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## ANALYSES

## Ukraine faces the prospect of a change of government in the aftermath of the presidential election

Viktor Yanukovich has won the presidential election runoff with an advantage of 3.48% over Yulia Tymoshenko. The election result is not expected to be overturned. Since the 'cohabitation' of the new president and Yulia Tymoshenko, who still holds the position of prime minister, would not ensure the necessary uniformity of actions between the central state authorities, Yanukovich is expected to try to create a coalition of the Party of Regions with Our Ukraine, the communists and the Lytvyn Bloc, and form a new government. Failing this, early parliamentary elections will probably be held in the autumn of 2010.

### The election result

No major disturbances to the vote on 7 February have been reported. Ukrainian and international observers agree that such irregularities and abuses as did take place have not affected the election result. The numerous complaints lodged with the courts by Tymoshenko's election staff will not alter the election result, even if a substantial number of them are taken into consideration. Likewise, attempts at challenging the Central Election Commission's final decision in court are unlikely to be successful. The official election result should be announced by 18 February, and the new president should be inaugurated within 30 days of the announcement.

The turnout was 69.15% (2.4 percentage points more than in the first round; the increase was reported for both the eastern and western districts of Ukraine). According to the unofficial results, Yanukovich got 48.95% of the votes and Tymoshenko 45.47%; in absolute numbers this corresponds to 12.5 million and 11.6 million votes, respectively. These results confirm the exit-polls. 4.36% of voters, corresponding to 1.1 million – twice as many as in the first round – voted against both candidates.

Tymoshenko has refused to accept the election result and has announced that it would be overturned in court, but she has decided not to start any street protests. She is aware that the public is not prepared to participate, and that any failure of such a protest action would undermine her chances in the struggle for power which will follow the election. It is noteworthy that she made no public statements on either the first or the second day after the vote; she seems to be playing for time, apparently in search of a solution that would enable her not to lose face with the voters, and also to get the situation under control in her own Bloc, where the election has revealed major differences of opinion.

Yanukovich made an official statement to the media on 10 February (after the unofficial results were announced), in which he called on Tymoshenko to acknowledge the election result and resign, and on the coalition members to dissolve the coalition, so that official talks can be undertaken concerning a new government majority.

## Possible further developments

Ukraine is in a very difficult economic and political situation. Due to the election struggle, no budget has been adopted, and no realistic draft budget for the current year has even been prepared, while Ukraine is set to face a breakdown of public finance if foreign lending is not resumed. There is no chance that the IMF will resume financial support for Ukraine unless the coherent co-operation of the central state authorities is ensured. Overcoming the present crisis will require co-operation between the president, the government and the parliament, which is not possible as long as Tymoshenko stays in office as the head of government, and there is no clear government majority in the Ukrainian parliament.

Early parliamentary elections would be the natural solution. However, as Yanukovich's advantage over his rival in the presidential election was narrower than expected, his Party of Regions is not sure of winning the parliamentary elections decisively. Meanwhile, Tymoshenko may be encouraged to stage another trial of strength in the parliamentary elections in recognition of the fact that she was only defeated by a narrow margin.

The priority objective of the Party of Regions is to remove Tymoshenko from power as quickly as possible, and form a government that will implement the Party's political and economic interests alongside the president. Irrespective of how this objective is achieved, the solution to be devised in the coming weeks will be provisional and will ultimately lead to early parliamentary elections (in autumn 2010 or later). That is because with the current composition, the parliament is unable to form a majority that would guarantee efficient legislation and stable support for the government over the remainder of the current term (a period of more than two years).

As a first step, the Party of Regions will try to form a coalition with the current coalition partners of the Yulia Tymoshenko Bloc (BYuT), namely Our Ukraine (only some elements of which may back the Party of Regions), the Lytvyn Bloc and the communists. The position of the Our Ukraine parliamentary group will be crucial in this context, as without its support no new majority can be formed. The talks that have been started concerning this matter (unofficially for the time being) will not proceed easily: for a substantial number of Our Ukraine politicians, a coalition with the Party of Regions is extremely difficult to accept due to ideological factors; and on the other hand, rumours have been reported that Our Ukraine representatives have excessive expectations concerning seats for them in the new government. However, if the parties managed to form such a coalition (which they refer to as 'anti-crisis' and 'technical'), a new government could be formed, which would probably be led by the ex-deputy prime minister and finance minister Mykola Azarov.

If the Party of Regions manages to implement this scenario, further decisions will be taken after the municipal elections on 30 May, which will offer an opportunity to assess the chances of the main political forces in possible parliamentary elections in autumn. If the assessment is favourable to the Party of Regions, early parliamentary elections should be expected for September or October.

If no 'anti-crisis' coalition is formed, the Party of Regions will probably take measures to dissolve the current coalition and pass a vote of no confidence in the Tymoshenko government (there is a sufficient majority in the parliament to do so), and then once again try to persuade parts of Our Ukraine to join the new coalition.

