

UKRAINE: A CHALLENGE FOR U.S., EU & NATO REGIONAL POLICY

COMMENTARY BY

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Abstract

President Barack Obama's current strategy of engagement with former adversaries is right on track. Russia stands out as a major short-term success story of this strategy. The signing of the Strategic Arms Reduction Treaty (START) Agreement, achieving Russia's approval to use its territory as an alternative supply route for the International Security Assistance Force's (ISAF) operations in Afghanistan, and Russia's increased activity to pressure Iran on nuclear issues are remarkable. In the long run, Obama's main challenge will be to turn these concessions into sustained cooperation. Among all these questions of potential contention between the United States and Russia, this research paper will specifically center on Ukraine. Its key objective is to assess whether Ukraine's current institutional neutrality and its so far unreformed energy sector will negatively affect Ukrainian democracy and make Kiev increasingly lean toward Moscow's political orbit.

Keywords: *Ukraine, U.S. foreign policy, EU, security, energy sector*

Introduction

President Barack Obama's current strategy of engagement with former adversaries is right on track. Increased talks with Burma, the Cuban leadership's readiness to talk to the United States and normalize bilateral trade, rapprochement with Russia, and attempts to engage Iran and North Korea are examples of this strategy. Russia stands out as a major short-term success story of this strategy. The signing of the Strategic Arms Reduction Treaty (START) Agreement, achieving Russia's approval to use its territory as an alternative supply route for ISAF operations in Afghanistan, and Russia's increased activity to pressure Iran on nuclear issues are remarkable. In the long run, Obama's main challenge will be to turn these concessions into sustained cooperation. While it is a right strategy to seek steady cooperation with Russia there are difficult tasks ahead of U.S.–Russian relations. Such issues as Georgia's breakaway territories of South Ossetia and Abkhazia, Ukraine's security, and a U.S. missile defense shield in Europe still loom large on the horizon.

Among these questions of potential contention between the United States and Russia, this research paper will specifically focus on Ukraine. Its key objective is to assess whether Ukraine's current

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institutional neutrality and so far unreformed Ukrainian energy sector will negatively affect Ukrainian democracy and make Kiev increasingly lean toward Moscow's political orbit.

The importance of this question is twofold. Firstly, Obama's Russia policy runs a risk of being overshadowed by the U.S.–Russian political divide with regard to Ukraine's geo-strategic place in the broader European political context. Given Ukraine's past political competitive track record which has polarized the country in the past, Obama's strategy could provide the right momentum to engage Ukraine concerning its security guarantees. Secondly, a lack of the U.S. and EU investment into Ukraine's economy and its energy sector may result in increased rapprochement with Russia which can threaten Ukrainian democracy.

This question involves understanding Obama's engagement strategy toward Russia, the latest political implications of Ukraine's stated neutrality with regard to joining regional security organizations (e.g. the Collective Security Treaty Organization or NATO),¹ reform problems in Ukraine's energy sector and its impact on democracy in Ukraine.

Arms control, Afghanistan, and missile defense have been the main pillars of Obama's "reset" engagement policy with regard to Russia. However, Russia is a major power with the capability to project its influence abroad where U.S. interests lie, including the EU and its neighborhood. This is especially evident in EU energy security issues and the division in the EU over energy supply routes, between Germany and Poland over Nabucco pipeline, for instance, the former for the project, the latter against it.² Another example of the divide within European members of NATO is the recent debate on removing tactical nuclear weapons from Eastern Europe.³ Newer members of NATO, such as Poland, insist on keeping these weapons as a deterrent against Russia. Although these disagreements occur, Russia has limited means in its arsenal to orchestrate the outcome of these tensions within NATO or the EU. But Ukraine is a different case. It is situated between NATO and the Collective Security Treaty Organisation (CSTO) members, but not being a member itself has led to strategic confusion as regards its foreign policy orientation – both on political and societal levels. If not engaged now, there is a risk that its sense of insecurity will bring another cycle of destabilization in Ukraine. Thus, when engaging Russia, the U.S. administration will also have to ease Ukraine's strategic insecurity. There are two important issues for the United States to take into account when engaging Ukraine: Ukrainian security guarantees and democracy in Ukraine.

