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EU and Ukraine: a turning point in 2004?

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EU and Ukraine: a turning point in 2004?



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EU enlargement raises important questions: How much further can the EU enlarge? Should the EU encompass geographic 'Europe' or stop at the western border of the CIS? Article 49 of the Treaty on European Union (TEU) clearly allows any geographically based European state to apply for membership. Is Ukraine then eligible? On 15 March 2001, the European Parliament supported Ukraine's future membership; in contrast, the EU continues to fudge any answer to this question.

The difficulty in answering these questions lies with the criteria that should be used to formulate a response. Whatever the answer, with enlargement it has become a matter of urgency for the EU to engage strategically with its new neighbours in Eastern Europe. In particular, the EU must develop a realistic strategy for Ukraine, its largest new neighbour within Europe. Of these neighbours only two – Ukraine and Moldova – seek EU membership. One reason why Ukraine needs greater attention on the part of the EU is geopolitical. European Commission President Romano Prodi and Swedish Prime Minister Goran Persson wrote: 'Any political instability, regressive economic development or fragmentary reform in these countries would threaten to create a new discontinuity in Europe – a political, economic and social divide – in the wake of EU enlargement.'¹

Ukraine borders three, and soon to be four, new EU members. All four of these are or will soon be NATO members. With enlargement, Ukraine's geostrategic importance becomes an issue that the EU must address.

This Occasional Paper discusses critical issues in the EU-Ukrainian relationship and provides a number of policy recommendations that could contribute towards fashioning an EU strategy towards Ukraine. At the heart of the current stalemate in relations are virtual policies adopted by the EU and Ukraine towards each other.² The EU has never adopted a clear strategy towards Ukraine and other western CIS states that seek EU membership, and in general has paid far too little attention to the region. Ukraine straddles the Central and East European-Eurasian divide. This makes it all the more imperative that the EU devise a strategy that would support a potential shift within Ukraine towards a more Central and East European identity. This potential is more present in Ukraine than in other CIS states. The most effective manner to support Ukraine's 'European choice' may

¹ Reuters, 22 May 2001.

² Tarasiuk describes it as 'dishonesty' on the part of both the EU and Ukraine to the other side; Borys Tarasiuk, head of parliamentary committee on European integration, Kyiv, 24 June 2003. Neither Ukraine nor the EU has a strategy on the other and the EU's policy towards Ukraine is 'ambivalent'; conference 'Enlarged EU and Ukraine: New Relations', Kyiv, 26-28 June 2003.

be by offering it an 'open-door' policy. The 2004 elections will have a decisive impact upon Ukraine's 'European choice'. If the front-runner in polls since 2000, Viktor Yushchenko, won the elections, the EU would be forced to change its 'closed-door' approach. Yushchenko would no longer continue a virtual 'European choice' strategy and the EU would be forced to drop its own virtual policy towards Ukraine. The policy proposals developed in this Occasional Paper outline a possible EU strategy towards Ukraine.

Introduction

This paper aims to contribute to the development of a comprehensive strategy by the European Union (EU) towards Ukraine. It has, therefore, placed the issue of EU-Ukrainian relations within a broader context, taking into account domestic developments inside Ukraine, the country's foreign policy and the attitudes of external actors, other than the EU, towards Ukraine. The enlargement of the EU to Ukraine's western border makes it imperative for the EU to develop a coherent and all-embracing strategic policy towards Ukraine. Maintaining Ukraine in its current grey zone, together with Belarus and Moldova, is not in the interests of the EU and its new Central and East European members. Ukraine stands at the crossroads of Central and Eastern Europe and Eurasia, and combines elements of both due to its history and geography. The EU can play an essential strategic role in tipping the balance inside Ukraine in favour of its often declared, but sometimes not implemented, 'European choice'.

Ukraine, together with eleven other former Soviet republics, has since the Soviet collapse been seen as a Soviet successor state. This has meant that Ukraine has never been seriously considered for EU membership in any of the documents it has signed with the EU. Although the EU has recognised Ukraine's 'European choice' and European geography, it has not moved to the next stage of accepting that Ukraine and other countries of the western CIS are eligible under Article 49 of the Treaty on European Union (TEU) to join the EU.

The EU-Ukraine relationship has been plagued by problems under both terms of office of President Kuchma. Both sides have adopted *virtual* policies to one another. Ukraine has espoused 'European choice' rhetoric and the

aim of integration into the EU while adopting domestic policies that undermine these goals. The EU has placed the onus of moving closer to its 'common values' on Ukraine without making any offer of future membership. Ukraine has responded by demanding a 'signal' from the EU and the creation of a strategy towards Ukraine that gives it either a positive or negative answer to the crucial question of whether it can be seen as a future member.

Since the late 1990s, the middle group of twenty-seven post-communist states has split. Its Central and East European members, such as Slovakia and Bulgaria, have dramatically improved their domestic indicators in areas such as democratisation and economic reform. The Commonwealth of Independent States (CIS) members in this middle group, such as Ukraine and Russia, have regressed. The CIS and Central and Eastern Europe have increasingly drifted apart. The majority perception of Ukraine in the EU is that it has not advanced in any respect and is little different to other CIS states. This paper argues that the reality is more complex. Ukraine's record remains one of the best in the CIS and it is not *that* different from the laggard of Central and Eastern Europe, Romania. Ukraine's record is certainly better than that of the Western Balkans.

The EU has no coherent medium- to long-term strategy towards Ukraine. EU officials have issued contradictory, and at times insulting, statements about Ukraine. Including geographically European states in the western CIS together with the southern Mediterranean and the Middle East sends the wrong signal to Ukraine. It serves to reinforce the perception in Kyiv that the EU *does not* see Ukraine as part of 'Europe' or even as a potential future member.

The EU does not in practice treat Ukraine and Russia equally. Ukraine's foreign policy aims are assumed to be the same as Russia's. Russia does not seek EU membership and is content with the 'integration not accession' offered by the Commission's 2003 'Wider Europe' Communication.³

This 'Russian policy' is exported by the EU to the three other western CIS states. NATO has adopted a genuine policy of differentiating between Russia and Ukraine and of treating them equally. NATO deals with Russia, which does not seek membership, through the NATO-Russia Council. With Ukraine, NATO accepts that it is seeking membership. The EU rules out membership for Ukraine because this may be seen to require giving the same option to Russia (and because Ukraine has regressed on its 'European choice' domestically). The Council of Europe also linked Ukrainian and Russian membership in the mid-1990s.

The 'Russia factor' plays an important role in making the EU cautious in its approach towards Ukraine. Russia is strategically important to leading EU members who desire to deepen the EU and give greater substance to its Common Foreign and Security Policy (CFSP). To some West European EU members, Ukraine is still seen as 'semi-Russian', a factor that reinforces the tendency to place the fate of all three eastern Slavs together.

Offering an 'open-door' policy to the Western Balkans but not another European geographic region (western CIS) is perceived as applying double standards. EU officials do not doubt that the Western Balkans is part of Europe. Yet, the same officials never use the same language when talking about Ukraine,

despite EU documents that define Ukraine as a 'European' country. The perception of Ukraine as being geographically European but culturally not is deep-rooted in Western Europe. Ukraine and the CIS are understood to have formulated their political culture outside 'Europe' (the only exception to this is western Ukraine).

The enlargement of the EU will focus greater attention by the Union's new Central and East European members on Ukraine. Poland has acted, and will continue to act, as a key lobbyist for Ukraine's 'European choice' within the EU and NATO. The three Baltic states and, to a lesser extent, Hungary and Slovakia, will follow Poland. Ukraine is their immediate eastern neighbour, to which they are tied by historical and cultural links. Ukraine is also seen by them as having a certain geopolitical importance, and not only because of the fate of its minorities.

Three scenarios are discussed for the 2004 presidential elections in the last section of this paper. The most favourable would be a victory by the reformist and pro-EU former Prime Minister Viktor Yushchenko. A Yushchenko victory would radically change Ukraine's international image and move the country from virtual to real implementation of its 'European choice'. It is likely that Ukraine will be invited to join NATO in the coming decade. A Yushchenko victory could lead to a strong show of support from the United States and might lead to an invitation to join NATO at the next summit, in 2007. Ukraine's membership of NATO could be a precursor to the longer path towards EU membership (or not, as in the case of Turkey). It would certainly encourage the de-coupling of Ukraine from Russia, a position advocated strongly in this paper.

³ Tarasiuk describes the Communication as 'restricting', not 'widening' Europe. Borys Tarasiuk, Kyiv, 24 June 2003.

Ukraine's 'multi-vector' transition

2.1 'European choice' deficit

Although Ukraine is the only CIS state with a large pro-Western reform movement, the country has a pro-European domestic deficit in relation to Central and Eastern Europe. This is made worse by a naivety within Ukraine's élites with regard to the EU accession process.

From the point of view of support for reformist policies and 'community of values,' the EU has little to currently work with in Ukraine except on the centre-right. Of Ukraine's four opposition groups only Yushchenko's Our Ukraine bloc is ideologically committed to policies that the EU would understand as being a part of a shared 'community of values'. This could change in the post-Kuchma era when some oligarch centrists evolve into legitimate businessmen.

During the 1998 elections, the centre-right was the strongest supporter of EU membership. Centrist parties framed their programmes more cautiously with, 'formation of conditions for integration into the European structures'.⁴ When political blocs and parties were asked if Ukraine should join the EU, positive responses were given by the centre-right as well as by the centre and left. (The only exception was the pro-presidential Social Democratic Party (United), which gave no response.) With regard to the timeframes on offer, Our Ukraine was the only movement that suggested Ukraine should strive to join the EU within five years. The other political blocs and parties were divided equally between two responses: membership over the next ten, or twenty, years.⁵

For national democrats in Ukraine, as in the three Baltic states, 'returning to Europe' implies a rejection of communism, Eurasia and the USSR. This is *perceived* in Russia as being also a rejection of 'Russia'. The EU should not restrict itself to cooperating only with Yushchenko. Deepening democratisation and civil society, moving from virtual to real policies to combat corruption and strengthening the rule of law – these are all areas backed by other opposition groups, such as the Socialists and the populist Tymoshenko bloc.

2.2 Foreign Policy

Ukraine's foreign policy is officially defined as 'multi-vector,' the beauty of which lies in its flexibility. Two reasons have been outlined as to why Ukraine pursues such a foreign policy. The first concerns the impact of domestic factors. Ukraine's regional diversity, its large number of Russians and Russian speakers, competing foreign orientations and economic and energy dependency are put forward as explanations for the need for a multi-vector foreign policy. The second explanation is the usefulness of 'multi-vectorism' for Ukraine's ruling élites at specific periods of time.

The first explanation implicitly assumes that Ukraine is a consolidated democracy, where the élites interact with, and take note of, public opinion. This is far from being the case. Opinion polls in 2002 carried out by the Ukrainian Centre for Economic and Political Studies found that over 80 per cent of Ukrainians felt they had

⁴ *National Security and Defence*, no.2, 2002, p. 21.

⁵ *National Security and Defence*, no.2, 2002, p. 28.

no influence on central or local government. Opinion polls regularly show a low level of political awareness among Ukrainians. In addition, even in Western consolidated democracies most citizens do not take an active interest in foreign policy issues, let alone in democratising states such as Ukraine. This is not to rule out domestic factors as having no influence on Ukraine's security policy. As described earlier, Ukraine is not homogeneous in its orientations or political preferences. Neither is it homogeneous in the different regional levels of civil society activity.

Ukrainian security policy is crafted by a small number of people who consist of the executive, its political allies at any given time, and members of government and parliament. The executive's influence is paramount, a factor which gains dramatically in importance during times of political crisis, when foreign policy formulation is closely tied to the fate of the president.

Russian-speaking eastern Ukraine has been passive since opposition movements first began to appear in the late Soviet era. The exceptions have been Donbass miners, whose strikes have occasionally led to political demands (as in 1993). The only opposition party popular in eastern Ukraine is the Communist Party (KPU). Pro-presidential parties are well entrenched, especially in Prime Minister Yanukovich's Donbass, but these are top-down parties made up of forcibly conscripted members, who are only able to bring people on the streets through bribery or pressure (e.g. on state employees). Eastern Ukraine's civic passivism has therefore not translated into widespread civic activity in favour of reunion with Russia or hostility to close cooperation with NATO, two views that are usually found in opinion polls among eastern Ukrainians. Opinion polls also show that foreign policy issues are less of a priority for eastern Ukrainians than for western Ukrainians.

Indeed, foreign policy is a priority for western and central Ukrainians. In addition, civic activism is greater, and anti-oligarch views are widespread (the Kyiv clans' SDPU is the only oligarch party which is unpopular in its home base) in these two regions. Three of Ukraine's four opposition parties (Socialists, Our Ukraine, and the Tymoshenko bloc) have their strongholds in

western, central and northern Ukraine.

Regional factors influence Ukrainian foreign policy in two ways. Between elections, the executive can pursue, if it so desires, a security policy that is at odds with preferences and orientations in eastern Ukraine. This has translated into close cooperation with NATO and support for Euro-Atlantic integration. During elections, however, the executive has to take into account the more populous eastern Ukrainian voters. Pro-Russian and pro-CIS integration rhetoric is often used to win votes (as it was in the 1999 elections, and it may be used again in the 2004 elections). This rhetoric is then abandoned after the elections when eastern Ukrainians return to their traditional passivity.

