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ANALYSES

Election campaign starts in Ukraine

The official campaign before the presidential elections scheduled for 17 January 2010 began on 19 October. The frontrunners are Viktor Yanukovich and Yulia Tymoshenko. Neither of them is likely to gain an absolute majority in the first round, and so the election is expected to be resolved in a runoff on 31 January.

The beginning of the campaign clearly shows that it will not involve any debate on the condition and future of the Ukrainian state, as was the case in the 2004 election. Since there are no significant differences in programme between the main candidates, the campaign will be definitely populist and probably very brutal.

Registration of candidates

Under the election laws, candidates may be registered between 19 October and 6 November. However, nearly all the major candidates already put themselves forward during the first week. They include the frontrunners Viktor Yanukovich and Prime Minister Yulia Tymoshenko, as well as politicians for whom the current campaign is no more than preparation for next year's local elections and the likely subsequent parliamentary elections: the former defence minister Anatoliy Hrytsenko, Arseniy Yatsenyuk, who until recently has been regarded as the elections' 'dark horse', the incumbent president Viktor Yushchenko, the leader of the People's Party Volodymyr Lytvyn, the Communist leader Petro Symonenko, the socialist candidate Serhiy Tyhipko, and the head of the extreme-nationalist Svoboda party Oleh Tiahnybok. Yuriy Kostenko, the head of the Ukrainian People's Party, as well as a number of outsiders, are still expected to register.

The candidates' showings

According to a poll conducted in late September which was commissioned by the Ukrainian Reform Support Foundation associated with the Yulia Tymoshenko Bloc, Yanukovich is clearly the frontrunner and no candidates apart from himself and Tymoshenko will count in the ballot. Declared support for Yanukovich in the first round is running at 28.7% (a increase of 0.9% since July), 19.0% for Tymoshenko (+2.1%), and 8.2% for Yatsenyuk (a fall of as much as 4.9%). Among the other candidates, only Symonenko exceeds the 3% threshold, Yushchenko being backed by 2.8% of respondents. In the course of the campaign, the showings of some minor candidates may improve, but not to any extent that could challenge the two frontrunners.

The forecasts concerning the runoff are even clearer: Yanukovich would win 40.3% of the vote (an increase of 2.7% since July), and Tymoshenko 32.6% (up by 3.7%). It is notable that here, the respondents are more decided than they are with regard to the first round: only 8.8% have declared that they would not know who to vote for in the second round, compared to as much as 20.3% for the first round.

This implies that Yulia Tymoshenko still has a chance to challenge Yanukovich in the second round on an equal footing. Whether this chance materialises will largely depend on the turnout, and on whether Tymoshenko succeeds in simultaneously maintaining her popularity in western Ukraine and taking over a portion of the Communists' electorate. The dynamism Tymoshenko demonstrated in previous campaigns may prove particularly effective in the final phase of the campaign. The prime minister will also benefit from the fact that, as the current head of government, she will be constantly present in the media.

Preliminary objectives of the election campaign

The most important objective for Viktor Yanukovich is, first of all, to hold onto his current electorate in eastern and southern Ukraine, take over Symonenko and Lytvyn's votes in the runoff, and to win new voters in the central districts. For Yulia Tymoshenko, the most important aim is to maintain her current popularity in the western part of the country, substantially improve her showing in the centre, and fight for the votes of Symonenko and Lytvyn supporters. While Yanukovich's objectives are coherent, Tymoshenko will be pursuing contradictory aims, as she will have to appeal to the communists, the nationalists and the rural voters who support Lytvyn all at the same time. However, this difficulty may become a mobilising challenge for her team, while the apparently easily attainable objectives of Yanukovich may take his staff off their guard; it has already been noted that his campaign is 'languid').

Yanukovich's campaign started steadily and without major alarms; this could be epitomised by his conventional electoral congress which ran on the slogans 'Politics is not the most important thing' and 'Ukraine for the people'. Tymoshenko, on the other hand, relocated her congress to Kiev's Independence Square, transforming it into a rally with one hundred thousand participants. Her slogans are 'Breakthrough for Ukraine' and 'She will win', where the 'she' refers equally to Ukraine and Tymoshenko. This suggests that her campaign will be highly emotional.

