

Merkel: Ukraine can go to Eurasian Union

By Valentina Pop and Andrew Rettman
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Speaking to German public broadcaster ARD on Sunday (24 August), the German chancellor said her visit to Kiev on Saturday was designed to prepare for peace talks between Ukrainian president Petro Poroshenko and Putin in Minsk on Tuesday, but warned the public not to expect a "breakthrough".

She mentioned Ukrainian "decentralisation", a deal on gas prices, and Ukraine's "trade relations" with Russia as elements that could bring about an accord.

"And if Ukraine says we are going to the Eurasian Union now, the European Union would never make a big conflict out of it, but would insist on a voluntary decision," Merkel added.

"I want to find a way, as many others do, which does not damage Russia. We [Germany] want to have good trade relations with Russia as well. We want reasonable relations with Russia. We are depending on one another and there are so many other conflicts in the world where we should work together, so I hope we can make progress".

The Minsk event is billed as a summit of the three states - Belarus, Kazakhstan, and Russia - in Putin's "Customs Union".

Poroshenko and three senior EU officials - foreign affairs chief Catherine Ashton, trade commissioner Karel De Gucht, and energy commissioner Gunther Oettinger - will also attend.

It is the first time EU commissioners will go to a Customs Union meeting, in what Merkel said signals the EU's engagement in solving the Russia-Ukraine conflict.

Russia set up the Customs Union as an alternative to the Eastern Partnership, an EU project to create a free trade zone with former Soviet states.

The Customs Union is to be changed into a political "Eurasian Union" on 1 January 2015.

For his part, Poroshenko, who was elected on the back of a pro-Western revolution in February, has already signed an EU free trade deal (DCFTA) and has promised to ratify it in September before general elections.

The DCFTA legally obliges Ukraine to stay out of the Customs Union.

But earlier on Saturday in Kiev, Merkel also indicated she is willing to make trade concessions to Moscow. “This [trade] is of greatest importance to Russia. I think, this has an importance beyond pure economics, it also has a psychological importance”, she said.

Poroshenko himself noted: “The choice the Ukrainian people made is a European choice. We have a clear position on the EU ... free trade agreement”.

But he added the EU "would have nothing against" some form of Ukrainian association with Russia after the conflict in east Ukraine ends.

Some EU diplomats see Merkel’s ARD remarks on the Eurasian Union as a rhetorical statement meant to underline that Ukraine’s foreign policy is its sovereign choice.

But others fear Berlin is making a deal with Moscow over the heads of Brussels and Kiev.

Noting that German energy firm RWE this weekend sold an oil and gas extraction company, Dea, to Russian firm LetterOne in a deal worth €5.1 billion, one EU diplomat told this website: “There are signs Germany is seeking a return to peace and to business as usual at any price ... even if this means putting off Ukraine’s ratification of the EU free trade pact”.

“That would be the death of the Eastern Partnership ... It would be a catastrophe for EU foreign policy”.

Ukraine’s ambassador to the EU, Konstantin Yeliseyev, told this website on Monday there is no question of not ratifying the EU trade pact in September.

“This is our official line and this is the line that we will bring to Minsk”, he said.

“Our position is crystal clear ... at the same time, we would of course consider a constructive partnership with the future Eurasian Union. I don’t exclude it. But not to the detriment of our European choice”.

Meanwhile, a European Commission official noted that while the DCFTA is legally incompatible with the Customs Union, it might be compatible with the Eurasian Union.

“She [Merkel] said ‘Eurasian Union’, not ‘Customs Union’ ... If they [Ukraine] became a member in political terms only of some alternative model of integration, then,

theoretically, there might not be a problem. We don't know how the Eurasian Union will work because it doesn't exist yet".

No Nato

Andrei Illarionov, a former aide to Putin who works for the Cato Institute, a think tank in Washington, also wrote on his blog on Sunday there is a Merkel-Putin deal in the making.

He said it includes: Ukraine talks with pro-Russia rebels that would freeze the conflict and give Putin de facto control of east Ukraine; a promise that Ukraine will never join the EU; a promise it will never join Nato.

Merkel in her ARD interview said "Nato membership for Ukraine is not on the agenda". She added that Poroshenko's participation at a Nato summit in September in Wales is part of Nato-Ukraine co-operation, "but not membership."