Ukraine's multi-vector security policy can be divided into two main periods, following Kuchma's first and second terms in office. In the first period, between 1994 and 1999, Ukraine's multi-vector foreign policy was pro-Western. Nevertheless, Kuchma came to power on a pro-Russian platform of adopting a higher profile in the CIS (unlike Kravchuk's view of the CIS as merely a forum for a 'civilised divorce'). This never amounted to support for the 'Belarussian path', which has only ever existed on the extreme left in Ukraine. Kuchma's pro-Russian election platform rapidly changed after he came to power. Ukraine needed assistance from international financial organisations when it launched economic reforms in October 1994. This assistance was forthcoming after Ukraine signed the Strategic Arms Reductions Treaty or START I Treaty and the Non-Proliferation Treaty (NPT).

Two other factors forced a shift in Ukraine's multi-vector security policy from pro-Russian to pro-Western. Despite the election of 'pro-Russian' Kuchma, Russia remained unwilling to accept Ukraine's independence or its sovereignty over Crimea and Sevastopol. Ukraine oriented itself towards the United States and NATO to counterbalance Russia. Only after nine postponed visits did Yeltsin travel to Kyiv in May 1997 to sign a treaty with Ukraine. In the period 1995-97, Ukraine successfully used the 'NATO card' to press Russia into becoming more amenable (Yeltsin's visit was – not coincidentally – only two months prior to the NATO

Madrid summit where Ukraine signed the NATO-Ukraine Charter). Ukraine had also meanwhile become more willing to compromise on leasing berths in Sevastopol to the Russian Black Sea Fleet.

Until the end of Kuchma's first term in office, Ukraine engaged only in the economic dimension of CIS activities while routinely denouncing the CIS as an ineffective organisation. Ukraine became the third largest recipient of US aid, after Israel and Egypt, and officially aspired to join the EU and NATO. A Partnership and Cooperation Agreement (PCA) with the EU was signed in 1994 and came into effect in 1998. Moreover, a NATO-Ukraine Charter was signed in 1997.

A second reason for the shift to a pro-Western foreign policy in Kuchma's first term is related to the executive's political allies. In Kuchma's first term (1994-99), the 'party of power' had not yet consolidated into political parties, a step that only took place after the 1998 elections. Ukraine's late start in economic reforms and its smaller resources of raw materials placed its 'party of power' at a disadvantage in relation to Russia for example, where reforms began earlier and the 'party of power' was able to become far wealthier. 'Parties of power' first appeared in Russia and Ukraine at different times – Our Home is Russia in 1995 and the NDP in Ukraine in 1998 – both of which turned out to be failures. In his first term, Kuchma was obliged to rely more heavily on national democrats for support in the face of an unstructured 'party of power', a hostile left in control of Parliament, and Russian external pressure. The reliance on national democrats inevitably influenced Ukraine's foreign policy orientation. Ukraine's emerging oligarchic class also saw the national democrats as allies against the KPU and external Russian threats. They only felt strong enough to abandon reliance on national democratic support, as well as their fear of Russian oligarchs, after they had established themselves as an economic-political force in the 1998-2002 parliament.

During Kuchma's second term in office (1999-2004), Ukraine's multi-vector security policy turned eastwards and returned to many

of the planks of Kuchma's original 1994 election programme. The election of Putin in March 2000 facilitated this reorientation because he, unlike his predecessor Yeltsin, never denied Ukraine's right to exist as an independent state within its borders. A Ukrainian-Russian 'strategic partnership', which was devoid of content in the Yeltsin era and Kuchma's first term in office, became possible under Putin and during Kuchma's second term. For Ukraine, such a partnership rests on mutual respect for one another's sovereignty, territorial integrity and equality and takes into account each's national interests. While accepting Ukrainian independence, Putin has sought to draw Ukraine into a closer relationship. This approach has been acceptable to eastern Ukrainian oligarchs, who do not harbour anti-Russian feelings and see it as perfectly natural to cooperate closely with Russia on foreign policy issues. In the 1998-2002 parliament, this translated into the creation of an inter-faction group entitled 'To Europe with Russia'.

Ukraine has also stepped up its participation in the CIS since 2000, a move facilitated by Western isolation of Kuchma after serious allegations of misconduct began to surface after the so-called 'Kuchma-gate' crisis broke in November 2000. A month earlier pro-Western Foreign Minister Borys Tarasiuk had been dismissed. Ukraine joined the CIS Anti-Terrorism Centre, its defence minister began to attend CIS military meetings regularly as an observer, and Foreign Minister Anatoly Zlenko was elected head of the CIS Council of Foreign Ministers. From 2001 Putin became Kuchma's main external ally in the face of his isolation in the West. Kuchma's only domestic allies – the centrist oligarchs – no longer felt threatened by their Russian counterparts and, in the absence of Western investment, welcomed Russian economic activity in the Ukrainian economy.

In January-February 2003, this was taken one step further. Kuchma became the first non-Russian to be elected to the largely ceremonial position of head of the CIS Council of Heads of State. In addition, Russia, Ukraine, Belarus and Kazakhstan agreed to establish a CIS Free Trade Zone ('Joint Economic Space'). On 22 May 2003,

the left and pro-presidential centre in the Ukrainian parliament voted (by 266 deputies out of 450) to back its creation.

This was a rather curious step considering that Kuchma had always ridiculed the effectiveness (and therefore usefulness) of the CIS. More importantly, Ukraine is not a de jure member of the CIS, as it had never ratified the 1993 CIS Charter and hence is only a 'participant'. (Ukraine had regularly defined its status – wrongly – as an 'associate member' of the CIS. No such status exists.) How can the leader of a non-member head the CIS? This would be unthinkable in the EU or NATO, but is perfectly in line with the legal nihilism and disregard for formal rules prevalent in the CIS.

Since the Kuchma-gate crisis and subsequent political stagnation, the West has become increasingly disillusioned with President Kuchma, a disillusionment that has led to rise of 'Ukraine fatigue'.⁶ There are many reasons for this: the inability to solve the murder of opposition journalist Heorhiy Gongadze in Autumn 2000, arms sales to so-called 'rogue states' (including possibly Iraq), the worsening state of media freedom, publicity surrounding high-level corruption (e.g. the Lazarenko affair), a virtual struggle against corruption and unwillingness to accept the outcome of the 2002 elections (which pro-presidential forces lost).

'Ukraine fatigue' has also arisen over two other fundamental issues. First is the gap between domestic realities and foreign policy rhetoric, which has its origins in a neo-Soviet political culture still prevalent among Kuchma and some of his oligarch allies. The second lies with the confusion surrounding both EU policies towards Ukraine and Ukraine's foreign policy orientation. The EU has adopted an incoherent policy on Ukraine that has been made even more confusing by Ukraine itself. The EU has

always resisted being seen to be asking Ukraine to choose between 'Eurasia' (i.e. the CIS) and 'Europe' (i.e. EU). (Russia does not have to choose, as it does not seek EU membership and geographically it lies within both 'Europe' and Asia.) While not asking Ukraine to choose between 'Europe' and Eurasia, the EU and West European governments do not treat Ukraine's constantly shifting multi-vector foreign policy seriously. The reasons the EU has not asked Ukraine to choose are twofold: first, so as not to harm relations with Russia, as choosing implies, from the Russian view, the breaking of relations with Moscow; and second, because asking Ukraine to choose would indicate that the EU no longer placed Ukraine within an undefined 'grey zone' lying on the edge of 'Europe'. Kuchma himself believes that integration into the EU and NATO does not mean severing ties with Russia: 'Separating Ukraine from Russia is as impossible as separating Russia from Europe'.⁷ If this is understood in the sense of a radical break and Yalta-style dividing line, he may be correct. However, Kuchma is quite disingenuous also, as a Ukraine inside NATO and the EU would differentiate it from a Russia that was still outside those two organisations.

European Commission President Romano Prodi was at least honest when he said: 'The Balkan countries will join as they belong. Turkey is officially a candidate that is clear. But Morocco, or Ukraine, or Moldova? I see no reason for that.'⁸ Ukraine keeps asking for a signal from the EU,⁹ to which the EU responds by saying Ukraine has to prove itself first. In reality, both sides are happy at the current status quo. In some ways, EU de facto ties Ukraine's fate to Russia's when it holds the same position as that of Kuchma and centrist oligarchs that Ukraine will '[advance] to Europe with Russia'.

⁶ This has been recognised inside Ukraine as well. The gap between realities and rhetoric in foreign policy at a time of a lack of clarity in domestic affairs inside Ukraine has led to 'Ukraine fatigue'; *Zerkalo Nedeli*, 23-30 November 2002. In an open letter to Kuchma, Prime Minister Yanukovich and parliamentary chairman Volodymyr Lytvyn, Yushchenko warned that domestic infringements of human rights could not be hidden from the West; <http://maidan.org.ua>, 27 February 2003.

⁷ ITAR-TASS, 22 May 2003.

⁸ Interview in the Dutch newspaper *Die Volkskrant* cited by Reuters, 27 November 2003.

⁹ Deputy Foreign Minister Yevhen Bersheda, cited by ITAR-TASS, 5 May 1999.

A joint German-French report drawn up by their respective foreign ministries in 2000 clearly stressed that Ukraine could not be allowed to become a member of the EU: 'The admission of Ukraine would imply the isolation of Russia. It is sufficient to content oneself with close cooperation with Kiev. The Union should not be enlarged to the East any further than by the ten countries of Central Europe, with which it is currently negotiating. The EU has hitherto been ready to admit new countries, but its mission is not to unite the entire continent.'¹⁰ This attitude towards Ukraine by two European states, written a year before 11 September and three years before the transatlantic rift over Iraq, has only deepened.

Even before the 'Wider Europe' Communication, therefore, EU policy was already following the line of seeking 'integration not accession', whereby Ukraine is included together with Russia and other 'neighbours' as a country that is not likely to join the EU. Instead of dealing with the root causes of the domestic political crisis and thereby loosening Ukraine's growing foreign policy dependency on Russia, Ukraine's ruling élites have diverted responsibility onto the shoulders of others. As Ukraine approached the end of the Kuchma era, its ruling élites became progressively out of touch with reality, a situation not dissimilar to that in Russia in the late Yeltsin era. For example, when asked about corruption, Kuchma replied that he was not in a position to improve the country's legislation. Ukraine has an abundance of legislation and the problem is its lack of implementation and selective implementation.¹¹ Incredibly, Kuchma predicted that Ukraine would be offered associate membership of the EU at the October 2003 EU-Ukraine summit.

Deputy Prime Minister Tabachnyk claimed that Ukraine's drive toward Euro-Atlantic integration 'is central to the dynamics of decision-

making at all levels' and that this was, 'more clearly articulated at the domestic level than it is abroad'. This is certainly not how it has seemed looking at Ukraine from the West, from where it looks as if the policies of Ukraine's ruling élites are undermining – not supporting – its integration into Euro-Atlantic structures.

Ukraine's multi-vector security policy in Kuchma's first and second terms show that 'multi-vectorism' is easily adaptable to the executive's current geopolitical predicaments. Although Euro-Atlantic integration was always considered a component of 'multi-vectorism', its achievement was undermined by the lack of ideological commitment (in contrast to commitment only at the level of rhetoric) to 'Europe' within the executive and its centrist allies. The EU High Representative for the Common Foreign and Security Policy (CFSP), Javier Solana, warned Ukraine's leaders at an October 2002 Warsaw conference that 'Ukraine is not playing by the rules but playing with the rules'. Solana added, 'We would like one day to embrace your country, but we have to know what kind of country you are.'¹²

The gulf in Ukraine between domestic non-European policies and its declared strategic goals of integration into the EU and NATO will continue until the end of Kuchma's term in office. President Kuchma's three-year international isolation came to an end in 2003; nevertheless, the United States still refuses to hold a presidential summit with him (annual presidential summits had been held under President Bill Clinton). The restoration of full trust in Ukraine will have to wait until Kuchma's successor takes office in November 2004.

As discussed in the last section of this paper, the EU can still play an important role in the transition to the post-Kuchma era by declaring its interest, alongside the OSCE and Council of Europe, in the holding of free and fair elections

¹⁰ 'New Neighbourhood-New Association Ukraine and the European Union at the beginning of the 21st century', *Policy Papers 6* (Warsaw: Stefan Batory Foundation, March 2002), p.11.

¹¹ *Ukrayinska Pravda*, 23 May 2003. See also T.Kuzio, 'Ukraine's Virtual Struggle Against Corruption and Organised Crime', *RFERL Organized Crime and Terrorism Watch*, 6 September 2002.

¹² Solana also expressed his concern that Ukraine was becoming increasingly isolated from Europe, rather than integrating into it; *Interfax*, 16 October 2002.

in 2004. The statement should support a free election campaign devoid of harassment of the opposition, selective use of legislation to remove candidates and equal access to the media. The holding of free elections next year will influence whether the West continues to have 'Ukraine fatigue' and whether Ukraine actually translates its 'European choice' rhetoric into policy. A statement by the EU in support of free elections would place the onus squarely upon the Ukrainian leadership to resolve the current domestic political crisis but not at the expense of Ukraine's integration into Europe.