Engaging Ukraine

There are two key issues that the United States will have to face when considering the strategic context around Ukraine: 1) Ukrainian security guarantees and 2) energy security. A lack of U.S. attention paid to these two issues can endanger democracy in Ukraine and cement Ukraine's pro-Russian orientation. This means that the current tilt toward authoritarian rule by the Yanukovich government will not be greatly challenged without active American and European engagement with Ukraine. Active European and American involvement in Kiev's economic and political spheres will allow them to monitor

¹ Fred Weir, "Yanukovich kills Ukraine's bid for NATO", *Christian Science Monitor*, <http://www.csmonitor.com/World/Europe/2010/0406/Yanukovich-kills-Ukraine-s-bid-to-join-NATO>.

² "Nabucco' Struggle Escalates", *European Dialogue*, 2009, <http://eurodialogue.org/energy-security/35>.

³ Rolph Mutzenich, "Time to remove nuclear weapons from Europe?", *Global Security Institute*, http://www.gs institute.org/pnnd/pubs/Tactical_nukes.pdf.

Ukraine's democratic development. If the United States does not address Ukraine's security guarantee, it will result in Ukraine's drifting toward Russia's orbit, especially in the vital energy sphere, which in turn threatens to weaken democracy development in Ukraine.

Security Guarantees

On June 6, 2010, the Ukrainian Parliament adopted a resolution entitled "Real Guarantees to Ukraine's Nuclear-free Status". A key proposal of this resolution was to develop the 1994 Budapest Memorandum on Security Assurances to Ukraine.⁴ On April 24, 2010, the Council for Foreign and Security Policy, a Ukraine-based nongovernmental organization, organized a conference titled "International Security Forum: From Ukrainian Security to European Security: 21st Century Challenges" in Lviv, Ukraine. The forum comprised well-known intellectuals, parliament members of Ukraine, and philanthropists. The main topic discussed during the conference was Ukraine's non-alignment policy. The majority of experts agreed that as Ukraine would not become a NATO member any time soon, it needed to formulate a new national security concept.⁵ Participants pledged that a new concept would be prepared and submitted to President Yanukovich. After he was elected president in 2010, Ukraine announced its neutrality with regard to regional security institutions, such as NATO and CSTO. Yanukovich is seemingly trying to strike a delicate balance between Russia and the U.S. During the April 2010 nuclear energy summit in Washington, Ukraine announced that it would relinquish its nuclear stockpile, namely its highly enriched uranium. His first official visit was to Brussels as opposed to expectations that he would first travel to Moscow. However, Ukraine also signed a new agreement with Russia to extend a lease until 2042 for the Russian Black Sea Fleet that is stationed in Sevastopol.⁶ This agreement was later ratified by the Ukrainian parliament with serious violation of procedural rules: members of parliament, who were in fact absent during the ratification, were counted as having voted in favor of the deal.⁷

According to the former Minister of Foreign Affairs Boris Tarasyuk, Ukraine is still experiencing a political polarization and its external orientation continues to strongly depend on who is in power. Volodymyr Ohryzko, another former minister for foreign affairs, stated that non-alignment will be a big financial burden for Ukraine. According to Ohryzko, Ukraine will not be able to sustain the financial costs of being non-aligned and provide for its own security independently.⁸ The point about sustainability of financial burdens for Kiev's non-alignment policy is valid, given Ukraine's current economic challenges.

Discussions around Ukraine's strategic policy orientation have usually been about debates on whether it will come into Russia's political orbit or pursue pro-NATO policies, but the issue is not that black and white. NATO's enlargement issue is a classic example of how politics and its challenges come into play in an alliance. There are two main challenges within alliance politics: entrapment and

⁴ *Kyiv Post*, "Parliament proposes drafting international document to strengthen security assurances to Ukraine", Interfax, <http://www.kyivpost.com/news/politics/detail/72242/>.

⁵ "International Security Forum Resolution Adopted", *Council for Foreign and Security Policy*, <http://www.cfsp.org.ua/en/about-cfsp/91-2010-05-06-09-34-01>.

⁶ Edward Chow, "Neighborly corporate raid", *Kyiv Post*, http://www.kyivpost.com/news/opinion/op_ed/detail/66079/.

⁷ "Dead Souls voted for Yanukovich/Medvedev pact" (За ратифікацію пакту Януковича-Медведєва голосували "мертві душі"), *Pravda*, <http://www.pravda.com.ua/news/2010/04/27/4977472/>

⁸ "Ukraine will be vulnerable if left out of military blocks", *RosBalt*, <http://www.rosbalt.ru/2010/04/15/728871.html>.

abandonment.⁹ In NATO's case, with regard to its Eastern enlargement, entrapment is more likely. This brings with it the issue of NATO's new post-Cold War identity. The former Warsaw Pact members who are now NATO members tend to see it as a security guarantee against their former patron, i.e. Russia. On the contrary, older Western European members of the Alliance do not share this concern. Russia was very successful at bilateralizing its relations with such countries as France and Germany. Ukraine's internal divisions over NATO and current U.S. policy toward Russia can provoke a sense of insecurity in those Eastern Europe countries that are for Ukrainian membership. Division over such key issues on European affairs is an important fault line between the alliance members that could bring unnecessary entrapment into one another's external problems.

