



POLICY BRIEF

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Eastern Partnership summit and Ukraine's 'return to Europe' at times of uncertainty

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With the approaching 24 November 2017 Brussels Eastern Partnership (EaP) summit, the future of Ukraine's relationship with the EU is being fervently discussed. Ukraine would like the summit to deliver a long-term vision for the EaP, including a clear European perspective for the country. But given the EU's uncertainty about its own future, the political climate in the Union is not conducive for such bold steps at this time.

Finding a balance between the EU's preoccupation with internal issues and the expectations of Ukraine and its citizens will be a difficult challenge. Keeping up the reform momentum based on intrinsic motivation, while riding the waves of rapid and at times dramatic political changes in Ukraine will be at the core of this challenge.

BACKGROUND

The history of every nation contains important milestones that define its future direction, and Ukraine's ambition to 'return to Europe' is no different. After the collapse of the Soviet Union, the majority of Ukraine's ruling elites simply changed hats from being the Soviet nomenclature to the rulers of the newly independent Ukraine. Unfortunately for the country, the dissidents and the believers of Ukraine's bold 'return to Europe' were not empowered in ways similar to those in the Baltics and Central Europe. Nevertheless, Ukraine's leaders embraced the notion of independence. The quadruple challenge of embarking on nation and state-building while defining the country's foreign policy and reforming the economy were pursued in parallel and, at times, imperfectly.

It was during the presidency of Leonid Kuchma (1994-2004), that the desire to 'rejoin' the West as a rightful member of the 'European family' was first officially declared. It was seen as a key component of Kuchma's multi-vector foreign policy. By 1996, Euro-Atlantic integration was proclaimed as a major foreign policy goal. However, Kuchma was not a democratically-minded leader and the pro-EU course was, in part, used to counterbalance the increasingly difficult relationship with Russia. While some analysts argued that this was only a "declarative Europeanisation", over the years European integration came to symbolise an important cornerstone of Ukraine's national identity. It proved to be the only viable progressive path for Ukraine's modernisation and state-building.

Ukraine's 2004 Orange Revolution was an important moment in the country's democratic development. For the first time in Ukraine's history citizens rose up against the crooked governance of the country's elites. Some 500,000 Ukrainians took to the streets to stop them from falsifying an election and hijacking Ukraine's presidency. The 'idea' of Europe was firmly present in the revolutionary rhetoric, but it failed to have a lasting impact. Rather than delivering on reform promises, the post-Orange coalition of Victor Yushchenko and Yulia Tymoshenko engaged in a struggle for power.

The Revolution of Dignity (Maidan), which began on 21 November 2013, was very different from the Orange Revolution. For the first time, ordinary citizens became involved in the post-revolutionary governance. They were ready to sacrifice their lives to demand dignity from the government, and clearly identified as European when doing so. During the past two decades, the 'idea of Europe' came to symbolise respect for the rule of law, human rights, democracy, and a high standard of living. Enlargement to Central and Eastern Europe and the changes in the neighbouring countries that joined the EU only reinforced this perception in Ukraine. For this reason the EU will be

judged by Ukrainian society on its ability to assist Ukraine in its pursuit of democratic governance. However, sustaining such a belief in the transformative nature of Europeanisation will be challenging. Europeanisation is a long-term process, but people's patience can run out very quickly.

STATE OF PLAY

Maidan galvanised a new generation of activists. While still a minority, they are active at the local level as civil society leaders as well as in several non-state and state institutions, advocating and implementing reforms. Young members of Parliament and activists who joined the government are pushing this process. For many of them, EU integration has become a roadmap for reform. Maidan also created unprecedented conditions to break with Ukraine's legacy of corrupt and dysfunctional governance. The government declared European integration a cornerstone of its reform efforts. 'Strategy 2020' was presented as an instrument for meeting EU standards, and speeding up approximation with EU legislation, with the ambitious goal of submitting an application for EU membership in 2020. Ukraine received significant external political and economic support for this process with the EU providing almost €11 billion during 2014-17, although a large share of the assistance constitute loans rather than grants.

EaP transformed relations from a strictly development logic to a more ambitious policy, modeled on enlargement, albeit with limited resources and without a clear membership perspective. However, it is only since Maidan, that relations between the EU and Ukraine have significantly intensified. Kyiv is currently implementing an Association Agreement (AA), which includes a Deep and Comprehensive Free Trade Area (DCFTA) and in June 2017, visa liberalisation for Ukrainian citizens was granted. In other areas, such as energy and security, cooperation has also increased.

