

QUICK POLICY INSIGHT

The 2013 annual YES meeting marked by tense debates on EU-Ukraine and Ukraine-Russia relations

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Two significant moments stood out during the 10th annual Yalta European Strategy ('YES') meeting, held on 20-21 September 2013:

- In the presence of Ukrainian President Viktor Yanukovich, Lithuanian President Dalia Grybauskaitė implied that Ukraine would have to release imprisoned politician Yulia Tymoshenko before the EU-Ukraine Association Agreement could be signed. Later, Member of the European Parliament (MEP) Elmar Brok also underlined the impact of the 'Cox/Kwaśniewski mission' report¹ – which addresses the issue of selective justice in Ukraine – on the EU's decision on the Association Agreement, including a Deep and Comprehensive Free Trade Area (AA/DCFTA).
- Yet the possibility that Ukraine might sign the agreement led Russian President Vladimir Putin's advisor, Sergey Glazyev, to reiterate's Russia's opposition to the AA/DCFTA and to renew the threat of retaliatory trade measures. His statements elicited a strong Ukrainian response, confirming Ukraine's pro-European policy.

¹ The former President of the European Parliament Pat Cox and the former President of Poland Aleksander Kwaśniewski have led the EP's monitoring mission to Ukraine since 2012 - see their latest [press release](#) and their [April 2013 update](#) for more information about the mission.

The meeting's context: Speakers and topics

The high-level 2013 YES conference addressed global challenges and Ukrainian economic and foreign policy issues with a pro-European slant.

The [Yalta European Strategy](#) is an 'international network established to [...] support Ukraine's membership to the European Union'. Founded in 2004 by Ukrainian businessman Viktor Pinchuk, its [board](#) is chaired by former Polish President Aleksander Kwaśniewski and includes MEP Mário David, MEP Marek Siwiec, Javier Solana and, since 2013, former European Parliament President Pat Cox.

This year, the EU was represented by President Grybauskaite, European Commissioner for Enlargement and Neighbourhood policy Štefan Füle, Swedish Minister for Foreign Affairs Carl Bildt and MEP Brok. Ukraine was represented by the country's President Viktor Yanukovich, Prime Minister Mykola Azarov, Vice Prime Minister Yuriy Boyko, Minister of Foreign Affairs Leonid Kozhara and opposition leaders Arseniy Yatsenyuk and Vitaliy Klitschko. Russia was represented by Glazyev. [Speakers](#) included Tony Blair, Bill Clinton, Hillary Clinton, Pascal Lamy, Mario Monti, David Petraeus, Shimon Peres, Gerhard Schröder, Dominique Strauss-Kahn, Larry Summers and Robert Zoellick.

Over two days, the annual meeting addressed, *inter alia*, Ukraine's prospects for signing the AA/DCFTA, the Ukrainian and global economic situation and outlook, Ukrainian internal politics (notably the cooperation between political parties on reforms related to the association agenda), energy, technology and innovation.

A strong Ukrainian and global media presence ensured extensive coverage of all public debates.

President Yanukovich repeatedly challenged by the Ukrainian opposition and the EU on the Tymoshenko case

Throughout the annual meeting, in both private and public, EU representatives systematically emphasised the need to free imprisoned politician Yulia Tymoshenko for the EU-Ukraine Association Agreement to be signed.

On 20 September, Yanukovich and Grybauskaite delivered the opening speeches and took questions from the floor.

The Lithuanian President strongly implied that Tymoshenko needs to be released for the AA/DCFTA to be signed, and underlined that **'all three [conditions specified by the EU's Foreign Affairs Council²] are obligatory'**. If Ukraine did not fulfil these conditions, Grybauskaite said, the country should hold 'no illusions' that the agreement could be signed. Grybauskaite refuted Yanukovich's suggestion that the price of gas paid by Ukraine since 2009 served as a justification for Tymoshenko's imprisonment, noting that Lithuania pays more than does Ukraine for Russian gas.

