

## Angola and Ukraine: Unlikely Bedfellows

Kiev's Boryspil International Airport is a long way, both metaphorically and geographically, from its counterpart in Luanda, Angola. Yet the involvement of Ukraine through its arms sales might be the decisive factor in the outcome of the Angolan conflict. Why should Ukraine be interested in selling arms to Angola? Is this suggestive of the current economic and political situation in Ukraine? And what are the prospects for improved SA-Ukrainian ties?

There is evidence that Ukrainian weapons are being used by both Jonas Savimbi's UNITA movement and the Angolan government army, FAA. In July 1999, Ambassador Robert Fowler, the chairman of the UN Angolan sanctions committee, reported he had received 'categorical assurances' from Kiev that Ukraine had not flouted the arms ban against UNITA. Kiev has, however, confirmed its strengthening link with Luanda. The delivery of at least six Sukhoi Su-27 fighter aircraft has been a decisive factor in the current offensive against UNITA, their night-attack capabilities enabling a round-the-clock air offensive. They might, indeed, prove to be the means that deliver UNITA to the negotiating table.

Less positively, Ukrainian arms might also tip the strategic balance in Luanda dangerously in favour of those who believe that political compromise is not necessary and who prefer a military solution against UNITA — a contrary position to that taken, for example, by Pretoria.

But why should Ukraine be interested in selling arms to Angola? Its aggressive arms export policy is symptomatic of Ukraine's economic and military plight.

### Economic Transition — To What?

Since its independence from the former Soviet Union in August 1991, the Ukrainian economy has slipped deeper and deeper into crisis as it has wrestled with the complexities of implementing free-market reforms. It inherited all the unworkable features of a centrally planned, command economy where the Soviet system left behind a backward infrastructure and bureaucratic mindset. The failings of this system were exemplified by the disaster at the Chernobyl nuclear plant in 1986 just 120 km north of Kiev. This event is today interpreted as a turning point in the declining fortunes of the Soviet Union.

Structural problems with the Ukrainian economy have been compounded by two factors: first, its relationship with Russia that supplies around 60% of gas imports for energy-intensive Ukrainian industries. Russian attempts to impose market-related pricing has been resisted by an already heavily indebted Ukraine which has interpreted this as a Russian means of exerting political influence and undermining Ukrainian sovereignty. This January Ukraine's gas debt stood at US\$2.8 billion. The second factor relates to the until now inadequate policy responses of President Leonid Kravchuk and, since his election in 1994, his successor President Leonid Kuchma.

The tectonic shifts that released Ukraine from Russian control for the first time in three centuries were also accompanied by exposure to the outside world. Yet with little way of realising their expectations at home, an estimated three million skilled Ukrainians of a population of 52 million have fled to greener pastures over the past ten years. Indeed, the presence of at least 100,000 illegal Ukrainian workers in the Czech Republic forced Prague to impose visa restrictions this February.

This decade Ukrainians have suffered immense economic hardships. Inflation averaged 590% between 1990-97, peaking at 4,735% in 1993. It has now been brought under control and is expected to be 19% in 2000. Per capita incomes declined by 12.6% annually between 1990-97, reaching US\$1,040 today a level that places Ukraine, a country geographically larger than France, below Albania and just above Nicaragua and Guinea on the World Bank's income rankings, and three times less than South Africa.

These figures do not tell the full story, however, partly because the distortions of the Soviet system provided only a guesstimate of economic value at the start of

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the 1990s. As Kuchma has noted: 'Ukraine had no economic autonomy. Ninety percent of the economy was run from Moscow. We didn't have our own banking system, financial system or political administration — any of the elements of an independent country.' An estimated 50% of economic activity occurs in the shadow economy, some of it criminal and often in the form of barter and free from taxation. Yet many Ukrainians survive only by planting their own crops in a land once known as the bread basket of the Soviet Union.

After his election victory in November 1999, President Kuchma has embarked on a second term promising economic reform and a drive against corruption. He has appointed an emphatically reformist government headed by **Viktor Yuschchenko**. But the new Prime Minister will not only have to contend with vested interests in the economic status quo, but also with the 'Putin factor'. The new Russian leader, Vladimir Putin, himself up for election this March, is an unknown quantity who, in the eyes of some analysts, may prove more methodical and capable but possibly also more cynical in dealing with Ukraine than his predecessors.