The programmes of both frontrunners are definitely populist, and both have been making quite similar pledges which are impossible to deliver but sound nice to the voters' ears. There seems to be no disagreement between Yanukovich and Tymoshenko on important issues: Yanukovich has openly spoken about Ukraine's 'non-bloc status', and Tymoshenko, too, does not count NATO membership among her objectives. When she refers to accession to the European Union, she knows that it cannot be attained, at least during her presidency. Similarly, Yanukovich's postulate concerning 'equal respect' for the Ukrainian and Russian languages (which certainly does not imply any pledge to grant the latter equal status as a state language) is also acceptable to Tymoshenko (even if she cannot admit that, because of the voters in western Ukraine).

In this situation, one should expect that during the campaign, the election staffs of the two frontrunners will accuse each other of treason, irresponsibility, and so on, and produce materials intended to discredit their rivals. The first signs of this were already apparent when the unconfirmed criminal allegations against Yanukovich were 'refreshed'. On the other hand, a serious debate about the condition of the Ukrainian state and ways to improve it is unlikely to happen.

Tadeusz A. Olszański

The Nord Stream gains momentum

The Nord Stream Consortium (NS) is implementing successive stages of the Nord Stream gas pipeline project. The consortium has prepared a logistical base for constructing the first branch, and has started the construction of the Nord Stream OPAL section. It has obtained the first construction permit from Denmark, and successive permits from Germany and Russia will be a mere formality. Nevertheless, it is still far from certain that the construction of the NS' first branch will begin in April 2010. The fact that Sweden and Finland have so far withheld permissions remains an obstacle. It is probable that Helsinki will grant its consent under pressure from Moscow. Stockholm, however, is showing stronger resistance, which may need pressure from Paris (once Gaz de France joins the NS consortium) to overcome. Even if the construction of Nord Stream does begin, the question of ensuring the sources of supplies and markets for nearly half of the 55 billion m³ of gas to be transmitted via the NS will remain a key problem.

Preparations progress systematically

During the last few weeks, the Nord Stream consortium has taken steps which have moved preparations to construct the Nord Stream gas pipeline along considerably. Of the countries in whose exclusive economic zones the pipeline is to be built, Denmark was the first to grant permission for work to be carried out in its zone. Copenhagen's support was partly motivated by the fact that Denmark's DONG Energy concluded a contract on 1 January 2009 to supply gas from the projected second branch of the pipeline. Finland made the first major concession when it granted permission for the destruction of mines on the Baltic Sea bottom in the Finnish zone earlier this month. Construction of the German section of the NS, the OPAL gas pipeline to transport Russian gas via Germany to the Czech Republic, has also started. This €1 billion investment will make economic sense only if the Nord Stream gas pipeline is built. Finally, two further logistic bases (pipe storage facilities) have been put into operation in the Finnish port of Kotka and in Sweden's Karlskrona, and the extension of the German port of Sassnitz has begun. The consortium has already spent €2 billion on preparations for the pipeline's construction.

Obstacles and pressures

The construction of the Nord Stream gas pipeline cannot begin formally until the remaining four countries in whose exclusive economic zones the pipeline is routed (Russia, Germany, Finland and Sweden) have granted their permissions. In practice, the positions of Stockholm and Helsinki, which have been withholding their permissions due to environmental and security concerns, are of crucial importance. While Finland has suggested that it will issue a favourable decision by the end of 2009, Sweden has not declared any final date by which the decision will be taken. It is not certain that Finland will ultimately grant its approval, either. In order for the project to be implemented, Finland has to grant two kinds of permission: the government's permit to use the Finnish exclusive economic zone, and a construction permit from the ministry for the environment. It seems that Helsinki may be playing a sophisticated game in which, on the one hand, the government has pledged to issue the permit in November, but on the other, the ministry for the environment has requested the Nord Stream company

to provide additional information in mid-October, which will thus inevitably prolong the approval procedure.