Ukraine's security policy orientation changes dramatically after each administration. As recent experience showed, it went through the period of multi-vector foreign policy under Leonid Kuchma, uncompromising anti-Russian and pro-NATO policies of Yushchenko, and, presently, the non-alignment strategy of Yanukovich. During all these administrations in power, most new NATO members were actively lobbying for Ukrainian membership into the alliance, and the schisms within NATO over this issue increased as the number of its members grew. Every new member or a group of members try to pursue their own security policies. Put another way, they are promoting their own vision of European security, which usually includes having Ukraine in NATO. Therefore, leaving Ukraine without security guarantees that would be acceptable to both NATO members and Russia generates a risk of entrapping NATO members into political confrontation with Russia.

Given the extent of the traditional polarization in Ukraine over foreign policy issues the chances for such a confrontation have increased. Taking into account Ukraine's ultra-competitive political environment, Ukraine might face another crisis that could leave the country in a crisis. In this case, countries like Poland would most likely support pro-NATO opposition and this will entrap the United States in another cycle of tensions with Russia. Current president of Poland Bronislaw Komorowski has been vocal over his support for Ukraine's NATO membership. In his 2008 visit to Kiev, Komorowski criticized anti-NATO protests in Ukraine and stated that NATO members that oppose Ukraine's membership could exploit such protests.¹⁰ However, his stance highlights yet another division over Ukraine's membership within NATO. This is important because despite the fact that Yanukovich curtailed Ukrainian government's NATO ambitions, but there are still certain opposition and intelligentsia members that advocate pro-NATO policies.

Poland is one of the key countries whose relations with Russia and Ukraine are very important. There is an interesting relationship here: Ukraine is important for Washington to preserve the U.S. engagement policy's achievements with Russia, and Poland is important for Russia to preserve the achievements of the Russian rapprochement policies with Ukraine and to strengthen its relations with Europe. Zbigniew Brzezinski once mentioned that the United States is concerned with Ukraine's independence because it is very concerned with Russia. According to Brzezinski, bolstering Ukraine's independence would tame Russia's imperial temptations.¹¹ Using the same rhetoric, it is possible to say that Russia is concerned with Poland because it is concerned with Europe and Ukraine. Poland has long been a strong advocate of Ukraine's admission to NATO and the EU. Russia seems to be quicker to realize the importance of Poland than the United States is to grasp the importance of Ukraine. Russia has already

⁹ Glenn H. Snyder, "The security dilemma in alliance politics", *World Politics*, (1984), 461-495.

¹⁰ "Anti-NATO opposition harming Ukraine, says Polish Speaker," *Polskie Radio*, July 3, http://thenews.pl/international/artykul77471_anti-nato-opposition-harming-ukraine--says-polish-speaker.html.

¹¹ Zbigniew Brzezinski, "An agenda for NATO", *Foreign Affairs*, (2009).

started to apply pragmatism to its relations with Poland. In September 2009, Putin visited Gdansk to commemorate the start of World War II. He also recently participated in a ceremony at Katyn to commemorate 20000 Poles that were killed by the Soviet NKVD.

Russo–Polish rapprochement can have both negative and positive implications for the overall U.S. strategy in Europe and particularly with regard to Russia. Negative consequences, such as further political and social polarization, could arise if the Ukrainian security question is not addressed in order to formulate a commonly acceptable term and if Ukraine continues to become increasingly interdependent with Russia without equally strong ties to the U.S. and EU. In this case, easing tensions and strengthening bilateral relations with Poland, in the same way as with Germany and France, can cement Ukraine’s links to Russia. Such a scenario threatens to reduce the legitimacy of democratic forces in Ukraine.

However, the current changing strategic context in Europe will likely bring additional dimensions and flavors to the debate on Ukraine’s fate. Along with its challenges, Obama’s engagement policy and rapprochement with Russia, Russo–Polish rapprochement as well as Yanukovich’s stated neutrality can provide a fertile ground for transatlantic and pan-European cooperation if Ukraine’s security status is addressed. In this case, improved Russo–Polish relations will be an added value to Obama’s strategy of engaging Russia. In sum, among key elements to sustain and promote U.S. interests are Ukraine’s appropriate security guarantees acceptable to all stakeholders and Western investments into Ukraine’s energy system.

