

UNIVERZITA KARLOVA  
FAKULTA SOCIÁLNÍCH VĚD  
INSTITUT POLITOLOGICKÝCH STUDIÍ  
OBOR MEZINÁRODNÍ VZTAHY

## EU's Policy on Ukraine, Influencing Factors

Alžběta Chmelařová

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**Vedoucí práce: PhDr. Jan Karlas, MA, PhD**

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## **Abstract**

This thesis discussed factors that influence the process of integration into the European Union and sought to answer a question which of the two most frequently used meta-theories dealing with European integration, rationalism or social constructivism, can better capture the dynamics of EU-Ukrainian relations. According to rationalists (liberal intergovernmentalists), interest in Ukraine is based on pure cost/benefit calculation and on the level of economic interdependence. According to constructivists, the main incentive for deeper integration is the level of democracy in the country, the extend of Europeanness of Ukraine. Without doubt, the process is a cocktail of norms and economic interests but what factors, material or normative, play main role in the evolution of EU-Ukrainian relations? The EU claims it is the norms. I argue that even at that time when Ukraine was the most European ever, the EU did not make an additional step forward.

I identified two independent variables, ECONOMY (economic interdependence between the EU and Ukraine) and IMAGE (state of democracy in Ukraine) and tried to find out which of these strongly correlates with the dependent variable EU POLICY (EU policy towards Ukraine).

I tested my hypothesis, that the evolution of EU policy towards Ukraine is mostly influenced by the evolution of economic interdependency between these two and not by the evolution of democracy in the country, also on national level. Different approach of France and Czech Republic about the type of relations they want with Ukraine served as a good example.

I concluded that material factors matter more in the EU-Ukrainian relations and that constructivist factors play just supporting role. If the EU was truly a normative power, bilateral relations, especially during the Yushchenko presidency, should have been more dynamical.

**Key Words: Ukraine, European Union, integration, rationalism, social constructivism**

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## **Abstrakt**

Tato práce se zabývá faktory, které mají vliv na proces integrace do Evropské unie a snaží se odpovědět na otázku, která ze dvou nejčastěji používaných meta-teorií, zabývajících se evropskou integrací, racionalismus či sociální konstruktivismus, dokáže lépe postihnout vývoj a dynamiku vztahů mezi Ukrajinou a Evropskou unií. Racionalistická teorie tvrdí, že základem o Ukrajinu je postaven čistě na kalkulaci ztrát a zisků a na úrovni vzájemné ekonomické závislosti. Podle konstruktivistů je základní podmínkou hlubší integrace úroveň vzájemně sdílených hodnot (evropských, liberálně-demokratických). Proces evropské integrace je bezpochyby mixem normativních a ekonomických faktorů, ale který z nich hraje důležitější roli? Evropská unie tvrdí, že to jsou faktory normativní. Já se snažím poukázat na fakt, že ani v době, kdy Ukrajina byla nejvíce „evropská“, Evropská unie neudělala žádný velký vstřícný krok.

Ve své práci jsem definovala dvě nezávislé proměnné, ECONOMY (vzájemná ekonomická závislost mezi Ukrajinou a EU) a IMAGE (stav demokracie na Ukrajině) a snažila jsem se zjistit, která z těchto dvou silněji koreluje se závislou proměnnou EU POLICY (politika EU vůči Ukrajině).

Svou hypotézu, že vývoj politiky EU vůči Ukrajině je z větší míry ovlivněn vývojem ekonomických bilaterálních vztahů a nikoli vývojem demokracie v zemi, jsem testovala i na národní úrovni. Jako dobrý příklad mi posloužil odlišný přístup Francie a České republiky ve vztahu k Ukrajině.

Na základě zjištěných informací jsem došla k závěru, že materiální faktory hrají ve vztazích mezi Ukrajinou a Evropskou unií důležitější roli, normativní faktory jen roli podpůrnou.

Pokud by Evropská unie byla opravdu normativním společenstvím, vztahy Ukrajiny a Evropské unie měly být, zejména v období prezidentsví Viktora Juščenka, dynamičtější.

**Klíčová slova: Ukrajina, EU, evropská integrace, racionalismus, sociální konstruktivismus**

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# **"EU Policy on Ukraine, Influencing Factors"**

## **Design of the structure**

<b>1. Introduction</b>	<b>1</b>
<b>2. Theoretical Framework</b>	<b>5</b>
2.1. Rational Theory and Enlargement	7
2.1.1. Liberal Intergovernmentalism	9
2.2. Social Constructivism Theory and Enlargement	
13	
2.2.1. Schimmelfening's Theory of Enlargement	15
2.3. Methodology	18
<b>3. Empirical part</b>	<b>23</b>
<b>3.1.The Importance of Nation Branding</b>	<b>23</b>
<b>3.2.Ukrainian Image in General</b>	<b>23</b>
<b>3.3.Kuchma Era (1999-2004)</b>	<b>32</b>
3.3.1.Independent variables	
3.3.1.1.Image of Ukraine in the EU	32
3.3.1.2.Economic Interdependence, EU-Ukraine	36
3.3.2.Dependent variable	
3.3.2.1.Development of EU-Ukraine Relations	38
<b>3.4.Yuschenko Era I. (2005-2006)</b>	<b>44</b>
3.4.1.Independent variables	
3.4.1.1.Image of Ukraine in the EU	44
3.4.1.2.Economic Interdependence, EU-Ukraine	48
3.4.2.Dependent variable	
3.4.2.1.Development of EU-Ukraine Relations	50
<b>3.5.Yuschenko Era II. (2007-2009)</b>	<b>53</b>
3.5.1.Independent variables	
3.5.1.1.Image of Ukraine in the EU	54
3.5.1.2.Economic Interdependence, EU-Ukraine	57
3.5.2.Dependent variable	
3.5.2.1.Development of EU-Ukraine Relations	60

<b>3.6. Yanukovych era (2010-2011)</b>	<b>63</b>
3.6.1. Independent variables	
3.6.1.1. Image of Ukraine in the EU	63
3.6.1.2. Economic Interdependence, EU-Ukraine	70
3.6.2. Dependent variable	
3.6.2.1. Development of EU-Ukraine Relations	72
<b>4. Testing on Selected Examples</b>	<b>75</b>
4.1. France (2009/2011)	75
4.1.1. Ukrainian Image in France	75
4.1.2. Economic Interdependence between Ukraine and France	76
4.1.3. French Position on the Possibility of Ukraine's Membership	80
4.2. Czech Republic (2009/2011)	86
4.2.1. Ukrainian Image in the Czech Republic	86
4.1.2. Economic Interdependence, Ukraine and Czech Republic	87
4.1.3. Czech Position on the Possibility of Ukraine's Membership	89
<b>5. Conclusion</b>	<b>93</b>
<b>6. References</b>	<b>101</b>

# **1.INTRODUCTION**

After the Orange Revolution, during the Viktor Yushchenko presidency, Ukraine was experiencing progress in terms of democracy. Ukraine's society demonstrated its democratic credentials and was enjoying almost unrestricted freedom of speech and press, freedom of association, respect for civil and political rights. Ukraine committed itself to the European countries family and to European values. Rhetorically this was recognised by all EU member states but the EU as a whole was not willing to change the nature of EU-Ukrainian bilateral relations. Although Kyiv repeatedly asked for a membership perspective, the EU did not change its position and the answer was consistent "no".

Interestingly, with the change of "regime", I use this term as Viktor Yanukovich (Ukrainian president since February 2010) changed the constitution and turned Ukraine back to presidential system, the EU seems to offering more to Ukraine than it ever did to Yushchenko. This attitude may be confusing as Ukraine is currently backsliding on democracy, fundamental human rights and freedoms are violated, former members of government arrested, opposition persecuted and media ruled. All this is paradoxically working in favour of Ukrainian integration into the EU, community that is pursuing and advocating so called western values of human rights and democracy.

In my thesis I would like to discuss the factors that influence the process of integration into the European Union. Without doubt, it is a cocktail of norms and economic interests. But which factor is stronger and provides us with better explanation of the motives to deepen the level of accession negotiations? The EU claims it is the norms.

But is it really the desire to promote democracy that drives the EU member states to accept a new member? Is the EU a true normative power? Is the membership a reward in exchange for democratic reforms or is it an unavoidable step in economic interdependence? What does influence the EU to take action and make another step forward in the integration process? Is not the European Union just a huge

conglomerate of different identities that share one common interest in prosperity and is more pragmatic and materialistically oriented than it itself would wish to be?

States in current conditions can be seen as companies trying to attract as many customers (foreign investments, export opportunities, tourism...) as it is only possible. But country's positive image, how other actors perceive the country, is very important as well and affects its position in the international system and at the same time strengthens its bargaining power. Positive image of the country increases interest in the country and thus the volume of investment ties with the EU countries will deepen. Positive image attracts attention and countries try to materialize this attention in economic benefits. But I argue that only the positive picture itself is not enough. Economically interdependent countries of course do their best to improve conditions of their cooperation and tend to get rid of different kinds of barriers (tariffs, visa regime, legal environment disproportions .....). In the case of the European Union, as Moravcsik puts it and I agree with his point, it is states (governments, leaders) who take the final decision on accepting a new member. Decision is taken on intergovernmental level but representatives of states are influenced by domestic actors, in this case those who are interested in the candidate's country market. This statement does not exclude the possibility that the state itself is already active in the candidate's country (state enterprises, or enterprises with state's substantial proportion). This thesis wishes to examine factors that influence the EU-Ukrainian relations and find what correlation, EU policy on Ukraine-Image or EU policy on Ukraine-Economic interdependence is stronger. My hypothesis is that the evolution of EU policy towards Ukraine is mostly influenced by the evolution of economic interdependency between these two and not by the evolution of democracy in the country. The main hypothesis of my thesis is the assumption that economic interests can provide us with stronger explanatory power and reveal their reasons for the EU's (un)willingness to offer Ukraine a membership perspective. I argue that beneficiaries, the EU-member states involved in Ukrainian market, are encouraging not just the well-working neighbourhood policy but a deeper integration and harmonization of conditions in Ukraine, such as facilitating the visa regime, harmonization in legal environment.....

Scholars, dealing with this issue, try to explain reasons which lead the EU to take this step from different perspectives, based either on economic calculation or

identity/norms. The issue of Ukrainian-EU relations will be incorporated into the rationalism-constructivism debate. However, neither rationalism nor constructivism can explain the complicated process and their synthesis is needed. Frank Schimmelfennig offered one when he came up with the concept of rhetorical action (strategic use of arguments based on community values, identity and norms.)

With this thesis I intend to contribute to the debate between constructivist and realistic approach to the EU enlargement.

Theoretical analysis of European enlargement is embedded in the international relations debate between rationalism and constructivism. Therefore, a presentation of the theoretical framework will be done beginning with introduction of the two most frequently used meta-theories dealing with EU enlargement, the rational theory and the social constructivism as well as introduction of their specific representatives, Andrew Moravcsik's liberal intergovernmentalism (as a rationalist theory representative) and Schimmelfennig's theory of enlargement (as a social constructivist representative). I will briefly show how these two theories are able to explain different aspects of the enlargement as well as their shortcomings, their enlargement puzzles.

Secondly, the empirical base will begin with a description of the political context in Ukraine and then I will move on to describe the EU-Ukrainian economic relations (trade exchange, foreign direct investment). After that I will describe EU-Ukrainian relations with an account of the development made in association negotiations (visa regime, free trade zone, neighbourhood policy). I want to examine the evolution of Ukraine's image since Kuchma's second term. Tracing the chronology of EU-Ukraine relations should reveal the factors that contribute to Ukrainian image in the EU and how the country's image has shaped different frameworks of cooperation as well as explain the stance of particular EU members towards Ukrainian EU membership, their reluctance or willingness to recognize the changes in Ukraine and support Ukrainian integration. Then I will testify my hypothesis also on national level. Different approach of France and Czech Republic about the type of relations they want with Ukraine is a good example.

Methodology will be part of this theoretical framework as well. This thesis is a case

study using the congruence method which allows me to use a single case in order to assess the ability of particular theory to explain or predict the outcome in particular case. If the outcomes of my research are consistent with the theory's prediction, I will be able to conclude that a causal relationship exists. Or vice versa.

In order to be able to use the congruence method I will classify the independent variables as well as the dependent variable. I will try to find correlations between the European image of Ukraine and the level of integration depth or between economic interdependence between the EU and Ukraine and the level of integration depth. I will try to assess which of these relations is stronger, whether there is clear correlation of just one or both of them. If there is a combination of both factors, I will try to identify which of them is stronger and provide us with better explanatory power. I will start with two competing independent variables and then I will try to find out how they are linked to the final outcome, the dependent variable.

For the purpose of this thesis I will use a qualitative method of data collection and analysis (polls, interviews, long-term observation of the Ukrainian political scene), with emphasis on the method of content analysis of European and, because of no linguistic difficulties also Ukrainian documents, journals and newspapers.

This case study could be used for further comparison with other case studies that are dedicated to the topic and should provide comprehensive information about the problems of Ukraine's association negotiations with the European Union.

## **2.THEORETICAL FRAMEWORK**

In this thesis the theoretical part will be based on the analytical framework developed by Frank Schimmelfennig (social constructivist approach) and Andrew Moravcsik (rational theory), both strong theories dealing with enlargement. This theoretical part proceeds as follows. First, a presentation of the theoretical framework will be given by beginning with strongpoints and shortcomings of rationalism and social constructivism, both frequently used meta-theories of the EU's enlargement, as well as their specific representatives, Liberal Intergovernmentalism and Schimmelfennig's theory of enlargement. Then I will apply these theories on the case of Ukraine and by introducing the development of EU-Ukrainian relations I will try to find out what theory possess stronger explanatory power.

It is clear that neither rationalist approach nor the social constructivism is able to explain the whole enlargement process. Even though these theories stand in opposition to each other, in the process of enlargement they complement each other, both are necessary ingredients. The question is which one is stronger.

Frank Schimmelfennig made an important breakthrough when explaining the enlargement process. He used and linked together two opposing perspectives, rational choice theory and social constructivism, highlighting the role of social constructivism. His theory of Eastern enlargement, theory of rhetorical action, seems to be the most suitable and the most complex theory to explain the motives of EU member countries to accept a new member.

I will use his idea and I will also make synthesis of two approaches, but instead of rational choice theory I prefer Moravcsik's liberal intergovernmentalism, as I believe this theory possesses better explanatory power. Based on Moravcsik's logic of liberal intergovernmentalism, Ukraine's closer ties with the EU countries and increased involvement of interest groups will create more pressure on the national level to deepen the integration. The final decision is then taken on intergovernmental level. In line with my argumentation, my hypothesis is reversing the Schimmelfennig's argument that norms are of higher importance for European enlargement than material

interests. I do not claim that norms are of no importance, on contrary, I see norms as a part of the process of European enlargement. The relation between social constructivism and rationalism is interdependent but asymmetrical.

As I have already mentioned, Frank Schimmelfennig perceives social constructivist aspect as the more important between these two, I conversely stress the main role of rationalism and material interests. The aspect of identity cannot be excluded but serves, in my opinion, as a tool for accelerating the process through attracting investments and as an "excuse" or explanatory tool for politicians for letting in someone new. Therefore I cannot agree with Schimmelfennig's rhetorically entrapped EU as I do not think that rest of the EU members, opposing the idea of enlargement, is rhetorically less powerful and capable to influence the process. Rhetorical action can indeed bring the country closer to the EU membership but only when the fundamental condition of a certain level of economic interdependence is met.

From my point of view, norms are not sufficient and do not represent the main reason to open the EU club door for a new member and I suppose that economic reasons may provide us with stronger explanatory power and reveal the reasons for the EU's (un)willingness to offer Ukraine a membership perspective. The EU needs to maintain manageable and avoid an institutional overstretch and the fatal consequences. I argue that beneficiaries, the EU-member states involved in Ukrainian market, are encouraging not just the well-working neighbourhood policy but a deeper integration and harmonization of conditions in Ukraine, such as facilitating the visa regime, harmonization in legal environment..... Consequently, if the hypothesis is proven, the EU is more pragmatic, not normative power as we would like it to be.

## **2.1.Rational Theory and Enlargement**

*“Organization expands its institutions and membership if, for both the member states and the applicant states, the marginal benefits of enlargement exceed the marginal costs.”<sup>1</sup>*

Rationalist theory puts emphasis on material power, state is considered to be the main and rational actor and role of international institutions is minimal. Rational actors play certain strategies in order to pursue their (exogenously given) preferences. The state's willingness to cooperate, act and let limit themselves by some international institutions, although this obviously contradicts their vital interest in safeguarding their autonomy is explained by state's preference to ensure that any agreement concluded will be fulfilled. States pool and delegate authority to international organizations in order to constrain and control one another.<sup>2</sup> International organizations are therefore seen as instruments, not as autonomous actors, designed by the actors to help states pursue their interests more efficiently, reduce transaction costs and make collective action more effective. Rationalists expect the EU to support enlargement on the basis of expectations of utility. Utility in the form of economic or security gains. Member countries are in general said to support the enlargement when trade with the applicant state beneficial to the EU, member states are also interested in applicant's resources, market and low-cost labour force. In such case, even though the enlargement could be costly to the whole EU, it might be beneficial to certain member states. And it is clear that those member states that will gain the most from enlargement will support the idea.