The Russians are trying to persuade the Finns to issue a favourable decision quickly by means of a pledge to postpone the introduction of barrier export duties on Russian timber at least until 2011, and to admit Finnish companies to participate in the Shtokman project. France's involvement in the NS project may also help to overcome the resistance of Sweden and Finland. Talks concerning the accession of Gaz de France (GdF) to the NS consortium are well advanced, the only obstacle being the fact that the French expect a seat on the Board of Directors and the right to veto the consortium's strategic decisions. However, if GdF does enter the consortium, a domino effect may follow in which Finland will grant its consent as a result of lobbying efforts undertaken by Paris, Moscow and Berlin. Finland might then be followed by Sweden, which is currently particularly susceptible to pressure, as it presides over the European Union and seeks to appoint a Swedish national to the post of EU foreign minister. The parties may again use the mechanism applied previously to electing the heads of international institutions, whereby Berlin in co-operation with France pressed the candidacy of Thomas Mirow as the head of the EBRD after Paris obtained Germany's support in having Dominique Strauss-Kahn appointed as head of the IMF.

The fact that all the required permissions have not yet been granted is also an obstacle to obtaining financing to construct the first branch. Creditors are showing keen interest in financing the investment because of the credit guarantees offered by Italy's SACE and the German public institutions Hermes and UFK. However, the procedures in many banks require the investment to have been previously approved by the administrative bodies.

Questions over Nord Stream's profitability

Even after all the permissions have been granted and funding has been raised, question about the project's profitability will remain. It is not clear how gas supplies for the pipeline are to be guaranteed, nor who will buy the gas transmitted via the Nord Stream (especially if both branches are built). Of the 27.5 billion m³ of gas planned to be sent via the first branch annually, arrangements are in place for the sale of 21.5 billion m³ of gas (of which 13 billion is to be purchased by companies in which Gazprom is a shareholder), and it may be difficult to find new customers while the global economic recession continues. Supplies for the first branch will come from the Yuzhno-Russkoe field. In the longer run, the Shtokman field is to provide the raw material base for the NS, although this field is unlikely to come on line before 2016. Given these limitations, the principal option is to build the first branch now and proceed with the second one after the recession ends in the European Union. The other option is to build both branches with a total capacity of 55 billion m³. In that case, Gazprom would solve the problem of ensuring gas supplies for the NS by implementing its strategy of reducing transmission via Ukraine and/or Poland. This would be the easiest solution in the initial period of the pipeline's operation. It would also allow the Russians to pressure those two countries to facilitate Gazprom's access to local gas markets. In addition to entering the Polish market, the question of markets for NS gas could be solved by gaining bigger shares on the markets of other Central and Eastern European countries, as well as by co-operation with Western companies on gas-fired power plant projects.

Lukasz Antas, Zuzanna Brunarska

EVENTS

Russia: The State Duma expands the president's powers to use troops abroad

On 23 October, the State Duma amended the Defence Act by expanding the powers of the head of state to use the Armed Forces outside Russia, as well as the possible scope of such use (including for the defence of Russian citizens abroad). The new rules indicate that the Russian government regards the option of using military force as an important instrument in the pursuit of their foreign policy objectives, especially in the area of the former Soviet Union.

Until now, the Defence Act provided that the Armed Forces could be used to repulse aggression against the Russian Federation, defend the state's territorial integrity and deliver on Russia's commitments under international agreements. The new version of the Act states that Russian troops may be used beyond the borders of Russia 1) to repulse an attack against the Armed Forces of the Russian Federation or any other troops deployed outside Russia's territory; 2) repulse or prevent aggression against any other state; 3) protect Russian citizens abroad; 4) fight piracy and ensure the security of navigation. Decisions concerning the 'operational use of the armed forces' (i.e. strictly combat operations) are to be taken by the president acting on a resolution by the Federation Council (as required under Article 102 of the Russian constitution), and it is also the president who will define the number of troops, the operation theatres, the tasks and dates of the use of armed forces abroad, and who announces the pullout. The provision for the defence of Russian citizens abroad is particularly noteworthy. In the external dimension, it will serve as an instrument of pressure on those former Soviet republics which the Kremlin considers to constitute a zone of Russia's privileged interests. It is very probable that the new rules will become an integral part of the new military doctrine which President Dmitry Medvedev is expected to sign early next year. <pež>

Russia: The president seeks more state control over *goskorporatsii*

On 21 October, President Dmitry Medvedev held a meeting with representatives of Russian private business. The most important subject discussed concerned a joint criticism by the entrepreneurs and the president of how state corporations (*goskorporatsii*) are functioning in the Russian economy. The president once again called for more state control over these structures. The demonstrative criticism of *goskorporatsii* during the meeting may be interpreted as the president's lobbying for a modification of the way state corporations operate, which will not be possible without PM Vladimir Putin's approval.

