonid Kuchma was willing to settle for already back in September 1994.

The initialling of the treaty finally clears the way for the four-times postponed Yeltsin-Kuchma summit that will sign the treaty. The summit is now expected for either late March or early April.

Cooperation takes off

Just how crucial the breakthrough engineered by Soskovyets and the military-industrial complex is, became visible within a week, when the dynamic of bilateral cooperation that began with the initialling of the treaty took off.

On Feb. 18, Russia and Ukraine signed a landmark agreement for cooperation in the vital military-industrial sector. This sector is the most crucial one for both the Russian and the Ukrainian industrial economies. For Ukraine, in one sense even more so, because the proportion of Ukrainian industrial workers in military and military-related industries to the overall industrial workforce is higher than in Russia.

Russia and Ukraine agreed to form a joint group, called International Air Engines, to build aircraft, supply armaments to Russia, and supply parts for Russian aerospace. The agreement was signed by Viktor Glukhyk, head of Russia's State Committee for Defense Industry, and Ukraine Defense Minister Vladimir Shmarov, both of whom stressed that the agreements are meant to help military-industrial enterprises hurt by the collapse of orders in the wake of the dissolution



New partners: Ukrainian President Leonid Kuchma (left) and Russian Prime Minister Viktor Chernomyrdin.

of the Soviet Union.

The agreements produced some concrete results. Glukhyk announced that Russia intends to replace its aging IL-76 transport aircraft with 400 AN-70 transport planes, which are being produced in Ukraine. Shmarov furthermore endorsed the Russian proposal to have Ukraine build 19 TU-160 long-range strategic bombers for the Russian Air Force, calling this and the AN-70 project the first steps in wider cooperation between the military-industrial complex of both countries. Glukhyk elaborated on this point, saying that Russia will be buying military hardware from plants in the industrial belt of eastern and southern Ukraine. He specifically cited the intention to resume the purchase of missiles and missile parts from Ukraine's huge "Yuzhmash" complex in Dnipropetrovsk, which had been the leading missile producer in the former U.S.S.R., under a director, Leonid Kuchma, who has since become President of Ukraine.

These agreements are of enormous political and economic significance for Ukraine, because they form the basis for ending the nagging problem of mass unemployment in the industrial belt, which contains most of Ukraine's ethnic Russian minority. Under conditions of economic stability, or the tangible promise thereof, this minority has demonstrated that it is *not prone* to enticements to join anti-Ukraine separatist movements. From the standpoint of Russia, these agreements demonstrate a healthy impulse in the military-industrial complex that it is far more important for Russia to preserve and build its real strength, in the realm of advanced industry, than to not cooperate with Ukraine, and thus abet the triage of its real economy for the sake of an imperial game of economical-ly and politically destabilizing Ukraine.