So, whether enlargement happens or not is a matter of cost/benefit calculation, state always focus on its interest.<sup>3</sup>

Member states have to calculate transaction costs, policy costs, autonomy costs. More

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<sup>1</sup> Schimmelfennig, Sedelmeier: Theorizing EU enlargement: research focus, hypotheses, and the state of research, *Journal of European Public Policy* 9:4 August 2002: 500–528, <http://stephenkinsella.net/WordPress/wp-content/uploads/2008/08/713774508.pdf>

<sup>2</sup> Pollack: *International Relations Theory and European Integration*, Robert Schuman Centre for Advanced Studies, RSC No.2000/55, [http://cadmus.eui.eu/bitstream/handle/1814/1695/00\\_55.pdf?sequence=1](http://cadmus.eui.eu/bitstream/handle/1814/1695/00_55.pdf?sequence=1)

<sup>3</sup> Schimmelfennig, Sedelmeier: Theorizing EU enlargement: research focus, hypotheses, and the state of research, *Journal of European Public Policy* 9:4 August 2002: 500–528, <http://stephenkinsella.net/WordPress/wp-content/uploads/2008/08/713774508.pdf>

member states complicate the decision-making process which might entail a decrease in relative power of these states. But on contrary, control over new member states' foreign policy in the common decision-making process can be seen as a benefit. More members mean higher transaction costs as well. Additional organizational infrastructure is required and communication inside the organization is more costly. On the other hand, provision of organizational services to the member states and faster communication and co-ordination between new and old members could be seen as benefit. In terms of policy costs, old members will be required to share collective goods with new members, in terms of benefits they can gain from the contributions of new members to the club goods. Cost/benefit calculation can be done in many areas, as Schimmelfennig and Sedelmeier show.<sup>4</sup>

*“Applicant and member state politics expected individual costs and benefits determine the applicants’ and the member states’ enlargement preferences. States favour the kind and degree of horizontal institutionalization that maximizes their net benefits.”*<sup>5</sup>

Rational theory is said to lack the capability to capture and explain change in preferences of the EU member states and if we follow the pure rationalist theory, the enlargement should not have had a chance and should not have been even on the agenda as the costs and risks were supposed to be higher than benefits. So, if states were defending their national interests they would have given priority to maximizing their welfare. According to Schimmelfennig,<sup>6</sup> enlargement therefore represents a puzzle for rationalists, the theory, in his opinion, is not able to answer the question why the EU took the decision to offer the CEESs full membership and not just some kind of association. Schimmelfennig basically says that rationalism cannot account for what appears to be a normatively determined outcome. Andrew Moravcsik would not agree.

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<sup>4</sup> Schimmelfennig, Sedelmeier: Theorizing EU enlargement: research focus, hypotheses, and the state of research, *Journal of European Public Policy* 9:4 August 2002: 500–528, <http://stephenkinsella.net/WordPress/wp-content/uploads/2008/08/713774508.pdf>

<sup>5</sup> Schimmelfennig, Sedelmeier: Theorizing EU enlargement: research focus, hypotheses, and the state of research, *Journal of European Public Policy* 9:4 August 2002: 500–528, <http://stephenkinsella.net/WordPress/wp-content/uploads/2008/08/713774508.pdf>

<sup>6</sup> Schimmelfennig: *The Double Puzzle of EU Enlargement: Liberal Norms, Rhetorical Action, and the Decision to Expand to the East*, Pittsburgh, PA, 1999, <http://aei.pitt.edu/2379/1/002531.PDF>

I have chosen Moravcsik's liberal intergovernmentalism as a suitable representative of rationalist theory especially because of his emphasis on economic interdependence that is said to be able to speed up the integration process as well as because of his concept of state interest formation.

Moravcsik claims that the domestic level plays key role at the first stage of the nation interest formation. He claims that states are institutions that reflect preference of some segments of society and the composition of states always change as a result of interaction of different groups in the society.<sup>7</sup> Powerful players can influence government's priorities, policy on EU partner countries included.

### **2.1.2. Liberal Intergovernmentalism and Enlargement**

Moravcsik presented his theory of liberal intergovernmentalism in the beginning of 90's.

His theory is based on three main factors. Firstly, on the assumption that states behave rationally. Rationality creates a general framework with cost and benefits of economic interdependence being the main determinants of national preferences. Then followed by second factor - a liberal theory of national preference formation (how economic interdependence influences national interests) and by third factor - an intergovernmentalist analysis of interstate negotiation (how member states interact with one another, still takes into account the domestic reality). European integration is understood as a two-level game (national and the European).<sup>8</sup>

Originally the theory was a two-step model of preference formation and international bargaining. For liberal intergovernmentalism commercial, economic interests are the engines of European integration, in general rationalist approaches are based on egoism and state-centrism. International organizations are not regarded as autonomous actors but are designed to help states pursue their own goals more efficiently, to reduce transactions costs and to provide member states with negotiating forum.<sup>9</sup>

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<sup>7</sup> Moravcsik: Preferences and Power in European Community: A Liberal Intergovernmentalist Approach, *Journal of Common Market Studies*, 31(4), 473-524, 1993,  
<http://courses.essex.ac.uk/gv/gv546/Moravcsik%20preferences%20and%20power.pdf>

<sup>8</sup> *ibid*

<sup>9</sup> *ibid*

At the first stage, national governments and its representatives aggregate domestic interests and later articulate national preferences towards the EU. National preferences are product of liberal domestic politics (private individuals with autonomous interests are the most fundamental actors in politics, interactions among them form national priorities). National interests emerge through domestic political conflict, social and interest groups compete for influence, most influential factor of shaping foreign policy is the identity of "*important societal groups, nature of their interests, their relative influence on domestic level*"<sup>10</sup> (all variable). Groups basically articulate preferences and governments (domestic political institutions) than aggregate them. This relationship works according to "principal" (society) - "agent" (government) theory. Interest groups delegate power on government. And government, in order to stay in office, listens to the principal (agent still has some room for free-moving) and defines a set of national interests that is then brought to intergovernmental negotiations. State priorities are of course determined by politicians who are, at the same time, embedded in domestic and transnational civil society. Rational state behaviour is constrained by domestic preferences and states act purposively on the basis of them. National interests are flexible, change in response to changes on domestic field and are differ across states.

At the second stage, national governments present their preferences at international level, lead intergovernmental discussion and start bargaining. Final agreements should reflect their relative power, supranational institution (European Commission for example) play little or no role. Liberal intergovernmentalists claim that "*national preferences are domestically generated, not derived from the state and its concerns about the international system and state's bargaining power is determined by the intensity of preferences not by military power or other material power capabilities.*"<sup>11</sup> It is member states who decide whether and how to deal with particular joint problems and it is just member states who bargain (the source of intergovernmental bargaining lies at the domestic level). Moravcsik comes with three assumptions of bargaining.

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<sup>10</sup> Moravcsik: Preferences and Power in European Community: A Liberal Intergovernmentalist Approach, *Journal of Common Market Studies*, 31(4), 473-524, 1993  
<http://courses.essex.ac.uk/gv/gv546/Moravcsik%20preferences%20and%20power.pdf>

<sup>11</sup> Pollack: *International Relations Theory and European Integration*, Robert Schuman Centre for Advanced Studies, RSC No.2000/55,  
[http://cadmus.eui.eu/bitstream/handle/1814/1695/00\\_55.pdf?sequence=1](http://cadmus.eui.eu/bitstream/handle/1814/1695/00_55.pdf?sequence=1)

First, nobody can be forced to cooperation or to agreement, governments tend to avoid the high costs of conflict, second, bargaining takes place in information-rich environment (information about others preferences) and third, transaction costs of intergovernmental bargaining are low.

Input of supranational institutions is very limited (constructed more-less as "neural referees", they monitor the policy). The outcomes of these bargaining processes reflect the strength of member states. Relative power matters and stems from asymmetries in the relative intensity of national preferences. States are interested in achieving outcomes that reduce the transaction costs. Bargaining outcomes should be efficient (conflicts are generally resolved Pareto-optimally).<sup>12</sup>

All big treaties and European documents are seen as a result of gradual process of preference convergence among the most powerful member states, so called side-payments are offered to smaller and reluctant states. Institutions provide states with information and reduce transactional costs. But they are not able to transfer the loyalty or authority from nation-state to a "new-center".<sup>13</sup>

The fact that Moravcsik ignored the role of institutions in shaping final outcomes of intergovernmental bargaining was the most criticized element in his theory.

Moravcsik reflected the critique<sup>14</sup>, redefined his theory and brought it closer to rational choice

institutionalism by adding a third step. He admitted that the role of supranational authority may be significant and asked why and under what conditions do member states delegate such powers to supranational organizations. According to Moravcsik, pooling and delegation of sovereignty is made consciously with the purpose to constrain and control the others, in order to enhance the credibility of their commitments. *"Governments transfer sovereignty to international institutions where potential joint gains are large and where efforts to secure compliance by foreign governments through decentralized or domestic means are likely to be*

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<sup>12</sup> Moravcsik: Preferences and Power in European Community: A Liberal Intergovernmentalist Approach, *Journal of Common Market Studies*, 31(4), 473-524, 1993  
<http://courses.essex.ac.uk/gv/gv546/Moravcsik%20preferences%20and%20power.pdf>

<sup>13</sup> Pollack: International Relations Theory and European Integration, Robert Schuman Centre for Advanced Studies, RSC No.2000/55,

[http://cadmus.eui.eu/bitstream/handle/1814/1695/00\\_55.pdf?sequence=1](http://cadmus.eui.eu/bitstream/handle/1814/1695/00_55.pdf?sequence=1)

<sup>14</sup> *ibid*

*ineffective.*"<sup>15</sup>The role of federalist and democratic ideology is secondary.

According to Moravcsik, EU leaders promote accession because they consider enlargement to be in their long-term economic and geopolitical benefits, for example creation of commercial opportunities and stabilization of neighboring countries. From the candidate's point of view the situation is clear. The potentially catastrophic costs of staying behind while others advance make the candidates to comply with the EU's requirements and acquiesce to certain unfavorable conditions, consequently their bargaining position is weak.<sup>16</sup> Moravcsik denies that the enlargement is a result of European government's idealistic motivations.

*„More interdependent countries tend to benefit from liberalizing markets, and thus are willing to make concession to do so.“*<sup>17</sup>

If this is true and when change in trade between Ukraine and EU member states occurs, we can expect those countries benefiting from the increase in trade exchange and formerly opposing Ukrainian attempts to be recognized as an applicant country to change their stance to Ukraine.

Moravcsik applies basic bargaining theory to explain the enlargement negotiations which says that *“relative bargaining power in interstate negotiations tends to track relative preference intensity and therefore those countries that gain the most by engaging in more intense interstate cooperation—more precisely, those for whom cooperation is most attractive relative to unilateral (or mini-lateral) policy making—have the most intense preferences for agreement.”*<sup>18</sup> They are thus willing to compromise the most on the margin to further it. This is called “asymmetrical interdependence”. According to Moravcsik, the same pattern has characterized EU bargaining over enlargement. *“Rhetorical idealism can flourish when measurable*

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<sup>15</sup> *ibid*

<sup>16</sup> Moravcsik, Vachudova: *Bargaining Among Unequals: Enlargement and the Future of European Integration*, European Union Studies Association, Vol. 15, No.4, ISSN 1535-7031, 2002  
[www.eustudies.org](http://www.eustudies.org)

<sup>17</sup> Moravcsik, Vachudova: *National Interests, State Power and EU Enlargement*, *East European Politics and Societies*, Vol. 17, No. 1, pages 42–57. ISSN 0888-3254, 2003

<sup>18</sup> *ibid*

*economic and geopolitical benefits are on offer and when the economic costs are marginal or sunk.*”<sup>19</sup>

I draw on this theory when assessing the independent variable ECONOMY.

## **2.2. Social Constructivist Theory and Enlargement**

*“The organization expands (its institutions) to outside states to the extent that these states share its collective identity, values, and norms.”*<sup>20</sup>

Constructivists claim to offer a much deeper understanding by adding the normative aspect to enlargement. This theory focuses on shared values, shared understanding, common traditions and history, commitment to certain political principles. For constructivists the main goal of enlargement is the expansion of European community of values in order to socialize non-EU states, to make them adopt the collective identity and share the same values and based on this accept them as members. Normative factors can shape actor’s behaviour and represent the main impulse for enlargement process.

Opposing another of the rationalist premises, constructivism does not assume identity and preferences to be exogenously given. Instead, these are better regarded as formed in the political process itself. Constructivism therefore claims that the identities of political actors, as well as the shaping of preferences, are endogenous to the political process. A consequence of this assumption is that the characteristics of political actors have the potential of undergoing significant change over time, and as do the actual identities of these actors. This is seen as constructivism’s advantage over rationalist theories is partly its problematization of the identity concept. This idea is important since the rationalist approach with exogenously given identities seems to be inadequate in describing certain political events.<sup>21</sup>

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<sup>19</sup> ibid

<sup>20</sup> Schimmelfennig, Sedelmeier: Theorizing EU enlargement: research focus, hypotheses, and the state of research, *Journal of European Public Policy* 9:4 August 2002: 500–528, <http://stephenkinsella.net/WordPress/wp-content/uploads/2008/08/713774508.pdf>

<sup>21</sup> Risse: *Social Constructivism and European Integration*, In: Wiener, Antje / Diez, Thomas (eds.), *European Integration Theory*, Oxford: Oxford University Press, pp. 159-176, 2004

The role of institution is seen differently as well. First, they are defined more broadly, as formal and informal routinized practices, norms, rules, intersubjective understandings ... Institutions help define appropriate behavior, the logic of appropriateness is contrasting the rationalistic logic of behavior. Second, institutions are seen as autonomous and powerful actors *with “constitutive and legitimacy-providing functions.”*<sup>22</sup> They constitute actors and shape not only their incentives but preferences and identities as well.

For social constructivists the European common identity is the most important factor for explaining the Eastern enlargement. This identity is said to be socially constructed by the institution and was then able to influence the process of negotiations about accession possibilities, even though the "old 15" was reluctant about opening the club for new members. The most relevant of “enlargement” factors for constructivists is ‘cultural match’, the degree to which the actors inside and outside the organization share a collective identity and fundamental beliefs. With regard to the EU it means to what extent the applicant state is ‘European’, how committed is the state to European liberal-democratic values.<sup>23</sup>

*“The more an external state identifies with the international community that the organization represents and the more it shares the values and norms that define the purpose and the policies of the organization, the stronger the institutional ties it seeks with this organization and the more the member states are willing to pursue horizontal institutionalization with this state.”*<sup>24</sup>

In other words, the better the cultural or normative match, the faster and the deeper the process of integration. I draw on this theory when assessing the independent variable IMAGE, how Ukraine fits into the concept of “European” country.

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<sup>22</sup> Schimmelfennig, Sedelmeier: Theorizing EU enlargement: research focus, hypotheses, and the state of research, *Journal of European Public Policy* 9:4 August 2002: 500–528, <http://stephenkinsula.net/WordPress/wp-content/uploads/2008/08/713774508.pdf>

<sup>23</sup> Schimmelfennig, Sedelmeier: Theorizing EU enlargement: research focus, hypotheses, and the state of research, *Journal of European Public Policy* 9:4 August 2002: 500–528, <http://stephenkinsula.net/WordPress/wp-content/uploads/2008/08/713774508.pdf>

<sup>24</sup> *ibid*

Moravcsik criticizes particularly the broad interpretative framework and thus the possibility to justify any possible outcome. Constructivism, in his opinion, cannot be subject to falsification through empirical analysis. *“And if they constructivists possess falsifiable hypothesis, they do not employ methods capable of distinguishing the predicted outcome from those predicted by alternative (rationalist) hypothesis.”*<sup>25</sup>

Neither rationalism nor constructivism is capable fully explain the process of enlargement. Schimmelfennig belongs to the constructivist family because of the importance he gives to constructivist factor. I have chosen Frank Schimmelfennig’s theory of rhetorical action applied on (Eastern) enlargement as a representative of constructivism, mainly because he carries out a synthesis of both theories.

Schimmelfennig’s theory is interesting for me because of two reasons. First, I share the need to mix rationalist and constructivist factors when trying to explain the EU enlargement. And in my thesis I want to identify which of these two is stronger. Second, particularly in the case of Ukraine I cannot agree with his conclusion that constructivist factor is stronger.

### **2.2.1. Schimmelfennig’s Theory of Enlargement**

The problem of one-sided attempts to explain the EU enlargement brings us to one of the most recognized theories dealing with explaining the Eastern enlargement of the EU is Frank Schimmelfennig’s theory about rhetorical action and rhetorical entrapment. Frank Schimmelfennig bases his theory on synthesis of rationalism and constructivism. Both of them have something to say about this problem, both of them are at the same time insufficient to explain the phenomena. He presents an "added value".

His concept links these two approaches together and seems to have the best explanatory power. Schimmelfennig stresses the role of social interactions in the process of Europeanization which leads them to reformulating their preferences and rethinking their interests. Political processes are not just about considerations of utility

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<sup>25</sup> Pollack: International Relations Theory and European Integration, Robert Schuman Centre for Advanced Studies, RSC No.2000/55,  
[http://cadmus.eui.eu/bitstream/handle/1814/1695/00\\_55.pdf?sequence=1](http://cadmus.eui.eu/bitstream/handle/1814/1695/00_55.pdf?sequence=1)

and processes of strategic bargaining. It is just one of the reasons why EU took this decision and accepted new countries to the club. According to Schimmelfennig, rhetorical action theory is here to explain the impulse, the very first impetus to enlarge. "Old fifteen", even though some of them would never accept the possibility of bigger Union if they could have based their decision only on rational choice, was made to give in to the moral pressure by applicant countries and supporters of the enlargement inside the Union and started the marathon of negotiations. Schimmelfennig explains this phenomenon with the term "rhetorical trap", member states became rhetorically entrapped in their rhetorical dedication to liberal democratic community-building. Collective identity, norms and values (of the western community) were the main and mostly used arguments by proponents of the enlargement. Opponents were not able to bear this moral burden any longer, they would have been blamed for not being moral enough, and they were made to feel ashamed. For Schimmelfennig the most powerful factors to explain why the enlargement procedure started are western liberal values (not power or interests) followed by the rhetorical action which was able to make these values really work and really influence the process. EU, after the fall of communism, openly declared will to defend liberal values, to overcome the division of the continent and to socialize non-European states, if they adopt this collective identity. And former communist countries adopted the rules and were invited by the EU to become members. By using the rhetorical action, in order to overcome reluctance, they tried to persuade member countries to act according to their preferences. They draw a clear line between public commitments of EU to liberal values and common identity on one hand and of unwillingness to enlarge, on the other. Some of the post-communist countries leader reminded the broad public that the Western Europe was partly responsible for the historical misfortunes of Central Europe and words such as "Munich Treason" were used quite often and played role in the accession negotiations.<sup>26</sup> Inconsistency between EU's rhetorical commitments to European identity, shared values... and reality characterized by EU's unwillingness to enlarge was also exposed.