Energy Sector and its Security

On April 22, 2010, the Russian and Ukrainian presidents signed the so-called Kharkiv pact. The pact includes the agreement on extending the lease on the Russia–operated naval base in Sevastopol and a reciprocal agreement to reduce the price of Russian gas for Ukraine. Ukraine agreed to extend the lease for the Russian Black Sea Fleet until 2042 and, in turn, Russia discounted by 30 percent the price of gas sold to Ukraine.

Insufficient Western investment into the economically vital energy sector and predominance of Russia–related energy deals could polarize the country once more. According to the president of Kiev International Energy Club, Olexander Todiyshuk, there is still not a guarantee in this agreement that Ukraine’s gas transportation system will be fully loaded with gas. However, on April 27, 2010, Putin announced that there might be a possibility that Russia would determine concrete volumes of gas to be transported to the EU through Ukraine, though he did add that there is no discussion on this issue yet.¹² The recent gas agreement with Russia is still expensive, both in terms of the price and the concession such as extending the Russian Black Sea Fleet lease, which Ukraine has made. For instance, EU members did not have to make such concessions to get nearly the same price. According to the new deal, the price for Russian gas would be \$230 per cubic meter. This, however, nears European prices if the transportation cost differential between the EU’s and Ukraine’s distances is taken into account.

Ukraine is in desperate need of energy sector reform and exploration of domestic deposits of gas, including shale gas. Deputy Prime Minister of Ukraine Sergiy Tigipko stated that Ukraine would need

¹² “Putin doesn’t rule out the possibility of fixed volumes of gas to be transported through Ukraine”, *Korrespondent*, <http://korrespondent.net/business/economics/1070985>.

additional investment for the exploration of Ukrainian gas deposits in order to lessen its energy dependency.¹³ This is crucial, especially considering the fact that Ukraine has one of the most energy inefficient economies among the industrial nations.¹⁴ In order to alleviate some of these problems, the United States and the EU need to invest into the modernization of gas transportation system in Ukraine. In other words, Ukraine's energy sector has to become more competitive, efficient, and transparent for investments.

Currently Ukraine's energy system, gas distribution, and gas export is chiefly regulated by a state-owned company, Naftohaz Ukrainy. This company comprises departments for dealing with both gas and oil. It is also responsible for the production, transportation, and distribution of energy resources.¹⁵ In a way, the transportation of the Russian gas through Ukraine to the EU is managed by Naftohaz Ukrainy. According to a March 23, 2009, Brussels declaration on the modernization of the Ukrainian gas transportation, the system must be divided into several sections.¹⁶ There have been numerous requests by the EU to break the company into several autonomous departments, each responsible for its area of specialization. The EU's vision was that restructured and compartmentalized Naftohaz would be easier to monitor, would become more efficient, and would make its transactions more transparent.

Naftohaz Ukrainy was the main entity during the Kharkiv gas agreement between Ukraine and Russia. According to U.S. energy expert Edward Chow, the deal did not favor Ukraine, due to the fact that the 30 percent discount on Russian gas is linked to Russia's exempting export duty deliveries. This, according to Chow, leaves Ukraine to rely upon Russia's benevolence, considering that in the past Moscow reneged on its obligation and removed the oil export duty exemption for Belarus.¹⁷ Another aspect of this agreement vulnerable to criticism is the discount itself. In 2010, Ukraine intends to buy 36 billion cubic meters (bcm) of gas, of which only 30 bcm will be sold at the discounted price.

Restructuring Naftohaz Ukrainy and dividing it into more autonomous production, distribution, and transportation departments would make it easier to monitor and scrutinize its activities. That will also make it easier to monitor such agreements as the Kharkiv deal between Russia and Ukraine. According to Alexander Chaliy, former deputy head of the president's secretariat, restructuring Naftohaz Ukrainy is the first thing on the way toward attracting EU investments.¹⁸ According to the Brussels declaration, Ukraine has several commitments, such as transparency and openness for investors into Ukraine's gas transportation system. Ukraine is also responsible for disclosing technical and financial information to all stakeholders.¹⁹ This is a good framework for starting reforms and investment into this strategically important sector in Ukraine.

