



THE ROAD OF EUROPEAN INTEGRATION



Mikhail PASHKOV,
Leading Expert,
Ukrainian Centre for
Economic and Political Studies



Valeriy CHALY,
Director,
International Programmes,
Ukrainian Centre for
Economic and Political Studies

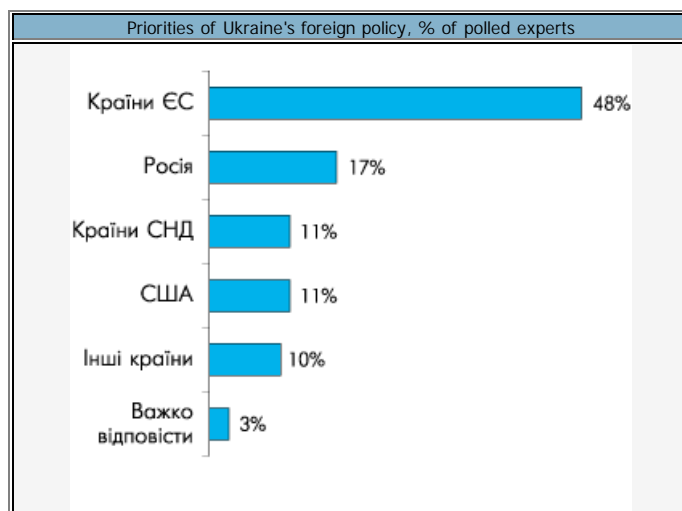
In July, 2000, the Ukrainian Centre for Economic and Political Studies conducted an expert opinion poll on the problems of Ukraine's European integration. 100 experts representing the Administration of the President of Ukraine, staff of the National Security and Defence Council, the Cabinet of Ministers, Ministry of Foreign Affairs, Ministry of Economy, other ministries and agencies, specialised committees of the Verkhovna Rada, state research institutions, non-governmental analytical centres, and leading Ukrainian mass media, were questioned.

The results of the poll presented below reflect the assessment of Ukraine's state, political and scientific elite of the present status of Ukraine-EU relations, factors, affecting co-operation with the European Union, and the prospects for further integration of Ukraine into the European community. UCEPS sociological service held a similar poll in June, 2000, among Ukraine's population⁽¹⁾. Its results are also presented in this article. For us, it is significant to correlate the views of the nation's elite and Ukraine's population regarding one of the key directions of Ukraine's foreign policy.

MIND TOWARD THE WEST, HEART SET ON THE EAST?

To begin with, let us examine the foreign policy leanings of the authorities and the population of Ukraine. To what extent do they coincide? Is there a unity of views in Ukraine regarding European integration?

According to the UCEPS expert opinion poll, Ukraine's national elite tends to support the course toward European integration most of all, as compared with other vectors of the state's foreign policy. As the Diagram "Priorities of Ukraine's foreign policy" shows, almost half of those polled (48%), believes that relations with EU countries should be the first priority.

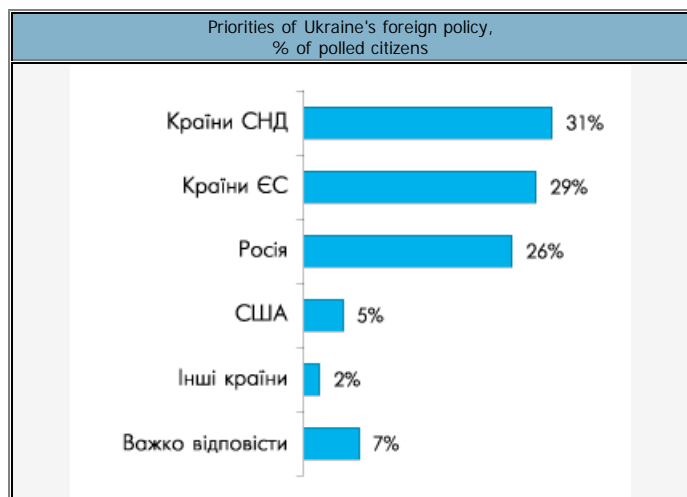


(1) 2010 citizens aged over 18 were polled in all of Ukraine's regions.

MIND TOWARD THE WEST, HEART SET ON THE EAST?

Therefore, in the consciousness of Ukraine's establishment, the multi-vectored foreign policy has noticeably transformed in favour of the European choice. Adherents of priority contacts with Russia, the CIS, and the USA (altogether 39%), are in a clear minority, as compared with the advocates of European integration.

However, the foreign policy leanings of Ukraine's elite somewhat differ from the sentiments of the population, the overwhelming majority of which (57%) gives preference to co-operation with the CIS and Russia (see Diagram below).



Therefore, there is kind of "parity" of sympathies in society regarding some key foreign policy directions (EU, Russia). Of importance is that almost one-third of Ukrainians (29%) is sure that relations with countries of the European Union should be a priority.

It is clear that friends are normally found among the closest neighbours, since, as one classic put it, friendship is a geographic notion. The U.S. is surely a friend of Ukraine, but a remote one. Maybe for this reason, contacts with the U.S. occupy a rather modest position in public opinion despite the objective importance of Ukraine-U.S. partnership: only 5% of polled citizens considers Ukraine's co-operation with the U.S. to be a priority.

Therefore, integration into the EU, declared the main priority in President Kuchma's inaugural speech in November, 1999, and formulated as the strategic goal in the Government programme at the beginning of 2000, is supported by the national elite, but has yet failed to become a dominant priority in the population's foreign policy sympathies, as well as a uniting idea.

What are the reasons for such a stance on the Ukraine population's part? First and foremost, this reflects the traditional inertia of pro-Eastern sentiments among our citizens. Secondly, in their everyday lives, people don't experience the benefits of co-operation with the European Union. Thirdly, the EU markets are barely accessible for Ukrainian goods. Profitable projects, such as the AN-7X, are rejected by EU countries on political grounds. Finally, the results of the expert poll show that Ukraine clearly lacks a target-oriented PR-campaign in support of the integration of our country into the European community.