2.3 Conclusion

Ukraine's record on transition lies between Russia's and Romania's. In relation to the remainder of the CIS, it has one of the best records. Yet, Ukraine – together with the entire CIS – has regressed since the late 1990s. This has occurred at the same time as progress has taken place within Central and Eastern Europe, thereby leading to a growing gulf between it and the CIS. Despite the mixed picture, Ukraine's transition still presents many opportunities that the EU can seize.

Within Ukraine, an expanding economy has coexisted alongside a stagnating political regime in crisis. The political stalemate will only be broken by the 2004 presidential elections. Both the pro-presidential élites and the opposition are fragmented, while Ukraine's oligarchs have an uneasy relationship with the executive. Kuchma has acted as 'umpire', standing above competing oligarch clans, so much so that, without Kuchma, each clan fears that influence over a new executive by another clan will negatively affect its interests. The opposition is divided between moderates, such as Our Ukraine who are willing to compromise with the authorities under certain conditions,¹³ and radicals. National democrats (Our Ukraine) and the KPU

dislike each other more than either dislikes the oligarchs. Our Ukraine has never provided wholehearted support to the three radical parties (SPU, KPU and Tymoshenko) in their anti-presidential street protests since 2001. Divisions within the pro-presidential élites and the opposition have meant that neither side can succeed in the pursuit of either an authoritarian regime or Kuchma's resignation and early presidential elections. Stalemate has therefore ensued.

Speaking on 'Europe Day' in May 2003, President Kuchma referred to the past to highlight Ukraine's ancient links to European history stretching back to the medieval state of Kyiv Rus. Yet recourse to history is insufficient. While criticising others for not adopting 'European' policies inside Ukraine (respect for the rule of law, tolerance, human rights, rejection of the authoritarian past, multi-party politics, etc.), the executive must take responsibility for undermining Ukraine's 'European Choice'. The combination of an ambivalent or hostile left and an ideologically amorphous pro-presidential centre that routinely succumbs to deception narrows the ideologically committed supporters of Ukraine's 'European choice' to the centre-right. If integration into Europe is to be based on 'common values' (Ukraine, unlike Russia, cannot hope to be a strategic partner of the EU) only the centre-left SPU and centre-right Our Ukraine adhere to some, or all, of these.

Free and fair elections in 2004 leading to a presidential victory for Yushchenko would relieve the West's 'Ukraine fatigue'. The EU would also have little choice but to change its approach towards Ukraine, as those who genuinely proclaim Ukraine's 'European choice' would then be in power. Yushchenko has stressed his aim, if elected in 2004, of focusing on rapidly improving ties with the EU.¹⁴ A Yushchenko victory would transform Ukraine's 'European choice' from a virtual declaration to real policy, a step for which the EU should be prepared.

¹³ Like Aslund, Yushchenko and Our Ukraine divide Ukraine's oligarchs into 'good' and 'bad'. Compromises can be made with 'good' oligarchs. Medvedchuk and the SDPU fall into the 'bad' category, in Yushchenko's eyes. 'Bad' oligarchs are defined as those unwilling to legitimise themselves by evolving from crooked oligarchs into honest businessmen.

¹⁴ A Yushchenko victory 'would unleash a tide of democracy', a Kyiv think tank has claimed. See Askold Krushelnycky, 'Ukraine: Yushchenko Seeks 'Open, Honest' Dialogue with Moscow, Better Ties with EU', *RFERL Magazine*, 10 June 2003.

Outside actors in Ukraine

3.1 *Russia*

Ukraine's relationship with Russia has never been an easy one. During the term of Leonid Kravchuk (1991-94) and the first Leonid Kuchma tenure (1994-99), the main issue that dominated relations was that of Russia coming to terms with both Ukrainian independence and Ukrainian sovereignty over the Crimea and the city of Sevastopol. During Kuchma's second term (1999-2004), under President Vladimir Putin Russia has accepted Ukraine's statehood. While not seeking to undermine Ukrainian independence, Russia still aims to maintain Ukraine within a Russian sphere of influence. This has allowed Kuchma to return to his 1994 election programme of closer ties with Russia, combining a virtual 'European choice' with an eastern Slavic orientation. Coincidentally, the Kuchma-gate crisis in November 2000 made this realignment with Russia all the more likely because Putin became Kuchma's only ally in the face of international isolation.

Russia's interests in Ukraine are a deeper aspect of its policies towards the CIS as a whole. A way of overcoming the lack of historical legitimacy of the borders of the Russian Federation is by maintaining 'internal' CIS borders as fuzzy, in the same manner as internal Soviet frontiers. Russia has opposed the demarcation of CIS 'internal' borders with Ukraine and Russia's other CIS neighbours. From the viewpoint of soft security threats to the EU, this will be an urgent issue once the EU enlarges to the western borders of Ukraine and Belarus.

Putin, in contrast to Yeltsin, understands the different national identities of Ukraine and Belarus. Only the extreme left in Ukraine support Ukraine's membership of the Russian-Belarusian union. In the CIS, the Russian government is willing to work either with Sovi-

etophile/communist (Belarus/Moldova) or authoritarian oligarchic regimes (Ukraine, Kazakhstan). Kuchma and his pro-presidential centrist allies represent Russia's typical partner in the CIS, because they are a mirror image of the type of post-Soviet regime that has emerged inside the Russian Federation itself. On the other hand, the Russian government is less favourable to national democrats in Ukraine and the CIS. National democrats in Moldova, Belarus, Ukraine and Georgia are perceived in Moscow as being 'anti-Russian'. In Ukraine this has translated into a distrust of Yushchenko in Moscow.

This creates a two-fold dilemma for EU policy towards Ukraine. First, the main political force that provides grounds for optimism in the declared 'European choice' – Our Ukraine – is also the main political force perceived in a negative manner by Russia. Consequently, if the success of Ukraine's commitment to 'common values' rests on the coming to power of Yushchenko, the EU and Russia may have incompatible objectives in Ukraine. Success in revitalising Ukraine's commitment to reform rests on pro-presidential centrists being replaced by centre-right reformers, élites who actually mean what they say about Ukraine's 'European choice'. Ironically, therefore, the promotion of a greater commitment to reforms by the EU, NATO and Western governments on the part of Ukraine's leaders is not problematical to Russia as long as Kuchma and his centrist allies remain in power, because they are only virtually committed to 'common values'.

As with Russia's relations with the West, Russian policies towards Ukraine and the CIS are grounded in geopolitical terms and not adherence to shared 'common values'. The incompatibility of EU and Russian strategies towards Ukraine and the CIS will impact upon

EU policies towards its eastern neighbours and the Common Foreign and Security Policy. Russia is perceived by some EU states as essential to CFSP, because it is an ally in the pursuit of a 'multipolar' world and a counterweight to US 'unilateralism'.¹⁵ Such EU member states may not wish to harm relations with Russia by fully supporting Ukraine's 'European choice'. Ukrainian officials have been advised by some EU officials that membership would only occur together with Russia.¹⁶ Linking the destinies of Ukraine and Russia places them both beyond 'Europe' (understood as the same as the EU in Kyiv). In this view, Ukraine should, like Russia, move as close as possible to the EU without joining it. This suits Russia, which is seeking to develop a 'strategic partnership' with the EU but not membership. It does not suit a Ukraine that seeks membership. In other words, Russia can only be a great power while remaining outside the EU, while Ukraine can only accomplish its 'European choice' by being inside the Union.¹⁷

3.2 NATO and the USA

Since joining NATO's Partnership for Peace (PfP) in February 1994, Ukraine has been its most active CIS state. Ukraine has participated in 200 exercises and hosts the NATO PfP training centre at the former Yavoriv military base in western Ukraine. Ukraine has *never* seen NATO enlargement as a threat to its security. Quite the contrary, it has been understood as bringing security to Ukraine's western borders. By contrast, the Russian perception of the NATO threat changed only in 2002 under Putin. Whereas the Russian military remains anti-Western, the Ukrainian military has a better understanding of the link between a domestic adherence to 'common values' and successful integration into Euro-Atlantic structures. Moreover, NATO is willing to invite Ukraine to

become a member without making this conditional on Russian membership.

During Kuchma's first term, Ukraine successfully used the 'NATO card' to obtain Western backing for Ukraine's independence and territorial integrity in the face of what Kyiv believed to be a hostile Russia. During the second half of the 1990s, Ukraine became the third largest recipient of US aid and the largest country with whom the United Kingdom had a bilateral military relationship. A strong bilateral military relationship also developed with the United States 'in the spirit of PfP'. Ukraine talked vaguely of 'Euro-Atlantic' integration under two pro-Western Foreign Ministers, Hennadiy Udovenko and Borys Tarasiuk, from 1994 to 2000. However, it was not until May 2001 that Ukraine formally announced its intention of seeking NATO membership. In 1998 and 2001, Ukraine developed the most extensive government programmes of cooperation with NATO of any post-communist state.

The benefits of the NATO-Ukraine relationship can already be found in the transformation of Ukraine's military officer corps into a pro-NATO institution. The NATO-Ukraine Joint Working Group on Defence Reform has assisted in improving transparency in the military budget and other reforms among the military and border troops. NATO assistance has helped in the radical reduction of the size of Ukraine's armed forces from 780,000, inherited from the former USSR, to 295,000 in 2003, a figure which is to be halved to 150,000 by 2010. Defence Minister General Volodymyr Shkidchenko was the last military officer to occupy this position and he was replaced by the secretary of the National Security and Defence Council, Yevhen Marchuk, in June 2003. The appointment is linked to Ukraine's fulfilment of the 2002 Action Plan with NATO that called for the creation of a civilian minister of defence and greater civilian control over the security forces.

¹⁵ As Dov Lynch states, '... Moscow values relations with Paris for the similarity in Russian and French views on international relations'. 'Russia faces Europe', *Chaillot Paper* 60 (Paris: EU Institute for Security Studies, May 2003), p. 50.

¹⁶ Interview with Ambassador Borys Tarasiuk, Brussels, 15 February 1998.

¹⁷ The European Council of the EU in its June conclusions on the 'Wider Europe' Communication places Ukraine together with Belarus and Moldova while keeping Russia separate as part of the 'EU-Russian strategic partnership'. See <http://ue.eu.int/Newsroom/makeFrame.asp?MAX=1&BID=71&DID=76201&LANG=1&File=/pressData/en/gena/76201.pdf&Picture=0>.

NATO's new responsibilities beyond the geographic area of NATO members are limited by its lack of heavy-lift, especially long-haul aircraft. In June 2003, a NATO-Ukraine Memorandum on Cooperation in Airlift was signed. Eleven NATO member states have agreed to charter six Ukrainian heavy-lift aircraft for NATO-led peacekeeping operations in Afghanistan. The Ministry of Defence, therefore, *actually* acts to push Ukraine's 'European choice' beyond mere rhetoric. The driving force behind Ukraine's open declaration of seeking NATO membership was the National Security and Defence Council (NSDC), which also campaigned successfully for Ukraine to send peacekeeping troops to Iraq. Passivity and empty rhetoric come from the presidential administration. The Ukrainian contribution of two thousand troops is the fourth largest in Iraq, and they are based in the Polish sector where they can build upon many years of cooperation in the Ukrainian-Polish Battalion (UKRPOLBAT), itself promoted by NATO and the United States. UKRPOLBAT has been based in Kosovo since July 2000 as part of KFOR.¹⁸

Discussions of Ukraine's membership of NATO will remain academic until after Kuchma leaves office. Certainly, it seems clear that a Yushchenko victory in 2004 is likely to lead to a NATO invitation in 2007 (non-free, unfair elections would postpone this to 2012). The seriousness with which NATO treats Ukraine's membership aspirations was evident in the high-level conference held at the Center for Strategic and International Studies in Washington in May 2003.¹⁹ Longstanding NATO members from Germany, Italy, Turkey, Norway, the United States and Portugal, and new and future NATO members, such as Hungary, Romania, Slovenia,

Estonia, Latvia, Lithuania, Poland, sent their defence ministers, while the United States and Ukraine were represented at the presidential level. The next high-level meeting on Ukraine will take place in Poland in 2004, confirming that Poland is likely to lobby Ukraine's interests inside both NATO *and* the EU.

3.3 The European Union

Relations between Ukraine and the EU have not developed as quickly as those between Ukraine and NATO.²⁰ Two major obstacles hinder relations. First, there is a lower level of interest on the part of the EU towards Ukraine as compared with that shown by NATO (and the United States). It took four years for EU member states to ratify the Partnership and Cooperation Agreement (PCA) signed by President Leonid Kravchuk in June 1994, a factor that reflected the low priority placed on Ukraine (and other CIS states, apart from Russia).

The PCAs upgraded the April 1990 agreement between the EU and the USSR, and they were reached with most CIS member states. The EU always treated Central and Eastern Europe and the USSR differently, with the three Baltic states joining the former group after 1992 and the former USSR becoming the CIS. The lack of membership potential for the CIS was always therefore built into this differentiation. Ukraine has not consistently implemented the PCA, all the while insisting that relations be upgraded to the level of Association Agreement. Problems in relations with Ukraine range from protectionism, an unwillingness to go beyond signing the agreement to its implementation and lack of respect for contractual obligations, and agree-

¹⁸ Ukraine has a mechanised infantry company and one helicopter squadron in SFOR (Stabilisation Force) in Bosnia and an infantry company and helicopter squadron in KFOR in Kosovo.