The six *goskorporatsii* were created in 2007, in the final period of Vladimir Putin's presidency. They were granted broad autonomy and control over enormous state-owned assets. Dmitry Medvedev has repeatedly criticised the state corporations' freedom, and ordered an audit of their finance this summer (the

results are to be presented on 10 November). The president argues that some *goskorporatsii* should be wound up, and that the remaining ones should change their legal form (that is, to be transformed into joint stock companies).

The meeting with entrepreneurs who, like the president, are critical of the *goskorporatsii*, can be viewed as a way to make the case for a modification in how state corporations function, and to find allies to support such a move. The *goskorporatsii* are also opposed by some members of the ruling elite itself (including the finance minister Alexei Kudrin). Another argument for a change in their status comes from their inefficiency, and the fact that they need to be subsidised during economic crisis. However, even if the president's proposal are implemented, this will not entail any limitation of the state's presence in the Russian economy, but will only restore the state bodies' control over those assets which have been lost to the directors of *goskorporatsii* (especially Sergei Chemezov, head of the Rostekhnologii corporation). <iwo>

Ukraine: Terror threat in Crimea

On 26 October, the Ukrainian interior minister Yuriy Lutsenko announced that several members of the Takfir wal-Hijra international Islamist organisation had been arrested in Crimea, and that the organisation had been planning an attack against Mustafa Jemilev, the chairman of the Crimean Tatar Mejlis. Jemilev has confirmed this information, and called for permission to bear arms to be officially issued to Mejlis members. The emergence of Takfir wal-Hijra in Crimea seriously complicates the situation in the peninsula, especially since the Crimean Tatars have been radicalised in the social and religious dimension for some time.

Created in 1971 in Egypt, Takfir wal-Hijra is regarded as a terrorist organisation by the USA and the European Union, and is believed to have links to al-Qaeda. The information available so far suggests that its Crimean units were created as a result of the activities of the pan-Islamic Hizb ut-Tahrir organisation, which is suspected of involvement in terrorism in many countries, and which has been present in Crimea for at least five years.

When commenting on the threats, Jemilev made a veiled allegation that Russian secret services were inspiring Takfir wal-Hijra "in order to destabilise the situation in Crimea". While this is possible, this should not be considered the only motive behind the organisation's activities (as well as the activities of other radical Muslim movements); the pan-Islamic movement seeks to build influence among the Crimean Tatars because of its own religious, ideological and political objectives. <TAO>

European Union lifts sanctions against Uzbekistan

The EU foreign ministers' meeting in Luxembourg on 27 October decided not to prolong its embargo on arms trade with Uzbekistan. This means that all the sanctions imposed on Tashkent in 2005 after the events in Andijan (when the Uzbek army killed a large number of demonstrators) have now been lifted, despite the fact that Uzbekistan has not met the EU's demands. The decision demonstrates the inefficacy of EU policy towards Uzbekistan, and is being perceived in Central Asia as proof of Brussels' weakness.

The sanctions imposed by the European Union in October 2005 included an embargo on the sale of arms to Uzbekistan, a ban on entry to the EU for Uzbek officials responsible for the massacre, and the suspension of the Partnership and Co-operation Agreement (PCA). They have never been particularly severe for Tashkent, but were an important symbolic and political gesture. They were to be lifted on condition that Tashkent allowed an independent investigation of the Andijan events. Even though no such investigation has taken place, the sanctions have been gradually reduced since November 2006. When presenting the reasons for the present decision, the EU foreign ministers said that Uzbekistan must be encouraged to take further measures to improve human rights, and pointed to the steps Tashkent has already taken (the prohibition of arrests without a court warrant, the ratification of conventions prohibiting child labour, and the release of a few human rights activists).

The decision to lift sanctions first and foremost exposes the European Union's helplessness in its relations with Central Asia. The fact that the move is being justified by the measures Tashkent has taken so far, even though it is in fact only pretending to be willing to co-operate, undermines the EU's credibility in the region. Contrary to the claims of those who supported the decision, the abolition of sanctions will have no major effect on the development of co-operation between Tashkent and Brussels, and may only facilitate the development of bilateral relations for those EU member states which are most engaged in Uzbekistan, and which have been co-operating with the country in spite of the EU sanctions (especially Germany). <wol>

CES

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