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As the Diagram shows, three-fourths of Ukraine's elite (74%) assume the level of information support for Ukraine's course toward European integration to be unsatisfactory, and only 2% believes this level to be high. It should be particularly emphasised that this position is that of the educated elite, for whom it is possible to visit European countries and observe the advantages of European way of life with their own eyes. Meanwhile, for the majority of Ukraine's population, European standard of living remains a remote strange phantom. En mass, people are able to compare their wellbeing with that of Russians and citizens of other CIS countries (and if salaries in Ukraine, Russia and Belarus are taken as the points of reference, such a comparison will clearly not be in Ukraine's favour).

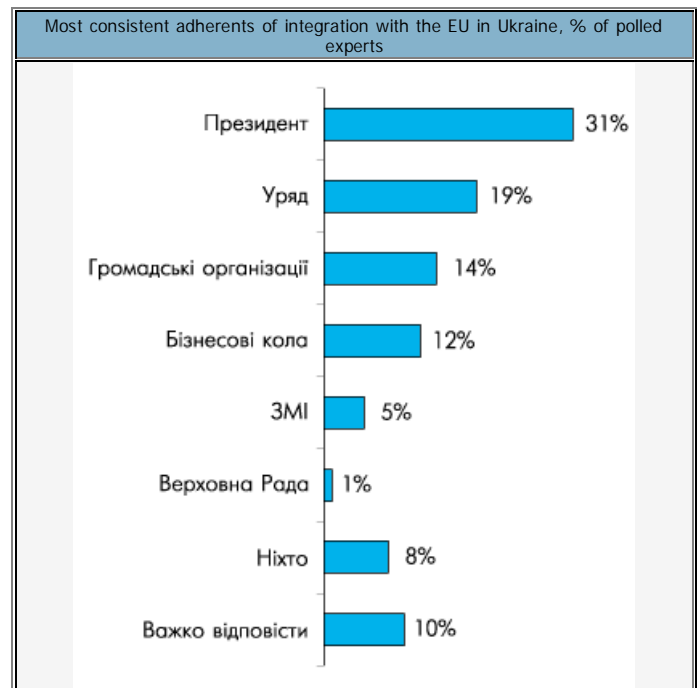


Therefore, the danger exists that the idea of Ukraine's European choice will only remain a good slogan for use in speeches and declarations of officials, if the authorities don't take practical steps in this direction that are understandable to the population. Overcoming the conservative and nostalgic sentiments in the mass consciousness of Ukrainians requires diligent and determined efforts by the authorities, to prove the economic benefits of Ukraine's integration into Europe.

At the same time, European integration is a two-way street. Ukraine must do much to move toward its goal, but the European Union, for its part, should also change its attitude toward our country. Some countries, named among contender states for EU membership (Romania, Bulgaria), are not booming either. And if the potentials of relations with the EU are compared, our country looks to be far more potent. However, Ukraine was left outside both the first and the second waves of EU enlargement.

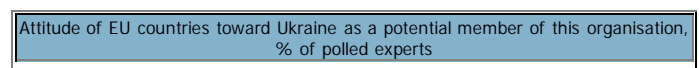
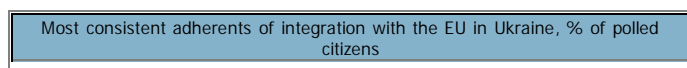
WHOSE LUST FOR EUROPE IS GREATER?

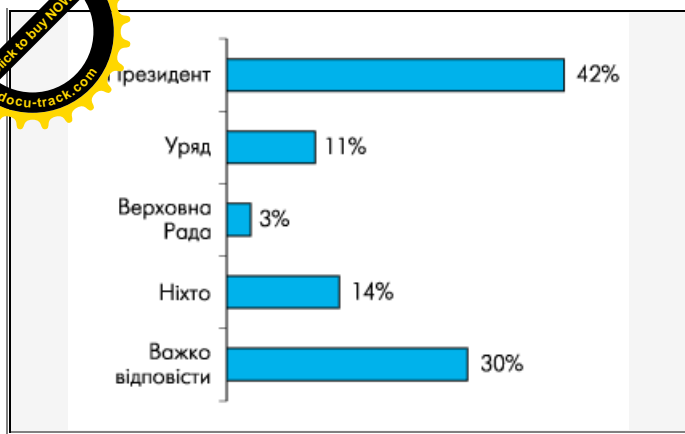
This is a rhetorical question. It's no surprise that Ukraine's elite and the population associate the idea of European choice, first and foremost, with the President and the Government of Ukraine. It is interesting to picture the entire hierarchy of Ukrainian adherents to European integration (see Diagram "Most consistent adherents of integration with the EU in Ukraine"). Starting from the top: 31% of polled experts considers the President of Ukraine to be the most consistent adherent of integration with the European Union. 19% of respondents gives the palm to the Government, 14% — to public organisations, 12% — to Ukrainian business, 5% — to mass media. The outsider position of the Verkhovna Rada in this list is disturbing: only 1% of those polled believes Ukraine's Parliament to be an advocate of European integration. As such, MPs are the last in the queue to Europe, but they are here, too, and still have a chance of moving ahead in the general queue.



The population assesses the level of sympathy toward European integration on the part of the branches of power in a similar manner: 42% of citizens believes the President of Ukraine to be the most consistent adherent of moving toward Europe, 11% suggests that this is the Government, and only 3% — the Verkhovna Rada (see Diagram below).

IS THE EU WAITING FOR US?





It should be noted, that the fact that a large part (almost half) of the population is not impressed by the authorities' small steps toward Europe is demonstrated by the result that 14% of the population does not perceive any adherents of European integration in the higher echelons of power whatsoever, while 30% gave no response. These assessments provide few grounds for optimism. In the first place, nearly half (44%) of citizens is either sceptical, or unaware of the efforts of Ukraine's leadership aimed at European integration. Second, the country's elite, and the population, negatively assess Parliament's deeds on this key foreign policy direction. This can be explained by a generally low trust in Parliament, and the uncertainty of the Verkhovna Rada's position regarding European integration (at least, until its majority was formed). Third, such an assessment is indirect evidence of the differences in the positions of the branches of power with respect to foreign policy priorities of Ukraine. This leads to formation of doubts which interfere in the coordination of their efforts on the European direction.

IS THE EU WAITING FOR US?