Ukraine's history is bloodily entwined with that of Russia. This century alone, an estimated 7 million Ukrainians died in the great famine of 1932-33 engineered by Stalin through forced collectivisation and confiscation of land and food; perhaps as many as one million in Stalin's great purges of 1937-39, and a further 8 million in the Great Patriotic War of 1941-45. Ukraine is caught between trying to align itself more closely with the West and keep ties with Russia warm — hence its own description of a multi-vectored foreign policy, with a Western as well as an Eastern (Russian) focus. This balance is reflected, too, in the delicate political set-up inside Ukraine in which the President has to rely on nationalist support to counter the opposition to reform posed by the Communists under **Petro Symonenko** who control almost 25% of seats in parliament. This explains the important role played by former opposition candidate, KGB officer (1963-91) and first Chairman of Ukraine's Security Service, the SBU (1991-94), **Yevhen Marchuk** who has been appointed into the powerful post of Secretary of the National Security and Defence Council in an effort by Kuchma to pull in nationalist support.

Morale among the population is very low. Many view the last decade as bringing only greater personal insecurities and difficulties. Or as Ukrainians are fond to put it: 'We are told that the past ten years has

been a period of transition. We don't know to what nor when it will end.' Many hope, too, for greater Western assistance. As President Kuchma put it in an interview in December 1999: 'Ukraine could be compared to a sick person, lying on a table, cut up by a surgeon who lacks proper tools to finish the necessary treatment. If the world — and the US in particular — waits to see what happens the patient dies. Ukraine needs massive Western assistance.'

### **Problems of Military Transformation**

The difficulties faced by the Ukrainian military reflect the wider economic problems. Its large size and equipment illustrate its pivotal role in the Soviet Union's defence system. Today it has more than 300,000 personnel under arms plus another 120,000 paramilitary elements. Although this number has more than halved from 780,000 in 1992, it remains radically under-funded, poorly equipped, low in morale and, in some critical areas, barely operational.

A recent survey of the Ukrainian military noted that only 40% of Ukraine's 940 combat aircraft are in good repair, with this figure declining to 15-20% by 2003. Only 40% of air force crews are ready to perform combat missions. Some 50% of surface-to-air missiles are obsolete. Practically all naval ships need repair or replacement. At a conference co-staged by the UK Centre for Defence and International Security Studies and the Ukrainian National Institute for Strategic Studies in February in Kiev, one officer described Ukraine's share of the Black Sea Fleet, formally divided with Russia in 1997, as 'just floating'. Or as another put it: 'the armed forces of Ukraine are not capable of winning a military conflict.'

The main problem is money. Whereas SA has a defence budget of US\$1.6 billion for its 90,000 personnel and the UK US\$36 billion for 220,000, Ukraine's is under US\$500 million. Although privates earn just US\$10 per month and majors US\$70, personnel expenditures still consume 70% of the budget, with just 4% (US\$20 million) allocated to equipment against a projected requirement of US\$2-3 billion.

But even though salaries are low, there is an understandable reluctance to modernise through downsizing personnel in an environment where under- and unemployment touches 35%. Unsurprisingly, 60% of officers recently polled see no positive change happening within two to three years.

The military feel somewhat besieged by all the changes necessary. Transparency and accountability were hardly bywords of the Soviet system, yet they realise, reluctantly, that public debate is necessary today if the armed forces are to effectively explain their role and plight to the populace as a precondition to restructuring and re-equipping.

In the circumstances, some argue strongly for a more aggressive arms export policy by Ukraine. In the former Soviet Union, Ukraine's share of military-industrial output comprised 17% with 1,840 enterprises and research centres employing 2.7 million people.

Even though arms production has fallen today to around 5% of the 1990 level and the number of defence industries and employees have fallen five- and seven-fold respectively, Ukraine has become a major player on the international arms market. It is currently bidding with its T-84 main battle tank for a US\$2 billion international tender to sell 1,000 tanks to Turkey. Its equipment is very competitively priced. A fully renovated Sukhoi Su-27 sells for around US\$3 million compared to the US\$30 million SA is paying for each of its Gripens. And, as the joint venture with Germany in the construction of the Antonov 70X transport aircraft suggests, the matériel can be state-

of-the-art. However, as SA has discovered with its apparently bargain-basement purchase of the SAS *Outeniqua* supply vessel from Ukraine in 1993, the sourcing of spares can be problematic.

Yet Ukraine's drive to sell aircraft to Africa may lead to opportunities for joint ventures with SA companies in, for example, the refurbishment of Antonov transport aircraft. There may also be potential in joint scientific and agricultural exchanges. SA-Ukraine trade amounted to just R108.9 million in 1998 (with imports from Ukraine R89.1 million). Although the overall trade volume was up by 8% between 1996-98, SA exports fell by 64% over the same period.

## Conclusion

The only long-term solution to Ukraine's problems inevitably lies in domestic economic and military reform. This might, in the future, even permit membership of an expanding NATO or European Union, an aspiration that some in Kiev hold despite the tensions that would ensue in its relations with Russia.

Yet given the high political and social costs involved in such reforms, it would be realistic to expect the continuation of shorter-term contingencies such as the sale of weapons to countries like Angola.