¹⁹ 'Ukraine and NATO. Tasks and Achievements for Cooperation and Integration', press conference, Washington, DC, 5 May 2003; available at <http://www.csis.org/ruseura/ukraineandnato.pdf>. See also 'Ukraine in Europe', *CSIS Occasional Paper*, September 1999; available at <http://www.csis.org/europe/pubs/UkraineInEurope.pdf>.

²⁰ This has not been helped by Ukraine not sending an Ambassador to France, arguably one of the key members of the EU where Ukraine should be lobbying diplomatically, for nearly three years, from September 2000 to April 2003. Anatoly Zlenko was recalled from France to become Foreign Minister and reportedly left the position open in case he was fired from his new position (Ministry of Foreign Affairs, France, 15 May 2003).

ment violations (especially clauses 35-45). The EU has often complained that Ukrainian ministers were not fully conversant with the PCA.²¹

Moreover, the implementation of the PCA after March 1998 has run concurrently with the declaration by Ukraine of its intention to seek EU membership. Ukraine developed two extensive government programmes to achieve this goal in 1998²² and 2000 which, like the PCA, remained unfulfilled. Also, Leonid Kuchma was re-elected in November 1999 on a pro-‘European choice’ platform. Yet, at that time democratisation and reform were stagnating in Ukraine (and throughout the CIS). This paradox of Ukraine officially seeking EU membership while undermining its chances by its own domestic policies contributed to the rise of ‘Ukraine fatigue’ in the late Kuchma era. The Gongadze investigation is a case in point. Speaking at the European Parliament in April 2001, Foreign Minister Anatoly Zlenko promised a ‘transparent and open investigation’ into the murder of opposition journalist Gongadze the previous year. Despite such reassurances and a change of Prosecutor-General in July 2002, who claimed he would resolve the Gongadze affair by the end of 2002, there has been no visible progress.

PCAs were signed with eleven CIS states, and they did not envisage future EU membership. The aims of the PCA signed with Ukraine were fourfold:

- to provide a framework for political dialogue;
- to promote trade, investment and economic relations;
- to support the consolidation of democracy and transition to a market economy;
- to enhance cultural, economic, social, financial, civil, scientific, technological co-operation.

The EU-Ukraine summit in Copenhagen in July 2002 recommended that progress on the

PCA be reviewed over the five-year period since 1998. The review report, issued in March 2003, concluded that:

- political dialogue had been largely achieved, with the agenda becoming ‘progressively more substantial and operational’. The future of EU-Ukraine relations should be intensified within the ‘Wider Europe’ Communication;
- implementation of the promotion of trade and investment and harmonious economic relations is mixed;
- there had been progress in financial, science and technology cooperation but social and cultural cooperation had ‘scope to be developed further’;
- support for the consolidation of democracy had been undertaken through the political dialogue, although the report stated that ‘the achievement of this goal is the responsibility of Ukraine’. Ukraine had ‘progressively developed democratic principles and human rights and the rule of law’ since 1992 and the entering into force of the PCA. However, the EU had concerns in ‘judicial reform and implementation of legislation’ and with regard to the ‘rights and freedom of journalists’;
- negotiations on accession to the WTO had supported transition to a market economy;
- dialogue on Ukraine’s participation in crisis management, such as in Moldova, should continue;
- there should be an intensification of legislative approximation;
- in the realm of Justice and Home Affairs, cooperation should be intensified under the Action Plan;
- cooperation in the transit of energy, energy sector reform and efficiency should be developed.

Following 1998, when the PCA came into force, Ukraine pushed energetically for the EU

²¹ Interview with Klaus Schneider, deputy head Ukraine/Moldova/Belarus Policy unit, European Commission, Brussels, 10 August 1999.

²² *Uriadovyi Kurier*, 18 June 1998. See also the Ukrainian ‘Parliamentary hearings on Ukraine’s relations and cooperation with the EU’, *Holos Ukrayiny*, 24 December 2002.

to develop a 'strategic vision' towards it. When first articulated by Foreign Minister Borys Tarasiuk, a 'strategic vision' was understood as a differentiation of Ukraine from other CIS states and recognition of its membership aspirations.²³ Five years later neither of these two goals articulated for the EU by Tarasiuk have been met. The Common Strategy adopted by the EU at its December 1999 Helsinki summit did not go as far as Tarasiuk and President Kuchma had hoped. The only visible progress, in Ukrainian eyes, was the EU's acknowledgement of '... Ukraine's European aspirations and welcomes Ukraine's pro-European choice'. The definition of Ukraine as a 'European' country in the EU's Common Strategy had been obtained earlier in the July 1997 NATO-Ukraine Charter. The Common Strategy outlined a 'strategic partnership' between the EU and Ukraine 'based on shared values and common interests'. The EU's 'strategic goals' in Ukraine were to support the creation of a 'stable, pluralistic democracy', 'stability and security' in Europe, and promotion of 'economic, political and cultural cooperation'.

In addition, the Commission adopted a Ukraine Country Strategy Paper two years later in December 2001, which set out the 'strategic framework' for EU assistance to Ukraine during the period 2002-06. The Paper highlighted the priorities of strengthening democratic and civil society and media institutions, judiciary and public administration, structural reforms to the economy, improving the investment climate, WTO membership and restructuring the banking and social security systems. The first National Indicative Programme for 2002-03, included in the Strategy Paper, was divided into three sections, all of which were heavily oriented towards economics and trade:

- ▶ Institutional, Legal and Administrative Reform;
- ▶ Support to the private Sector and Assistance for Economic Development;
- ▶ Addressing the Social Consequences of Transition.

Each of the three areas was divided into 'Main Objectives', 'Specific Objectives', 'Expected Results', 'Description of Programmes', 'Conditionality' and 'Indicators'. These resemble the proposed Action Plans that will be central to the implementation of the same ideas in the 'Wider Europe' Communication.

The EU drew up Common Strategies with Ukraine and Russia in order to demonstrate that its policies to both countries were equal. The content of both documents was largely the same, reflecting the still commonly held view that both countries should be encouraged to integrate as closely as possible to the EU without being offered membership. In this sense, the EU appears to apply Russia's aim of non-membership to Ukraine. By contrast, NATO policies towards Ukraine and Russia have differentiated between Ukraine's interest in membership and Russia's non-interest.

Two factors undermined even this limited progress. While lobbying Western governments and international organisations to define Ukraine as 'European', Ukraine in Kuchma's second term (1999-2004) reinforced its presence in the CIS, thereby undermining its own 'European' identity. Ukraine's already weak 'European image' in Western Europe was undermined further by domestic policies. The economy did begin to grow during the Viktor Yushchenko government (1999-2001), but politically Ukraine fell into deep crisis. In stressing the need for the EU to send a 'signal', the Kuchma leadership reverted to a neo-Soviet political culture. Blame for Ukraine's regression in democratisation was thus not the fault of Ukraine's elected leaders but that of an outside body. The tradition of blaming foreign entities is deeply ingrained at the level of élites. There is no indication that Kuchma and the Ukrainian authorities are ideologically committed to 'common values' in and of themselves. A number of key questions arose for the EU. Why should a 'signal' be required from the EU to introduce policies

²³ Tarasiuk cited by ITAR-TASS, 27 April 1998 and *Holos Ukrayiny*, 26 March 1999.

which the Ukrainian authorities had been elected to uphold and which are enshrined in the 1996 constitution? Was democratisation, the rule of law and market economic reform not important in and of itself to Ukraine? It seemed not, as there has been a distinct lack of ideological support for Ukraine's 'European choice' and 'common values' during both of Kuchma's terms.

A second difficulty is misunderstanding of the EU. The threats by Deputy Prime Minister Tabachnyk outlined earlier to reorientate away from 'Europe' to Russia have been continually raised since the second half of the 1990s. Tarasiuk also warned in 1998 that without a 'signal' from the EU Ukraine could be pushed closer to 'somebody's sphere of influence'.²⁴ Such threats from national democrats, such as Tarasiuk, or centrists, like Tabachnyk, belied a lack of understanding on their part of the core differences between the EU and NATO. Despite the adoption of a 'Common Strategy', Ukraine has not become a 'strategic partner' of the EU. The term itself had become so misused during Kuchma's second term that some twenty countries had become Ukraine's 'strategic partners'. After the Kolchuga scandal of Autumn 2002, the notion of a strategic partnership simply imploded.²⁵

The head of the parliamentary committee on European integration, Tarasiuk, complained that the EU dealt with Ukraine only at the level of 'nice declarations', while it was 'politically indecisive and contradictory'. Worse still: 'Until now I have not heard a comprehensive explanation from the EU as to what criteria it applies to the countries that aspire to become its members: geographic, economic or political. . . . It is only when things really hurt that the Europeans are ready to make political decisions that should have been made many years ago. As long as nothing dangerous happens in Ukraine, nobody pays attention to it.'²⁶

In June 1998, Ukraine adopted a first decree outlining its strategy of integration into the EU. The decree reflected the Ministry of Foreign Affairs ideology at the time of 'Integration into Europe – Cooperation in the CIS'. By December of that year, the Ukrainian government was to have prepared a 'National Programme'. This, and a subsequent programme unveiled in 2000, were reminiscent of Soviet five-year plans. All CIS states – Ukraine included – have a penchant for drafting long documents that are then ignored or only partially fulfilled. These are more akin to letters of intent than contractual obligations. The programme's plan will not be fulfilled. In the first stage (2000-01), Ukraine was to have joined the WTO and in the second (2002-03) Ukraine was to become an associate member after signing a free trade agreement with the EU. Between 2004 and 2007, Ukraine was then to hold negotiations on full EU membership. Kuchma undoubtedly wished to claim credit for obtaining EU associate member status in his second term, an objective he himself undermined.

Ukraine's trade with the EU has grown throughout the 1990s and comparatively declined with Russia. Between 1994 and 2002, trade with Russia declined from 50 to 17.1 per cent of Ukrainian exports. During the same period, trade with the EU increased from 10.3 to 18.9 per cent, which rises to 40.8 if we include new EU members in Central and Eastern Europe.²⁷ Both the United States and EU promised support for Ukraine's membership of the WTO after Ukraine fulfilled its obligations to the Financial Action Task Force on money laundering. Nevertheless, this still requires recognition of Ukraine as a market economy. Despite Russia's progress in market economic reform, according to the Heritage Foundation's annual index, being no better than Ukraine's, only Russia has been granted market economic status by

²⁴ *Financial Times*, 13 May 1998.

²⁵ President Bill Clinton made a major visit to Kyiv in May 2000 to celebrate the 'strategic partnership'. Two months later Kuchma authorised the sale of Kolochuga radars to Iraq.

²⁶ *Holos Ukrayiny*, 23 November 1999.

²⁷ *Zerkalo Nedeli*, 24-30 May 2003.

the EU. Another factor is 'Ukraine fatigue' (or 'Kuchma fatigue'). Although not stated publicly, there is little wish to be seen as 'rewarding' Kuchma while he is still in office. No breakthrough with Ukraine, regardless of who is elected in 2004, will take place until after Kuchma retires.²⁸ From the EU perspective, relations will therefore merely 'tick over' until Kuchma leaves office.²⁹

A number of formal steps have been made by Ukraine. A National Agency for Development and European Integration was created in 1997 within the government to coordinate EU integration, but this has not proved successful. The title Minister of Economics was changed to Minister of Economics and European Integration in July 2001. In January 2003, a State Council on European and Euro-Atlantic Integration was created headed by Volodymyr Horbulin, secretary of the National Security and Defence Council from 1995 to 1999.³⁰ These largely cosmetic steps reflected the tendency to create new institutions as a way of providing 'jobs for the boys'. Little actualisation of the pro-European rhetoric has taken place. Kuchma and his centrist allies have failed to develop a wide social, educational and political programme to create support in Ukraine for the declared 'European choice'.

The same problems that began to bedevil Ukraine-EU relations in 1997-99 are still relevant at the end of Kuchma's second term: namely, the perceptions that Ukraine is historically, culturally and geographically part of 'Europe,' and therefore has a 'right' to membership; the view that Ukraine needs a 'signal' of future membership prospects and the pretence

that the country has started undertaking all of the tasks set for it and that the EU's lack of response is the real problem. The perception remains that the EU has no long-term strategy towards Ukraine and that it should support Ukraine's 'European idea' and 'European concept'. Moreover, the sources of 'Ukraine fatigue' remain misunderstood in Ukraine itself, and exacerbated by the fact that the economic and political situation in Ukraine is not too dissimilar to that in the 'laggard' countries on the path to EU membership (Romania and Bulgaria). Many remain convinced that enlargement will create a new 'Yalta', with strict dividing lines in Europe between those inside the EU – and thus, Europe – and those outside. Ukraine will be thus be pushed into a new 'grey zone'. The focus on nuclear safety is seen as being disingenuous, as Ukraine abided by its commitment to close the Chernobyl nuclear plant but it still awaits funds promised by the G-8. Finally, many hold the view that the EU in fact supports Ukraine's economic integration in the CIS precisely so that the EU can forget about it.

In addition, until EU enlargement, Ukraine lacked supporters among West European EU members for offering Ukraine the prospect of future membership. Austria, Germany, the United Kingdom and some Scandinavian states have been the only EU members that have offered diplomatic support.³¹ Chancellor Schröder indeed has stated that 'We want Ukraine to join the EU as an associate member and enter the WTO as soon as possible'.³² This position was contradicted, however, by Foreign Minister Joschka Fischer, who ruled out membership in the 'foreseeable future'.³³ Such

²⁸ US State Department official, Washington, DC, 31 March 2003.