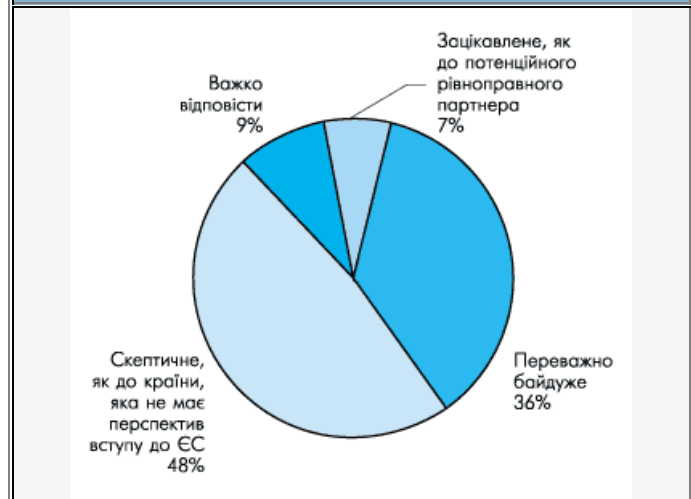
There is no doubt that Ukraine is a European country. However, this 'continental' affiliation does not by itself remove the humiliating question, whether we are welcome into the union of leading European countries. What do we think about this, ourselves?

The overwhelming majority of representatives of the state-political and scientific establishments of Ukraine (84%) is sceptical about the EU's attitude toward Ukraine as a potential member of this grouping. The polled experts believe that the majority of EU member-states at present tends to distance themselves from Ukraine as a 'problem country'. Expert views on this issue are presented in the Diagram "Attitude of EU countries toward Ukraine as a potential member of this organisation".

It is interesting to note that the population tends to be more optimistic. Almost half of those polled (49%) believes that the EU is interested in admitting Ukraine as a member (see Diagram "Are EU countries interested in Ukraine joining this organisation?").



Are EU countries interested in Ukraine joining this organisation? % of polled citizens



In this connection, it should be emphasised that Ukraine's Western partners cannot but notice the apparently positive political and economic changes in our country: the creation of a constructive majority in the Verkhovna Rada, GDP growth in the first six months of 2000, positive dynamics in different sectors of the national economy, peaceful resolution of social conflicts, stability of the national currency, etc.

However, the scepticism of informed experts evidently has some grounds. They say, a pessimist is a well informed optimist. The unfavourable, in experts view, stance of EU countries toward Ukraine is conditioned by a number of negative factors.

The political sphere. The present level of the development of democratic institutions in Ukraine, and the status of civil society in general, are still far from European criteria. Political

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developments in Ukraine have caused conflicts with European community more than once (Ukraine was blamed for suppressing freedom of press, election campaign violations, non-fulfilment of commitments before the Council of Europe, etc.).

The economy. Positive developments in the national economy have not yet become irreversible. The quality of Ukrainian goods remains low, which affects the competitiveness of exports (mainly comprised of raw materials and semi-finished goods); domestic production has an extremely high level of energy consumption(2). The diagram below lists the main reasons which, in the view of experts, impede the promotion of goods on the European markets(3).

Among other economic reasons, the inadequate regulatory and legal support for business in Ukraine, the underdevelopment of fundamental economic institutions, bureaucratic

Main impediments for the promotion of Ukrainian goods on the European markets, % of the polled

interference in economic processes, and the high risk of investing, should also be mentioned. Those negative factors limit the potential for economic co-operation with the EU, and place Ukraine into the group of unattractive and insignificant partners of the European community. It is no wonder that Ukraine's share in the EU's foreign trade remains meagre — 0.42% of the European Union's total turnover(4).

It is clear that such a list of negative factors gives few reasons for optimism. That's why the overwhelming majority of the polled experts (77%) is critical about the dynamics of Ukraine's contacts with the European Union. Expert assessments of the status of Ukraine's relations with the EU generally coincide with the opinion of Ukraine's population. 45% of the polled citizens calls those relations stagnant, another 12% believes that they are deteriorating (see Diagram "The present status of Ukraine's relations with the European Union").

It is worth noting that many people (28%) have no clear idea of the nature of relations between Ukraine and the EU. Fortunately, among experts, there are only 7% of those.

WHAT IMPEDES UKRAINE'S MOVEMENT TOWARD THE EU?

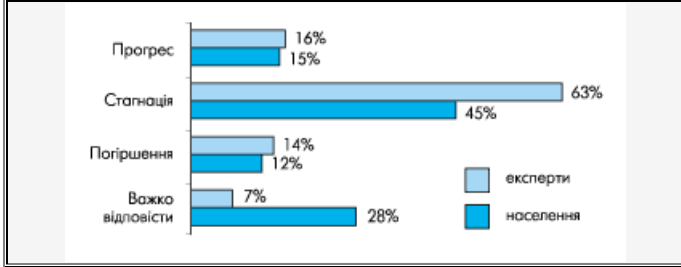
The road to the EU is long and difficult. It has internal and external dimensions. The main problems of Ukraine's movement along this road are related to the internal situation — first of all, to the inconsistency and slow pace of socio-economic and political-administrative transformations. This fact is expressively reaffirmed by the expert assessments below, obtained in the result of UCEPS poll. The majority of experts clearly distinguishes three main negative factors: the low level of economic development and slow pace of reforms (92%); the high level of corruption (90%); the inadequacy of the tax policy, and the non-transparency and instability of economic legislation (90%) (5).

The general picture of the factors which, according to experts, negatively affect the process of Ukraine's integration into the EU, is presented in the Diagram "Factors that make a significant negative influence on the process of Ukraine's integration into the European Union"(6).

What catches the eye in this unpleasant list of deficiencies is that Ukraine's elite pays much



The present status of Ukraine's relations with the European Union, % of the polled



(2) Per \$1 of GDP, Ukraine spends 5.5 times more energy resources than countries of Central-Eastern Europe, and 12 times more than OECD countries.