Ukrainian opposition leaders further challenged Yanukovich on the Tymoshenko case, with Klitschko calling for the President's resignation if the AA/DCFTA were not signed. Former Interior Minister Yuriy Lutsenko

² Referring to the [Foreign Affairs Council \(December 2012\) benchmarks](#)

(imprisoned until 2013) called on Yanukovich to use his presidential pardon and to 'not be afraid of Tymoshenko' given that he was 'not afraid of Putin'.

Yanukovich responded,

'We are currently finding ways of how to approach the most difficult issue in relation to Tymoshenko. I'm grateful to the European Parliament mission of Cox and Kwaśniewski, which, along with Ukraine, is looking for a way out of this situation. If it were easy, the question and the answer would be very simple. This issue is very difficult, so we still have time and we will work according to a plan. We have not yet said yes or no, the answer must be given in a way that would allow us to find a solution in the legal field.'

A subsequent closed-door meeting between Yanukovich, Bildt, Brok and Füle pursued the issue of Tymoshenko and led to a statement from the [EU side](#).

The following day, Brok (speaking behalf of European Parliament President Martin Schulz) stated that 'if Cox/Kwasniewski cannot give a positive report to the European Parliament on the 15 October, then we have a problem. And Carl Bildt has said here yesterday that there will also be a problem in the European Council' - referring to the closed-door meeting with Yanukovich. Polish Foreign Minister Radosław Sikorski described the Tymoshenko case as a 'question of trust' and said that Brok's comments meant the case was also important for German Chancellor Angela Merkel.

Finally, during the meeting's closing speech, Kwaśniewski underlined the need for Tymoshenko to receive treatment and rehabilitation abroad, saying, 'yes, she is sick' and a 'humanitarian gesture' by the Ukrainian authorities was 'expected'.

Yanukovich's response suggests that a release of Tymoshenko is still possible.

MEP Elmar Brok stressed that a negative report by the Cox/ Kwaśniewski mission would be 'a problem' for both the European parliament and the Council, in terms of signing the AA/DCFTA.

Glazyev renewed Russia's threats against Ukraine's continued pro-European policy

On 21 September, the panel on Ukraine's 'economic perspectives' featured Glazyev (Advisor to President Putin), who has made a number of aggressive statements on Ukraine since August 2013, when Russia imposed trade restrictions on Ukraine (see the relevant [Policy Department briefing on the intranet](#)).

Glazyev reiterated the Moscow's arguments in favour of Ukraine joining the Russian-led Custom's Union (CU) rather than signing an AA/DCFTA with the EU:

- The CU is limited in scope (customs regulations, trade policy, public procurement, sanitary and phytosanitary standards, technical regulations etc), and Ukraine would have a veto power in the decision making process. On the other hand, the AA/DCFTA would oblige Ukraine to implement 'all EU directives' and would limit Ukraine's ability to make decisions.

The advisor of Russian President Vladimir Putin repeated Moscow's arguments for Ukraine to join the Customs Union and threatened to adopt retaliatory trade measures if the Association Agreement were signed.

- Russia would lower gas prices for Ukraine, whilst the AA/DCFTA would deliver no economic advantage until 2020.

Glazyev also repeated a number of threats to the Ukrainian economy should the AA/DCFTA be signed:

- Ukrainian companies would be judged not to meet CU standards, and their products might be considered a sanitary risk to CU consumers. This could lead to a renewed suspension of Ukrainian exports to Russia, as in August 2013.
- The CU could 'revise trade tariffs' for Ukraine, 'increasing trade barriers', which would cause a 'further USD 4 billion loss', for which the EU is unlikely to 'compensate'.

Finally, Glazyev argued that 40 % of Ukrainians favour the CU, while only a 'minority' prefer association with the EU. Glazyev strongly criticised Ukraine for refusing to hold a referendum on the matter.

In response to his comments, Ukrainian businessman and former Foreign Minister Petro Poroshenko (whose exports of chocolates and other sweets have been banned from entering Russia since July 2013 due to alleged safety concerns) argued strongly in favour of the Association Agreement. Contributions from the meeting's participants also opposed Ukraine's membership in the CU.

Finally, former World Trade Organisation Director-General Lamy encouraged all trade disputes to be referred to the WTO. 'Regulatory games' between Russia and the EU that held Ukraine 'hostage' should be avoided, Lamy emphasised.