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THE ITALIAN PRESIDENCY OF THE EUROPEAN UNION

An opportunity to review EU relations with Russia
and EaP countries

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The Italian Presidency of the European Union

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From 1 July to 31 December 2014 Italy will hold the rotating presidency of the European Union. Due to recent events in Ukraine, relations with Russia and with Eastern Partnership countries will most likely be at the top of the EU foreign policy agenda during the Italian presidency semester. Although the Treaty of Lisbon has limited the prerogatives of the rotating presidency in foreign policy, Italy can coordinate with the EU High Representative and use its special relationship with Russia in order to negotiate the stabilisation of Ukraine and revise the broader EU approach towards the Eastern neighbourhood.

Recent developments

The political crisis in Ukraine started after former President Viktor Yanukovych (following consultations with Russian leaders) refused to sign an Association Agreement with the European Union on the eve of the Eastern Partnership summit in Vilnius in late November 2013. In the days following Yanukovych's decision, large street protests began in the Ukrainian capital, Kiev. Emboldened by Russia's support, including the pledge to buy 15 billion dollars of Ukrainian debt and reduce the price of Russian gas by one third, Yanukovych attempted to crush the protests. In mid-January, the Ukrainian Parliament (where Yanukovych's Party of Regions held a majority in coalition with the Ukrainian Communist Party) passed restrictive anti-protest laws and the police used harsher methods, which caused the first casualties. However, repressive measures strengthened support for anti-government demonstrations, which forced the resignation of Prime Minister Mykola Azarov (also a member of the Party of Regions). On 20 February 2014, a new escalation of protests and the violent response of the Ukrainian special police (Berkut) resulted in at least 88 dead. The day after, the French, German and Polish foreign ministers brokered a deal between Yanukovych and representatives

of the opposition. However, street protesters rejected the deal and took control of presidential administration buildings, while Yanukovych fled to Russia. The opposition took over governmental and presidential posts ad interim and called for new presidential elections to be held on 25 May 2014.

At the end of February, pro-Russian protests erupted in the East and South of Ukraine, in long-standing strongholds of the Party of Regions. In Crimea, an autonomous republic with a majority of ethnic Russians, protests escalated into armed revolt, with the support of Russian troops deployed there and other units most likely sent from mainland Russia. As of early March, the Russian Federation refused to recognise the new government in Kiev, hosted ousted President Yanukovych and supported insurgents in Crimea, claiming that the security of ethnic Russians living there was threatened by the new authorities in Kiev. Despite heavy pressure from the international community, Russian and pro-Russian Crimean troops took control of the whole Crimean peninsula, de facto cutting it off from the rest of Ukraine. In order to do this, Moscow also used units of its Black Sea fleet, which is anchored at the Crimean port of Sebastopol in accordance with a treaty signed with Ukraine in 1997 and recently extended by Yanukovych until 2042.

The role of the European Union

Until the Eastern Partnership summit in Vilnius, EU leaders pressured Yanukovych to sign the Association Agreement with the European Union. Faced with Yanukovych's refusal, they rejected his proposal to reopen negotiations for a free trade area in a format that included Russia. After the eruption of street protests in Kiev, High Representative Catherine Ashton and other European leaders flew to the Ukrainian capital several times. While some European politicians openly sided with the protesters (including then

German foreign minister Guido Westerwelle), the heads of French, German and Polish diplomacy eventually attempted to mediate the crisis. The agreement between Yanukovych and the opposition on 21 February 2014 was the outcome of their efforts, but it was quickly made irrelevant by developments on the ground.

During the crisis in Ukraine, the EU was criticised by both Russia and Ukrainian demonstrators. Russia accused Brussels of intervening in the affairs of a sovereign country, while protesters blamed the EU for being too cautious and seeking a deal with Yanukovych as late as 21 February 2014, a few hours before he left the country. Leaked documents, particularly a phone call between assistant US secretary of state Victoria Nuland and the US ambassador to Ukraine, revealed that discontent about EU diplomacy during the crisis existed also in US foreign policy circles.

The Italian presidency of the EU

While the situation on the ground will certainly develop quickly over the next three months, it is improbable that the political crisis will be fully solved by the time Italy takes over the rotating presidency of the EU. Crimean separatism is likely to remain a major issue, as the local, pro-Russian authorities have called for a referendum on the region's status at the end of March. In Ukraine, presidential elections are due to be held on 25 May, but it is still unclear whether Russia will recognise the results and pull back its troops until then. Furthermore, the stabilisation of Ukraine and the implementation of any EU financial aid package are likely to involve discussions that will continue during Italy's presidency.

While holding the presidency, Italy should attempt to play a more active role in the Ukrainian crisis than it did so far. Germany, Poland and France have been the most active member states in mediating the crisis, but their efforts can hardly be described as successful as of early March 2014. In fact, tensions in Ukraine have continued to escalate and the EU's relations with Russia are tense as never before in the post-Soviet era.

Within this context, Italy can acquire a more important role by relying on its institutional function as holder of the presidency and its special relationship with Russia. The Italian company ENI, partially state-owned, is Gazprom's main European partner. Moreover, Italy is the second largest EU foreign direct investor in Russia after Germany. Major Italian companies such as the Finmeccanica conglomerate, FIAT and IVECO (together with approximately another 500 smaller Italian companies) operate on Russian territory or have contracts with Russian partners. This gives Italy some economic leverage in relations with Russia. Most importantly, in the last decade economic cooperation has been accompanied by good political relations with Moscow. In this period, all Italian Prime Ministers (from Romano Prodi to Enrico Letta) visited Russia several times and signed important economic agreements with the Russian leadership.

Recommendations for the Italian presidency

1. Working together with the EU's High Representative and the foreign ministers of France, Poland and Germany, the Italian presidency should **support dialogue** between the Russian leadership and the new Ukrainian government, with the ultimate objective of **deescalating the crisis and stabilising Ukraine**.
2. In negotiations forums including Russia, the Italian presidency should insist on the **respect of Ukraine's territorial integrity** and ask that all Russian troops on Ukrainian soil return to their bases, in accordance with bilateral agreements between Moscow and Kiev.
3. In order to facilitate reconciliation within Ukraine, the Italian presidency should advocate **making any financial assistance to the country conditional** to the reestablishment of democratic order and to the respect of the **rights of ethnic and linguistic minorities**. This includes reinstating other languages (in addition to Ukrainian) as "official" in regions where substantial

ethnic minorities live.

4. The Italian presidency should seek Russia's cooperation in fully including Southern and Eastern Ukraine in the constitutional process.
5. Within the European Union, the Italian Presidency should support **a more inclusive Eastern Partnership**, asking that Russia be granted at least observer status. The EaP should be reformed so that the policy is no longer conducive to geopolitical competition with Russia.
6. In relations with Russia, the Italian presidency should **continue the human rights dialogue** and attempt to build on the concessions made by Putin on the eve of the Olympic Games in Sochi (i.e. the release of Mikhail Khodorkovsky and of Pussy Riot members).
7. The Italian presidency should also support mediation efforts and monitoring missions launched by the United Nations and the Organisation for Security and Co-operation in Europe.