The formation of a 'broad coalition' of the Tymoshenko Bloc and the Party of Regions, on the other hand, appears unlikely at this stage. This would mean that Tymoshenko would stay in power, which is unacceptable for the Party of Regions and unfavourable to the prime minister, as it would hinder her preparations for the next elections.

If attempts at forming a new coalition fail completely, early parliamentary elections will be the only solution left (it is legally possible to disband the parliament if no new coalition forms within one month). However, this solution would entail many months of relentless strife between the president and the government (because the current caretaker government would continue to operate until the election), and the paralysis of the state.

Tadeusz A. Olszański

## Russia adopts a new military doctrine

On 5 February, Russian president Dmitry Medvedev signed a public document entitled *Military doctrine of the Russian Federation*, and the classified *Principles of State Nuclear Deterrence Policy to 2020*. The doctrine does not put forward a comprehensive analysis of Russia's strategic environment or the threats to its security; it does not address any directions other than the trans-Atlantic (for instance, there is no mention of China's developing potential), and many challenges (such as proliferation of weapons of mass destruction) are dealt with in only very general terms. The content of the doctrine reveals an instrumental approach to the document, which does not lay down the future shape of Russia's foreign and security policy, but rather serves to further the objectives of Moscow's current policy, in particular with regard to Europe and European security issues.

### General description of the doctrine

The current doctrine directly identifies NATO as Russia's main opponent (the notion of the 'opponent' has been considerably narrowed down, in comparison to previous documents of this kind). The basic threats to Russia's security have been unambiguously linked with the West. They include the North Atlantic Alliance's ambition to take on global functions, the strengthening of NATO's military potential and NATO's possible enlargement, territorial claims against the Russian Federation and its allies and attempts at interference with their internal affairs, attempts at ignoring Russia's interests in the international scene, potential conflicts in the proximity of the borders of Russia and its allies, the destabilisation of the political situation in the countries bordering Russia, and the deployment of foreign military forces on the territories of such countries. The negative attitude towards American plans to build a missile defence system remains unchanged.

The part of the document dealing with military issues spells out general plans to modernise the armed forces. The doctrine also contains statements indicating that Russia treats its military potential as a helpful factor in consolidating

the Russian sphere of influence in the former Soviet area through the development of political and military co-operation (it is notable in this context that the doctrine recognises the special role of military co-operation with Belarus and the other members of the Collective Security Treaty Organisation).

## The question of the use of nuclear weapons

The provisions on Russia's right to use nuclear weapons have not been extended, contrary to earlier statements by Nikolai Patrushev, the secretary of the Security Council of the Russian Federation, who had said that the new doctrine would include provisions on the possibility of Russia carrying out pre-emptive nuclear strikes. This may be interpreted as an image-building measure intended to prevent possible accusations of 'aggressiveness'. The document states that Russia may use nuclear weapons in response to a nuclear attack against its territory or the territories of its allies, but also in response to a „threat to the existence of the Russian state” posed by the use of conventional arms. The classified document on Russia's nuclear deterrence policy presumably sets specific objectives and tasks for the Russian nuclear forces.

## The current dimension – Russia's policy on security in Europe

It is no accident that the Russian doctrine has been published just before the 46<sup>th</sup> Munich Security Conference. The doctrine demonstrates that Russia views NATO and the US presence in Europe as the main challenge to its European policy.

The West-focused and anti-NATO tenor of the doctrine adopted by Russia is due to the fact that Moscow's current policy is aimed at a revision of the European security order formed in the aftermath of the Cold War. Russia seeks to 'freeze' the current geopolitical situation – primarily, preventing the deployment of infrastructure and US armed forces on the territories of the states which joined the Alliance after 1999. The main threats to the security of the Russian Federation, as identified in the doctrine, should be interpreted in this context. Moscow's objective is to prevent the installation of the Patriot missiles in Poland and Romania's participation in the missile shield programme. Russia also wants to discourage NATO from adopting contingency plans for the Baltic States. Finally, Russia's intention is to promote the Medvedev's plan (which envisages the conclusion of a new European security treaty) and use it to deepen the existing divisions among NATO members. Moscow is also claiming the right to make joint decisions on European security affairs, and to influence the development of NATO's new strategic concept.

*Marcin Kaczmarski, Piotr Żochowski*

## EVENTS

## Russia builds up its public diplomacy structures

**On 3 February, President Dmitry Medvedev signed decrees establishing the Gorchakov Fund to Support Public Diplomacy and the Russian Council for International Affairs. These new bodies are tasked with supporting the activities of the official state structures in the areas of international, social and research/expert co-operation. The creation of these new institutions to promote Moscow's position abroad is a sign that the Russian authorities are increasingly resorting to soft-power measures to implement their foreign policy objectives.**

Both institutions are being established under the auspices of the Ministry of Foreign Affairs (and also, in the case of the Council, in collaboration with the Education Ministry) and will be largely financed from the state budget. The Fund to Support Public Diplomacy will provide financing (by means including grants) for the co-operation of NGOs loyal to the authorities with their foreign partners, and the involvement of such NGOs in international affairs. On the other hand, the Russian Council for International Affairs will promote the co-operation of experts and research through joint projects, courses for foreign policy specialists from other countries, and closer contacts with expert and research centres abroad (in co-operation with the Russian Academy of Sciences, among other bodies).