²⁹ Interview at the Council of the EU, General Secretariat, 13 May 2003.

³⁰ Presidential decrees on the Council are published in *Uriadovyi Kurier*, 4 and 25 February 2003. Details of the first meeting of the Council are published in *Uriadovyi Kurier*, 7 February 2003.

³¹ Interview with Klaus Schneider, deputy head Ukraine/Moldova/Belarus Policy Unit, European Commission, Brussels, 10 August 1999. Chancellor Gerhard Schröder quoted in *The Ukrainian Weekly*, 18 July 1999, British Foreign Secretary Robin Cook cited in Interfax, 12 April 2000 and Austrian President Tomas Klestil in UNIAN, 6 November 2002. See the comments by Kuchma after his visit to Austria in *Uriadovyi Kurier*, 20 October 1998. On Scandinavian and British support to Ukraine see Ahto Lobjakas, 'EU: 'Neighbors' Debate Focus', *RFERL Magazine*, 14 April 2003.

³² Interfax, 9 April 2003.

³³ http://europa.eu.int/comm.external_relations/we/intro/ip03_358.htm.

contradictory statements are common both within the EU and between EU member states. In the cases of Italy and Greece, support for Ukrainian membership has sometimes been coupled with that of Russian membership, a linkage that again ties the fates of two states with different strategic agendas. More clearly, the former Belgian Prime Minister Jean-Luc Dehaene, in his position as vice-chairman of the European Convention, ruled out Ukraine's future membership, because the eastern borders of the EU after enlargement should remain fixed (but not those in the Western Balkans and with Turkey). These views are similar to those of the French and German foreign ministries discussed above.³⁴ The French government initially preferred not to discuss the membership option for Ukraine, instead looking to 'integration not accession' as the answer for Ukraine and other CIS states, such as Moldova. Then, at the April 2003 Athens conference, President Jacques Chirac said France would support upgrading Ukraine's status to associate member. It is not clear if this will be translated into real support inside the EU.

3.4 The 'Wider Europe' Communication

The 'Wider Europe' Communication, presented in March 2003, is a comparatively late attempt to grapple with the problem of new neighbours before the EU enlarges in 2004.³⁵ The PCAs have long been criticised as being too static, having no potential to evolve and for transferring problems of transition entirely to the states themselves.³⁶ The notion of 'integration not accession' reduces all four western CIS states to the level of Russia's objective of non-membership.

Of the three countries, one is disinterested in the EU (Belarus) and two seek membership (Ukraine and Moldova). 'Integration not accession' lies at the heart of the 'Wider Europe' Communication, offering all the benefits of 'membership' except voting rights and full participation in EU institutions.

In return for showing a commitment to 'common values' and continued implementation of reforms, the new neighbours are offered a 'stake in the EU's internal market' and the promotion of the four freedoms of movement (persons, goods, services and capital). Further measures to enhance integration proposed in the Communication include extension of the internal market, preferential trading relations and the opening up of the EU market, lawful migration, cooperation in combating soft security threats and involvement in crisis management, cultural cooperation, promotion of human rights, support for WTO membership, and integration into transport, energy and communications networks.

From a Ukrainian perspective, the Communication is an improvement on the PCA and amorphous Common Strategy. Nevertheless, there remain three flaws. First, the lack of membership prospects reduces the incentive to work towards EU 'common values'. The 'waiting room' formula 'has had a distinct lack of success'. The only game in town for most countries, apart from Russia, is full membership.³⁷ The 'Wider Europe' Communication was bound up almost immediately with the question of whether further EU enlargement would only include the Western Balkans and Turkey and not the western CIS. EU Enlargement Commissioner Günter Verheugen's views have evolved towards a more 'open-door' view: 'it is true that the door cannot remain closed in the long

³⁴ Offering an 'open door' to the Western Balkans but not Ukraine is a sign of the EU's 'double standards. Yevhen Perelygyn, head of the department of Euro-Atlantic Integration in the Ministry of Foreign Affairs, speaking at the conference 'Enlarged EU and Ukraine: New Relations', Kyiv, 26 June 2003.

³⁵ http://europa.eu.int/comm/external_relations/we/intro/ip03_358.htm.

³⁶ Dov Lynch, 'The New Eastern Dimension of the Enlarged EU', paper given at the conference 'The enlarged EU and its new neighbours: new security challenges', EU Institute for Security Studies, Paris, 5-6 June 2003. The 'Wider Europe' Communication claimed the PCAs were 'evolutionary' but admitted they did not, 'establish further trade concessions beyond those the EU accords to its WTO partners'.

³⁷ Fraser Cameron, *The Europe We Need*, (Brussels: European Policy Centre, 10 June 2003); available at www.theepc.net.

term'.³⁸ This is preferable to the 'closed-door' policy of the European Commission President Romano Prodi.

Nevertheless, the EU continues to fudge the question of an 'open-door' policy for Ukraine and Moldova, unlike the clear signal it is sending to the Western Balkans (although they have a long path to membership ahead). It is not clear why the benefits of cooperating with the EU, which are undoubtedly great, lead to membership only in the case of the Western Balkans but not the western CIS, especially as both regions geographically belong to 'Europe'.

Not surprisingly, Ukrainian reactions have been negative. Speaking at the European Conference in Athens, President Kuchma described membership of the WTO as Ukraine's priority. 'At the same time, we would like to obtain assurances of the fact that no discussion on the question of membership today does not mean that it is forever removed from agenda', Kuchma added.³⁹ In other words, Ukraine needs to hear that the door is open, at least in principle. Parliamentary chairman Volodymyr Lytvyn described the 'Wider Europe' Communication as 'degrading,' while the Foreign Ministry called it disappointing, as it 'does not meet Ukraine's aspirations'.⁴⁰ Ultimately, the suspicion in Ukraine and Moldova is that the EU shares Samuel Huntington's view of a 'clash of civilisations'. Western CIS states may be simply, 'too poor, too undemocratic, or simply too different'.⁴¹

Second, the Communication puts the western CIS in the same category as the southern Mediterranean and the Middle East. The mixing of targets 'has become the document's key problem' because it, 'is a gross political and psycho-

logical blunder made by the authors of the document'.⁴² Such blunders are not new. The EU signed the PCAs in the 1990s with most CIS states even though the majority of them are neither part of 'Europe' (like the southern Mediterranean) or will ever seek EU membership.

A third issue in the 'Wider Europe' Communication will continue to be the perceived double standard of only agreeing to an 'open-door' policy for the Western Balkans. When talking about the Western Balkans, a spokesman for the Greek presidency of the EU was adamant that: 'We should not forget that these are European countries and that Europe will never be complete without their accession'.⁴³ Is it not possible to take the fact that so few EU members use the same language about the western CIS as a sign that they psychologically do not *perceive* these countries as European? Greece, like Poland, uses a similar language. However, few other EU members rise to the defence of the western CIS. There is no logical explanation why an 'open-door' policy should be adopted for one region of geographic Europe (Western Balkans) while denying it to another (western CIS).⁴⁴ According to Dennis MacShane, Britain's Europe Minister, Europe stretches geographically from the Atlantic to the Urals. To this geographic component should be added a belief in shared 'common values'. Both the Western Balkans and western CIS belong geographically to 'Europe,' and the former has not proven its higher commitment to 'common values'.⁴⁵ Quite the contrary.

It would seem that Ukraine is in effect being punished for pursuing positive and peaceful interethnic relations. One has the impression

³⁸ Ahto Lobjakas, 'EU: 'Neighbors' Debate Focus', *RFERL Magazine*, 14 April 2003. On another occasion Verheugen did not, 'rule out any of the statuses about which are being talked about today'; *Ukrayinska Pravda*, 8 April 2003.

³⁹ www.president.gov.ua/activity/151715220.html.

⁴⁰ Ukrainian State Television Channel 1, 27 March; and ITAR-TASS, 12 March 2003. Pessimism about Ukraine's EU prospects remains high and 49.3 per cent believe that relations are in limbo; *Ukrayinska Pravda*, 5 May 2003.

⁴¹ Ian Black, 'Expanding EU Woos Russia and Ukraine', *The Guardian*, 18 April 2003.

⁴² Oleksandr Sushko, *Headlines and Comments*, no.11, (Kyiv: Center for Peace, Conversion and Foreign Policy of Ukraine, 2003).

⁴³ Breffni O'Rourke, 'EU: Can Brussels Stay Focused On the Balkans?', *RFERL Magazine*, 11 June 2003.

⁴⁴ Members of the Polish government Centre for Eastern Studies in a round-table at the EUISS, 3 June 2003.

⁴⁵ *The Guardian*, 18 April 2003.

that Ukraine has been forgotten in relation to the Western Balkans precisely because it is *not* racked by ethnic conflict.⁴⁶ Warsaw's Stefan Batory Foundation has criticised this double standard as follows: 'But, Ukraine has not experienced the type of conflicts or crises characterising the experience of several countries in the Western Balkans, something which, ironically, would most likely have pushed Ukraine up the EU's agenda.'⁴⁷

Moreover, the game has moved on since the publication of the Communication in March. For example, the Council's conclusions on the 'Wider Europe' Communication no longer mention the possibility of the extension of the four freedoms.⁴⁸ In Ukraine's view, it is losing from being considered together with Africa and the Middle East in the same document. The fear of an influx of labour and migrants from these two regions led some EU members to insist on dropping the four freedoms.⁴⁹

3.5 Poland

In recent years, Poland has added its strong support, and its lobbying for Ukraine inside the EU (and NATO) will grow. The three Baltic states are likely to follow suit, but not all Central and East European states think in this way. Czech President Vaclav Havel backed Turkey's membership but expressed pessimism that the western CIS would ever join the EU, a view that was subsequently retracted.

In early 2003 the Polish Ministry of Foreign Affairs produced a 'Non-Paper' and Paper in support of an 'Eastern Dimension' for the EU. Both were meant to contribute to discussion of

the 'Wider Europe' Communication. A major factor raised in both papers was the need to differentiate EU policy towards its eastern and southern neighbours. This has been accepted in the European Council's conclusions on the Wider Europe Communication published in June 2003.

Where the Polish papers differ is in the degree to which they are willing to lobby for the EU to take this differentiation one step further by treating countries in accordance with 'the degree of convergence of their values and foreign policy with those of the EU'.⁵⁰ In addition, Poland has explicitly called for the creation of a new 'Eastern Dimension' in the EU that would complement the existing Northern Dimension and represent a 'parallel enhancement of the Barcelona process': 'Poland favours establishing the EU Eastern Dimension as a regional framework which could serve as a co-ordination mechanism for actions, toolbox of instruments and a platform for the EU-regional co-operation in some areas...'⁵¹

Poland believes that the 'Wider Europe' Communication does not go far enough and that it should leave the door open for Ukraine and Moldova, the only two of the four new EU neighbours that seek membership. These two states should be allowed the possibility of upgrading their relationship with the EU over the long term to that of Association Agreements, which would recognise in practice, if not in theory (as in the Common Strategy), Ukraine's 'European Choice'.⁵² The May 2003 Paper calls for the Actions Plans that are developed for Ukraine and Moldova to become 'Partnerships for Association'. This would prepare both states 'to enter into an association or

⁴⁶ Interview with Klaus Schneider, deputy head, Ukraine, Moldova, Belarus policy unit, European Commission, Brussels, 10 August 1999.

⁴⁷ *More than a Neighbour – Proposals for the EU's future policy towards Ukraine* (Warsaw: Stefan Batory Foundation, 2003).

⁴⁸ <http://ue.eu.int/Newsroom/makeFrame.asp?MAX=1&BID=71&DID=76201&LANG=1&File=/pressData/en/gena/76201.pdf&Picture=0>.

⁴⁹ Yevhen Perelygyn, head of the department of Euro-Atlantic Integration in the Ministry of Foreign Affairs, speaking at the conference 'Enlarged EU and Ukraine: New Relations', Kyiv, 26 June 2003.

⁵⁰ Non-Paper, Ministry of Foreign Affairs, Poland, February 2003.

⁵¹ 'The New Neighbours – a framework for relations. Proposals from Poland', Ministry of Foreign Affairs, May 2003.

⁵² This view of Polish policy was reinforced by members of the government Centre for Eastern Studies in a round-table at the EUISS, 3 June 2003. See also *More than a Neighbour – Proposals for the EU's future policy towards Ukraine* (Warsaw: Stefan Batory Foundation, 2003), which argues that the 'Wider Europe' Communication in the western CIS should be only the EU's first – not last – step.

neighbourhood agreement by the time the PCAs expire [in 2008]'.⁵³ As discussed above, the EU speaks with different voices on this sensitive issue. The Poles are calling upon the EU to agree to an 'open-door' policy, a policy that has worked effectively for NATO. An 'open-door' policy, as in the Western Balkans, would provide, 'a strong incentive to undertake efforts in furthering domestic and economic reforms'.