A long-term transformation

Ukraine is going through a significant transformation. It has reformed more since 2014 than in the previous twenty years. Yet changes are messy and non-linear. Reforms sometimes veer off in different, often unpredictable ways, taking one step forward and going two steps back. Important structural reforms have been made including in the energy and banking sectors. This has included the closure of nearly one hundred banks to ensure that the sector is no longer a liability for public finances. The tax system and doing business has become easier, with the number of taxes and steps needed to register businesses reduced. Progress has also been made in terms of decentralisation, improving public sector transparency. Civil society has played a particularly active role in anti-corruption, judicial, and health reforms, among others. However, little or no progress has been made in other areas, including land reform.

Four years after Maidan, the window of opportunity for quick and radical change seem to be closed. The pace of reforms has slowed down significantly, one of the key reasons being the persistent political influence of oligarchs who remain connected to the highest levels of politics. With vested interests in the status quo they continue to fight against change. Yet, the process has not ground to a halt. The recent decision to share data on who owns and controls Ukrainian companies was an important step in the fight against corporate secrecy. Both Ukrainian civil society and the EU act as a watchdog, the latter through the EU Support Group for Ukraine (SGUA), which provides expertise to Ukraine on the implementation of the AA.

Ukraine's younger generations, who have a totally different set of values, are considered crucial to Ukraine's transformation in the medium to long term. Yet, it is also important to be realistic. The significant political, economic and security challenges that Ukraine faces will not be overcome easily. While Russian aggression and Moscow's continuing effort to use the conflict in the Donbas to destabilise Kyiv remains a serious challenge, internal issues are no less difficult. Several of these challenges are linked to the relationship between the state and the people, including corruption.

The fight against corruption

A culture of corruption has been deeply embedded in society over many years. It has been one of the main self-survival tools that, for different historical reasons, has trained people to distrust the state and rely on private networks of friends and families instead, creating a *de facto* shadow economy. Corruption has also empowered Ukraine's oligarchs and their enduring influence not only hampers political and economic reform but negatively impacts public trust in Ukraine's leadership. The country ranks 131 out of 176 countries in the Transparency International 2016 Corruption Perception Index. Some important steps have been taken, including the launch of an e-declaration system that allows Ukrainians to see the assets of politicians and senior civil servants, as well as the creation of a number of anti-corruption bodies, such as the National Anti-Corruption Bureau of Ukraine (NABU). Yet high-level corruption remains a major challenge.

Anti-corruption efforts matter for building a resilient state. While much of the work will need to be done at the national level, it is also crucial to act at the local level. For example, as the result of the work of Kharkiv Anti-Corruption Centre, 158 hectares of unlawfully distributed municipal land was returned to the city. Protecting activists who work on anti-corruption measures is also crucial, as they are close to people and help to address many day-to-day issues that matter for the general population.

In the current fight against corruption, the active minority of 'change agents' are pitted against another powerful minority, composed of various vested interest groups, which include oligarchs, lawmakers and some parts of the political elite. Naturally, these interests clash and even after Maidan, there is still a power imbalance towards the latter. The general public, tired of revolutions and distrustful of the government, have yet to decide whom among the future political leaders to trust. The active minority pushing for reforms run into many stumbling blocks, which is a natural development for a country that is undergoing profound systemic changes. There is a capability-expectation gap in that society expects a lot from the post-Maidan civil society activists, particularly those that joined the government. Because they have been unable to bring about massive change, people's perception is that 'all politics is dirty'. This discourages new faces from joining politics.

The EU has a twin challenge: on the one hand, it is important to recognise the geopolitical reality that EU partners operate in and the difficulties that this reality carries for them (i.e. Russia's actions to destabilise Ukraine). On the other hand, the EU should not assess the reform progress solely through a geopolitical lens, which has sometimes been the case. Progress needs to be assessed on achievements alone, with adequate support provided. This is important in order for the EU to remain credible and respected by Ukrainian society.

PROSPECTS

The process of EU integration requires long-term planning and steps that can lay the foundation for such a process to succeed when the moment comes. As Konstantyn Yelisieiev, a former Ukrainian Ambassador recently wrote: "What Ukraine ultimately wants is a simple message: 'Once you're ready – you're in'. Our task would be to get ready. The EU's task would be to decide if or when Ukraine was ready. This would mean everything to us, and cost nothing to the EU."

However, many EU politicians think that promising further enlargement in the east implies political costs now and other costs later. While EU leaders frequently reaffirm their commitment to the EaP, only a few member states presently support putting a membership perspective on the table. The majority of member states are wary about making new commitments and, in some cases, this has resulted in pre-existing language being challenged. The July 2017 EU-Ukraine summit, when the Dutch objected to a phrase dating from the 2015 EaP summit that the EU "acknowledges Ukraine's European aspirations and welcomes its European choice", is a stark example. The multiple crises that the EU has faced over the past few years, including the migration crisis and Brexit, along with the rise of populist and far-right groups have made the EU more inward-looking. The priority today is rebuilding the Union, regaining the trust of the EU citizens and delivering on commitments that have already been made – for example to the Western Balkan countries. The majority of member states believe the EaP states, including Ukraine, should focus on meeting their current commitments before asking for more.