If opponents went on with their "no policy" they would face big damage to their

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<sup>26</sup> Barbares Ante Portas! Explaining the European Union's Eastern Enlargement, <http://www.articlesbase.com/international-studies-articles/barbares-ante-portas-explaining-the-european-unions-eastern-enlargement-662368.html>, 8.5.2011, spiše nestabilní

credibility. They were basically forced to act counter their interests, they were forced to accept the collective decision under the threat of social punishment of shaming. The same logic works for the EU as such. Had the EU refused to allow new states in, it would lose its legitimacy and the image of a benign community of liberal democracies. Collective outcome was in the end rule-based and norm-driven, based on a different logic, logic of appropriateness.

Rhetorical action can therefore be interpreted as an instrument which strategically uses norm-based arguments to persuade others to act in line with one's preferences. This concept provides us with an explanation how and why the EU became entrapped and notes that the applicant states are able to exert pressure on EU and consequently qualitatively improve their position in accession negotiations. Rhetorical action changes the structure of bargaining power in favour of those who possess and pursue preferences and can change the collective outcome.<sup>27</sup> The mechanism of rhetorical action does not necessarily dispose of power to change the preferences, but works as an instrument to silence the opposition as it gave them just a little chance to find a legitimate ground to attack the supporter's arguments. Active use of rhetorical action instrument created conditions for effective shaming of the opposition to enlargement.

I cannot agree with Schimmelfennig's idea that the EU would get entrapped if the member states really didn't want to. Accenting normative factors serves as a veil to cover economic interests. In this study I will argue that the domestic pressure in the EU15 has played a far more important role than given in Schimmelfennig's theory. Countries let themselves to be rhetorically entrapped only if it is in their interest! In the case of Ukraine, countries are divided over the possibility of Ukrainian membership. Some countries are more reluctant while the others are not. Why have not they got rhetorically entrapped as it happened, according to Frank Schimmelfennig, with the Eastern enlargement?

At the first sight this concept seems to have a perfect logic, but if we take a closer look at one case, Ukraine, we will find out that his concept at least cannot be taken as

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<sup>27</sup> Schimmelfennig: *The EU, NATO and the Integration of Europe: Rules and Rhetoric*, Cambridge University Press, 2004

[http://books.google.cz/books?id=YeTC2YklFBIC&pg=PA194&lpg=PA194&dq=schimmelfennig+Rhetorical+action&source=bl&ots=uzcfQKRqw3&sig=SOHjajp7Ex8\\_kG6lXvHmpBLkITc&hl=cs&ei=c9gVTMPrLI6vON2JsPKL&sa=X&oi=book\\_result&ct=result&resnum=4&ved=0CDYQ6AEwAw#v=onepage&q=schimmelfennig%20Rhetorical%20action&f=false](http://books.google.cz/books?id=YeTC2YklFBIC&pg=PA194&lpg=PA194&dq=schimmelfennig+Rhetorical+action&source=bl&ots=uzcfQKRqw3&sig=SOHjajp7Ex8_kG6lXvHmpBLkITc&hl=cs&ei=c9gVTMPrLI6vON2JsPKL&sa=X&oi=book_result&ct=result&resnum=4&ved=0CDYQ6AEwAw#v=onepage&q=schimmelfennig%20Rhetorical%20action&f=false)

general theory and evokes even more questions. Why the EU got entrapped with Malta and Cyprus and not with Ukraine? Why, if this commitment makes countries to overcome differences, does not make them treat new members equally? Are the opposing member-states unable to develop their own rhetoric to defend their "no" position, counter strike with another rhetoric and avoid the trap? Is rhetorical action beyond the reach of EU influence?

### **2.3.Methodology**

This thesis is a case study. The reason for using a case study is that it gives the opportunity to get an in-depth understanding of a process of great complexity. Contextual studies, in my opinion, allow us to accumulate knowledge of specific cases when understanding larger political problems and processes. Case studies are often used in testing existing theories and to bring new challenges to the theoretical framework is also the aim of this thesis which wishes to prove that Schimmelfennig's arguments do not fit into the current reality. For this purpose I will use the congruence method which allows me to use a single case in order to assess the ability of particular theory to explain or predict the outcome in particular case. If the outcomes of my research are consistent with the theory's prediction, I will be able to conclude that a causal relationship exists. Or vice versa.

In order to be able to use the congruence method I have to classify the independent variables as well as the dependent variable. I will try to find correlations between the European image of Ukraine and the level of integration depth or between economic interdependence between the EU and Ukraine and the level of integration depth. I will try to assess which of these relations is stronger, whether there is clear correlation of just one or both of them. If there is a combination of both factors, I will try to identify which of them is stronger and provide us with better explanatory power. I will start with two competing independent variables and then I will try to find out how they are linked to the final outcome, the dependent variable.

For the concept of social constructivism I have chosen the "European image of Ukraine" (IMAGE independent variable) as the independent variable and the "economical interdependence between the EU and Ukraine" (ECONOMY

independent variable) serves as the independent variable for the rationalist theory. As the dependent variable I have identified the degree of integration activity towards Ukraine made by the EU, the level of EU's positive attitude to Ukraine (EU POLICY dependent variable). And I will assess them as follows.

**The IMAGE independent variable will be assessed as extremely negative, negative, neutral, positive, extremely positive.**

**The ECONOMY independent variable will be assessed in terms of dynamics of economic cooperation - significantly decreasing, slightly decreasing, identical, slightly increasing, significantly increasing.**

**The EU POLICY dependent variable will be assessed as dismissive, cautious but negative, neutral, cautious but positive, friendly.**

The IMAGE independent variable and the EU POLICY dependent variable are defined statically, in absolute terms. On this scale I can clearly demonstrate differences in IMAGE and EU POLICY in different eras and the dynamics, the evolution of the IMAGE and the EU POLICY is comprehensible. On contrary, the ECONOMY independent variable, I decided to define dynamically and in relative terms. In my opinion, this comparative scale (comparing the state of economic relations with precedent period) demonstrates the level of interdependence more clearly.

I want to examine external image of Ukraine, the "European" perspective (Ukrainian image in the EU). Ukrainian image in the EU represents the first independent variable that will help me to assess the relevance of social constructivism in the process of integration into the EU. How others perceive us and what they think about us certainly influences their attitude and behaviour towards us. I will not focus on internal and external causes, which distort the image of the country, but I will try to find answer to this question: How is Ukraine presented abroad?

For this purpose I used a qualitative method of data collection and analysis (polls, interviews, long-term observation of the Ukrainian political scene), with emphasis on

the method of content analysis of European and, because of no linguistic difficulties also Ukrainian documents, journals and newspapers (Korrespondent, Ukraïnska Pravda, Dzerkalo tyždnja) that have rubrics specialized in "How the world sees Ukraine?"

There are not many analyses dealing with the image of Ukraine in EU countries so I used the European media as EurActive and EU Observer for the reason that they comment on the most important political and economic issues and have the main news linked to the EU. I was working with their electronic archives where I could access information and news from 2000, for example the EurActive archive contains 933<sup>28</sup> articles with Ukrainian thematic. I went through all of them and when I compared them to "Ukrainian" news in other European media electronic archives (EUObserver, LeMond, France 24, Gazeta Wyborcza, iHNed.cz, BBC, The Guardian....), I found out that all European media tend to mirror Ukrainian events very similarly. I will therefore focus on this prevailing "European" picture, in which connotation is Ukraine usually mentioned. Of course there are differences, which depend on problems that countries are experiencing with Ukraine (Czech Republic deals with labour immigration, France does not), in approach to Ukraine among member states and I will reflect this later. As the number of used articles makes it practically impossible to quote all of them, I state here that in those parts where I am describing the "image" of Ukraine I use the information provided by these archives. But this does not mean that I will not give any quotations at all.

I also interviewed many people in the Czech Republic, France and Ukraine to find out what they think and what they know about Ukraine and how according to them, Ukraine presents itself abroad. I did not conduct the interviews as a qualitative research, my aim was to get the general picture of Ukrainian reputation. I kept asking one question - how do they perceive Ukraine, what do people think and know about Ukraine. Moreover, I had the opportunity to meet Mr Andriy Veselovsky, former Ukrainian ambassador to the EU, Mrs Mridula Ghosh, Mrs Galina Yavorska, both analysts and I interviewed them about the topic. Mr Veselovsky was of great help for me as he shared with me his direct experience with Brussels and Ukraine at the same

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<sup>28</sup> 933 articles with Ukrainian thematics in English, 29.4.2011, [http://www.euractiv.com/en/search/apachesolr\\_search/ukraine](http://www.euractiv.com/en/search/apachesolr_search/ukraine), relatively stable

time. And last but not least, I used Ukrainian academic papers that mainly focus on giving recommendations how to improve the current situation and information provided by Ukrainian analytical centres, particularly I consider relevant outputs and studies of Razumkov Centre, one of the first and most in-depth analysis (2000)<sup>29</sup> and studies of Ukrainian experts.<sup>30</sup>

Despite the fact that the analysis is more than 10 years old, the prevailing image of Ukraine has not changed much since that time. Orange Revolution being an exception with no long-term effect.

The presented image of Ukraine may not be very pleasing, but not unfounded. Foreign media do not mention Ukraine often which is understandable. Ukrainian influence on international arena is limited. Despite being one of the most important neighbours, Ukraine does not represent the main focus of EU countries. EU countries show little or no interest in Ukrainian affairs which is caused by low level of knowledge about the country. Without doubt, this ignorance has impact on economic growth. For the purpose of this thesis, the commitment to European values and the state of democracy in Ukraine define the “image”.

This section will be followed by description of economic interdependence between Ukraine and the EU. This represents the second independent variable that will help me to assess the relevance of liberal intergovernmentalism in the process of integration into the EU. I will give specific data on the volume of trade exchange and the inflow of foreign direct investment (FDI).

Third section will be devoted to bilateral EU-Ukrainian relations, more specifically to steps that the EU takes in relation to Ukraine. This represents the dependent variable. I will describe the chronology and focus on the level of integration depth (progress in the procedure of visa regime facilitation, level of economic cooperation - a free trade area or offered/not offered membership perspective, programs within the European Neighbourhood Policy and the Eastern Partnership).

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<sup>29</sup> Центру Разумкова: Міжнародний імідж України: міфи і реалії, in: Національна безпека і оборона, 2000,

<http://www.razumkov.org.ua/ukr/journal.php?y=2000&cat=97>, relatively stable

<sup>30</sup> О. В. Бойко: Зовнішньополітичний образ України та чинники його формування в друкованих англійських ЗМІ в умовах трансформації суспільства or Імідж України в країнах Європейського Союзу: внутрішньо та зовнішньополітичні контексти ....

All three sections will be divided, as well as the following two sections, into four periods as it is important to capture how the European image of Ukraine was developing in time. Periods are as follows. Firstly, the era of Leonid Kuchma second presidency (1999-2004). At that time Ukraine was considered to be close to Russia and nearly an autocratic country. Secondly, the era of Viktor Yushchenko presidency will be divided into two periods as the situation changed during his presidency. The Orange revolution euphoria period (2005-2006) and post-revolution disappointment (2007-2009). And finally the era of Viktor Yanukovich presidency (2010-2011) with its new foreign policy doctrine.

I am aware of the problem that the picture of for example 2006 is not immediately followed by EU policy in 2006. So my intention is to link the 2006 image with the EU policy of the following year as it takes some time to implement the policy and to make the final decision for strengthened cooperation. The same is true for enhancing the political cooperation with the EU.

The periods I identified will therefore not be perfectly year-to-year linked and overlapping.

Last but not least I will also try to testify my hypothesis on national level. The EU is dissentient when it comes to Ukrainian membership. Some member states have a pronounced will of tying Ukraine closer to Europe by offering a membership perspective, whereas others such as France are more sceptical about further expansion eastwards. This is, in my opinion, influenced by the level of their economic interests in Ukraine. I have chosen two countries with different approach to the possibility of Ukrainian membership, France and the Czech Republic. I will follow the same logic as I have presented above with the exception that I will focus just on one period - the era of Yushchenko presidency (2007-2009). And then I intend to determine whether my conclusions are consistent with Schimmelfennig's theory which consists of combination of both factors - norms and economic interests and therefore seem to be more complex than other approaches dealing with EU enlargement and is likely to have strong explanatory power.

In the conclusion the hypothesis that it is economic factors that play vital role in the

accession process will be proven or disproven.

This case study could be used for further comparison with other case studies that are dedicated to the topic and should provide comprehensive information about the problems of Ukraine's association negotiations with the European Union.

### **3. EMPIRICAL PART**

#### **3.1. The Importance of Nation Branding**

In our globalized world where the access to information is really easy thanks to information and communication technologies, the world today resembles a marketplace where states must define and differentiate themselves in order to attract foreign direct investment, promote tourism, and develop their diplomatic and strategic alliances. So, how does one (potential investor, visitor, partner...) make the difference? Image and brand is the answer. Every country in the world is a brand with its own image and nowadays, 200 countries in the world are competing with each other. For investment, tourists, opportunities. Governments create and sponsor programs with intention to inform or influence public opinion in other countries (public diplomacy when governments organize).<sup>31</sup> Simon Anholt came up with the term “nation branding” over a decade ago. Country brand is according to him gradually becoming “*the dominant channel of communication for national identity.*”<sup>32</sup> Good and attractive nation branding represents a competitive advantage and a valuable tool that can affect investment decisions and is evidently relevant in the tourism industry.<sup>33</sup> And therefore should be given serious attention.

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<sup>31</sup> Wolf, Rosen: Public Diplomacy, How to Think About and Improve It, ISBN: 0-8330-3685-8, RAND Corporation, 2004,

[http://www.rand.org/content/dam/rand/pubs/occasional\\_papers/2004/RAND\\_OP134.pdf](http://www.rand.org/content/dam/rand/pubs/occasional_papers/2004/RAND_OP134.pdf)

<sup>32</sup> Saunders: Ukraine's Nation Brand—Why It Matters, UA Foreign Affairs, 2008, <http://uaforeignaffairs.com/article.html?id=178>

<sup>33</sup> Wolf, Rosen: Public Diplomacy, How to Think About and Improve It, ISBN: 0-8330-3685-8, RAND Corporation, 2004, [http://www.rand.org/content/dam/rand/pubs/occasional\\_papers/2004/RAND\\_OP134.pdf](http://www.rand.org/content/dam/rand/pubs/occasional_papers/2004/RAND_OP134.pdf)

### **3.2. Ukrainian Image in General**

At the very beginning I have to answer the question what I understand under the key term “image”. In my thesis, as I want to compare the intensity of correlations between “economic interdependence - EU policy on Ukraine” and “Ukrainian image - EU policy on Ukraine” in order to find out which of them is stronger, the term “image” will strictly be linked to norms. European values, the “EUness”, respect for democracy and fundamental human rights and freedoms. Even though I will give the whole picture of media coverage on Ukraine, I will assess just the normative part of it. Not stability, not political disputes, not gas wars... These elements, because they all contribute to the overall image of the country, need to be mentioned but they will not be taken into consideration while measuring the independent variable (IMAGE independent variable). What matters is to what extent Ukraine became democratised and to what extent the country belongs to the liberal democratic community of European states (common identity is the reason to foster relations between the EU and Ukraine from the constructivist point of view) or to what extent the EU perceives Ukraine as a democratic and European country. Only democratic country can share European values

The extent to which different the country adhere to liberal democratic norms is said to be the EU’s most consistent indicator of their membership applications. But is it really true?

Ukraine is a perfect example on which I want to demonstrate that the economic interests are, in the process of integration, far more important motives than norms. The Eastern enlargement of the EU in 2004 changed the situation in Europe not only in political and economic but also in geographical terms. Ukraine became a Union’s direct neighbour with future membership ambitions. Geographically Ukraine is part of Europe, politically is of great importance, culturally it is a Christian nation. Moreover, Ukraine is a "buffer zone" between Russia and the EU and its weak democracy is still in danger. In the aftermath of the Orange Revolution in 2004, a democratic breakthrough in European-Ukrainian relations was expected. If the EU was really normative power, should not it act fast and invite Ukraine to the EU in order to avoid losing Ukraine to Russia? One can wonder why the EU has not encouraged Ukraine

to apply for membership. Ukraine participates in the Eastern Partnership project (EaP) and even though this initiative does not offer the possibility of membership, Ukraine leads bilateral talks with the EU and the association treaty is to be signed in 2011. Schimmelfennig argues that the European Union, in the case of 2004 enlargement, got "rhetorically entrapped" in their rhetorical dedication to liberal democratic community-building, when letting in eight post-communist countries.<sup>34</sup> But why the EU did not get "entrapped" with Ukraine? The EU's unwillingness of initiating Ukrainian membership is obvious. "Return to Europe" normative mantra seems to be dependent on economic interests of EU member states.