¹³ Sergiy Tigipko, "Gas prices won't rise if prices for gas remain USD 240", *RBK Ukraine*, http://www.rbc.ua/rus/top/show/s_tigipko_stoimost_gaza_dlya_naseleniya_ne_budet_rasti_pri_ego_tsene_nizhe_240_doll_tys_kub_m_21042010.

¹⁴ "Ukraine: lynchpin for European energy security", Democracy Backgrounder, *FRIDE*

¹⁵ "About the company", Naftohaz Ukrainy,

<http://www.naftogaz.com/www/2/nakweben.nsf/0/865211060B3C193AC225710F0042CC97?OpenDocument>.

¹⁶ European Commission, "EU-Ukraine: partners for securing gas to Europe", European Commission External Relations, http://ec.europa.eu/external_relations/energy/eu_ukraine_en.htm.

¹⁷ Edward C. Chow, "Bad deal all around," *Kyiv Post*, http://www.kyivpost.com/news/opinion/op_ed/detail/64766/.

¹⁸ "Experts about Naftohaz reforms and Brussels declaration", March 31, 2010, *Unian*, <http://www.unian.net/rus/news/news-370177.html>.

¹⁹ *Ibid.*

Such a division of powers in Naftohaz Ukrainy is paramount for two reasons. First, it will demonstrate the government's willingness to conduct reforms and make foreign investment more likely because of increased transparency, and second, it will increase efficiency. At the same time, reforming Ukraine's energy sector and bringing in American and European investment would serve other purposes. The United States should encourage the Ukrainian government to start conducting such reforms. The U.S. investment could balance Russia in Ukraine's energy market and would make it less likely that Ukraine would trade in gas in the presence of such dubious discounts. Such a balance would help ease tensions between the opposition and the government and contribute to more energy efficiency as well as stimulate the Ukrainian economy.

All of the above, however, does not imply that Ukraine should temper its relations with Russia. The EU and Russia are becoming increasingly interdependent economically. Therefore, for Ukraine to be better integrated in the EU, it needs to maintain stable and cooperative relations with Russia. This would bolster their image of a reliable energy and trading partner. The importance of Russia is very well understood in Ukraine. Russia is a large trading partner and the biggest energy provider to the EU. Warmer relations between Russia on the one hand and Ukraine on the other would ease some tension in the region. All these, with the right conditions, such as security guarantees and equally balanced energy relations, could bolster the sovereignty of Ukrainian foreign policy. It will give Kiev an opportunity to benefit from trade with the largest player in the region, Russia, as well as pursue independent energy projects aimed at providing energy security for the EU. Such stabilization would also create a strong interdependency between Russia and Ukraine that would allow for more maneuverability of Kiev in the region.

Energy supply diversification is as important a component for Ukraine's political situation as it is for its energy security. Ukraine's participation in new energy projects such as the Odessa–Brody–Plotsk–Gdansk oil pipeline (OBPG) and its favorable location between the EU and Russia would help it achieve sustainable levels of economic development. Economic development, regional cooperation, and deeper regional interdependency will have a positive effect on political stability in Ukraine. So far there have been five business plans on the OBPG pipeline initiated by Azerbaijan, Georgia, Lithuania, Poland, and Ukraine. All five business plans concluded that the pipeline project is feasible both economically and technically.²⁰

From the U.S. standpoint, investment, diversification of investment into the Ukrainian energy sector, and support for energy supply diversification is also crucial for several reasons. First of all, investment and reform of the energy sector will help the government to sustain its unity and avoid a potential paralyzing crisis in Ukraine. Second, diversification of investment, meaning from the US, EU as well as Russia, is important to prevent the domination by either side. It is also important to provide for the unity in the country, which means that neither the opposition can legitimize its claims that Yanukovich is giving away Ukraine's assets to Russia nor will it cement the government's image as a sole provider of goods and favorable deals, such as potential Russian investments that could potentially contribute to the economy.

Ukraine's energy sector reform and energy security have grown from simply being a domestic issue for Ukraine to becoming a regional matter of strategic significance. U.S. investment is necessary for

²⁰ Yuriy Onishkiv, "Odessa – Brody project politics or economics?" *Glavred*, <http://glavred.info/archive/2009/05/07/133202-2.html>.

preventing another crisis in strategically located Ukraine, and supporting Ukraine's democratic traditions.