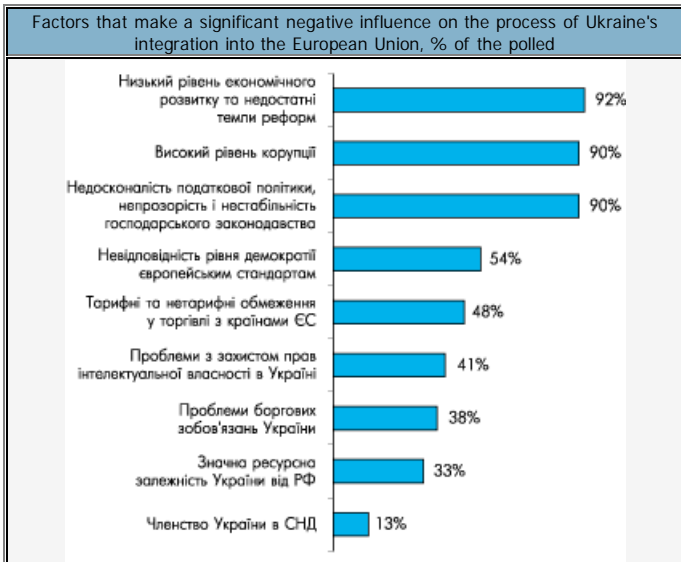
(3) Respondents were asked to name three positions.

(4) The Road to the Future Is the Road to Europe. The Centre for European and International Studies. — Kyiv, 2000, p.18.

(5) Unfortunately, it is namely this list of negative factors which is becoming characteristic of international assessments of the Ukrainian situation. For instance, in February, 2000, UCEPS held a similar poll among Western experts working in Ukraine (diplomats, businessmen, representatives of international organisations). Then, experts named the same factors that are mentioned above.

(6) Experts assessed the factors as follows: a factor causes a significant negative influence; a factor causes an insignificant negative influence; a factor causes no negative influence; hard to say.

WHAT IMPEDES UKRAINE'S MOVEMENT TOWARD THE EU?



What do you think are the main impediments to Ukraine's integration into the EU? % of polled citizens

less attention to such 'problem areas' for the West, as the non-compliance of Ukraine's democracy level with European standards, problems related to intellectual property rights protection, and debt problems.

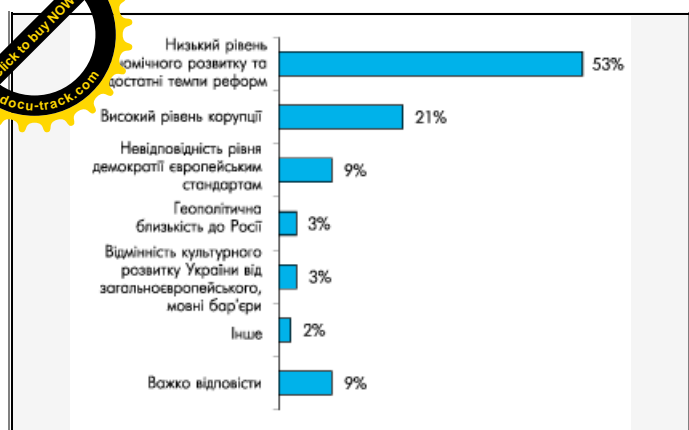
Meanwhile, dependence on Russia's resources, as a factor negatively impacting Ukraine's European integration, was mentioned by only one-third of polled experts, and CIS membership is not perceived as an impediment to Ukraine's movement toward Europe (80% of experts considers this factor to be of little or no significance). By contrast, the state's political elite is aware that at present, the CIS markets are objectively more promising for the development of trade and economic co-operation (this particularly concerns Ukraine's participation in the creation of the trans-Caucasian transport corridor).

As far as the assessments of the main factors that hinder Ukraine's movement toward Europe are concerned, the positions of Ukraine's establishment and the population generally coincide. This is clearly demonstrated by the poll results presented in two diagrams.

Both experts and the population point to such main impediments as the low level of economic development, the threatening level of corruption, non-compliance of the democracy level in Ukraine with European standards. Therefore, overall assessments of the present status of Ukraine-EU relations, and the factors that impact those relations, reflect the actual situation.

In this respect, the opinion of some Ukrainian scholars is viable(7), that the present weakness of Ukraine's position in terms of European integration is the result of: (a) the inconsistency in, and delay with, internal reforms; (b) the prevalence of political declarations over the practical implementation of the Partnership and Co-operation Agreement, and Ukraine's Strategy for EU integration; (c) inadequate administrative and institutional support for the course toward European integration(8); (d) the lack of qualified experts on issues of European integration within Government structures(9).

It should be added, that such pessimistic assessments of the present status of Ukraine-EU relations, also reflect the negative results of the December, 1999 Helsinki Summit of the EU: both waves of the EU enlargement bypass Ukraine. It is not by chance that, at the Economic Forum of Central-Eastern European countries held at the end of June, 2000, Prime Minister V.Yushchenko criticised the current ideology behind the European Union's enlargement, and in particular, the uncertain position of the EU regarding the prospects of Ukraine's membership in this organisation. According to him, "regions remaining outside the process of European integration are becoming destabilisers for the entire continent"(10).



- (7) Burakovsky I., Nemyria H., Pavliuk O. Ukraine and European Integration. — Polityka i Chas, 2000, No.3-4, p.9.
 (8) UCEPS experts discussed more than once the non-expediency of liquidating the National Agency for Development and European Integration. For comparison: in Poland, there is a special Ministry of European Integration. See: Administrative Reform in Ukraine: Will the Closed Circle Be Broken? Analytical report of the Ukrainian Centre for Economic and Political Studies. — National Security and Defence, 2000, No.5, p.11.
 (9) This problem is examined by the participants of the round table, the materials of which are published in this issue of the magazine.
 (10) See: Is the New Enlargement of the EU Imminent? — Presydenyskyi Visnyk, July 3-9, 2000, p.3.

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UCEPS experts believe that the implementation of the priority task — Ukraine's integration into the EU — is unrealistic in the near future, if the negative impact of the above-mentioned factors is not diminished.

This means that the main priority for Ukraine's state organs at the given stage should be diligent work aimed at effective structural and institutional reforms in the economy, raising the population's living standards, and the consolidation of democratic institutions in society. What is important is that the resolution of internal problems is in line with Ukraine's drawing closer to the EU.

UKRAINE'S MEMBERSHIP IN THE EU: AN ASSIGNMENT FOR FUTURE GENERATIONS?

Today, the algorithm of Ukraine's next steps toward Europe is defined: joining the WTO and obtaining market economy status; the creation of a free trade zone; associate membership in the EU. However, a number of internal limiting factors should be taken into account when going down this road(11).

First of all, the regulatory-legal base, existing in Ukraine, differs from general regulations of the EU in many of its parameters. Bringing it in compliance with European standards requires much time, both in terms of political efforts and practical work (the translation of over 80 thousand pages of EU regulations, their examination, and comparison with the effective legislation of Ukraine, will take years of diligent work by qualified experts).