Former communist countries are perceived as one grey zone and the outside world still remains confused about who they are. The international audience perceive Ukraine mostly negatively, superficially and fragmentary.<sup>35</sup> Ukraine is nothing-telling country, post-communist, grey, boring, inhabited by peasants and as a country that embodies all the problems linked to former USSR countries such as corruption, crime, economic difficulties, political instability..... More in-depth information is missing and of course sensational character of information prevails. Most often articles are critical. Ukraine, no doubt, deserves to be criticised, most materials reflect Ukraine's painful problems and completely correspond to reality. Ukraine does not successfully participate on creating and promoting its brand, the brand creates itself without assistance. Ukraine adopted many strategies concerning the state program of securing positive international image of Ukraine. According to the Ministry of Foreign Affairs (MFA) who controlled execution of the program for 2003-2006, this was fully implemented. Later, Viktor Yanukovich's government approved the Concept of the State Program for Formation of a Positive International Image of Ukraine for 2007-2010. Today's strategy is mostly focused on the EURO 2012 football championships but the results of the image are rather doubtful. Ukrainian problem is lack of money and not being able to implement the strategy. The image is not created by Ukrainians but without them.<sup>36</sup>

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<sup>34</sup> Schimmelfennig: The Double Puzzle of EU Enlargement: Liberal Norms, Rhetorical Action, and the Decision to Expand to the East, Pittsburgh, PA, 1999, <http://aei.pitt.edu/2379/1/002531.PDF>

<sup>35</sup> Центру Разумкова: Міжнародний імідж України: міфи і реалії, in: Національна безпека і оборона, 2000, <http://www.razumkov.org.ua/ukr/journal.php?y=2000&cat=97> , relatively stable

<sup>36</sup> Центру Разумкова: Міжнародний імідж України: міфи і реалії, in: Національна безпека і оборона, 2000, <http://www.razumkov.org.ua/ukr/journal.php?y=2000&cat=97>, relatively stable

Much more than Western, Russian mass media are active in the Ukrainian coverage. Most of materials reflect the atmosphere of bilateral relations. Russian propaganda in the West is far more successful compared to Ukrainian and Ukrainian picture is sometimes manipulated. Basically, we can say that Russian mass media are not always conducive to Ukraine's political stability and are being (mis)used as a political instrument in political life of Ukraine and disputes between these two countries. Experts agree that Ukraine is poorly presented in Western mass media (25% of experts admitted that Ukrainian problems go almost unmentioned), except Poland, the biggest lobbyist for Ukrainian bid in the EU and NATO. Polish mass media are generally more positive when commenting on Ukraine.<sup>37</sup> Western journalists may be influenced by Russian media but Ukrainian sources are on the internet, accessible also in English and Russian, so there is no reason to think that Russia is the main factor in creating the picture, no it is Ukraine who is not competent enough to create its own.

The key and stable elements of Ukraine's image are: Ukraine's importance as a part of the European security system, strategically important country, the Orange Revolution, favourable geographic position, transport potential, cheap and qualified labour, black soil (viewed as positive factors) and on contrary Chernobyl, divided country (pro-Russian Eastern Ukraine x pro-Ukrainian Western Ukraine), instable political and economic situation, dominance of Russian capital in strategic spheres, Ukrainian dependence on Moscow, gas wars, shadow economy, "banana Ukraine", corruption scandals, legal insecurity and danger to lose invested capital, speculative business, oligarchy, organised crime, illegal labour immigration, poverty, HIV/AIDS, human trafficking, anti-Semitism. Media stress the distinction between Ukraine and the EU countries, the distance between Ukrainian and EU standards.<sup>38</sup>

Ukraine has always been seen as an important partner but uneasy to deal with. The EU has been showing little interest in Ukraine and all the Ukrainian requests to acknowledge its membership perspective were turned down. „*Most Europeans regard*

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<sup>37</sup> ibid

<sup>38</sup> Most frequently mentioned topics, EurActive archive, [http://www.euractiv.com/en/search/apachesolr\\_search/Ukraine?filters=language%3Aen](http://www.euractiv.com/en/search/apachesolr_search/Ukraine?filters=language%3Aen)

*the prospect of Ukrainian membership of the EU with horror.*"<sup>39</sup> But at the same time it has to be mentioned that the EU took a political decision, welcomed twelve new members and still rejects to make a similar decision concerning Ukraine.

In Ukraine's case, the question is not about being geographically or culturally part of Europe. According to many analyses the consistent European "no" is caused by such factors as poor performance of Ukrainian economy, lack of democracy (except the Yushchenko era) or internal instability.<sup>40</sup> The EU is finding it difficult enough to digest the new twelve members, has troubles with Turkey bid for membership. Also, some experts notice the importance of the Russian factor in the Ukraine-EU relations. Ukrainian approach to the EU is still conditioned by the quality of EU-Russia relations, respectively particular countries, France being the most important.

The so called Russia first policy and the West European Russo-centrism, which not only overshadows but profoundly harms EU-Ukraine relations.<sup>41</sup>

Mykola Riabchuk, Ukrainian historian, brings an example of Russian importance to the EU.

A classified report from German and French foreign ministries (2000) says that *"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. . . ."*<sup>42</sup> The EU has of course legitimate reasons to prioritize relations with Russia, but if the EU wants to present and presents itself as a normative power and if Ukraine is and especially during the Yushchenko era was performing much better in terms of democracy than Russia, the EU's "Russia first" policy has to be consequently seen as based on economic interests, policy of double standards. Some even call it "cynical realpolitik".<sup>43</sup> Mykola Riabchuk for example points out

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<sup>39</sup> Barysh, Grant: Russia, the EU and Ukraine: Not a Tug of War, Centre for European Reform, 2004, [http://www.cer.org.uk/pdf/briefing\\_ukraine\\_dec04.pdf](http://www.cer.org.uk/pdf/briefing_ukraine_dec04.pdf)

<sup>40</sup> *ibid*

<sup>41</sup> Riabchuk : The European Neighbourhood Policy and Beyond: Facilitating the Free Movement of People within the Framework of EU-Ukraine 'Post-Revolutionary' Relations, [http://lgi.osi.hu/publications/2006/299/Facilitating\\_the\\_Free\\_Movement\\_of\\_People\\_within\\_the\\_Framework\\_of\\_EU\\_\\_8211\\_Ukraine.pdf](http://lgi.osi.hu/publications/2006/299/Facilitating_the_Free_Movement_of_People_within_the_Framework_of_EU__8211_Ukraine.pdf)

<sup>42</sup> Riabchuk: What's left of Orange Ukraine?, openDemocracy, 2010 <http://www.opendemocracy.net/od-russia/mykola-riabchuk/whats-left-of-orange-ukraine>

<sup>43</sup> Riabchuk : The European Neighbourhood Policy and Beyond: Facilitating the Free Movement of People within the Framework of EU-Ukraine 'Post-Revolutionary' Relations,

special concessions that

*the "EU had given to Russia (market economy status, prospect for visa-free travel) before the same conditions were offered to Ukraine, although its economy and border controls have always been very similar to Russia's."*<sup>44</sup>

To give the whole picture of Ukraine I should also briefly outline the development of EU-Ukraine bilateral relations. The political dialogue between the EU and Ukraine started in 1994 when the Partnership and Cooperation agreement was signed and entered into force just after four years, in 1998. The intensity of cooperation was really low, EU approach to Ukraine remained reserved and none of the EU-Ukraine bilateral meetings brought change. The Partnership and Cooperation Agreement was to expire in 2008, so in 2007 the EU came up with an idea of a new "wider agreement," aiming at offering a legal framework for a closer economic cooperation (start of free trade area negotiation) and a better political dialogue.<sup>45</sup> Despite the proclamations, Ukrainian association agreement had nothing to do with "European association agreement", the pre-accession instrument the EU signed with many Eastern European States and offered them clear membership perspective. Ukraine was not recognized as a European state in EU legally binding documents. Relations between Ukraine and the EU had been overwhelmed by declarations on both sides. Since Viktor Yanukovich came to power in February 2010, the situation has changed. Ukrainian delegations are surprisingly ready for negotiations, are able to define Ukrainian position clearly and are defending it. Ukraine became a comprehensive partner for the EU.

There are two main periods that can be identified in EU-Ukrainian relations, more precisely, one breaking point - the Orange revolution (2004) which dramatically changed the course of Ukrainian foreign policy to clearly pro-European and without any doubt committed itself to European values.<sup>46</sup>

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[http://lgi.osi.hu/publications/2006/299/Facilitating\\_the\\_Free\\_Movement\\_of\\_People\\_within\\_the\\_Frame\\_work\\_of\\_EU\\_\\_8211\\_Ukraine.pdf](http://lgi.osi.hu/publications/2006/299/Facilitating_the_Free_Movement_of_People_within_the_Frame_work_of_EU__8211_Ukraine.pdf)

<sup>44</sup> *ibid*

<sup>45</sup> Relations of Ukraine with the EU, Executive Summary,

[http://web.ceu.hu/cens/assets/files/publications/Exec\\_EU\\_Ukraine](http://web.ceu.hu/cens/assets/files/publications/Exec_EU_Ukraine)

<sup>46</sup> Voronyanskij, A.V : *Istoriya Ukrajiny*, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

The era before the Orange revolution (2004) could be called as "The Kuchma era". Despite the fact that EU accession has been on Ukrainian foreign agenda since the country gained its independence, with president Kuchma and his strive to authoritarianism, little respect for European democratic values, closer ties with Russia and poor relationship with USA or with West in general (Kuchma willing to sell an anti-aircraft radar system to Iraq plus he publicly lied about sale of weapons to Macedonia), messy economic reforms and bad economic performance of the country, led to the fact that EU became disinterested in Ukraine. This position was absolutely legitimate and EU arguments were clear. Ukraine was not meeting the criteria set in Partnership and Cooperation Agreement (1994).

Leonid Kuchma's foreign policy was oriented on closer cooperation with Russia and with Commonwealth of Independent States, during his reign Ukraine was experiencing democratic regression. But on the other hand Kuchma was the one who first outlined (1998) Ukraine's desire to join the EU and thus distinguished Ukraine from Russia and Belarus.

At least in terms of rhetoric, this placed Ukraine on the same path as other post-Communist states outside of the CIS.<sup>47</sup>

*"Until 2004 the official position of Ukraine on EU membership could be characterized as "declarative Europeanization", meaning that domestic political and economic developments did not reflect that EU integration is a strategic choice and ultimate aim for the country."*<sup>48</sup>

The deep domestic crisis (murder of Heorhii Honhadze, a vocal Kuchma critic) activated and mobilized Ukrainian opposition which united under the leadership of reform-minded former Prime Minister (forced from office in April 2000) and Chairman of the Central Bank Viktor Yushchenko and former Deputy Prime Minister Yulya Tymoshenko. Parliamentary elections in 2002 already signalled a turn with Yushchenko's block "Our Ukraine" winning the elections.

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<sup>47</sup> Kuzio: Is Ukraine Part of Europe's Future?, The Washington Quarterly - Volume 29, Number 3, Summer 2006, pages 89 - 108

<sup>48</sup> Relations of Ukraine with the EU, Executive Summary, [http://web.ceu.hu/cens/assets/files/publications/Exec\\_EU\\_Ukraine](http://web.ceu.hu/cens/assets/files/publications/Exec_EU_Ukraine)

But the real turnover came two years later, in 2004.<sup>49</sup>

The 2004 presidential elections started the second main period and were generally interpreted as a contest for Ukraine's geopolitical orientation. Yanukovich, who was backed by Russian president Vladimir Putin versus Yushchenko, highly regarded in Europe and the USA.<sup>50</sup>

The world-wide known Orange revolution placed Ukraine on the mental map of the world and a new wave of democratization process was set in motion. Yushchenko's policy was characterized by strong pro-European activism and willingness to introduce vital reforms. Membership in the European Union became priority in Ukrainian politics and hopes for a breakthrough in EU-Ukrainian relations were high.<sup>51</sup> Ukrainian society identified itself with European values quite easily. Ukraine confirmed its course on democracy by holding free and fair elections in 2006, 2007<sup>52</sup> (both parliamentary) and in 2010 (presidential) and demonstrated its ability of peaceful power alternation.<sup>53</sup> Moreover EU membership does not divide Ukrainian society, all political parties (Communist party being an exception) support EU membership. All these factors meant that the EU should no longer ignore Ukrainian aspirations. But EU did and still continues to treat Ukraine just as outside partner, not a prospective member. New project of Eastern Partnership does not envisage membership as a final goal of cooperation, the perspective of EU membership has not been offered yet and EU is doing everything to avoid it. It is true that since 2005 European Union became more active in the country and the relations have reached a higher level. This year (2011) the association treaty should be signed, free trade zone included.<sup>54</sup> And it is also true that the Orange Revolution and process of democratization had not a good timing. EU had just extended its borders plus the EU had never considered CIS states as future members. But in the case of Ukraine there

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<sup>49</sup> Dmytrenko M.A. : Ukrajinský politický systém, vývoj v podmínkách globalizace a informační revoluce, Znanja Ukrainy 2008, Kyjev, ISBN: 978-966-316-210-2, 544 str.

<sup>50</sup> Voronyanskij, A.V : Istorija Ukrainy, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

<sup>51</sup> Umland: Ukraine: On the Bumpy Road to Democracy, Open Democracy, 2009  
<http://www.opendemocracy.net/od-russia/andreas-umland/ukraine-on-bumpy-road-to-democracy>, relatively stable

<sup>52</sup> OSCE : Final Report on the 30 September 2007 Pre-Term Parliamentary Elections in Ukraine  
Date: 20 December 2007, [http://www.osce.org/documents/odihr/2007/12/29054\\_en.pdf](http://www.osce.org/documents/odihr/2007/12/29054_en.pdf), relatively stable

<sup>53</sup> I worked as a OSCE short-term observer during the second round of Ukrainian presidential elections, February 2010

<sup>54</sup> Ukraine, EU to sign free trade zone agreement this year, Ukrainian Radio, 2011,  
<http://www.nrcu.gov.ua/index.php?id=148&listid=139684> , 7.5.2011, unstable

are no doubts that this country, on contrary to Turkey, is part of Europe and shares the values that characterize Europe. And as well as Central and Eastern European countries, Ukraine also (after the Orange revolution undoubtedly) based its claims to membership on the principles of European identity, liberal democracy and commitment to shared values. President Yushchenko, his administration as well as Ukrainian government were pointing on inconsistencies between the declared values and rhetoric of the EU and its real behaviour towards Ukraine. The possibility of Ukrainian membership is supported by new post-communist member states that have formed a pro-Ukraine lobby within the EU<sup>55</sup>, led by Poland. Ukraine receives backing also from United Kingdom, Austria, Finland and Sweden. Such a group of states should be already enough to lead an effective campaign. Despite all the rhetorical attempts to entrap European Union, the EU's door still remain closed to Ukraine and rhetorical action strategy seems not to work in this particular case.

Ukraine is not an isolated country and EU's policy towards Ukraine is strongly influenced by Russian factor. Among European countries it is France who is the most reluctant to Ukraine's European aspirations, mainly because of its cooperation with Russia (sale of Mistral warships to Russia<sup>56</sup> as the latest example). But if we compare the regime in Ukraine to the one present in Russia we have to ask: shouldn't be EU supporting clearly Ukraine? Instead of being afraid of offending Moscow? The contrast between Ukraine and Russia is evident. In its 2006 annual human rights report, Freedom House upgraded Ukraine's designation to a "free" state, the first CIS state to join this group and remained free up to now, while Russia was graded as not-free (2006) and in 2009 Russia became consolidated authoritarian regime for the first time since the study's inception in 1995.<sup>57</sup>

The 2010 presidential elections brought new wind into EU-Ukrainian relations. New president Viktor Yanukovich managed to stabilize the country and cooperation started to be more intensive. The only uncomfortable problem that confuses the EU is that Ukraine is obviously backsliding on democracy. Violations of human rights and

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<sup>55</sup> Kuzio: Is Ukraine Part of Europe's Future?, The Washington Quarterly - Volume 29, Number 3, Summer 2006, pages 89 - 108

<sup>56</sup> France to sell two Mistral-class warships to Russia, BBC News, 2010, <http://www.bbc.co.uk/news/world-europe-1074029>, 7.5.2011, unstable

<sup>57</sup> Freedom House: New Report: Democracy Suffers Dark Year in Former Communist States, <http://www.freedomhouse.org/template.cfm?page=70&release=1018>, relatively stable

fundamental freedoms are reported, especially mainly during the local elections (October 2010).<sup>58</sup> Despite the fact, the EU seems to be offering more to Mr. Yanukovich than it had ever done to Mr. Yushchenko, the Orange Revolution hero, whose commitment to European values and procedures could not be doubted. The huge disappointment about the Orange Revolution was caused by no strategy and immature amateurism in the Ukrainian Foreign Service, chaotic work and inability to implement anything. Big hopes were replaced with by disillusion.<sup>59</sup> Under Yushchenko the free-trade zone talks started as well as visa facilitation but Mr. Yushchenko could achieve "only" new format of neighbourhood policy, Eastern Partnership, a Polish-Swedish initiative backed by Czech presidency to the EU in 2009. Even though the European Parliament recognizes Ukraine as a European country with right to apply for membership in the organization, no one has ever specified or at least indicated the perspective.

The principal question, about what matters most to the EU, remains. Is it the state of democracy that is important to the EU or the economic stability and favourable trade conditions in the partner country that make the EU offer deeper integration?

### **3.3. Kuchma era (1999-2004)**

#### **3.3.1. Independent variables**

##### **3.3.1.1. Image of Ukraine in the EU**

Leonid Kuchma entered his second term as a president of Ukraine in 1999 and his reign was brought to an end by the Orange Revolution in 2004.<sup>60</sup> This era was marked by many political problems which made news in European media. I have already described the general and rather stable picture of Ukraine that is not changing through the times (political instability, economic problems, corruption, poverty immigration,

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<sup>58</sup> European Parliament resolution on Ukraine, 2010, <http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=P7-RC-2010-0650&language=EN>, relatively stable

<sup>59</sup> Motyl: Two years after the Orange revolution: Ukraine in a funk, Open Democracy, 2006, [http://www.opendemocracy.net/democracy-ukraine/two\\_years\\_4218.jsp](http://www.opendemocracy.net/democracy-ukraine/two_years_4218.jsp), relatively stable

<sup>60</sup> Voronyanskij, A.V : Istorija Ukrajiny, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

HIV, Chernobyl...) but every period I intend to describe in this paper is different and to quantify the image I will assess the IMAGE independent variable as extremely negative, negative, neutral, positive, extremely positive.