Democracy

Ukraine's increasing dependence on Russian energy and its effects on Ukrainian democracy is an important issue to consider. Despite all its shortcomings, the Orange Revolution and the democratically elected Orange government left an enduring legacy of political openness. The 2010 presidential elections, its uncertainty and ultra-competitive nature confirmed this once more. Yanukovich was elected after the second round with a slight margin in what international organizations called a free election. However, there is a great risk that this legacy will not be sustained if Ukraine's security aspirations are not addressed in time. Former prime minister and Yanukovich's rival in 2010 presidential elections, Yulia Tymoshenko, stated that Ukrainian democracy is being tested under the current government.²¹

It is important to note that U.S.–Russian engagement and Obama's moderate tone about Russian democracy has far-reaching implications for Ukraine's democratic development. Thus, in current U.S.–Russian and Russian–Ukrainian rapprochement there is a great chance that Ukrainian democracy will be threatened. This is because Russian and Ukrainian democratic credentials differ starkly. Easing its criticism toward the democracy problems in Russia and engaging Moscow could only help foster a better dialogue between the U.S. and Russian governments without significantly affecting Russia's almost non-existent democratic forces. However, the legacy of the Orange Revolution allows one to label Ukraine as a more or less functioning democracy... To preserve its democratic credentials, Ukraine needs to balance its current interdependence with Russia with equally strong ties with the EU and the U.S. Otherwise, Ukraine's democracy and relative openness of its political system could be in jeopardy. In short, this situation favors U.S.–Russian dialogue and gives it an opportunity to develop. However, it does not much favor Ukraine because democratic culture and political openness is more developed there; and if the United States treats Ukraine in the same way it views Russia, then the democratic legacy of the Orange Revolution will be threatened at best. For the United States, this is an important issue to bear in mind given the complexities of democracy-building in the former Soviet space.

Among many anti-democratic moves by the current Ukrainian government, two issues stand out as more salient: first, the recent decision by Ukraine's Constitutional Court on parliamentary coalition formation and approving a new coalition in the parliament, and second, Ukrainian Parliament's decision to abolish local elections. Ukraine's Constitutional Court's decision favored a new pro-Yanukovich coalition comprised of parliamentarians (MPs) that joined it from the opposition as well as allowed any individual MPs to join the coalition. According to Yuri Klyuchkovski, an MP from the opposition party Our Ukraine–People's Self Defense, the court's decision contradicts the constitution. According to Klyuchkovski, any political party in the parliament must have a right to abolish a mandate of any parliamentarian that had been elected in its ranks but this decision precludes parties from exercising this right.²² Leader of the United Center party Viktor Baloha stated that the decision of the constitutional court favored the current government and it would likely make the opposition

²¹ Yuliya Tymoshenko, "Difficult times for Ukraine's democracy", *TSN*, <http://ru.tsn.ua/ukrayina/tymoshenko-v-ukraine-nastupilo-samoe-tyazheloe-vremya-ispytaniy-dlya-demokratii.html>.

²² Alexander Razumnyi, "Coalition acquitted?", *Dnepr Vecherniy*, <http://dv-gazeta.info/politic/koalitsiju-opravdali.html>.

become better coordinated to challenge this government.²³ This trend is likely to continue and become more resilient if there is no credible opposition challenging the current ruling administration. The declared neutrality status of Ukraine with regard to regional military blocks, increased sense for the need of security guarantees and increased interdependence with Russia, including in energy field, will bring disillusionment to the pro-Euro-Atlantic camp in Ukraine. Solidifying ties with Russia without equal ties to the West will further reduce the legitimacy and appeal of Western-leaning politicians in Ukraine.

Conclusion

Engaging Russia without tackling Ukraine's security guarantees and solidifying its energy and economic ties to the U.S. and EU could make Ukraine a new ground-zero of the U.S.–Russian political confrontation in Europe. This can tarnish the momentum gained in the current U.S.–Russian “reset” policy. If not tackled, these issues might arguably bring a new wave of domestic destabilization and strong disapproval of the government, and even weaken democracy's development in Ukraine.

Ukraine is a democracy with fairly open and competitive political system. In such an open political system with the recent history of fierce political competition, such sensitive issues as Ukraine's foreign policy orientation will constantly be the matter of contention. Energy security and Ukraine's place in European security architecture are currently key problems in Kiev's agenda. The United States will need to target these issues in order to prevent cataclysmic polarization in strategically located Ukraine and to preserve its currently unraveling democratic legacies.

²³ “According to Baloga, Constitutional Court is responsible for Yanukovich's actions”, *Vsesmi*, <http://www.vsesmi.ru/news/3999863/>.