Understandably, Poland is concerned to buttress the 'pro-European forces in Ukraine'. The last thing Warsaw wishes to see is a second Belarus on its eastern border that would be within Russia's sphere of influence. The EU cannot ignore the geopolitical dimension of its relations with its neighbours. Towards securing its Ukrainian neighbour, the Polish papers provide concrete – but moderate – recommendations:

- ▶ upgrade EU-Ukrainian relations to those of EU-Russia. This recommendation indicates that Poland does not see the EU as treating Russia and Ukraine equally (unlike NATO). The implicit message is that the EU is giving preference to Russia, again for geopolitical reasons;
- ▶ provide market economic status to Ukraine (a status granted to Russia in mid 2002) that would open the door to WTO membership;
- ▶ provide targeted assistance through a 'European Democracy Fund (EDF)' (February Paper) or 'European Civil Society Neighbourhood Fund (ECSNF)' (May 2003 Paper) to what are, in effect, pro-European forces (NGOs, small and medium businesses, civil society, etc.). This would increase support for political-economic reforms, the rule of law, democratic control of the armed forces, and fighting corruption.⁵⁴ The EDF/ECSNF would be more flexible and country-specific than the TACIS;⁵⁵ 'The New Neighbours –

a framework for relations. Proposals from Poland' (Ministry of Foreign Affairs, May 2003) calls for work to begin as soon as possible on the 'neighbourhood instrument' which should be, 'flexible and allow for a wider scale of assistance measures than the present TACIS assistance'.

- ▶ enhanced political and security dialogue (through a Justice and Home Affairs Action Plan and the CSFP) as part of the elaboration of a common European political and economic space. Coupled with an 'open-door' policy, this would decouple the notions of the EU and 'Europe,' by including countries, such as Ukraine, as potential future members because they would be then considered 'European;'
- ▶ following on from the previous point, ensuring flexibility between tight border controls needed to combat soft security threats and less restrictive border controls that would not halt cross-border trade and academic, cultural and official cooperation. Poland has taken the lead in providing visa-free travel and postponing its introduction from July until October 2003;
- ▶ expanded military cooperation, as agreed at the June 2002 Seville European Council. Ukraine has assigned a military liaison officer to the EU Military Staff. Two areas that are of interest in this field are the use of Ukrainian transport aircraft by the EU for peacekeeping operations, a step in parallel with that of NATO. In addition, there is the possible use of Ukrainian troops in the broad array of potential crisis management operations undertaken by the EU. A possible early example could be in an EU-led operation in the Moldovan conflict.⁵⁶ Other areas of on-going military cooperation are the

⁵³ 'The New Neighbours – a framework for relations. Proposals from Poland', Ministry of Foreign Affairs, May 2003.

⁵⁴ *More than a Neighbour – Proposals for the EU's future policy towards Ukraine* (Warsaw: Stefan Batory Foundation, 2003), calls for a change in emphasis away from 'threats and fears associated with new neighbours' to a 'positive, constructive approach' (p.10). Heather Grabbe, Centre for European Reform, has complained, 'It's all about protecting ourselves from these countries, rather than engaging with them' (Breffni O'Rourke, 'Ring of Friends', Closer Ties with Neighbours', *RFERL Magazine*, 31 January 2003).

⁵⁵ 'The New Neighbours – a framework for relations. Proposals from Poland' (Ministry of Foreign Affairs, May 2003) calls for work to begin as soon as possible on the 'neighbourhood instrument' which should be, 'flexible and allow for a wider scale of assistance measures than the present TACIS assistance'.

⁵⁶ Interview at the European Union Military Staff, Council of the European Union, Brussels, 13 June 2003.

destruction of 'Ukrainian 'frog' (liquid) mines and ensuring compliance by Ukraine with EU rules governing arms exports;

- ▶ joint infrastructure projects in energy, transportation and communications. In May 2003, the EU, Poland and Ukraine signed an agreement to extend the Odessa-Brody pipeline to Gdansk. The project was backed by a business plan outlined by former British Defence Secretary Malcolm Rifkind, a consultant with PricewaterhouseCoopers, which stressed its advantages;
- ▶ information campaign about the EU and its policies through 'European Information

Centres'. NATO initiated such a policy with the opening of an Information and Documentation office in Kyiv, with diplomatic accreditation, to combat Cold War stereotypes. Information on the EU is important to overcome the low level of knowledge at the élite and public levels. Ninety-three per cent of Ukrainians assume that joining the EU will be a positive step but only half are able to explain why. Too few Ukrainians understand the political dimension of the EU. Only three per cent of those who have put queries on the EU to a ministry have received a response.

Policy proposals

During both Kuchma terms of office (1994-99 and 1999-2004), Ukraine outlined its strategic goal of becoming a member of both the EU and NATO. Of the two, Ukraine's relations with the EU have been the most problematical. This could of course change under the impact of the new Ukrainian president who may be elected in 2004 and an enlarged EU taking a greater interest in its immediate neighbourhood. Nevertheless, Ukraine has a real possibility of becoming the EU's second 'Turkey', in the sense of being a NATO member but only an EU aspirant. Ukraine and Turkey are similarly perceived, and both are sometimes seen as being too large to be integrated into the EU.

In addition, although this is not stated openly, some leading EU states are not convinced that the western CIS is part of 'Europe'. In this sense, they conflate the notions of EU and 'Europe' into one: 'Since the 1950s, there has been a closer and closer entanglement of Europe with the European Union. To most of the outside world Europe means the EU. Significantly, the EU has never attempted to define "Europe".'⁵⁷ When Morocco applied for EU membership in the 1980s, it was politely told that it was not 'European'. In contrast, the Western Balkans are deemed eligible for membership *via* the Stabilisation and Association Agreements. What about Ukraine and the western CIS? Here, the EU seems muddled, and unwilling to admit it does not see Ukraine as a future member.

The main 'grey area' is therefore the western CIS because the EU is unsure whether 'Europe'

stretches from the Atlantic to its border with the CIS (whereby the EU and 'Europe' are the same) or further east to the Urals. Article 49 of the TEU explicitly states that any European state can join if it meets certain criteria on adhering to the 'common values' outlined in Article 6. Nevertheless, Ukraine is expected to try even harder than Spain did in the 1980s or Poland in the 1990s to prove it is part of 'Europe'. Within Ukraine, the EU is not perceived in a hostile manner, unlike NATO in eastern Ukraine and within the left wing of the political spectrum.

Nevertheless, the process of EU accession is little understood at the élite or public level. Opinion polls in support of EU membership therefore tell us little, as most people equate the EU with a higher standard of living and the rule of law. Opinion polls in February and June 2000 indicated that between 57 and 67 per cent were in favour of EU membership for Ukraine.⁵⁸ When asked what the attraction of EU membership was, 77 per cent said 'higher living standards' (the most frequently cited reason).⁵⁹ A similar level of support was found by another Kyiv think tank, with the highest support in western Ukraine (74.1) and the lowest in southern Ukraine (46.7 per cent).⁶⁰

Of the three main political groups in Ukraine, pro-presidential centrists and national democrats both seek EU membership. Only the latter, however, are willing to commit to domestic policies beyond mere rhetoric that would show Ukraine's commitment to 'common values' and its 'European choice'. This could change in the post-Kuchma era with centrists

⁵⁷ Op. cit. in note 37.

⁵⁸ A third June 2003 poll by the Ukrainian Centre Economic and Political Studies found that 64.8 per cent supported membership of the EU. 15.7 opposed this step and the remainder were undecided; *Ukrayinska Pravda*, 2 July 2003.

⁵⁹ 'Public Opinion Poll in Ukraine: February 2000' and 'Public Opinion Poll in Ukraine: June 2000', Center for Peace, Conversion and Foreign Policy Ukraine, Kyiv.

⁶⁰ *National Security and Defence* (Ukrainian Centre Economic and Political Studies), no. 2, 2002, p. 36.

moving closer to the national democratic pro-reform position. During the Kuchma era, pro-presidential centrists have therefore backed only a virtual 'European choice'. Neither centrists nor national democrats will accept the path of 'integration not accession' offered by the EU in its 'Wider Europe' Communication. Although a national democratic president might be tempted to follow such a course in the hope that the EU would gradually change its attitudes, this is not true for centrists. Thus far, centrists under Kravchuk and Kuchma have placed the ball in the EU's court by claiming there is little point in supporting 'common values' in practice when no future membership is on offer. Once the EU gives a 'signal', centrists claim, they would allegedly begin to energetically pursue 'common values'.

The debate is misleading. In 1989-93, only Poland, Czechoslovakia, Hungary and the three Baltic states embarked on radical changes that proved their wholehearted commitment to 'common values'. Radical changes in the other Central and East European states followed suit only later in the decade. Nevertheless, Association Agreements were signed with both the radical reformers and the laggards at the same time.

The approach of offering future membership if certain conditions are met is used by NATO vis-à-vis Ukraine but not by the EU. Here lies the major difference between the Action Plans offered by NATO (open-door offer of membership) and the EU (closed-door non-offer of membership). It is not difficult to imagine to which Action Plan Ukraine's élites will direct most of their efforts.

This stalemate in Ukraine-EU relations will need to be resolved in the post-Kuchma era. As the date rapidly approaches, it is important that the EU begins the process of discussing, for the first time, a comprehensive strategy towards Ukraine. The EU should place the responsibility for Ukraine's domestic policies upon its own leaders, and not accept that the lack of the 'signal' is the cause of Ukraine's difficulties. Such an approach can only be made by allowing the same

degree of 'open-door' medium- to long-term prospect of membership as offered to the Western Balkans. With this kind of 'signal', the EU would clearly shift to Ukraine's government responsibility to convert its rhetoric into policy. Both Ukraine and the EU could then move beyond the virtual policies that each adopted towards the other during the Kuchma eras.

Developing a new strategy towards Ukraine and this region will take place against the background of a number of important factors, including the process of enlargement until 2007 and the integration of twelve new members, the Intergovernmental Conference and discussions in 2004-06 over the new six-year EU budget from 2007. In the 'Wider Europe' Communication the European Commission proposes to work in the 'initial phase' until 2006 'within the existing legal framework'. From 2007, 'New Neighbourhood Instruments' will be introduced 'following an assessment of the relevant legal and budgetary issues'.⁶¹ Additional conditioning factors are the presidential elections in Ukraine in 2004 ending the Leonid Kuchma era and the possibility of a victory for front-runner Viktor Yushchenko, the presidential elections in Russia and likely re-election of Vladimir Putin, the planned monetary union between Belarus and Russia in 2005, the discussions of EU peace consolidation in Moldova and new elections there in 2004-05. The NATO summit in 2007 is also important for Ukraine, as invitations to become members are likely to be offered to Albania, Croatia and Macedonia.

The 2004 elections in Ukraine could lead to three scenarios. The three front running candidates are Yushchenko, who is guaranteed to enter the second round, communist leader Symonenko, who is certain to lose if he enters the second round, and a pro-presidential candidate (possibly Prime Minister Yanukovich). In the second round of the elections, Yushchenko will therefore face either Symonenko or Yanukovich (or another pro-presidential centrist). A scenario whereby Symonenko wins the elections is ruled out.

⁶¹ 'Paving the Way for a New Neighbourhood Instrument', Commission Communication, COM(2003), 393 final Brussels, 1 July 2003.

SCENARIO 1:

A victory by Yushchenko would lead to an evolution from a virtual domestic commitment to reform and an external policy of seeking EU membership into an ideological commitment in support of EU 'common values'. Ukraine's international image would radically change. The changes in policies and attitudes could be as profound as those that took place in the second half of the 1990s in Slovakia in the post-Meciar era. A Yushchenko victory would virtually guarantee an invitation to Ukraine to join NATO at its next summit and force the EU to take a more positive and serious approach by dropping its own virtual policy towards Ukraine. After the revolution of 1989 in Central and Eastern Europe, it took the EU until 1993 to sign Association Agreements regardless of the state of the commitment to 'common values'. Some Central and East European states (i.e. the Visegrad group) had proved their commitment to 'common values' in the intervening four years, but Slovakia, Bulgaria and, to some extent, Romania, only began catching up in the late 1990s. Yushchenko would also show such a commitment and the EU should respond in the same manner to Ukraine as it did to Central and Eastern Europe.

SCENARIO 2:

A victory by a pro-presidential candidate would be an improvement on the Kuchma era, although not to the same extent as in the previous scenario. Some of Kuchma's virtual policies would continue, both domestically and towards the EU. An invitation to join NATO would most likely be put off until the 2012 summit. Nevertheless, not all centrist oligarchs are stuck in time (see the discussion above). Prime Minister Yanukovich and National Bank chairman Serhiy Tyhipko may be in favour of moving away from the 'robber baron' capitalism of the 1990s to the legitimisation of themselves and their positions within Ukraine's unconsolidated democracy and semi-market economy. If this group of

centrist oligarchs were to become businessmen and accept the 'rules of the game' they would move closer to Yushchenko and his allies in Our Ukraine, which already includes high-profile businessmen, such as Petro Poroshenko.

SCENARIO 3:

Political reform proposals elaborated by President Kuchma in March 2003 and discussed throughout the remainder of the year have as a central aim to hold all elections (presidential, parliamentary, local) in the same year. Kuchma has reiterated that he continues to plan to hold the presidential elections in 2004. The opposition fear, with some justification, that Kuchma seeks to extend his term in office by two years until 2006, when the next parliamentary elections are due. Attempts to extend Kuchma's term in office are due to the unavailability of a candidate acceptable to all oligarchic groups and Kuchma's low popularity – and by default his political allies – who were defeated in the proportional half of the 2002 elections.