Leonid Kuchma was regularly described as an authoritarian Soviet style politician (sometimes even dictator) and "apparatchik", increasingly authoritarian.<sup>61</sup> Some even compared his treatment of his opponents, and his conduct to Slobodan Milosevic<sup>62</sup> as he was eager to use all the powers (police, intelligence service) to silence critics and independent journalists and threaten his political opponents. Ukrainian political representation was known for being highly prone to corruption and closely linked to business, oligarchy (clans). Western media did not believe in Kuchma's rhetoric aspirations to join the EU as all the western values (fundamental human rights and freedoms) were undoubtedly violated the process of political transformation was slow and concentration of power in president's hands was high.<sup>63</sup> The level of political culture remained substantially low.

Moreover, Kuchma's foreign policy was famous for its "multivectorality" which basically meant balancing between Russia and the West, despite claiming the EU being a priority.<sup>64</sup>

At the same time, Poland, Hungary and Czech Republic were joining NATO (1999) and were on their way to the EU. Ukraine was not even on the waiting list. Internationally, most Western countries have drastically downgraded contacts with Ukraine and because of the Ukrainian picture abroad, it was easy for the EU to dismiss Ukrainian bid for EU membership.<sup>65</sup> Ukraine was portrayed as a country with terrible conditions to live in supported with using stereotypes of Ukrainian girls desperately trying to marry a foreigner to escape future in Ukraine, human trafficking, sex tourism, massive labour immigration as well as the loss of the most active and

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<sup>61</sup> Motyl: Democracy is alive in Ukraine, Open Democracy, 2005, [http://www.opendemocracy.net/democracy-ukraine/alive\\_2822.jsp](http://www.opendemocracy.net/democracy-ukraine/alive_2822.jsp), relatively stable

<sup>62</sup> Krushelnycky: Ukraine opposition fears Kuchma may rule by 'legal coup', The Independent, 2003, <http://www.independent.co.uk/news/world/europe/ukraine-opposition-fears-kuchma-may-rule-by-legal-coup-576522.html>, relatively stable

<sup>63</sup> Motyl: Democracy is alive in Ukraine, Open Democracy, 2005, [http://www.opendemocracy.net/democracy-ukraine/alive\\_2822.jsp](http://www.opendemocracy.net/democracy-ukraine/alive_2822.jsp), relatively stable

<sup>64</sup> Voronyanskij, A.V : Istorija Ukrajiny, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

<sup>65</sup> Kuzio: Ukraine, Muddling Along, 2008, [http://www.taraskuzio.net/books6\\_files/Ukraine\\_Wolchik.pdf](http://www.taraskuzio.net/books6_files/Ukraine_Wolchik.pdf)

best-educated, especially young Ukrainians seeking better living conditions abroad.<sup>66</sup>

And economic performance was not better. Kuchma failed to overhaul Ukraine's Soviet-era economy. Major industries remained under state control, land was not privatized, business was mainly Russia-oriented. Together with poor economic results, high corruption, crippling tax system and necessary links to presidential administration,<sup>67</sup> the investment environment could not be seen as friendly, on contrary. Moreover, the International Monetary Fund found out that Kiev's central bankers were altering the national books to inflate reserves of hard currency, thus entitling Ukraine to additional loans from the fund. Foreign investors sunk \$2.7 billion in Ukraine during eight years of independence.<sup>68</sup> Ukraine suffered from huge economic problems. Fiscal experts predicted difficulties to pay for foreign debts and Ukraine still needed to address the aftermath of the Chernobyl nuclear disaster, to definitely close down the power plant.<sup>69</sup> But Kyiv lacked money to build new reactors and the shutdown threatened further power cuts for millions of Ukrainians.

Ukrainian corruption is a classical and never-ending story but what really stroke the international society was the "Lazarenko case".<sup>70</sup> Ukraine's former Prime Minister was arrested in Switzerland, charged him with laundering millions of dollars and tried to enter the United States on a tourist visa. Hand in hand with reports on Lazarenko journalists never forgot to remind readers about the level of corruption in the country, describe it as a socially tolerable phenomenon and as an obstacle to investments into Ukrainian economy and economic reforms. And the biggest news was yet to come. Heorhiy Honhadze, journalist who had accused President Leonid Kuchma of corruption, went missing and later his headless body was found. Secret recordings from presidential office (made by the president's own guard) suggested that Leonid Kuchma was complicit in the murder, discussing various ways to get rid of the

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<sup>66</sup> Hofman, Reichel: Ukrainian Migration: An analysis of migration movements to, through and from Ukraine, International Centre for Migration Policy Development, Österreichischer Integrationsfonds, 2011, [http://www.integrationsfonds.at/der\\_oeif/leitbild/](http://www.integrationsfonds.at/der_oeif/leitbild/)

<sup>67</sup> Voronyanskij, A.V : Istorija Ukrajiny, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

<sup>68</sup> Wines:Struggling Ukraine Teeters Between East and West, 1999, <http://partners.nytimes.com/library/world/europe/022699ukraine-econ.html>, relatively stable

<sup>69</sup> EU welcomes Chernobyl closure, EurActive, 2000, <http://www.euractiv.com/en/general/eu-welcomes-chernobyl-closure/article-112444>, relatively stable

<sup>70</sup> Ukraine: Why Was Former Prime Minister Lazarenko Tried In The U.S.?, Radio Free Europe, 2004, <http://www.rferl.org/content/article/1053203.html>, relatively stable

journalist, including having him kidnapped.<sup>71</sup> The record of Mr. Kuchma's private conversations also revealed the possibility that Leonid Kuchma was involved in approving the illegal sale of radar system to Iraq (in violation of UN sanctions). The United States accused Kuchma of approving a plan in July 2000 to sell an advanced Kolchuga radar system to Iraq through a Jordanian contact. Ukraine denied the accusations but the smell stayed.<sup>72</sup>

These recordings set off a political crisis in Ukraine, one of the largest post-Soviet republics. Coalition in Parliament collapsed, a broad coalition of parties united in calling for his resignation. Movement "Ukraine without Kuchma" was born.<sup>73</sup> European media interpreted it as perhaps the most significant moment of Ukraine's struggle to conquer authoritarianism. Reformist "Our Ukraine" party of Viktor Yushchenko who gained his positive image (pro-Western reformist, liberal, and gentleman) during his Prime Minister era (1999-2001), won the parliamentary election in 2002. When Kuchma dissolved his government, West was evidently concerned. Victor Yushchenko was accompanied by another political star, former deputy Prime Minister, Yulya Tymoshenko.<sup>74</sup> Her face and her hairstyle became world famous. Her popularity raised especially after her arrest (charged with corruption from previous business dealings in the energy industry), press interpreted as politically motivated. Later, when Mrs. Tymoshenko got injured in a car crash<sup>75</sup>, speculations about „accidence“ appeared. Ukraine gained the reputation of being a dangerous country where journalists are killed and opposition politicians threatened.

Western media started to follow the Ukrainian affairs more in-depth when the "Ukraine without Kuchma" movement brought tens of thousands of Ukrainians into Kyiv streets to demand President Kuchma's resignation.<sup>76</sup> These in fact largest protests since country gained independence in 1991 culminated in nasty presidential campaign in 2004. Ukraine was presented as sharply divided country between West

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<sup>71</sup> Voronyanskij, A.V : Istorija Ukrajiny, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

<sup>72</sup> Kuzio: Ukraine, Muddling Along, 2008,  
[http://www.taraskuzio.net/books6\\_files/Ukraine\\_Wolchik.pdf](http://www.taraskuzio.net/books6_files/Ukraine_Wolchik.pdf)

<sup>73</sup> Voronyanskij, A.V : Istorija Ukrajiny, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

<sup>74</sup> *ibid*

<sup>75</sup> Ukraine opposition leader injured, BBC News, 2002,  
<http://news.bbc.co.uk/2/hi/europe/1788924.stm>, relatively stable

<sup>76</sup> Voronyanskij, A.V : Istorija Ukrajiny, Charkov : Parus, 2005, 544s., ISBN : 966-8482-03-4

(pro-European, pro-NATO, Ukrainian language) and East (pro-Russia, Russian language). And the battle for the presidency was framed as a contest between Prime Minister Yanukovich who represented a corrupt government with a deep affinity for Russia and a reform-minded challenger, Victor Yushchenko, who wished to move Ukraine toward the European fold. So, to judge from western media coverage, Ukraine was said to be the battleground of a war between Russia and the West.<sup>77</sup>

During the campaign, the leading opposition candidate (Yushchenko) suddenly disappeared from the campaign trail and when he came back sometime after, pictures of his face, swollen and half-paralyzed with description of his diagnosis made the headlines and shocked Europe. Media were sure it was an attempt on his life, Yushchenko officially suffered from food poisoning.

First pages of western newspapers were reserved for Ukraine as more people poured into the Independence Square in Kyiv and brave Ukrainians, spending their nights in tents in freezing Kyiv. Orange Revolution brought Ukraine back to the mental map of Europeans. Victor Yushchenko's victory crowned the events of Orange Revolution and as media saw it, Ukraine made a sharp turn toward the West and a radical departure from other post-Communist countries. This feeling was supported by new constitutional amendments which introduced new system of balance of power in Ukraine with some powers being passed to the Parliament from the President.

*„Political power was concentrated in a small clique that ignored the rule of law, controlled the media, and intimidated society while catering to the whims of powerful tycoons. Such a closed, clannish, corrupt, and incompetent regime could survive only as long as people were too fearful to question its legitimacy.“<sup>78</sup>*

Freedom House in its 2002 report put Ukraine into the group of "Partly-Free" countries and Ukraine stayed in the category for following two years. In the Freedom House "Nations in Transit" rating that is based on a scale of 1 to 7, with 1 representing the highest and 7 the lowest level of democratic progress,<sup>79</sup> Ukrainian

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<sup>77</sup> Ukraine - The dirtiest elections yet, EurActive, 2004, <http://www.euractiv.com/en/east-mediterranean/ukraine-dirtiest-elections/article-131680>, relatively stable

<sup>78</sup> Motyl: Democracy is alive in Ukraine, Open Democracy, 2005, [http://www.opendemocracy.net/democracy-ukraine/alive\\_2822.jsp](http://www.opendemocracy.net/democracy-ukraine/alive_2822.jsp)

<sup>79</sup> Freedom House, Nations in Transit, Methodology

democracy score was reported to be 4.71 (2001), 4.92 (2002), 4.71 (2003), 4.88 (2004), 4.50 (2005).<sup>80</sup>

I assess the IMAGE independent variable as “**extremely negative**”.

### **3.3.1.2. Economic Interdependence between the EU and Ukraine**

Even though the economy started growing in 2000, and growth has continued (GDP grew nearly 6% in 2000 and 9% in 2001 after eight years of sharp economic decline)<sup>81</sup> and even though Ukraine tried to encourage foreign trade and investment (the parliament has approved a foreign investment law allowing Westerners to purchase businesses and property, to repatriate revenue and profits, and to receive compensation in the event that property is nationalized by a future government),<sup>82</sup> Ukraine had one of the lowest levels of foreign direct investment (FDI) per capita in Eastern Europe and the CIS. Inconsistent government policy was the main reason. During 1992-2001 FDI totalled \$4.4 billion, or around \$88 per capita, compared with \$3.100 per capita in the Czech Republic. Net FDI flow for 2001 was \$531.2 million.<sup>83</sup> Technically, the largest share of investment was coming from the United States, Cyprus, the United Kingdom and the Netherlands. The problem with indicating the "country of origin" (of investment) is that Russian and Ukrainian businessmen are using the so called tax heavens and their offshore capital to reinvest in Ukraine, therefore actual investment from other countries is not as significant as these figures suggest.<sup>84</sup>

The World Bank analysis<sup>85</sup> explained the low level of FDI with following factors. Despite some recovery and growth, taxation and lack of incentives and transparency in the privatization process, insider deals that were alleged to dominate the

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<http://www.freedomhouse.eu/nitransit/2006/methodology.pdf>

<sup>80</sup> Sushko, Prystayko: Ukraine, Freedom House, 2010,

<http://www.freedomhouse.eu/images/Reports/NIT-2010-Ukraine-final.pdf>

<sup>81</sup> Global Finance, Ukraine, Country Report: <http://www.gfmag.com/gdp-data-country-reports/154-ukraine-gdp-country-report.html#axzz1KAoFi8tG>, relatively stable

<sup>82</sup> Economy of Ukraine, [http://www.stranslation.com/Ukrainian\\_Translation/economy\\_of\\_ukraine.htm](http://www.stranslation.com/Ukrainian_Translation/economy_of_ukraine.htm)

<sup>83</sup> Why Is Foreign Direct Investment in Ukraine Trailing Behind? The World Bank Group, 2001, <http://www.worldbank.org/html/prddr/trans/marapr02/pg20.htm>, relatively stable

<sup>84</sup> *ibid*

<sup>85</sup> *ibid*

privatization process, poor market economy legislation and non-adequate fiscal policy were considered by foreign investors to be too risky and illiquid. Ukrainian economy was penetrated by great monopolies (in all branches) linked to "oligarchy", narrow group of owners. Privatisation was not carried out completely and was controlled by the oligarchy in association with political elite. Corruption was said to be the most significant barrier for the creation of standard functioning business environment and the perspective was not optimistic as the World Bank pointed to the scale and common acceptance of corruption in Ukrainian society which ruled out any immediate improvement.

Despite many problems, Ukrainian economic performance was impressive. Real GDP growth was 4.1% in 2002, in 2003 the number was 9.4% and in 2004 about 12%<sup>86</sup> which was the highest rate of increase of all European countries.<sup>87</sup> Economic relations intensified around 2004, Ukraine was already benefiting from the Most Favoured Nation clause and the Generalized System of Preferences. In 2004 EU exported to Ukraine goods for USD 11 bn (1% share of total EU exports) and imported from Ukraine goods for USD 9.5 bn (0.7% of total EU imports).<sup>88</sup> Ukrainian "super-hot" economy, the fastest-growing economy in Europe experienced GDP growth 12%. The boom started in 1999 and was continuing despite one of the wildest political scenes in the former Soviet bloc. Ukraine's political scandals and authoritarian style of ruling the country did not halt its remarkable growth. Investors, waiting for the results of the 2004 presidential elections were supporting Viktor Yushchenko, respectively his pro-Western and pro-reform policy. Yushchenko's reputation was attractive, a politician who jump-started Ukraine's boom when he was Prime Minister from 1999 to 2001, and therefore raised hopes that Ukraine could see major reforms and offer more stable conditions for making business. Foreign direct investments coming to Ukraine, despite the incredible growth, were minimal, potential investors were discouraged by the unstable conditions and general uncertainty about the country. Although foreign investors preferred Yushchenko, they admitted they could also live with

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<sup>86</sup> Ukraine GDP - real growth rate, [http://www.indexmundi.com/Ukraine/gdp\\_real\\_growth\\_rate.html](http://www.indexmundi.com/Ukraine/gdp_real_growth_rate.html), relatively stable

<sup>87</sup> Schularick: Ukraine, The Long Road West, Deutsche Bank, 2005, <http://www.jfki.fu-berlin.de/faculty/economics/team/persons/schularick/ukraine.pdf>

<sup>88</sup> <http://www.ukrstat.gov.ua/>

Yanukovych.<sup>89</sup>

The ECONOMY independent variable I assess as “**slightly increasing**”.

### **3.3.2. Dependent variable**

#### **3.3.2.1. Development of EU-Ukraine Relations**

Ukraine started talks and cooperation with the EU (EC) right after gaining independence. Until 1998 the intensity of bilateral relations was rather low and despite this paper focuses on period starting in 1999, the first steps made toward establishing relations has to be briefly mentioned.

Ukraine was the first CIS country to sign a Partnership and Cooperation Agreement (PCA) with the EU, in 1994, and to join the Council of Europe.<sup>90</sup> European integration was declared to be the government's strategic goal. In December 1991 a Declaration of the EC on Ukraine which praises the democratic character of the All-Ukrainian referendum and calls on Ukraine to build an open and constructive dialogue with the EC, was approved. In September 1992, the first EU-Ukraine top-level meeting between the President of Ukraine Leonid Kravchuk and the President of the EC Commission Jacques Delor took place. The European Communities (EC) came up with a Programme of Technical Assistance to Ukraine and the Commission of the European Communities started negotiations on concluding cooperation agreements with Belarus, Kazakhstan, Russia and Ukraine. During 1993 Negotiations on the Agreement on Partnership and Cooperation Between Ukraine and the EC took place, the EC opened its Commission representation in Ukraine and The Agreement on Partnership and Cooperation (PCA) between the EU and Ukraine, wide framework of cooperation, came into being in June 1994. However, the PCA was ratified by the EU states only in 1998, when other CEE countries had already moved far ahead with their associate membership.<sup>91</sup>

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<sup>89</sup> Will The Boom Last In Ukraine? 2004,  
[http://www.businessweek.com/magazine/content/04\\_45/b3907086\\_mz054.htm](http://www.businessweek.com/magazine/content/04_45/b3907086_mz054.htm), relatively stable

<sup>90</sup> Pidluska: Ukraine-EU Relations: Enlargement and Integration, 2001,  
<http://www.policy.hu/pidluska/EU-Ukraine.html>

<sup>91</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations,  
[http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm), relatively stable

In June 1996 The European Union recognized the status of Ukraine as a country with economy in transition, the EU Council of Ministers Action Plan on Ukraine was adopted. The EU expressed readiness to develop and strengthen political and economic relations with Ukraine. In July 1997 an agreement on trade in certain steel products is concluded. The first Ukraine-EU summit took place in Kyiv (September 1997) and later that year (December) Kyiv unilaterally introduced visa-free regime for diplomatic passports holders from EU countries.<sup>92</sup>

Ukrainian position on its future in the EU became more specific in 1998 when President Kuchma approved the Strategy of Integration of Ukraine to the European Union and clearly proclaimed full-fledged EU membership being a national interest.<sup>93</sup> Because of Ukraine's poor economic reforms, poor performance in meeting EU's criteria in all fields, the EU was unwilling to grant Ukraine a potential candidate status.<sup>94</sup> But despite the EU hesitations to deepen EU-Ukrainian relations, in 1998 member states finally ratified the PCA and the wider framework of bilateral cooperation comes into force.<sup>95</sup> At the EU Cologne summit (6/1999) the EU reaffirmed its intention to promote Ukraine's accession to the WTO and launched a strategy to create a free-trade area between Ukraine and EU.<sup>96</sup> But practical results remained poor. Rhetorically was Ukraine active indeed, plenty of resolutions, decrees and reports were adopted but practical steps were no taken.