The careful balance between offering positive support while avoiding giving the impression that the EU is scaling back its commitment to the EaP seems to have dominated the summit preparations. This has created a feeling of uncertainty over the EU's ambitions for the EaP going forward. Despite internal challenges, EU leaders should endeavor to make the Brussels summit a forward looking occasion. Strengthening the region is beneficial to both sides. If the Brussels summit were to water down the language that has already been used to support the European aspirations of Ukraine or other associate states, it would send the wrong message, raising alarm bells over the EU's commitment.

Ukraine need to address its shortcomings

First and foremost, responsibility for putting Ukraine on a path to becoming a successful European state lies with Ukraine's leadership. Kyiv needs to focus on its shortcomings. Maintaining momentum in the reform process, including properly implementing new legislation is crucial. As reforms are far from complete, the political and economic changes carried out so far face a sustainability risk. Key in this process is the continuing fight against corruption and reform of the justice system, which remains the most significant obstacle towards the modernisation and democratisation of the country.

The EU has significant leverage over Ukraine although it sometimes seems unwilling to use it. When necessary it should demonstrate tough love. As Ukraine enters the pre-election period, which risks a further slowing of reforms, the EU should make it clear that continued reform is linked to financial support.

Investing in the Ukrainian people

The critical driver of change are the people. Successful reform, which delivers tangible benefits to society, can sow the seeds of positive change and increase momentum for further reform. In this respect it is important that the EU continues to promote initiatives that can positively impact the lives of ordinary Ukrainians.

The EU should therefore invest much more in projects that deliver concrete benefits to Ukrainian society, including maximising the potential of Ukraine's youth.

- *Boosting support for the Erasmus+ programme for educational exchanges, training, youth and sport.* Some 4,000 young Ukrainians applied for the Erasmus+ programme for the period 2014-20. This amounts to almost 700 applications per year. Given that there is a pool of roughly five million young people (those aged between 15-24 years), these applicants represent less than 0.1% of the targeted population, which is very low. There should be a careful assessment of how to boost this programme by creating more opportunities, but also by increasing capacities within the neighbouring countries to learn about these programmes and to offer assistance in applying.
- *Developing a future leaders' programme.* The EU should follow the US example and establish a Future Leaders Exchange. This would open the way for students to spend an academic year with a host family in an EU member state. This would help strengthen the ties between citizens of Ukraine and those of the EU.
- *Greater connectivity.* Despite some modernisation, much of Ukraine's infrastructure dates back to the Soviet period. The EU could enhance the support Ukraine receives in this area by opening up the TENs (Trans-European Networks) funding to the country.
- *Greater diversification between associate states.* The 2015 European Neighbourhood Policy (ENP) Review underlined the importance of greater differentiation, and the diverging choices and commitments of partner states. This has happened to a certain degree. Armenia and Azerbaijan have both negotiated tailor-made agreements with the EU. However, the associate states are still very much lumped together, despite their very different relationships with the EU, as well as their different political and economic situations. The EU could adopt the European Parliament's recent proposal in its Report on EaP to create an 'EaP+', which would open the way for associate states to join the digital union, energy union, Schengen, and further integrate the EU and Ukrainian economies.
- *Provide extra tools for DCFTA implementation.* Fully implementing the DCFTA represents a considerable financial burden for Ukraine. The EU should look for additional tools to support this process. The creation of a special 'legal approximation facility' to support the harmonisation of the EU acquis in Ukraine, as suggested at the recent EaP Think Tank Forum is a valid idea.

Ukrainians are looking for a future beyond a very difficult past. Building a state and defending its borders is understandably hard and predictably messy, and is likely to stay like this for some time. While the EU's role in Ukraine's transformation is crucial, Ukraine's transformation primarily depends on the political will of the country's leadership and Ukraine's first priority should be to build a strong, prosperous and law-abiding state whether or not it receives a membership perspective. Transformation is crucial for the country's national security and very survival.

The world has changed since 2004 and the subsequent EU enlargements. However, regardless of the current challenges, it is worth reminding ourselves that at times of uncertainty, there is an opportunity for bold actions to fill the void with forward vision. As Eric Hoffer famously put it: "The only way to predict the future is to have power to shape it. In this regard, taking stock of historical events in order to define a vision for the future is important," – something that applies to both the EU and Ukraine.

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