The PCA with Ukraine was conceived in a different era. In the early 1990s, the PCA reflected the mood of the disintegration of the USSR and the unwillingness of the EU to see the CIS states as future members. By the time the PCA came into effect in Ukraine in 1998, it was even more out of date. During the same year, Ukraine drew up its first programme of cooperation with the EU that had membership as its end goal. The current wave of EU enlargement makes the PCA ever more obsolete as the document framing relations between the Union and Ukraine.

Will the path of 'integration not accession' offered by the 'Wider Europe' Communication be more effective than the PCA in stimulating the internal impulse in countries, such as Ukraine, to embark on wide-scale reform programmes? This is unlikely: 'Recent history, however, demonstrates that the "waiting-room" formula has had a distinct lack of success. For most countries, there is only one game in town – the

EU – and that implies full membership.⁶² The possibilities envisaged within the Communication have greater potential than the PCA, an agreement that was largely restricted to economics and trade. Joint Action Plans could be a way to inject momentum into relations. Nevertheless, as long as the Action Plans are not coupled with an ‘open-door’ policy, in the same manner as NATO’s, it is doubtful that they will be received and implemented enthusiastically by Ukraine’s élites.⁶³

The proposals put forward in the two Polish Non-Papers and by Warsaw think tanks have suggested ways forward, including on the role of Action Plans in promoting domestic reform in Ukraine. The proposed ‘New Neighbourhood Instruments’ from 2007 could include promoting ‘sustainable economic and social development’, cooperation against soft security threats, ‘ensuring efficient and secure borders’ and promoting human and cultural contacts.⁶⁴

More detailed areas that could be considered in the Joint Action Plans (‘New Neighbourhood Instruments’) may include:

- ▶ **Democracy Fund:** an EU version of the US National Endowment for Democracy, the British Westminster Foundation for Democracy and other similar foundations. Targeting support to youth NGOs, election monitoring, independent media and trade unions;
- ▶ **international support:** granting Ukraine market economic status as a stepping-stone to membership of the WTO;
- ▶ **support to the market economy:** structural, legislative and business advice to the small and medium business sector. Recognition of Ukraine as a market economy;
- ▶ **Justice and Home Affairs:** institutional support for the rule of law, reforming the judiciary and ensuring its independence from pol-

itics. Advice and assistance in combating corruption and organised crime;

- ▶ **academic and student contact:** visiting fellows, joint research projects, academic exchanges, joint working parties. The Paris-based EU Institute for Security Studies could be a good partner for such activities;
- ▶ **security cooperation:** cooperation to counter soft security threats in areas such as enhanced border controls to thwart illegal migrants, terrorism, sex slaves, narcotics and weapons;
- ▶ **ESDP:** use of Ukrainian peacekeeping forces in EU-run operations, such as potentially in Moldova;
- ▶ **civil control:** expanding programmes on democratic control of the armed forces to other branches of the security forces (i.e. the Security Service, Ministry of the Interior);

The EU should develop a strategic vision for Ukraine by taking into consideration five strategic and seven tactical recommendations.

4.1 Strategic recommendations

EU officials to talk with a single voice on Ukraine

At an October 2002 conference in Warsaw, the EU High Representative for the CFSP and Swedish Prime Minister Goran Persson supported maintaining an ‘open-door’ policy as long as countries respect ‘common values’. Interviewed at the same time, Commission President Romano Prodi ruled out Ukraine being part of the EU: ‘The fact that Ukrainians or Armenians feel European means nothing to me’.⁶⁵ Three years earlier, Prodi had not ruled

⁶² Op.cit. in note 37.

⁶³ Interview with Borys Tarasiuk, head of parliamentary committee on European integration, Kyiv, 24 June 2003. Yevhen Perelygyn, head of department on Euro-Atlantic Integration, Foreign Ministry, Kyiv, speaking at conference ‘Enlarged EU and Ukraine: New Relations’, 26 June 2003.

⁶⁴ Op. cit. in note 61.

⁶⁵ Quoted from an interview in the Dutch newspaper *Die Volkskrant* as cited by Reuters, 27 November 2003. Prodi’s views in *Die Volkskrant* came after similar remarks made to *La Stampa*.

out EU membership for Ukraine. He returned to this position after criticism of his Ukraine/Armenia comparison by stating that Ukraine could become a member of the EU 'in principle'.⁶⁶ Such wavering and constant changing of views reflects a lack of any real EU strategy towards Ukraine.

■ **Recommendation:** the EU urgently needs to develop an all-embracing strategic policy towards Ukraine that all EU officials will then uphold.

Decouple the 'western CIS' from the southern Mediterranean and the Middle East

Although EU officials insist that there will be differentiation within and between both regions, European Commission President Prodi's remarks ruling out membership for Ukraine, Moldova and Morocco would indicate otherwise. It is illogical and counter-productive to place European states in the western CIS with non-European states in the southern Mediterranean and the Middle East.⁶⁷ Such an approach sends a 'signal' to the western CIS that they have no opportunity of ever joining the EU.

■ **Recommendation:** decouple the Western CIS from the southern Mediterranean and the Middle East by treating the former in a similar manner to the Western Balkans as part of 'Europe'. Adopt a policy of differentiation between the southern Mediterranean/Middle East and the western CIS and within the western CIS. There should be no 'one size fits all' approach.⁶⁸

Provide an 'open-door' policy to all geographically European states⁶⁹

The EU needs to be consistent with Article 49 of the TEU that allows every geographically European state to apply for membership. To date, this has not been the case with EU policy

towards the western CIS 'grey zone'. Romano Prodi has declared: 'The Balkans, whatever the timetable is, are destined to become part of the European family. They are a region we have to look after.'⁷⁰ Such language has never been used by Prodi or other EU officials regarding Ukraine. This *de facto* punishes countries, such as Ukraine, for successfully avoiding interethnic conflict while rewarding others, such as Croatia and Serbia, which have not.

■ **Recommendation:** Ukraine is defined as a European state in various EU declarations and the Common Strategy. It is time the EU takes these pronouncements seriously and talks about Ukraine as part of 'Europe' in the same manner as EU officials talk of the Western Balkans. NATO's 'open-door' policy in the 1990s successfully blurred the distinction between being 'in' and 'out'. Such an approach could be adopted throughout geographic 'Europe' by the EU, thereby encouraging states outside the EU – but geographically within 'Europe' – to not feel excluded. This would place the onus upon states in the Western Balkans and western CIS to pursue deep reforms with the EU only providing a medium- to long-term commitment to maintaining an open door.

Support Ukraine's 'European choice'

Ukraine's transition record has been the strongest in the CIS and is not very far behind that of Romania. Nevertheless, since the late 1990s, there has been a growing gap between progress in Central and Eastern Europe and regression in the CIS. Domestic political support for Ukraine's 'European choice' is narrower than that found in other Central and East European states but wider than anywhere in the CIS. Ukraine's path to the EU will therefore be longer. The EU should consequently adopt

⁶⁶ Interfax, 18 March 2003.

⁶⁷ Grzegorz Gromadzki, Stefan Batory Foundation, at the Conference 'Enlarged EU and Ukraine: New Relations', Kyiv, 26-28 June 2003.

⁶⁸ Op. cit. in note 37.

⁶⁹ Oleksandr Sushko, Ukrainian Center Peace, Conversion and Foreign Policy of Ukraine, called for an open-door policy that he defined as 'Copenhagen Light'. Conference 'Enlarged EU and Ukraine: New Relations', Kyiv, 26-28 June 2003.

⁷⁰ Prodi interviewed in *La Stampa* and cited in Breffni O'Rourke, 'EU: Can Brussels Stay Focused On the Balkans?', *RFERL Magazine*, 11 June 2003.

medium- to long-term policies towards Ukraine that provide greater support for its 'European choice'. A particular area to focus upon is the centrist political spectrum, where during the Kuchma era there has been greatest lack of substance in the 'European choice' rhetoric.

I Recommendation: provide assistance to Ukraine through different Action Plans, as discussed above, which will lead the EU to become a strategic external supporter of Ukraine's 'European choice'.

Decouple Russia and Ukraine

Russia and Ukraine have different strategic agendas. Russia has never sought EU and NATO membership, whereas Ukraine has. NATO has respected these different agendas and has not ruled out Ukrainian membership. In contrast, the EU has approached Russia and Ukraine in a similar manner with the offer of 'integration not accession'. Russia has been less interested in the EU's promotion of 'common values', adopting a similar policy as it has to NATO of focusing primarily upon a strategic partnership as a 'great power'. Ukraine has supported 'common values' in rhetoric but failed to apply them in domestic politics. Moreover, Estonian and Latvian membership brings Russian minorities into the EU that are proportionately larger than the Russian minority in Ukraine. A major strategic decision the EU has to face is whether it can agree in principle to Ukraine being inside the EU while Russia remains outside. For some West European states, decoupling the fates of Russia and Ukraine in such a manner will be difficult.

I Recommendation: treat Ukraine and Russia differently by decoupling their strategic agendas. Russia does not seek EU membership, Ukraine does. Russia wishes to be recognised as a great power, Ukraine does not.

4.2 Tactical recommendations

Political declaration in support of free and fair presidential elections in 2004⁷¹

The EU should issue a statement in support of free and fair elections in Ukraine in 2004.⁷² The statement should place the onus upon Ukraine's leaders to decide if they wish to hold free elections to prove their commitment to 'common values' and integration into the EU. The EU could offer to reinvigorate its relationship with Ukraine by emphasising that it may adopt an 'open-door' policy if Ukraine holds free and fair elections.⁷³

Condemn attempts to extend Kuchma's term in office

Any attempt to extend President Kuchma's term in office by two years from 2004 to 2006 should be condemned by the EU as worsening bilateral relations and as further damaging Ukraine's international image. No possibility of developing or upgrading relations with the EU will be possible if President Kuchma extends his period in office.

Support for 'common values'

Of the three western CIS states and Russia, democratisation in Ukraine has since 1992 proved to have the greatest potential. Such potential will grow if the 2004 elections are held according to the democratic standards set out by the EU, OSCE and the Council of Europe. Support by the EU for democratisation in Ukraine could tip the balance in favour of political and societal groups who back Ukraine's 'European choice', and in the process make it more *Central and East European* than *Eurasian* in its political culture. The EU can play a vital role as an external actor supporting the more limited

⁷¹ Oleksandr Sushko, Ukrainian Center Peace, Conversion and Foreign Policy of Ukraine, also proposed this as a way for the EU finally to make a strategic decision on Ukraine. Conference 'Enlarged EU and Ukraine: New Relations', Kyiv, 26-28 June 2003.

⁷² The new US Ambassador to Ukraine, John Herbst, said that holding elections in 2004 according to OSCE standards whose outcome reflects electors preferences is, 'vital for the success of Ukraine in joining NATO and moving closer to the European Union' (*Ukrayinska Pravda*, 21 June 2003).

⁷³ Op. cit. in note 47.

internal drive behind Ukraine's 'European choice'.

Poland in the role of an intermediary

Poland is ideally suited to act as an intermediary for Ukraine, as both countries are Slavic and have close languages. Polish-Ukrainian reconciliation in the 1990s was as momentous as that pursued by France and Germany after 1945. Poland has held an interest in Ukraine since the Solidarity movement of the 1980s and the election of the Polish Pope John Paul II, who made a highly successful visit to Ukraine in 2001. Poland also has a strategic interest in ensuring democratic and friendly neighbours on its eastern border.

Recognise that the EU and Russia have different agendas in Ukraine

EU support for reform and 'common values' in Ukraine will inevitably look towards political groups that most strongly back the country's 'European choice', such as Yushchenko's Our Ukraine. Russia has less interest in pursuing 'common values' in Ukraine, or other CIS states, and its policies are driven geopolitically and strategically (as seen most starkly in Belarus). Russian leadership of the CIS is understood as a way of reconfirming Russia's 'great power' status. Russia's preference in the CIS is for two political forces – communist/Sovietophiles or centrist post-communists – and not reformist national democrats. In the event of a Yushchenko victory in the 2004 elections leading to a stronger Ukrainian commitment to democratisation policies, the EU and Russia are likely to have different agendas in Ukraine.

Recognise the difference between integration in the Visegrad Triangle and the CIS

Regional cooperation to deal with soft security threats and to allow cross-border trade and human contacts should be welcomed. At the

same time, integration within the CIS as a whole should not. The EU backed regional integration among the Visegrad states as a stepping-stone to EU membership. In a similar way, integration is backed in the Western Balkans. In these two areas, one can readily appreciate the benefits of regional cooperation and integration prior to EU accession. Integration in the CIS is of a fundamentally different type where the largest state, Russia, sees the remainder of the CIS as a 'near abroad', a notion that implies the limited sovereignty of these states as opposed to those in the 'far abroad.' Fuzzy internal CIS borders are supported by Russia because they blur the distinction between 'Russia' and the geographic space of the 'CIS' (the same was true of 'Russia' and the USSR). In addition, the type of integration that has taken place in the CIS during the last decade will not promote the 'common values' that the EU would like the western CIS states to uphold. Russia sees the Eurasian Economic Community (EEC) as a CIS alternative to the EU that would be more than just an economic free trade zone. Despite strong Russian pressure, Ukraine has always been unwilling to join the EEC.