Secondly, the basic sectors of Ukraine's industry (metallurgy, light industry, agro-industrial complex) have found no niche on the

European market: accession to this market on reasonable terms requires deep restructuring of Ukraine's economy, raising the competitiveness of the bulk of domestic goods, and the establishment of mutually advantageous relations with West European manufacturers. It is clear that those issues cannot be solved within 3-5 years.

Thirdly, most domestic non-competitive enterprises will be liquidated, swallowed by powerful European companies, which will bring about negative social consequences.

Finally, in the short run, Ukraine is unable to bear the financial burden of EU contribution.

The comprehension of those "limiting factors" places Ukraine's elite in a position of assessing the possible terms for Ukraine catching up with economically developed countries of the EU with restraint. According to expert assessments, Ukraine's positions are much worse than those of Baltic states and other East European countries. On the other hand, Russia's position is viewed rather pessimistically: 21% of polled experts believes that the Russian Federation will never achieve European level. As far as Belarus is concerned, this view is shared by 27% of experts (see Table).

The overwhelming majority of polled experts (65%) believes that Ukraine will be able to catch up with the developed countries of European community somewhere in the range of 20 years.

If expert assessments of the positions of different countries are compared with the results of the public opinion poll, it becomes apparent that the population assesses the prospects of other CIS countries far more optimistically than experts (12). For instance, with respect to Russia and Belarus, 33% and 25% of experts, respectively, were certain that those countries would

When will these countries be able to achieve the level of developed EU countries? % of polled experts						
	Never	In 20 years	In 5-10 years	In 1-2 years	This level has already been achieved	Hard to say
Ukraine	10%	65%	15%	0%	0%	10%
Russia	21%	41%	25%	1%	0%	12%
Belarus	27%	39%	4%	2%	0%	28%
Other CIS countries	21%	41%	6%	1%	0%	31%
Baltic states	0%	12%	63%	22%	3%	0%
Poland	0%	11%	46%	32%	11%	0%
Romania	7%	41%	35%	6%	0%	11%
Bulgaria	3%	43%	35%	7%	0%	12%

(11) See the article of UCEPS expert: Chaly V. The Long Road to the EU. — Zerkalo Nedeli, May 27, 2000, p.2.

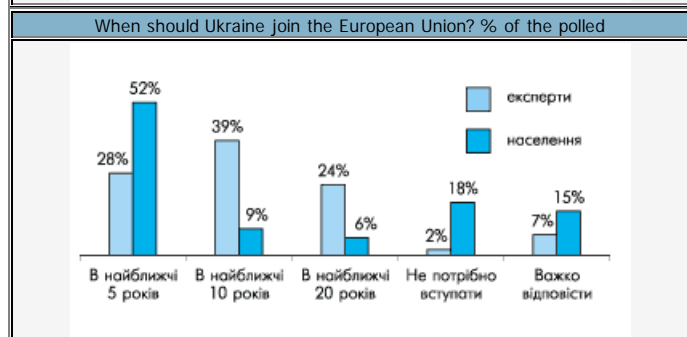
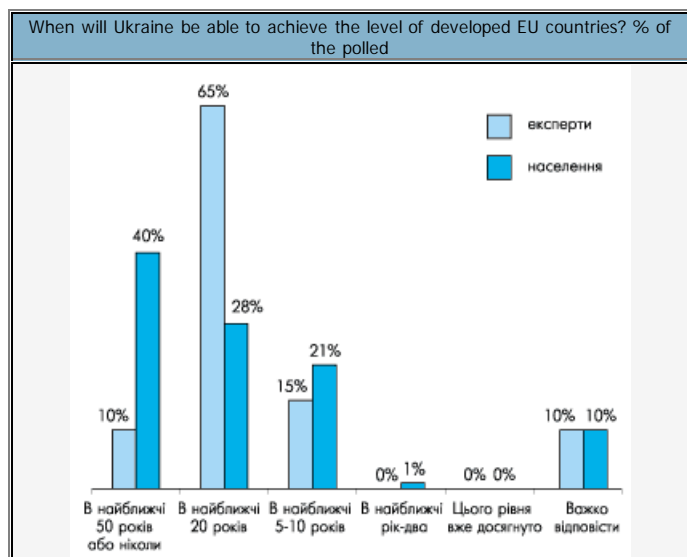
(12) It should be noted that some grounds for this exist. For example, the IMF report on the development of the world economy (April, 2000) ascertained that in 1999, out of all CIS countries, economic decline was observed only in Ukraine (-0.4%) and Moldova (-5%). IMF experts predict that in 2000, Ukraine's economic growth rate will be the lowest among all CIS countries. See: ITAR-TASS, April 13, 2000.

UKRAINE'S MEMBERSHIP IN THE EU: AN ASSIGNMENT FOR FUTURE GENERATIONS?

reach European level of development in 5-10 years, and only 5% and 7%, respectively, said that this would never happen. As far as Ukraine is concerned, the thoughts of the elite and the population coincide. Ukraine's population looks at the prospects of our state catching up with the EU countries as follows: 28% of those

It appears symptomatic that, while cautiously assessing the terms of Ukraine achieving the level of developed EU countries, Ukraine's elite and the population are united in the need for joining the EU in the next 5-10 years. This view is shared by 67% of experts and 61% of Ukraine's population (see Diagram "When should

that this will occur in 20 years, plus, 21% — in 5-10 years. At the level of 40% of pessimists, 25% indicates 50-year term, meanwhile, 15% are that Ukraine will never achieve this level(13). The assessments of the population, regarding the prospects of our country achieving the level of development, are collated in the Diagram "When will Ukraine be able to achieve the level of developed EU countries?".