As Pidluska<sup>97</sup> says, experts were almost unanimous about the reasons why Ukraine's attempts to get closer to the EU failed. Poor economic performance, slow reform, corruption, lack of transparency and political instability were mentioned as the most important. It is needed to stress that lack of democracy was not among the priority concerns.

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<sup>92</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations,  
[http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm)

<sup>93</sup> Pidluska: Ukraine-EU Relations: Enlargement and Integration, 2001,  
<http://www.policy.hu/pidluska/EU-Ukraine.html>

<sup>94</sup> Relations of Ukraine with the EU, Executive Summary,  
[http://web.ceu.hu/cens/assets/files/publications/Exec\\_EU\\_Ukraine](http://web.ceu.hu/cens/assets/files/publications/Exec_EU_Ukraine)

<sup>95</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations,  
[http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm)

<sup>96</sup> *ibid*

<sup>97</sup> Pidluska: Ukraine-EU Relations: Enlargement and Integration, 2001,  
<http://www.policy.hu/pidluska/EU-Ukraine.html>

Ukrainian policy registered progress when a pro-reform Yushchenko government was appointed (1999). Ukraine showed willingness and readiness to implement EU recommendations, fight corruption and make the decision-making process more transparent which resulted in substantial economic growth. EU appreciated the progress but firmly stated "*there was no need to include the phrase in the official document as any European state had the right to appeal for EU membership*"<sup>98</sup> and stressed that Kyiv should first complete the transition to democracy and a free market. Moreover, by the end of 1999, Ukraine had failed to meet 22 provisions of the PCA<sup>99</sup> and was too far from meeting the requirements for joining the WTO to proceed to the creation of a free trade area with the EU. In November 1999, Guenter Verheugen, mocked Kiev, saying that "*anybody who thinks Ukraine should be taken into the EU... should perhaps come along with the argument that Mexico should be taken into the U.S.*"<sup>100</sup>

Ukrainian progress in pursuing reforms was recognized at the Paris Ukraine-EU summit (9/2000). The EU gave full support to Ukraine's efforts to speed up the accession to the WTO and officially stated that establishment of a free trade area between Ukraine and the EU was a priority not only for Kiev but also for Brussels. However, Ukraine did not get any guarantee of possible promotion of its status towards the EU.<sup>101</sup> EU Enlargement Commissioner Verheugen just stated that other Eastern European countries, such as Ukraine, not yet applying for EU membership, might one day join the European integration.<sup>102</sup>

Prime Minister Yushchenko was trying to persuade the EU to offer more to Ukraine by taking a rhetorical action. For instance he announced that his government "*has in fact removed 50% of [the reasons for] criticism made by the EU and blocking cooperation*" and mentioned favourable statements made by EU representatives about recent changes in reform of the Ukrainian economy and substantial efforts to resolve

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<sup>98</sup> Pidluska: Ukraine-EU Relations: Enlargement and Integration, 2001, <http://www.policy.hu/pidluska/EU-Ukraine.html>

<sup>99</sup> *ibid*

<sup>100</sup> The EU's Unwanted Stranger?, EurActive, 2002, <http://www.euractiv.com/en/east-mediterranean/eu-unwanted-stranger/article-118174>, relatively stable

<sup>101</sup> EU-Ukraine Summit, Paris, Joint Statement, 2000, <http://www.brama.com/ua-consulate/SP-eng.html>

<sup>102</sup> Verheugen asks EU hopefuls to keep the faith, EurActiv, 2000, <http://www.euractiv.com/en/enlargement/verheugen-asks-eu-hopefuls-keep-faith/article-111417>, relatively stable

*all questions that have complicated our cooperation.*"<sup>103</sup> The common statement issued by participants in the third meeting of the Ukraine-EU Cooperation Council also referred to "a quality rise" in bilateral relations.<sup>104</sup> Yushchenko started up Ukraine's economic growth (6% in 2000 and 9.2% in 2001)<sup>105</sup> and despite the fact that Ukraine could not meet the PCA requirements and was slow in implementing the plan, Kyiv's aspirations for membership were recognized in the European Commission's resolution (3/2001).<sup>106</sup>

When in 2001 the Yushchenko government was dismissed (Kuchma's political decision to get rid of increasingly independent prime minister with a reputation for integrity), President of the European Commission Romano Prodi, and the Prime Minister of Sweden, Goran Persson, expressed regrets about the fall of the Yushchenko government and called on the Ukrainian leadership to continue the pursuit of reform.<sup>107</sup>

At the EU Gothenburg summit (2001) Ukraine was mentioned for the first time in the section on the "future of the EU" instead of in the "External Affairs"<sup>108</sup> which is believed to be a significant progress in bilateral relations, moreover Goran Persson, invited Ukraine to closer political cooperation. But the subsequent EU-Ukraine Yalta summit (9/2001) did not bring much but again concerns about political situation (free and fair elections, freedom of the press, fighting corruption.....).<sup>109</sup> On contrary, the Commission President, Romano Prodi stated that Russia, Ukraine, Moldova, Israel and the countries of the southern Mediterranean could never become EU members and made clear where, according to him, lies the final external border of the EU.<sup>110</sup>

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<sup>103</sup> Pidluska: Ukraine-EU Relations: Enlargement and Integration, 2001, <http://www.policy.hu/pidluska/EU-Ukraine.html>

<sup>104</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm), relatively stable

<sup>105</sup> Global Finance, Ukraine, Country Report: <http://www.gfmag.com/gdp-data-country-reports/154-ukraine-gdp-country-report.html#axzz1KAoFi8tG>

<sup>106</sup> Pidluska: Ukraine-EU Relations: Enlargement and Integration, 2001, <http://www.policy.hu/pidluska/EU-Ukraine.html>

<sup>107</sup> *ibid*

<sup>108</sup> *ibid*

<sup>109</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm), relatively stable

<sup>110</sup> Start of the debate on the final borders of the EU?, EurActiv, 2002, <http://www.euractiv.com/en/enlargement/start-debate-final-borders-eu/article-111080>, relatively stable

The only thing offered to Ukraine was the European neighbour status (at Copenhagen summit). The fact that the same status was offered to Belarus, Moldova, North Africa and Middle East countries as well and places Ukraine in one bag with these countries reflects the European relation to Ukraine which was perceived as a "non-European" country. Action plans were envisaged (in 2003) as a key instrument for EU relations with the neighbouring countries. Ukraine was the "first wave" country to be assigned to cooperate with the EU under an action plan, along with Moldova, Jordan, Israel, the Palestinian Authority, Tunisia and Morocco. Only Ukraine and Moldova have expressed a desire to become EU members.<sup>111</sup> The adoption of the Action Plan was postponed many times and finally signed after the 2004 presidential elections. The document did not reflect the new Ukrainian reality and the new administration could successfully bargain ten amendments to the Plan that were designed to help Ukraine to gain market economy status and consequently join the World Trade Organization (WTO), offered visa facilitation and Ukraine could participate in EU programmes and agencies.<sup>112</sup>

Ukraine still was perceived as a remote and little known country, not significant partner (share in EU foreign trade profile is just about 1%), moreover in Russia's backyard as well as one of the poorest countries in Europe with rampant corruption, oligarchic omnipotence, and growing authoritarian tendencies. The EU was neither ready nor willing to offer the membership perspective to such country, the neighbourhood policy was more a product of EU concerns about its security. European neighbours were given just vague promises about free movement of people, goods, services and capital in some remote future. In 2003 the EU was ready to share "everything but institutions".<sup>113</sup>

In 2004 Consultations on EU-Ukraine Action Plan, aimed at strengthening economic ties between the EU and Ukraine in order to promote Ukraine's full integration in the EU's economic structures, Enlargement Commissioner Günther Verheugen said this *"very ambitious" project would send "a very clear signal that Ukraine and the EU want to share not only values and policy objectives but also an economic*

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<sup>111</sup>Riabchuk, The European Neighbourhood Policy and Beyond: Facilitating the Free Movement of People within the Framework of EU-Ukraine 'Post-Revolutionary' Relations, [http://lgi.osi.hu/publications/2006/299/Facilitating\\_the\\_Free\\_Movement\\_of\\_People\\_within\\_the\\_Framework\\_of\\_EU\\_\\_8211\\_Ukraine.pdf](http://lgi.osi.hu/publications/2006/299/Facilitating_the_Free_Movement_of_People_within_the_Framework_of_EU__8211_Ukraine.pdf)

<sup>112</sup> ibid

<sup>113</sup> ibid

*potential's*.<sup>114</sup> But the eight EU-Ukraine summit meeting in Hague (July 2004) did not bring any progress in EU-Ukrainian relations. The EU refused to grant market economy status to Ukraine and the sides failed to conclude an agreement on a co-operation action plan as Kyiv failed to provide sufficient commitments to social, economic and civil rights reforms.

In December 2004 the European Commissioner Benita Ferrero-Waldner finally presented a set of new EU three-year action plans for seven of the bloc's new neighbours (Ukraine, Moldova, Israel, Jordan, Morocco, Tunisia and the Palestinian Authority). The EU made it clear that its European Neighbourhood Policy (ENP) and the associated action plans do not offer any prospects of eventual membership and that the ENP is not an enlargement policy.<sup>115</sup>

The year 2004 brought two events that changed the EU-Ukrainian relations. First, the enlargement of the EU and second, the Orange Revolution, set in motion Ukrainian democratization process.

The EU POLICY dependent variable I assess as **“cautious but positive”**.

Ukrainian image during the so called Kuchma era was undoubtedly the worst from all periods covered. The only bright spot was Mr. Yushchenko's government and its attempts to impose economic reforms and fight corruption. However, the overall reputation was negative and influenced by President Kuchma authoritarian style, Ukraine was perceived as dangerous, corrupted and unpredictable country. Not at all democratic and thus not sharing the European values.

But the country was economically growing mainly thanks to Yushchenko's reforms. Despite the fact that Ukraine was not meeting the PCA criteria and was slow in implementing the plan, the Ukrainian “super-hot” economy led to intensification of economic cooperation with EU countries. The intensity was not hectic but trade exchange figures were rising. Ukraine was spotted by investors, in the case of European fastest growing economy (GDP growth by 6% in 2000 and by 9.2% in

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<sup>114</sup> Commission to draft Ukraine 'action plan, EurActiv, 2003, <http://www.euractiv.com/en/central-europe/commission-draft-ukraine-action-plan/article-111742>, relatively stable

<sup>115</sup> Communication from The Commission, European Neighbourhood Policy, Strategy Paper, 2005, [http://ec.europa.eu/world/enp/pdf/strategy/strategy\\_paper\\_en.pdf](http://ec.europa.eu/world/enp/pdf/strategy/strategy_paper_en.pdf), relatively stable

2001) it was no surprise that the EU did not let the country go and had to offer something, despite the overall political situation in the country.

Even though the EU did not offer Ukraine any membership perspective and Ukraine's membership aspirations were only recognized in the European's Commission Resolution (3/2001), in general the bilateral relations between the EU and Ukraine were not frozen. Ukraine was among the first wave countries to be given the Action Plan and neighbourhood status. When we take a look at the Ukrainian image and state of democracy at that time, we would expect the EU to apply the "dismissive" policy and politically isolate the country. But on contrary, the EU-Ukrainian relations were developing, slowly but developing. As well as the economic relations.

When we again take a look at the assessment of independent and dependent variables ("extremely negative" IMAGE independent variable, "slightly increasing" ECONOMY independent variable and "cautious but positive" EU POLICY dependent variable) we can conclude that the correlation between ECONOMY independent variable and EU POLICY dependent variable is stronger than correlation between IMAGE independent variable and EU POLICY dependent variable.

### **3.4.Yushchenko Era (2005/2006)**

#### **3.4.1.Independent variables**

##### **3.4.1.1.Image of Ukraine in the EU**

*„The course and results of the 2004 Orange Revolution have created an image of Ukraine, in Europe, which sets this post-Soviet republic apart from other successor states of the USSR. That was an event signalling the Ukrainians' willingness to seriously break with their authoritarian past.“<sup>116</sup>*

The Orange Revolution changed Ukrainian image overnight. Viktor Yushchenko and Yulya Tymoshenko became worldwide famous political stars. The ultimate election

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<sup>116</sup> Umland: Kyiv's Next Image Problem, Open Democracy, 2010  
<http://www.opendemocracy.net/od-russia/andreas-umland/kyiv%E2%80%99s-next-image-problem>, relatively stable

victory of opposition leader Viktor Yushchenko received approval worldwide. Ukrainian society demonstrated its democratic credentials and showed they belong to the European society and respect the European values.<sup>117</sup>

*„Orange revolution, ushered in a pro-democratic government headed by President Viktor Yushchenko and Prime Minister Yulya Tymoshenko; it appeared to herald Ukraine's decisive turn toward democracy and the west. Two years later, the euphoria that accompanied the revolution and the hopes that it spawned have dissipated. But democratic institutions are also consolidating. The parliamentary elections on 26 March 2006 were fair and free and, as important, were widely expected to be fair and free. The media are lively and independent. Neither Yushchenko, nor Yanukovych, nor Tymoshenko are spared constant scrutiny and criticism.“<sup>118</sup>*

Of course, not everything was pink, Ukraine had to go through a test of credibility and implement its "orange" ideals into practice, especially in the branch of its legal system, decrease the influence of Ukrainian clans, fight corruption.... The „orange“ events put Ukraine back on the European map. The country's prospects for economic development improved and raised hopes for a radical new start for Ukraine which was willing to implement deep and substantial reforms. Yushchenko and Tymoshenko represented strongly pro-European policy.<sup>119</sup> Yushchenko aimed to initiate membership talks with the EU and NATO within five years and came up with four-point plan. He wanted Ukraine to be recognised as a market economy; to become a World Trade Organisation member, to become associate member of the EU, and later the country should join the Union as a full member.<sup>120</sup> Ukraine clearly committed itself to European values, during parliamentary elections in 2006 no violation of human rights were reported.<sup>121</sup>

The EU, however, did not appear to be ready to change the nature of the bilateral

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<sup>117</sup> Огризко: Ми—європейці. Ми маємо європейську традицію та європейську перспективу, Імідж.УА, <http://image.ua/88>, relatively stable

<sup>118</sup> Motyl: Two years after the Orange revolution: Ukraine in a funk, Open Democracy, 2006, [http://www.opendemocracy.net/democracy-ukraine/two\\_years\\_4218.jsp](http://www.opendemocracy.net/democracy-ukraine/two_years_4218.jsp), relatively stable

<sup>119</sup> Motyl: Democracy is alive in Ukraine, Open Democracy, 2005, [http://www.opendemocracy.net/democracy-ukraine/alive\\_2822.jsp](http://www.opendemocracy.net/democracy-ukraine/alive_2822.jsp), relatively stable

<sup>120</sup> Yushchenko sees Ukraine in EU, EurActive, 2004, [http://www.euractiv.com/en/east-mediterranean/yushchenko-sees-ukraine-eu/article-133364?\\_print](http://www.euractiv.com/en/east-mediterranean/yushchenko-sees-ukraine-eu/article-133364?_print), relatively stable

<sup>121</sup> OSCE : Final Report on the 26 March 2006 parliamentary elections in Ukraine Date: 23 June 2006, [http://www.osce.org/documents/odihr/2006/06/19631\\_en.pdf](http://www.osce.org/documents/odihr/2006/06/19631_en.pdf)

relations. Moreover, the Ukrainian bloom soon faded and Ukrainian affairs got back to basics,<sup>122</sup> meaning disputes with Gazprom over gas supplies, internal political instability, the dissolution of the orange camp. Bitter personal rivalries between the leaders of Ukraine's "orange revolution" forced Viktor Yushchenko to sack Tymoshenko's government. Ukraine did not offer stability and found itself again in a political crisis. Russian gas monopoly Gazprom decided to sharply increase prices for Ukraine in 2006 from heavily discounted price to market rates (from 42 to 185-193 Euro). Kyiv did not accept another Gazprom proposal to continue with cheap gas supplies in exchange for a stake in Ukraine's gas pipelines. The EU expressed fears that the dispute between Moscow and Kyiv may affect European gas supplies. Political crisis over Russian gas in January 2006 led to fall of the Ukrainian government which again underlined the instability of the Ukrainian system and created further concerns for the EU's security of energy supply. Gas crisis was the most frequented Ukrainian issue after the Orange Revolution.