Demarcation of CIS 'internal' borders

Russia opposes the demarcation of what it defines as CIS 'internal' borders, even though Ukraine supports the demarcation of these borders as a way to counter soft security threats. The EU should support Ukraine's attempts to demarcate its border with Russia. This would greatly reduce soft security threats to the new EU-Ukrainian border. A first step in this direction by the EU was the promise in 2001 to provide Ukraine with assistance to create a modern border infrastructure on its eastern border that was to include the training of border troops and customs officers. EU-Ukrainian cooperation in this field is already being implemented.

Conclusions

Ukraine's post-Soviet transition has produced better indicators than those in Russia and the CIS. Although the entire CIS region has regressed since the late 1990s in terms of democratisation, this has been worse in some countries than in others. This regression should be set against a growing and vibrant civil society inside Ukraine, the only CIS state with a large pro-reform and pro-Western movement that won the 2002 elections. The laggards in Central and Eastern Europe progressed in their levels of democratisation during the same period, leading to a growing divergence between Central and Eastern Europe and the Baltic states on the one hand and the CIS on the other. Nevertheless, Ukraine's transition record is still comparable in many respects to that of Romania. One of the main differences is that nobody in Western Europe doubts Romania is part of 'Europe'. The same cannot be said of Ukraine.

Ukraine faces two major difficulties in fulfilling its declared 'European choice'. First, there are virtual policies of Ukraine towards the EU and the equally virtual policy of the EU towards Ukraine. Virtuality on both sides has produced confusion, conflicting signals, empty rhetoric and duplicity. In the 1999 Common Strategy with Ukraine, the EU recognised Ukraine's 'European choice'. One year later, in a classified document, Germany and France ruled out Ukraine's membership of the EU. The priority given by the EU to its strategic partnership with Russia has meant that Article 49 of the TEU, granting the right to any European state to apply for membership, *de facto* does not apply to the western CIS. The EU's position on this

region is identical to Russia's: integration but not accession.

Such an alignment of what the EU offers to Ukraine and Moldova with that of Russia is only possible as long there is a virtual pro-'European choice' undertaken by Ukraine under President Kuchma. If Ukraine's declared 'European choice' were to change from *virtual* to *real* after the 2004 presidential elections, and if Ukraine began to seriously internalise 'common values', the EU would be in a quandary. A new Ukrainian president might rapidly move in the direction of promoting the internalisation of 'common values' because much of the legislation is already largely in place (under Kuchma the problem has often been its poor implementation or the executive ignoring it). Kuchma's presidency has therefore been convenient for the EU, because it has permitted the EU to put off any decision on Ukraine and thereby not formulate any coherent strategy towards it.⁷⁴ The lack of a strategy has led to contradictory statements by the EU on Ukraine.

On the eve of the EU's Thessaloniki summit in June 2003, French Foreign Minister Dominique de Villepin said that 'The EU is determined to support those countries that choose Europe' through stabilisation and Association Agreements.⁷⁵ In saying this, he was only referring to the Western Balkans but not the western CIS: 'It is absolutely clear that Albania, Bosnia-Herzegovina, Croatia, Macedonia and Serbia-Montenegro are destined to join Europe . . .' The condition for this is 'support for European values: democracy, tolerance, respect for others and the absolute repudiation of ethnic

⁷⁴ Borys Tarasiuk, head of the parliamentary committee on European integration and a parliamentary deputy from Our Ukraine, Kyiv, 24 June 2003.

⁷⁵ EU High Representative for the CFSP Javier Solana also said that Serbia-Montenegro, Albania, Croatia and Bosnia had been sent a 'very clear signal' that they have a 'road open' to EU membership. Cited in 'EU: Leaders Tell Balkan Countries Future is EU Membership', *RFERL Magazine*, 21 June 2003.

and religious hatred and any recourse to violence.'

Like the Western Balkans, the western CIS is also geographically part of Europe, a fact recognised by the EU in its 1999 Common Strategy with Ukraine. The Western Balkans is not further advanced than the western CIS in terms of reaching the 'common European values' that the EU espouses. On the issue of interethnic relations, Ukraine is far more advanced than any country in the Western Balkans and its positive record in the treatment of national minorities has been long recognised by the OSCE and Council of Europe.

Will the 'Wider Europe' Communication improve the EU's relations with Ukraine and remove virtuality on both sides? This is doubtful. The Communication will require a larger input of time, energy, and resources by the EU than have hitherto been allocated to Ukraine. This is positive. At the same time, the Communication's failure to mention membership prospects will hamper its full acceptance by Ukraine. When Action Plans are drawn up between the EU and Ukraine, the problem will remain that their fulfilment will not lead to eventual membership (unlike the steps required to be taken by the Western Balkans). Indeed, the Action Plans to be developed at the October 2003 EU-Ukraine summit will not include any offer of future membership.⁷⁶ This stands in contrast with the Action Plan drawn up with NATO at the November 2002 summit, which, if fulfilled, will lead to membership later in the decade.

The issue of adherence to 'common values' is a recently introduced misnomer. There is no question that EU aspirant members should move towards adoption of these values. In all three regions the adherence of these countries to the EU's 'common values' was low at the start of the accession process. It was the accession process itself, coupled with the offer of future membership, which had (and may continue to have in the case of the Western Balkans) a posi-

tive impact upon these countries internalising the 'common values'. Ukraine is tasked with first internalising EU 'common values' before the EU adopts a decision on what to offer Ukraine. The incentive of future membership that was, and is, present for the countries in the Iberian peninsula, Central and Eastern Europe and Western Balkans is absent from the EU's approach to the western CIS. Two factors explain this different approach by the EU and NATO. Firstly, the Russia factor, an issue which is absent from the Western Balkans. Secondly, the interrelated psychological problem of recognising western CIS states, such as Ukraine, as 'European'.

Ukraine is a difficult case for the EU because it is the only European country (other than Moldova) that seeks membership but is not considered a potential future member. The door is open to the Western Balkans provided they prove their commitment to the 'common values', even if this is only likely to mean membership in the medium- to long-term. Such an approach implicitly recognises Western Balkan states as 'European'. In the case of Ukraine, the door remains closed to future membership. There is no guarantee that even if Ukraine proves its commitment to the 'common values' the EU will open the door to future membership. Ukraine is, after all, in a better starting position than many west Balkan states, especially in the sphere of interethnic relations.

Under both of Kuchma's terms in office, Ukraine's commitment to the EU's 'common values' remained at the level of rhetoric. This has led to what I have described in this paper as a 'virtual' policy towards the EU. If the 2004 elections are free and fair and a candidate is elected who is genuinely committed to the EU's 'common values', the EU should reconsider its strategy towards Ukraine along the lines of that outlined in the Western Balkans. Such an approach would be the best neighbourhood policy for the EU in Central and Eastern Europe, as it would provide external support for Ukraine's pro-

⁷⁶ Interview with Gerhard Logan from the European Commission by the BBC Ukrainian service (*Ukrayinska Pravda*), 28 June 2002.

European lobby, which is smaller than that found in some other states invited to join the EU.

5.1 *Postscript*

The EU and Ukraine held their seventh annual summit in October 2003 in Yalta. The summit issued a 26-point joint statement that covered a very wide range of issues. The issues that were discussed included next year's EU enlargement, EU assistance to Ukraine, implementation of the Partnership and Cooperation Agreement and regional conflicts in Bosnia, Moldova, Iraq, and Israel-Palestine. The statement also focused on concrete policies upon which Ukraine should be working, such as reform of the judiciary, 'strengthening and ensuring stability of democratic institutions, the rule of law and respect for human rights'. These political areas are precisely where Ukraine has regressed during Leonid Kuchma's second term in office since 1999. In contrast to these political areas where Ukraine has fared badly, the statement recognised 'progress' in the implementation of economic reform and Ukraine's stable economic growth. Nevertheless, the statement continued to point to the need for further tax and banking reform, and the strengthening of the independence of the National Bank. Ukraine's ruling elites have fewer problems in pursuing economic reforms, as they are the winners in the transition from communism. As for the National Bank, its independence is in jeopardy under its new chairman, Serhiy Tyhipko, who is also head of one of the three main oligarch parties, Labour Ukraine.

The statement pointed to the need for reform of the energy sector. This was most vigorously pursued under the Yushchenko government in 1999-2001, a factor which led to growing criticism by oligarchs and the government's dismissal in April 2001. Former head of Naftogaz Ukrayiny Ihor Bakay has admitted that most Ukrainian oligarchs made their capital in the 1990s from the re-sale of Russian

energy. Energy reform is not likely to be seriously pursued while the head of the presidential administration is Viktor Medvedchuk. Medvedchuk's Social Democratic United (SDPU) party is believed to gain financially the most from corrupt energy deals. The EU-Ukraine summit statement raised the importance of the further development of the Eurasian oil transportation corridor that would bring Azeri oil to Poland and Western Europe. Ukraine has completed the construction of the Odessa to Brody pipeline, linking the Black Sea to the former *Druzbbba* pipeline. However, Russia is lobbying for the new pipeline to work in reverse, bringing Russian oil from Brody to Odessa, a step the EU (and the United States) have warned against.

The summit statement also raised the question of the EU's deeper involvement in supporting Ukrainian reforms through the 'Wider Europe' project. Progress in Justice and Home Affairs is already evident in areas such as control of illegal migration, strengthening border controls, struggle against organised crime and corruption. Greater cooperation in jointly drafting Action Plans, as part of the 'Wider Europe' initiative, is favoured by both sides. EU enlargement commissioner Günter Verheugen warned none the less that, 'Wider Europe is not about putting EU membership on the agenda for these countries'.⁷⁷ Poland and Hungary introduced cost-free visas to Ukraine in October 2003. This is an important step in not making the eastern border of the EU a 'second Yalta', to quote Kuchma. Cross-border trade and other contacts need to be maintained. However, President Kuchma's exasperation with the EU not offering Ukraine the prospect of future membership was one factor in his promotion of the CIS Joint Economic Space (JES) between Ukraine, Russia, Belarus and Kazakhstan just prior to the summit. As Kuchma bemoaned, 'How much longer can we be kept on the doorstep [of the EU]? None of the [EU] officials have said Ukraine is wanted in the EU.' The JES was mentioned in one sentence of point 12 of the statement, which stated that a strictly free-trade zone, within the JES, was not seen as incompatible with

⁷⁷ *Financial Times*, 10 October 2003.

Ukraine's integration into the EU. The other three members of the JES, it should be noted, seek to create a customs union and a rouble zone.

For the first time, the summit also discussed possible Ukrainian membership of the European Economic Area, which brings together the EU, Norway, Iceland and Liechtenstein. Such a step would increase positive leverage by the EU over Ukraine while offering Kyiv the possibility of integration into a large market. In May 2003, Kuchma had predicted that Ukraine would be offered EU associate membership at the summit, presumably because he would have liked to claim credit for obtaining associate member status during his second term in office. On the eve of the summit, Deputy Foreign Minister Oleksandr Chalyi even affirmed that associate membership was being discussed with the EU. In reality, this is not the case. President of the European Commission Romano Prodi and current

EU President and Italian Prime Minister Silvio Berlusconi expressed the hope that Ukraine could become a member in the future, without giving any date. Prodi said: 'We want to have very strong ties [with Ukraine] even up to full membership.' This was the first official suggestion of potential EU membership for Ukraine. The statement raised the prospect of Ukraine having an equivalent open-door status to the west Balkan states.

In mid-2003 the well-known economist, Anders Aslund, at the Washington-based Carnegie Endowment think tank, asked when the EU would become serious about Ukraine.⁷⁸ The October 2003 summit, which took place within months of the EU's major enlargement into post-communist central Europe, may mark a shift in the right direction. The ball is now firmly in Ukraine's court: it must fulfil its mutually agreed Action Plans and hold free and fair elections in 2004.

⁷⁸ Anders Aslund, 'Left Behind. Ukraine's Uncertain Transformation', *The National Interest*, no. 73, Fall 2003, p. 114.

Abbreviations

CFSP	Common Foreign and Security Policy
CIS	Commonwealth of Independent States
ECSNF	European Civil Society Neighbourhood Fund
EDF	European Democracy Fund
EEC	Eurasian Economic Community
EU	European Union
EUISS	European Union Institute for Security Studies
ITAR-TASS	Russian news agency
JES	Joint Economic Space
KFOR	Kosovo Force
KPU	Communist Party Ukraine
Kyiv is used rather than Kiev	
NATO	North Atlantic Treaty Organisation
NDP	People's Democratic Party
NGO	Non-Governmental Organisation
NPT	Non-Proliferation Treaty
NRBO	National Security and Defence Council
NSDC	National Security and Defence Council
OSCE	Organisation for Security and Cooperation in Europe
PCA	Partnership Cooperation Agreement
PfP	Partnership for Peace
RFE/RL	Radio Free Europe/Radio Liberty
SDPU	Social Democratic Party (United) of Ukraine
SFOR	Stabilisation Force
SPU	Socialist Party of Ukraine
TACIS	EU programme of Technical Assistance to the Commonwealth of Independent States and Mongolia
TEU	Treaty on European Union
UKRPOLBAT	Ukrainian-Polish Battalion
UNIAN	Ukrainian Independent Information Agency
US	United States
USSR	Union of Soviet Socialist Republics
WTO	World Trade Organisation

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