By establishing these two new institutions, the Russian authorities are extending the formal structures in charge of developing co-operation with foreign students, researchers, experts and NGOs, and promoting the Russian point of view abroad. A similar mission has been assigned to Rossotrudnichestvo, the federal government agency established in 2008 to support Russia's international activities in several dozen countries, mainly through the operation of research and cultural centres. <adu>

## Russian Federation: Gazprom postpones the implementation of the Shtokman project

**The board of directors of the Shtokman Development AG consortium, the operator of the first phase of development works in the Shtokman field on the Barents Sea, decided on 5 February to postpone the implementation of the project for three years. The current situation in the global and European gas markets, which is unfavourable to gas producers, has undermined the economic justification for continuing the costly investment, whose goals include increasing gas exports to Europe and starting the production and exports of liquefied natural gas (LNG) to North America.**

According to earlier plans, gas from the Shtokman field was intended to start flowing to Europe via the second branch of the Nord Stream pipeline by 2013, and be exported as LNG to the USA and Canada from 2014. Presently it is not certain if the consortium will start the project implementation in the

next few years. If a positive investment decision is taken, gas extraction in the Shtokman field could not start sooner than 2016, and the second phase of the project (LNG production) would have to wait until 2017.

The adjustment of Gazprom's investment plans has been triggered by the current trends in the global and European gas markets, which are negative from the point of view of gas producers. Decreasing demand in Europe and the decline in Gazprom's exports in 2009 (by around 14%, compared to 2008), as well as the oversupply of gas in the EU expected to occur in the medium term, have called into question the purposefulness of starting gas production in the Shtokman field any time soon. A technological breakthrough in the USA – the launch of gas production from unconventional gas sources (shale gas) – and the fact that the world's biggest gas importer has now become self-sufficient, make the purpose of the project's second phase questionable. The postponement of development work in the Shtokman field confirms the view that the Russian monopoly is experiencing problems with implementing important investment projects. It may also complicate the implementation of the second branch of the Nord Stream gas pipeline which, according to the original plans, was to transport gas from the Shtokman field to Europe from as soon as 2013. <epa>

## The troubles of the Belarusian budget

**The Belarusian finance minister Andrei Kharkovets announced on 4 February that the Belarusian budget's revenue in January had been lower than planned by 200 billion Belarusian roubles, corresponding to around US\$70 million (the revenue for the entire year has been planned at around US\$12 billion). There are many indications that Belarus' budget problems will worsen as a result of the less favourable terms for supplying and processing Russian oil. This may undermine the stability of the country's finance, and force Minsk to seek more foreign loans.**

Minister Kharkovets admitted that the budget problems were mainly due to the fact that the customs, VAT and excise revenues have been lower than anticipated as a result of a decrease of around 40% in the Belarusian refineries' production in January, caused by the Russian-Belarusian oil dispute which lasted several weeks. Until the end of last year, the Belarusian refineries in Mazyr and Navapolatsk accounted for around 10% of Belarus' tax revenue; but the new, much less favourable terms of Russian oil supplies negotiated in late January may significantly suppress the profitability of this sector, which, in turn, will have a negative impact on the state finance, including the level of currency reserves.

According to official Belarusian figures, currency reserves have decreased by around US\$380 million (6.7%) since the beginning of the year. In this situation it is possible that the Belarusian authorities will ask the International Monetary Fund, which has been giving Belarus credit since last year, to provide another loan. <kam>

## Romanian-Azeri gas co-operation

During the Romanian deputy energy minister Tudor Serban's visit to Baku on 1-3 February, the two sides signed an intergovernmental memorandum on energy co-operation, acting on an initiative proposed by Romania. The memorandum includes provisions for co-operation in the export of Azeri gas (either as liquefied natural gas [LNG] or compressed natural gas [CNG]) via the Black Sea to Romania. The concept corresponds with Baku's strategic interests, as it would enable Azerbaijan to diversify its gas export routes and reduce its dependence on Turkey for gas exports to Europe.

According to official statements, the project envisages gas transmission to the Georgian Black Sea coast, most probably to the Kulevi terminal controlled by Azerbaijan's SOCAR, via the existing Baku–Tbilisi–Erzurum gas pipeline (to which a connector would be built). Then gas would be sent in the form of CNG or LNG to the terminal in Constanta. Depending on the export formula selected (LNG or CNG), the necessary infrastructure would be built in the coastal areas. The memorandum also provides for the conclusion of a similar, trilateral agreement with Georgia, and thus for the official expression of state support for the gas export route in question.

The gas export concept proposed in the memorandum is in line with the strategy which Azerbaijan has been pursuing for the last few years with a view to building up an Azeri presence in the energy sectors of the Black Sea states. Reducing Azerbaijan's dependence on transit for gas exports is in line with the country's strategic interests; this means that the project will most probably be put into practice if the feasibility study to be performed demonstrates its economic viability. <ola>

## CES

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