Ukraine made a significant shift when the president gave up on some of his powers and Ukraine became, after years of being a presidential system, parliamentary republic.<sup>123</sup>

No longer was the president concentrating the power in his hands and Prime Minister became the most important political figure on Ukrainian political scene. The EU praised Ukraine for this pro-democratic step.<sup>124</sup>

President Yushchenko suffered a tough defeat in parliamentary elections (3/2006), media interpreted the results as a natural consequence of deep disillusion with the Orange Revolution, Ukrainians turned their back on the pro-Western leader and gave support the pro-Russian politician Viktor Yanukovich who was experiencing his comeback. The alternation of power was smooth and the fact that Viktor Yanukovich could win the election proves not only the disillusionment from the orange Revolution but also the fairness of political competition. Ukraine passed the test on democracy.<sup>125</sup>

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<sup>122</sup> Saunders: Ukraine's Nation Brand—Why It Matters, UA Foreign Affairs, 2008, <http://uaforeignaffairs.com/article.html?id=178>

<sup>123</sup> Dmytrenko M.A. : Ukrajinský politický systém, vývoj v podmínkách globalizace a informační revoluce, Znanja Ukrajiny 2008, Kyjev, ISBN: 978-966-316-210-2, 544 str.

<sup>124</sup> *ibid*

<sup>125</sup> Copsey : Europe and the Ukrainian Parliamentary Elections of 2006, ELECTION BRIEFING No.24, Sussex European Institute, <http://www.sussex.ac.uk/sei/documents/epern-eb-ukraine2006.pdf>

However, the new Prime Minister Yanukovich, with a reputation of a representant of the eastern, Russian-speaking part of Ukraine who supporting closer ties with Moscow, brought the Ukraine's pro-Western stance into question. Especially when he froze down Ukrainian relations with NATO.<sup>126</sup>

Despite all the negative messages, Ukraine became clearly more democratic after the Orange Revolution. The Economist Intelligence Unit Democracy index which measures the level of democracy worldwide, improved Ukrainian ranking in 2006 and labelled the country as a "flawed democracy" and put Ukraine on 52nd place out of 167 countries. Ukraine was the leader in democracy among the CIS (Commonwealth of Independent States) countries. The Economist Intelligence Unit acknowledged Ukrainian pro-democratic development, especially in electoral process and pluralism (Ukraine scored 9.58 out of 10 points). On contrary, Ukrainian performance was worst in the field of political participation (5.56 points), political culture (5.63) and functioning of government (5.71).<sup>127</sup>

Another democracy index, produced by Freedom House, classed Ukraine as free country in its annual report in December 2005, first country from former Soviet Union.

Ukraine scored 5 points which is a border line for being a free country. Following group of countries score between 6 and 10 points and are marked as Partly Free and countries who score 11 to 14 points are Not Free. This success was possible, without doubts, thanks to Orange Revolution and the new pro-western democratic course. International experts observed improved socio-economic and legal spheres, media freedom and business regulation.<sup>128</sup> And in Freedom House Nations in Transit Ratings<sup>129</sup> Ukrainian democracy score in 2005 was 4.50 and in 2006 did Ukraine even better (4.21) compared to 4.88 in 2004, 4.71 in 2003, 4.92 in 2002, 4.71 in 2001 and 4.63 in 2000.

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<sup>126</sup> Ukraine 'not ready' to join Nato, BBC News, 2006, <http://news.bbc.co.uk/2/hi/5345406.stm>, 7.5.2011, unstable

<sup>127</sup> Study categorizes Ukraine as 'flawed democracy', Kyiv Post, 2006, <http://www.kyivpost.com/news/nation/detail/25612/#ixzz1JmYtmJm>, 7.5.2011, rather unstable

<sup>128</sup> Freedom House: Ukraine first free country in the CIS, <http://www.mirasoft-group.com/page4307.html>, relatively stable

<sup>129</sup> Freedom House, Country Report Ukraine, 2010, <http://freedomhouse.eu/images/Reports/NIT-2010-Ukraine-final.pdf>, relatively stable

„Although Ukraine’s democratic government is in turmoil, Ukraine’s democratic system has never been healthier.“<sup>130</sup>

The question is, were the relations between the EU and Ukraine since the Orange Revolution significantly better (as was the state of democracy) than they were during the Kuchma presidency? Or were they more influenced by the economic performance of the country?

I assess the IMAGE independent variable as “positive”.

### **3.4.1.2. Economic interdependence between the EU and Ukraine**

The Orange Revolution put Ukraine back on the European map. The country’s prospects for economic development improved visibly but after the turmoil of the Orange Revolution, economic growth shrunk from 12.1% in 2004 to 2.6% in 2005. This is not exactly what investors in Ukraine had been hoping for following the euphoria after the revolution. The decline was caused by 30% in the world market prices for steel and metals, key export items. Furthermore, the row over gas prices with Moscow did not help either.<sup>131</sup>

Even though Ukrainian investment climate was still seen as not friendly, the country started to be perceived as an interesting destination and investment opportunity thanks to its strategic position and huge market and consequently the level of foreign direct investment from the EU started to grow.

In 2006 Ukraine recovered and GDP rose 7.1%. Despite the growth, Ukraine was poorer than its neighbours. “Per capita GDP is far lower in Ukraine than in Russia, Kazakhstan, and the three Baltic states. Ukraine’s per capita GDP is a fifth of Estonia’s and a third of Russia’s at market exchange rates.”<sup>132</sup> FDI statistics reveal that Ukraine was unable to attract a significant amount of FDI and inflows were,

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<sup>130</sup> Motyl: Democracy is alive in Ukraine, Open Democracy, 2005,  
[http://www.opendemocracy.net/democracy-ukraine/alive\\_2822.jsp](http://www.opendemocracy.net/democracy-ukraine/alive_2822.jsp), relatively stable

<sup>131</sup> Ukraine to hold watershed elections, EurActive, 2007,  
<http://www.euractiv.com/en/elections/ukraine-hold-watershed-elections/article-153652>, relatively stable

<sup>132</sup> Crane, Larrabee: Encouraging Trade and Foreign Direct Investment in Ukraine, ISBN 978-0-8330-4216-3, The RAND Corporation, 2007,  
[http://www.rand.org/pubs/monographs/2007/RAND\\_MG673.pdf](http://www.rand.org/pubs/monographs/2007/RAND_MG673.pdf)

especially compared to other Central and East European countries, really small. And Ukraine is in regional comparison lagging behind in many areas.<sup>133</sup> Ukraine's cumulative FDI has remained modest, reaching \$21.2 billion at the end of 2006, compared with \$88 billion for Hungary, an economy of comparable size. In 2006, Ukraine's cumulative per capita FDI was \$456, compared with Hungary's \$8.700 and Russia's \$1.293. Cyprus and Virgin Island are among the investor leaders, obsolete but popular "tax heaven" with Russian and Ukrainian investors. Austria, the United Kingdom, the Netherlands, and the United States have all made sizable investments in Ukraine, especially into financial sector.<sup>134</sup> While still small compared to the amount of FDI inflows detected in neighbouring Central European countries, Ukraine observed a steady surge of investment inflows since the Orange Revolution of 2004 slapped the country onto the radar screens of Western investors.<sup>135</sup> Since 2006 the EU ranks as the biggest investor in Ukraine, the most interested investors are the Netherlands, Germany, the UK, Cyprus, Austria, Italy, Ireland and Sweden.<sup>136</sup> As I pointed out before, the "country of origin" is quite often a tax heaven where Ukrainians and Russians park their money and reinvest in Ukraine. Actual investment from other countries is not as significant as these figures suggest.

The European Union currently represents the biggest trade partner for Ukraine with 30.2% of all trade actions, while in the past Russia used to be Ukraine's main trade partner. For the EU Ukraine is only a small trade partner with 0.9% of total EU trade going to or coming from Ukraine. In 2005, Ukraine ranked 33rd in terms of EU import partners, 22nd in terms of export partners.<sup>137</sup> In 2005 the EU exported to Ukraine goods for 12.2 bn USD and imported goods from Ukraine for 10.2 bn USD. Ukraine's foreign trade in goods with EU countries in 2006, the EU exported to Ukraine goods for 16.2 bn USD and imported goods from Ukraine for 12.1 bn

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<sup>133</sup> Schularick: Ukraine, The Long Road West, Deutsche Bank, 2005, <http://www.jfki.fu-berlin.de/faculty/economics/team/persons/schularick/ukraine.pdf>

<sup>134</sup> Crane, Larrabee: Encouraging Trade and Foreign Direct Investment in Ukraine, ISBN 978-0-8330-4216-3, The RAND Corporation, 2007, [http://www.rand.org/pubs/monographs/2007/RAND\\_MG673.pdf](http://www.rand.org/pubs/monographs/2007/RAND_MG673.pdf)

<sup>135</sup> FDI Continues to Flow into Ukraine's Economy, Invest Ukraine, 2006, [http://www.investukraine.org/index.php?option=com\\_content&task=view&id=2](http://www.investukraine.org/index.php?option=com_content&task=view&id=2), relatively stable

<sup>136</sup> Executive Summary, Relations of Ukraine with the EU, [http://web.ceu.hu/cens/assets/files/publications/Exec\\_EU\\_Ukraine](http://web.ceu.hu/cens/assets/files/publications/Exec_EU_Ukraine)

<sup>137</sup> Global Analysis Report for the EU-Ukraine TSIA, ECORYS, 2007, [http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc\\_135010.pdf](http://trade.ec.europa.eu/doclib/docs/2007/june/tradoc_135010.pdf), relatively stable

USD.<sup>138</sup> Between 2005 and 2006 the volume of export from Ukraine to the EU increased by 18.1%, import to Ukraine increased by 31.5%.<sup>139</sup> Main Ukrainian EU trading partners are Germany, Italy and Poland.

In my opinion the ECONOMY independent variable is “**identical**”.

### **3.4.2. Dependent variable**

#### **3.4.2.1. Development of EU-Ukraine relations**

The results of Orange Revolution brought widespread optimism to Europe and Ukraine hoped this could lead to breakthrough in EU-Ukraine relations. Victor Yushchenko clearly and many times stated that the EU (along with NATO) membership was top priority for the country, without any alternatives. European Parliament was lobbying in favour for establishing closer ties with Ukraine with the possibility of EU membership but even though several EU leaders stated strong support for closer economic ties with Ukraine, the Council of the European Union granted Ukraine market economy status in December 2005<sup>140</sup>, they did not support the idea of membership. The European Commission insisted that the EU and Ukraine should first cooperate and get closer under the EU's new European neighbourhood policy and in its new strategy paper suggested that the current enlargement agenda could block the possibility of a future accession of Ukraine and other countries.<sup>141</sup> The EU was going through an internal crisis (Eastern enlargement, rejection in France and the Netherlands of the draft EU Constitutional Treaty) and therefore was less friendly towards new candidate members. Moreover, Ukraine was still one of the poorest countries in the EU and far from fulfilling the Copenhagen criteria.<sup>142</sup> Debates over EU absorption capacity started and Yushchenko's "orange" potential failed to

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<sup>138</sup> Державний комітет статистики України, Географічна структура зовнішньої торгівлі України товарами за 2005 рік, <http://www.ukrstat.gov.ua/>

<sup>139</sup> Зовнішня торгівля України з країнами ЄС у 2006 році: від'ємне сальдо збільшилося, <http://www.otherside.com.ua/news/detail.php?lang=1&id=19379>

<sup>140</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm), relatively stable

<sup>141</sup> Blow to Kiev as Brussels closes door to further enlargement, EuObserver, <http://euobserver.com/9/20289>, 7.5.2011, unstable

<sup>142</sup> Petersen: Ukraine – On the Track towards EU, Europeum, [http://www.europeum.org/doc/pdf/Ukraine\\_On\\_the\\_Track\\_towards\\_EU.pdf](http://www.europeum.org/doc/pdf/Ukraine_On_the_Track_towards_EU.pdf)

materialise. And Kyiv itself gave the EU reason good enough to avoid deeper integration with Ukraine - chronic political crises. Moreover, the timing was really bad for Ukraine. The Orange Revolution came just after the accession of ten new countries in 2004, the decision to start membership talks with Turkey, and the failed referendums on the EU Constitution in France and the Netherlands.<sup>143</sup>

In December 2006, the Commission proposed to upgrade the ENP to an 'ENP+',<sup>144</sup> and strengthened relations with the ENP countries and despite the successes such as the recognition of Ukraine's market economy, given access to credits of the European Investment Bank<sup>145</sup> and the offer to negotiate an enhanced agreement, the EU still remained strict on its position about Ukrainian membership perspective.<sup>146</sup>

One of the biggest ironies of Ukraine's democratic "Orange Revolution", says Taras Kuzio,<sup>147</sup> is that it caused "difficulties in the European Union, an organization that claims to embody "European values." EU cannot use the excuse given earlier to Presidential Leonid Kuchma any more, namely that Ukraine has shown itself to not be part of Europe." And as one of the explanatory factors he offers the continued Russophilia expressed by "old Europe," namely France, Germany, Belgium, and Luxembourg.

The EU only offered Ukraine a three year Action Plan, part of its Neighborhood Policy instituted in 2003 with all of its new neighbours. Ukraine was placed on the same level as northern Africa and Israel, which are not part of Europe and therefore have no right to join the EU, and Russia, which has never declared its intention to seek EU membership. The inadequacy of this policy was obvious.<sup>148</sup> The only change

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<sup>143</sup> Riabchuk: The European Neighbourhood Policy and Beyond: Facilitating the Free Movement of People within the Framework of EU-Ukraine 'Post-Revolutionary' Relations  
[http://igi.osi.hu/publications/2006/299/Facilitating\\_the\\_Free\\_Movement\\_of\\_People\\_within\\_the\\_Framework\\_of\\_EU\\_8211\\_Ukraine.pdf](http://igi.osi.hu/publications/2006/299/Facilitating_the_Free_Movement_of_People_within_the_Framework_of_EU_8211_Ukraine.pdf)

<sup>144</sup> EU chce více spolupracovat se sousedními zeměmi v oblasti energie a migrace, EurActive, 2007  
<http://www.euractiv.cz/print-version/clanek/eu-chce-vice-spolupracovat-se-sousednimi-zememi-v-oblasti-energie-a-migrace,-relatively-stable>

<sup>145</sup> Executive Summary, Relations of Ukraine with the EU,  
[http://web.ceu.hu/cens/assets/files/publications/Exec\\_EU\\_Ukraine,-relatively-stable](http://web.ceu.hu/cens/assets/files/publications/Exec_EU_Ukraine,-relatively-stable)

<sup>146</sup> Petersen: Ukraine – On the Track towards EU, Europeum,  
[http://www.europeum.org/doc/pdf/Ukraine\\_On\\_the\\_Track\\_towards\\_EU.pdf](http://www.europeum.org/doc/pdf/Ukraine_On_the_Track_towards_EU.pdf)

<sup>147</sup> Kuzio: "Orange Revolution" Exposes EU's Deficient Ukraine Policy, Eurasia Daily Monitor Volume: 1 Issue: 145, 2004, [http://www.taraskuzio.net/media14\\_files/32.pdf](http://www.taraskuzio.net/media14_files/32.pdf)

<sup>148</sup> Kuzio: Ukrainian Foreign and Security, Policy Since the Orange Revolution, The International Spectator 4/2006, [http://www.eu-consent.net/library/deliverables/D82\\_Kuzio.PDF](http://www.eu-consent.net/library/deliverables/D82_Kuzio.PDF)

made to Ukraine's Action Plan after Yushchenko's election, as the Action Plan was negotiated with president Kuchma and could not therefore reflect the new situation, was submission of a list of ten "additional measures" to maximize the benefits of the EU-Ukraine Action Plan (perspective of being granted market economy status, acceleration of free trade are negotiations).<sup>149</sup> The action plan refers to the possibility for Ukraine to join the EU's internal market but does not mention the prospect of Kiev's accession. Barroso clearly ruled out Ukrainian EU membership, saying: "*Ukraine is not ready and we are not ready.*"<sup>150</sup>

The EU took advantage of the unstable situation and used the political crisis as a reason to slow down the pace of "after-Orange Revolution" relations. The EU offered Ukraine a strategic partnership but no prospect for membership. The main reason for being cautious was concern that the possibility of Ukrainian accession could upset Russia, EU's important economic partner.

The EU POLICY dependent variable I again assess as "**cautious but positive**" by which I mean there was no big difference between EU policy on Ukraine during the Kuchma and Yushchenko I. era

After the Orange Revolution Ukrainian image abroad changed significantly. Ukraine found its way back to the European mental map, Ukraine was making the news and Europeans were supporting its strive for democracy. Kyiv committed itself to European values and Euro-Atlantic integration represented Ukrainian top priority. Enthusiasm and willingness to follow European advice and implement reforms in all areas was obvious. Ukrainian image at this time was the best ever.

Unfortunately, the economic growth slowed visibly down and country's economic performance was poor. Economic relations with the EU countries did not "boom" during that time. Potential investors were careful and played a waiting game.

Practically the same can be said about EU-Ukrainian bilateral relations. President Yushchenko was doing his best to make the EU offer more than just revision of the

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<sup>149</sup> Fast-forward for EU-Ukraine relations?, EurActive, 2005, <http://www.euractiv.com/en/east-mediterranean/fast-forward-eu-ukraine-relations/article-136954>, relatively stable

<sup>150</sup> EU turns down Ukraine, but offers closer links, EurActive, 2006, <http://www.euractiv.com/en/east-mediterranean/eu-turns-ukraine-offers-closer-links/article-159281>, relatively stable

Action Plan that had been negotiated with Kuchma. The country was clearly open to the EU and the EU did not react proportionally. The EU did not reward Ukraine and was cautious about the situation when Ukraine needed support. The Ukrainian Orange Revolution and pro-democratic image should have been motivating for the EU to offer more than to put Ukraine at the same level as North African countries and Israel, partners that will never become EU members. The EU's reluctance to see „orange“ Ukraine as a future member, undermined EU's principle of democracy promotion.