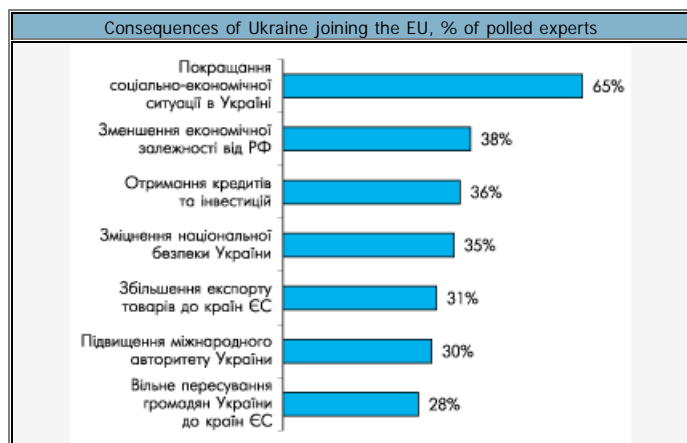


(13) Some positive dynamics is evident, if we compare the results with previous UCEPS polls. For instance, in April, 2000, only 14% of respondents believed that Ukraine will manage to make a breakthrough into Europe in the next decade, and 25% did not believe that Ukraine would ever reach the level of European countries.

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understand that the European future for Ukraine is being built now. They want to live prosperously and quietly at the present moment, and not in the remote future. Therefore, the given term for joining the EU — in 5-10 years — is probably a compromise between the rational comprehension of the severe realities, and the desire to reach European level of life as soon as possible.

Ukraine's elite perceives integration into the EU as a means of solving internal problems, in the first place — to improve the socio-political situation in the country. The majority of experts mentioned this point when responding to the question "What do you expect from Ukraine's integration into the EU, above all?(14)" (see next Diagram).



It's not difficult to notice a certain "Euro-paternalism" in the spirits of Ukraine's elite. However, Ukraine's experience on the international arena has proven more than once that all expectations of radical internal changes with Western assistance are in vain. The European Union is not a voluntary charity foundation, but an alliance of powerful states, which united to jointly withstand the tough pressure of competition on the world market. Western partners are unlikely to be interested in the promotion of Ukrainian goods (with a low degree of processing) on European

Ukraine join the European Union?").

One should keep in mind that a third of the population either does not consider the European choice to be the right one, or is undecided on the matter. 27% of citizens is sure that Ukraine should not join the EU at all, while 15% — abstain.

The comparison of foreign policy sympathies and the attitude of people towards Ukraine joining the EU creates an interesting picture. More than half (57%) of the population consider contacts with the CIS and Russian Federation to be a priority, and two-thirds (67%) have nothing against joining the EU. This means that, although in the event of an alternative choice of the key foreign policy vector, traditional sentiments have worked, and the overwhelming majority of Ukraine's population realises the specific importance of Europe for Ukraine.

Being aware of the fact that Ukraine's lag behind the leading EU countries won't be removed in the near future, Ukraine's elite and the population desire to see our state among the developed and prosperous European countries as soon as possible. Such a desire is absolutely clear against the background of humiliating (for a European nation) indicators of Ukraine's socio-economic development.

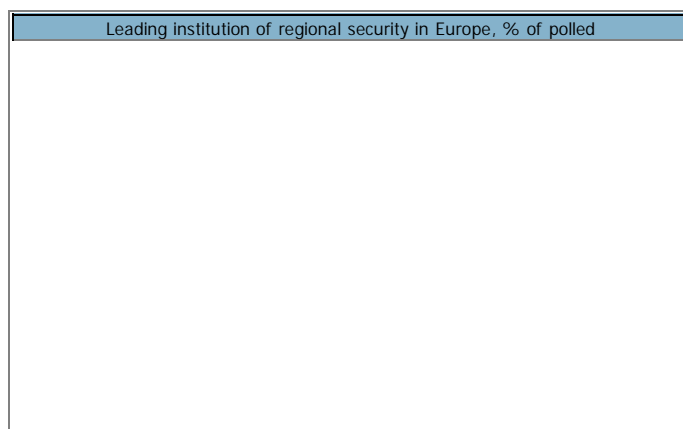
At present, close to 70% of Ukrainians are on the brink of poverty. Average monthly per capita incomes in over one million families do not exceed \$10. In most regions, monthly wages and salaries amount to \$30-40. Hourly remuneration in Ukraine is 15 times lower than the world poverty standard. Unemployment is on the rise: in 1997-1999, the number of officially registered unemployed increased from 350 thousand to 1.4 million, and according to expert estimates, 7-8 million Ukrainians are jobless. Over the recent years, Ukraine's human development index remains stable at a low level: our country occupies 91st position among UN members. According to the UCEPS sociological survey (June, 2000), 61% of citizens believes that, in comparison with January, 2000, the wellbeing of their families deteriorated; 33% — doesn't see any changes for the better.

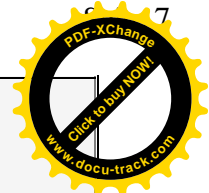
Ukraine's desire to join the EU as soon as possible is also psychologically grounded. People

Another noteworthy point is that among the positive consequences of integration into the EU, Ukrainian experts give second place to the removal of the economic dependence on Russia(16). However, the important and generally positive process of diversification of Ukraine's trade and economic contacts should not turn into "fetishisation" of European integration as an alternative to relations with Russia. UCEPS experts believe that the solution of urgent problems in economic relations with Russia (establishing a free trade regime, removing Russia's unilateral protective measures) is one of the main foreign economic priorities for Ukraine.

Another important positive factor of European integration, mentioned by experts, is the strengthening of Ukraine's national security. Such a stance is connected with the fact that the biggest share of polled experts (28%) considers the EU to be the leading institution of regional security in Europe. 27% of experts is certain that this function should be performed by OSCE, 20% — by NATO, 14% — by the UN. The population built a different hierarchy of key security structures for itself in Europe (see next Diagram).

As the Diagram shows, the majority of Ukraine's elite believes that security on the continent must be insured primarily by the European Union (28%), OSCE (27%) and NATO (20%), while the population gives preference to the UN (39%), OSCE (25%), the EU (15%), with NATO concluding this list with only 4%.





markets, and a highly saturated with such products. This fact is proven by the annual share of Ukraine's exports falling under anti-dumping proceedings: in 1995 — 25% in 1999 — 35%(15). Ukraine must primarily count on its own forces. As Prime Minister V.Yushchenko said, "building economic muscles" is the only way to Europe.



(14) Respondents were proposed to name no more than three positions.

(15) Thirteen countries have initiated over 100 anti-dumping proceedings against Ukraine in 26 commodity groups. According to expert assessments, Ukraine's losses from those proceedings, starting from 1992, amounted to nearly \$1.0-1.5 billion.

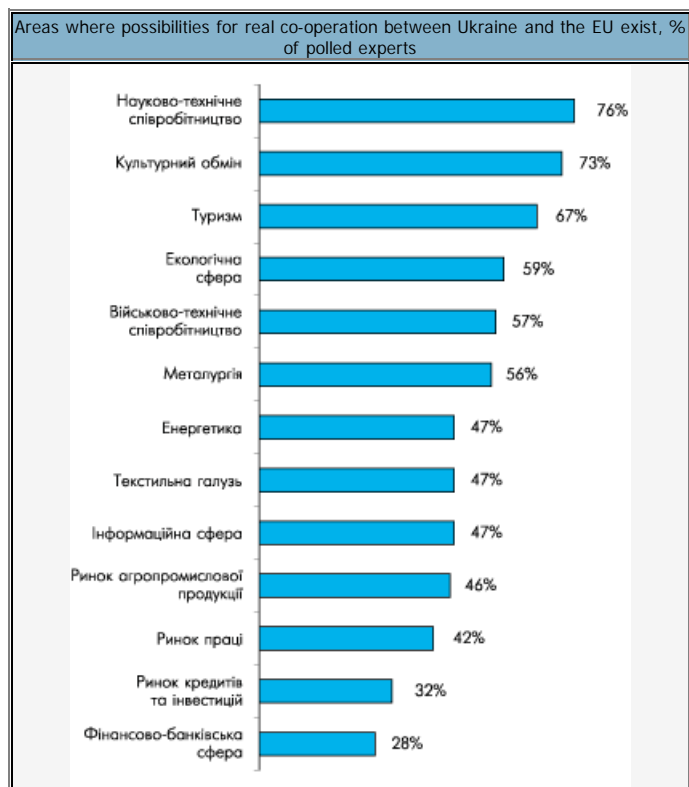
(16) It should be kept in mind that despite the curtailment of trade relations with Russia (by \$3.2 billion over the last three years), 20.7% of Ukraine's exports falls on that country. At the same time, the Russian Federation remains the largest importer of goods to Ukraine — 47% of total imports. The lion's share of Russian imports is comprised of energy resources.

DIRECTIONS FOR CO-OPERATION: LIGHT AT THE END OF THE EUROTUNNEL?

DIRECTIONS FOR CO-OPERATION: LIGHT AT THE END OF THE EUROTUNNEL?

The euphoria of the previous years, the attempts made to force the way into the group of new passengers on the European express, gradually gave way to a realistic comprehension of the fact that a ticket to the platform is at least something. It is clear now, that even under conditions of radical structural reforms, the period of adaptation to the EU's political and economic requirements will last for many years. To be sure, the EU will not tolerate waiting for Ukraine, and the requirements for contender countries will get tougher with time. However, this in no way means that Ukraine is perceived as eternal outsider.

Indeed, it would be correct to admit that today, our country's starting position is weak. This conclusion is based on economic indicators and supported by expert opinion polls(17).



It is evidently not by chance that the Ukrainian elite names the humanitarian sector among the main directions where possibilities for real co-operation with the EU exist: the majority of experts points to co-operation in the field of science and technology (76%), cultural exchanges (73%), tourism (67%), and environmental protection (59%).

As the Diagram "Areas where possibilities for real co-operation between Ukraine and the EU exist" shows, experts are much less enthusiastic about co-operation with the EU in the field of power engineering, textile industry, on the markets of agricultural produce, labour, credits and investments, and in the financial and banking sector. Only 28% of the polled experts believes in the reality of effective co-operation between Ukraine and the EU in the financial and banking sector, 32% — on the credit and investment market. Less than half of experts is optimistic regarding Ukraine's co-operation with the EU on the market of agricultural produce (46%), in energy (47%) and textile (47%) sectors. In our view, this can be explained by a number of reasons.

First of all, those sectors of the economy are subject to the EU's protective measures. Second, in those sectors, no strong Ukrainian companies capable of competing with European manufacturers have been formed. Third, the admission of the new EU members will raise the competitiveness of their enterprises in the "sensitive" areas of Ukraine's exports (metal products, textiles, foodstuffs). Forth, in Ukraine, no attractive investment climate for foreign capital has been formed thus far. (It is not by chance that experts are most sceptical about contacts with the EU on the credit and investment market, and in the financial and banking sector).

Therefore, Ukraine's elite has doubts about the existence of preconditions for equal and mutually beneficial co-operation between Ukraine and the EU in many areas of foreign economic relations. At the same time, the assessments given in the course of the expert opinion poll produce a clear picture of the strategic directions of Ukraine's authorities for the strengthening of Ukraine's position with respect to European integration. They are: the acceleration of reforms, struggle against corruption, building of civil society and the improvement of economic legislation.

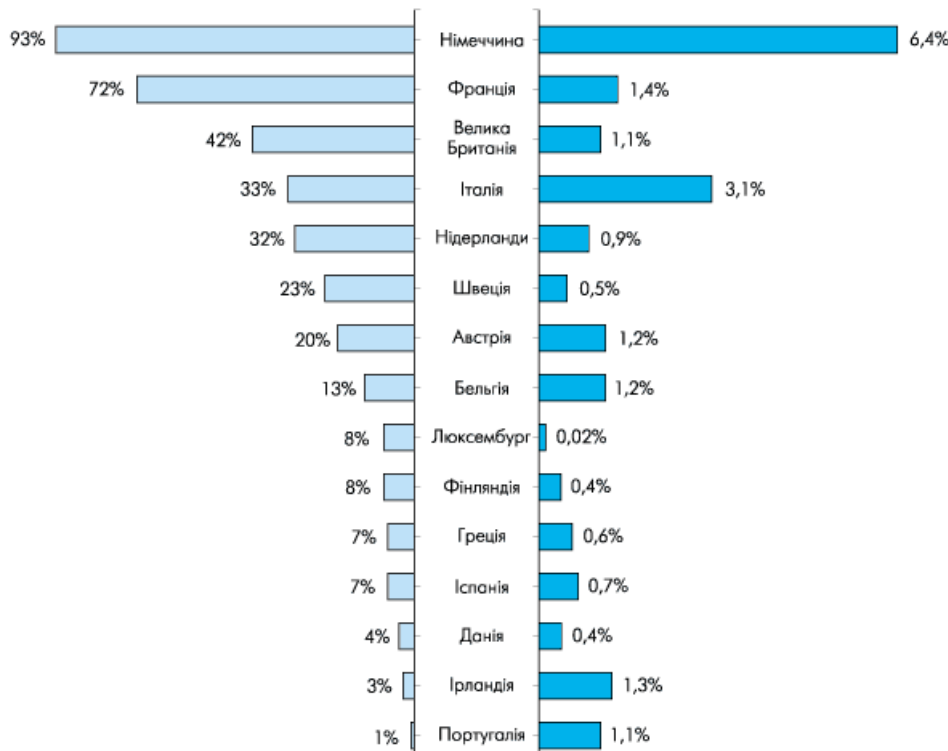
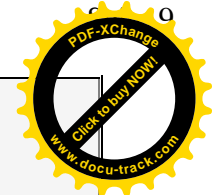
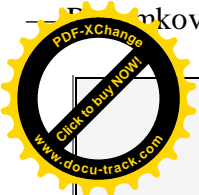
In the course of the poll, experts were proposed to define the priority measures for the acceleration of Ukraine's integration into the European Union. The obtained results are shown on the Diagram below.

(17) According to UCEPS poll held in February, 2000, the majority of Western, Polish and Russian experts pointed to the minimal or insignificant influence of Ukraine on the markets of credits and investments, information resources, agricultural produce, energy resources, high technologies and industrial goods. See: Ukraine's International Image: Myths and Realities. Analytical report of the Ukrainian Centre for Economic and Political Studies. — National Security and Defence, 2000, No.3, pp.54,64.

UCEPS experts believe that the opening of economic borders should be undertaken cautiously, given the problems of economic security.

Experts clearly distinguish the leading trio of the most important countries — Germany (93%), France (72%) and Great Britain (42%). Today, it is exactly these countries that, to a great extent, determine the present image of the EU and define its future. The high rating of

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France in the eyes of Ukraine's elite can probably be explained by its significant influence on pan-European processes, and by the fact that this country will chair the EU until the end of 2000(19). It should also be kept in mind that the next Ukraine-EU summit is to take place in September, 2000, in Paris.

The importance of contacts with Italy, the Netherlands, Sweden, and Austria, pointed out by experts, can be explained by the fact that those countries actively support Ukraine's intention to integrate into the European Union.

Apart from the political factors, such a rating of EU countries, drawn by experts, is also conditioned by the level of trade and economic co-operation of Ukraine with those states.

For instance, Germany has been one of Ukraine's main trade partners in Europe for years.

In 1999, its share in Ukraine's total foreign trade turnover amounted to 6.4%. For comparison: Italy's share was 3.1%, France — 1.4%, Great Britain — 1.1%, and the Netherlands — 0.9%.

Certain parallels can be drawn between expert assessments and the amounts of direct investments from those countries into Ukraine's economy. For instance, if German investments in 1999 amounted to \$230 million, Great Britain — \$243 million, the Netherlands — \$301 million, then the investments of the countries from the bottom of the list of important partners were much lower: Spain — \$18 million, Denmark — \$17 million, Portugal — only \$920 thousand.

Therefore, expert assessments can be considered as quite objective: they take into account both the political and economic weight of a country in the European Union, and the level of its economic co-operation with Ukraine.

CONCLUSIONS

Among the contenders for EU membership, Poland may promote Ukraine's integration into the European Union the most: this view is shared by 77% of the polled experts. Ukraine's elite counts on the support from other countries to a smaller extent: Czech support is expected by 8%, Hungary's — by 4%, Slovak — by 2%. Such assessments are not difficult to explain, as it is with Poland that Ukraine has the most positive dynamics of bilateral relations. (It is sufficient to recall the active political contacts at the top level: the presidents of the two countries met more than 20 times). Furthermore, the majority of Poland's elite actively supports Ukraine's European choice(20).

CONCLUSIONS

Among Ukraine's three principle foreign political priorities, integration into the EU enjoys the greatest support of the state-political elite (48% of those polled). However, the majority of the population of Ukraine traditionally views co-operation with the countries of the CIS and Russia as a priority (31% and 26%, respectively). Only 11% of experts and 4% of the population called Ukraine's relations with the U.S. a priority. Of significance is that two-thirds of the population are not against entry into the EU: 67% of respondents understands the need for Ukraine to take the European direction.

The expert poll reflects the complex realities of the process of Ukraine's European integration. The vast majority of Ukraine's elite and the country's population critically assesses both the stance of EU countries toward the prospects for the entry of our country into this organisation, and the current state of Ukraine's relations with the EU. Such a situation, according to the experts and the population, is conditioned by the influence of a number of negative factors, above all, of an internal character. These are: the slow pace of reforms, the high level of corruption, an inadequate taxation policy and normative-legal base.

The awareness of these "braking factors" is forcing the elite and population of Ukraine to take a cautious approach to the evaluation of the timeframe for Ukraine drawing closer to the level of economically developed countries of the EU: the majority of those polled defines that period to be

20 years. However, the overwhelming majority of both Ukraine's establishment, and its population (67% and 61%, respectively), who desire to see Ukraine among European countries with a high level of wellbeing in the soonest possible time, are convinced of the need for joining the EU in the next 5-10 years. This desire is completely understandable against the background of the complex socio-economic situation in Ukraine.

The main strategic directions of the activities of the state bodies with respect to the strengthening of Ukraine's position regarding European integration are the acceleration of the pace of reforms, the fight against corruption, building of civil society, and the improvement of economic legislation.

Experts outline the set of priority measures for accelerating Ukraine's integration into the EU. The overwhelming majority of experts (71%) places the measures with respect to accelerating the process of recognising Ukraine as a country with a market economy in first place. Among other important measures, the following were named: activating Ukraine's performance of its obligations within the framework of the PCA; gaining WTO membership; decreasing limitation on export-import operations with EU countries; Ukraine's participation in mutual economic projects with the European Union.

The process of Ukraine's integration into the EU envisages the strengthening of bilateral contacts with EU member-states. In this respect, Ukraine's elite places emphasis on the priority significance of contacts, above all, with Germany (93%), France (72%), and Great Britain (42%). That is, the issue concerns improving contacts with the most powerful and economically developed countries which define the "face" of the EU and its futu