So when we take a look at the dramatically different image, compared to the Kuchma era, and not at all different EU attitude towards Ukraine, we should take a look at bilateral economic relations as well. And we will find out that these were not developing either.

Again, I dare claim that the correlation between the ECONOMY independent variable (“identical”) and the EU POLICY dependent variable (assessed as “cautious but positive” which means not improving, compared to EU's policy towards Ukraine under Kuchma) is stronger than the IMAGE independent variable (“positive”) and the EU POLICY dependent variable.

### **3.5.Yuschenko era II. (2007-2009)**

#### **3.5.1.Independent variables**

##### **3.5.1.1.Image of Ukraine in the EU**

Ukraine 2007-2009, even though still led by Victor Yushchenko, lost its Orange Revolution aura as the disillusionment was too big and the political situation highly unstable and paralysed. Ukraine made the impression of being a chaotic country, bordering on anarchy, with authorities occupied mainly with Ukraine's political wars, instead of much needed reforms and tackling corruption.<sup>151</sup> Brussels frustration best captured Jose Manuel Barroso when he stated that it was easier to do business with African states. But President Yushchenko kept repeating "*Our European democratic*

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<sup>151</sup> Interview with Mr.Andriy Veselovsky, former Ukrainian ambassador to the EU, Kyiv, November, 2010

*choice is final and irreversible.*"<sup>152</sup> Constant political crisis, absolute dependency on Russian gas policy and the international economic crisis from which Ukraine has suffered enormously (15% drop in GDP in 2009 ), that was the Ukrainian reputation. Reports on Ukraine were showing politically and culturally deeply divided country. Ukraine was blamed for not pursuing the promised reforms<sup>153</sup>, that are absolutely critical for creating a healthy business environment and integrating Ukraine with the global economy. But in terms of democracy, Ukraine was stable, still committed to democracy. Ukrainian media were the most free in the CIS, elections (parliamentary in 2007) were again evaluated as free and fair. Ukraine was meeting the standards of democracy.<sup>154</sup>

Political crisis in 2007, marked by rivalry between Yushchenko and Yanukovich, led to early parliamentary elections. EU leaders have made clear that democratic elections were necessary to allow a new "enhanced agreement", which would include a free-trade area and increased energy co-operation, as well as Ukraine's WTO accession. And were hoping for more stability to come.<sup>155</sup> When the so called "orange coalition" (Tymoshenko and Yushchenko political party had a slim majority in the new parliament), the EU authorities were clearly relieved and welcomed the results very warmly. The elections were evaluated as free and fair, transparent and met European standards. The EU hoped that the new coalition led by Orange Revolution icon Yulya Tymoshenko will help the country overcome its political crisis. Her coalition was described as pro-western and therefore good. But soon Europe could again observe Ukrainian political infighting between the two orange leaders. Ukrainian foreign policy became visibly uncoordinated, Ukrainian representatives required to be met individually and troubled the EU.<sup>156</sup>

Right after the elections, the new government tried to improve country's reputation by

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<sup>152</sup> EU presses Ukraine on upcoming elections, EurActiv, 2007, <http://www.euractiv.com/en/east-mediterranean/eu-presses-ukraine-upcoming-elections/article-166781>, relatively stable

<sup>153</sup> Interview with Mr. Andriy Veselovsky, former Ukrainian ambassador to the EU, Kyiv, November, 2010

<sup>154</sup> OSCE: Final Report on the 30 September 2007 Pre-Term Parliamentary Elections in Ukraine Date: 20 December 2007, [http://www.osce.org/documents/odihr/2007/12/29054\\_en.pdf](http://www.osce.org/documents/odihr/2007/12/29054_en.pdf), relatively stable

<sup>155</sup> EU presses Ukraine on upcoming elections, EurActiv, 2007, <http://www.euractiv.com/en/east-mediterranean/eu-presses-ukraine-upcoming-elections/article-166781>

<sup>156</sup> Interview with Mr. Andriy Veselovsky, former Ukrainian ambassador to the EU, Kyiv, November, 2010

giving assurances to the EU that the gas payments dispute with Russia will be resolved within weeks, avoiding a disruption in deliveries to Europe. Ukraine was presenting itself as a reliable transit country for the EU.<sup>157</sup> But doubts and scepticism prevailed in the media coverage as the Russian energy giant Gazprom had threatened again to cut gas supplies to Ukraine (October 2007), reminiscences of the 2005 gas conflict (that followed the ‘Orange Revolution’) were simply too strong and no Ukrainian claims could help. Media were speculating that Russia was using the Gazprom debt issue as a way to put political pressure on Ukraine to block the ascendancy of Tymoshenko, who represents pro-Western forces in Ukraine and contributed to raising fears that European gas supplies could be affected.<sup>158</sup>

Ukraine again was portrayed as part of Russian zone of interest and influence, country totally dependent on Russian gas supplies and therefore Russian will. The biggest crises which left the EU without gas, came in January 2009.<sup>159</sup> Russia accused Ukraine of stealing the gas<sup>160</sup> and Ukraine struggled to denounce the accusations, but could not really explain what had happened and only spread confusion among the EU members and again confirmed its reputation of irresponsible and unreliable, and press recalled all the previous gas wars.<sup>161</sup> For the EU the crisis was strong reminder of its dependency on Russia and its need for new energy security policy.

The EU never spoke in one voice about Ukraine and the NATO summit in Bucharest (4/2008) as well as subsequent EU summit in Paris (9/2008) showed how the EU is divided over this issue. Georgia and Ukraine were engaged in an Intensified Dialogue with the Alliance, focusing on their membership aspirations and related reforms and despite the USA (along with some EU member countries) were supporting the inclusion of Ukraine and Georgia in the Membership Action Plan, several EU heavyweights (Germany, France, Spain, Italy, the Netherlands and Belgium) are

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<sup>157</sup> Ukraine tries to assuage EU fears over Gazprom row, EurActive, 2007, <http://www.euractiv.com/en/energy/ukraine-tries-assuage-eu-fears-gazprom-row/article-167393>, relatively stable

<sup>158</sup> Ukraine-Gazprom crisis averted, for now, EurActive, 2007, <http://www.euractiv.com/en/energy/ukraine-gazprom-crisis-averted/article-167537>, relatively stable

<sup>159</sup> Russia, Ukraine leave EU without gas, EurActive, 2009, <http://www.euractiv.com/en/energy/russia-ukraine-leave-eu-gas/article-178330>, relatively stable

<sup>160</sup> Ukraine accused of stealing gas bound for Europe, The Telegraph, 2009, <http://www.telegraph.co.uk/news/worldnews/europe/russia/4077110/Ukraine-accused-of-stealing-gas-bound-for-Europe.html>, 7.5.2011, unstable

<sup>161</sup> Interview with Mr. Andriy Veselovsky, former Ukrainian ambassador to the EU, Kyiv, November, 2010

opposed to such a project.<sup>162</sup> One of the main reasons was the warning that came from Moscow that the *"prospect of Ukraine's NATO membership would create a profound crisis between Kiev and Moscow, with a negative impact on the security of Europe."*<sup>163</sup>

During the Russian-Georgian conflict in August 2008, speculations that Ukraine could possibly become the next Russian target appeared.<sup>164</sup> Many Ukrainians indeed feared that Moscow could use the same strategy and try to claim back Ukraine's strategic Black Sea Crimea peninsula, home to ethnic Russian majority and Black Sea Fleet, Russian naval base in the port of Sevastopol. Especially as relations between the two countries were really poor. Dmitry Medvedev publicly accused Yushchenko of being anti-Russian<sup>165</sup> (Yushchenko was seeking NATO membership, anti-Soviet sentiments) and consequently the cause of frozen bilateral relations. After the August Russian-Georgian war Ukraine hoped to speed up the integration process with the EU at the summit in Paris. But the EU appeared to be divided again with France, Germany and Italy advocating a cautious approach to Moscow and on contrary with Poland, Sweden, the United Kingdom and the Baltic states who were in favour of developing stronger ties with the EU's eastern neighbourhood after the Georgia crisis.

Europe was afraid of damaging relations with Russia, which clearly opposed Ukraine's drive towards the EU and NATO. On one hand, EU leaders are particularly aware of Russia's role as Europe's main supplier of natural gas, on the other the EU is trying to encourage the country's pro-democratic strive.<sup>166</sup> Ukraine could have capitalised from the crisis and obtain more generous treatment as a prospective EU member, but the internal crisis offered an easy excuse for EU leaders not to offer more than usual rhetoric. The end of year 2009 was characterized by presidential

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<sup>162</sup> 'Old' and 'new' Europe divided at NATO Summit, EurActiv, 2008, <http://www.euractiv.com/en/enlargement/old-new-europe-divided-nato-summit/article-171288>, relatively stable

<sup>163</sup> 'Old' and 'new' Europe divided at NATO Summit, EurActiv, 2008, <http://www.euractiv.com/en/enlargement/old-new-europe-divided-nato-summit/article-171288>

<sup>164</sup> Umland: Will There Be a Second Crimean War?, Global Politician, 2009, <http://www.globalpolitician.com/25610-crimea-russia>, relatively stable

<sup>165</sup> Russian President Medvedev sends critical open letter to Ukraine's Yushchenko, European Forum, 2009, [http://www.europeanforum.net/news/707/russian\\_president\\_medvedev\\_sends\\_critical\\_open\\_letter\\_to\\_ukraine\\_s\\_yushchenko](http://www.europeanforum.net/news/707/russian_president_medvedev_sends_critical_open_letter_to_ukraine_s_yushchenko), 7.5.2011, unstable

<sup>166</sup> Interview with Mrs. Mridula Ghosh, Board Chair of East European Development Institute, Kyiv, November 2010

campaign ahead presidential elections in January and February 2010 and it was no big surprise that the "Orange team" (meaning Yushchenko or Tymoshenko who are still branded as "orange" in the press) lost and that Viktor Yanukovych, the Party of Regions leader, took over the presidency. News about pro-Russian turnout, and about Orange leaders failure, how they managed to waste the credit they had received from their voters and the international community during the Orange Revolution. President Viktor Yushchenko was portrayed as a tragic orange hero. He himself was seen as "Mr. Clean", not corrupted, but at the same as someone incompetent to fight corruption which was only boosting during his years in office and plagued Ukrainian society. His obsession with restoring Ukrainian national identity was criticized as well. His policy was seen as aggressively pro-Ukrainian, dividing the country and provoking Russia.<sup>167</sup>

Despite all the troubles, Ukrainian society clearly benefited for the Orange Revolution. The country went through transformation, especially in the area of political openness and press freedom, Ukrainian media were the freest in the Commonwealth of Independent States.

The freedom of speech and assembly enjoyed in Ukraine was remarkable especially when compared to the situation in Russia.<sup>168</sup>

*„For 2009, when Viktor Yushchenko was president, Freedom House ranked press freedom in Ukraine at 108 out of 196 countries. This was the best score for any ex-Soviet state except the Baltic republics. By comparison, Russia ranked 175.“<sup>169</sup>*

According to the Economist Intelligence Unit Democracy index suffered only a small deterioration in its score between 2006 and 2008 (fell from 52nd to 53rd position) and remained, along with Moldova, the only democracy in the CIS (in the category "flawed democracy"). The third biggest decline worldwide was in Russia (ranked

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<sup>167</sup> Interview with Mrs. Mridula Ghosh, Board Chair of East European Development Institute, Kyiv, November 2010

<sup>168</sup> Chopivsky: A prognosis for Ukraine's ebbing democracy, Open Deocracy, 2010, <http://www.opendemocracy.net/od-russia/alexa-chopivsky/prognosis-for-ukraines-ebbing-democracy>, relatively stable

<sup>169</sup> Chopivsky: A prognosis for Ukraine's ebbing democracy, Open Deocracy, 2010, <http://www.opendemocracy.net/od-russia/alexa-chopivsky/prognosis-for-ukraines-ebbing-democracy>

107).<sup>170</sup> Freedom House included Ukraine again into the group of „Free“ countries in 2007 as well as in 2008.<sup>171</sup>

*„As Ukraine advances to likely free and fair Presidential elections in early 2010, it is becoming a stronger democracy and further escaping Russia’s trajectory. Ukraine should be treated as a European democracy. Democratic development in Ukraine is gradual but steady. Ukraine is reinforcing a recent record of free and fair elections and allowing open debate. TV networks are more open to opposing views than, for example, those in Russia or Italy.“<sup>172</sup>*

The IMAGE independent variable is “positive”.

### **3.5.1.2. Economic interdependence between the EU and Ukraine**

The economy was performing relatively well, with WTO accession (7/2008) as the highlight which motivated investors and upgraded external trade as the trade was liberalized and Ukraine met the required criteria and principles which bind government to keep the trade policy within agreed limits.<sup>173</sup> But the international economic crisis hit Ukraine really badly. In 2008 the Hryvnia dropped sharply against the US dollar, eclipsed only by the Icelandic krona and the Seychelles rupee.<sup>174</sup> Financial sector was shaken and especially steel and chemical industries sharply contracted. The situation was critical, Ukraine’s biggest strategic companies were in debts, Kyiv had troubles with payments for Russian gas, national currency Hryvnia plunged by 60 per cent in a year, FDI slowed down, GDP fell sharply and unemployment doubled. And Ukraine was experiences troubles with International Monetary Fund (IMF).<sup>175</sup> Due to the inability of Ukrainian authorities to keep their

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<sup>170</sup>The Economist Intelligence Unit's Democracy Index 2008

<http://graphics.eiu.com/PDF/Democracy%20Index%202008.pdf>, relatively stable

<sup>171</sup> Freedom House, Country Report, Ukraine, 2008,

<http://www.freedomhouse.org/template.cfm?page=22&year=2008&country=7512>, relatively stable

<sup>172</sup> Courtney, Corboy: Treat Ukraine as a European Democracy, Open Democracy, 2009,

<http://www.opendemocracy.net/od-russia/william-courtney-and-denis-corboy/treat-ukraine-as-european-democracy>

<sup>173</sup> WTO welcomes Ukraine as a new member, WTO Press Release, 2008,

[http://www.wto.org/english/news\\_e/pres08\\_e/pr511\\_e.htm](http://www.wto.org/english/news_e/pres08_e/pr511_e.htm), relatively stable

<sup>174</sup> Ukraine’s economy to shrink 9%, BBC News, 2011,

<http://news.bbc.co.uk/2/hi/business/7988196.stm,7.5.2011>, unstable

<sup>175</sup> IMF Urges Ukraine To Stick With Recovery Policies, IMF Survey online, 2009,

<http://www.imf.org/external/pubs/ft/survey/so/2009/int110409a.htm>, relatively stable

promises of fiscal restraint and due to the ongoing populist presidential electoral campaign, the fourth IMF tranche, which should have been released in November 2009, was suspended.<sup>176</sup>

Reports reflecting the Ukrainian situation were dramatic, country was reported to be close to bankruptcy. Ukraine was losing investor confidence because of the huge industrial setback, inflation, Hryvnia devaluation and fall of the stock market.<sup>177</sup> Analysts warned that the country, plagued with political strife and economic problems, could not be able to repay its debts soon, the world was expecting Ukrainian default. And the political battle between President Viktor Yushchenko and Prime Minister Yulya Tymoshenko ahead of upcoming presidential elections was making matters worse.<sup>178</sup>

EU authorities were non-stop calling for restoring stability (political as well as economical) and accusing Ukraine of dragging its feet on reforms. Basic civil and economic freedoms were still qualified as poorly protected and dominance of oligarchy was still one of the main characteristics of Ukrainian economic sphere.<sup>179</sup>

In 2008 Ukraine was the EU's 17th largest trading partner and 14th largest export market. The EU is Ukraine's largest trading partner, with 27.1% of the total exports and 33.7% of imports in 2008.

EU-Ukraine trade reached 39.5bn EUR in 2008, having increased from 34.8bn EUR in 2007, and has been growing by two-digit rates steadily in the recent years.<sup>180</sup>

The EU is by far the largest foreign investor in Ukraine. Direct investment from European Union countries in the Ukrainian economy reached USD 28.17 bn in 2008

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<sup>176</sup> Ukraine Business Report Daily, IMF MISSION TO START WORK IN UKRAINE ON JUNE 21, 2010, [http://goliath.ecnext.com/coms2/gi\\_0199-13072775/Interfax-Ukraine-Business-Daily.html](http://goliath.ecnext.com/coms2/gi_0199-13072775/Interfax-Ukraine-Business-Daily.html), 7.5.2011,unstable

<sup>177</sup> World expects Ukraine's default, 2011, <http://english.pravda.ru/world/ussr/21-01-2009/106990-ukraine-0/>, 7.5.2011,unstable

<sup>178</sup> Runner: Is Ukraine Headed for Default? 2009, [http://www.businessweek.com/globalbiz/content/feb2009/gb20090217\\_480505.htm](http://www.businessweek.com/globalbiz/content/feb2009/gb20090217_480505.htm), 7.5.2011,unstable

<sup>179</sup> Dimireva: Ukraine Investment Climate 2009, EUbusiness, 2009, <http://www.eubusiness.com/europe/ukraine/invest>, 7.5.2011,unstable

<sup>180</sup> Delegation of the EU to Ukraine: Trade and Economic Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/trade\\_relation/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/trade_relation/index_en.htm), relatively stable

(79% of the total FDI to Ukraine), compared to USD 22.91 bn in 2007 (77.5% of the total FDI to Ukraine), while Ukrainian FDI to EU were 6 bn USD (or 96% out of total FDI from Ukraine).<sup>181</sup> Cumulative foreign direct investments were increasing year by year. In 2007 Ukraine reached USD 21.61 bn, in 2008 USD 29.49 bn and in 2009, just after 7 months, it was already 36.45 bn.<sup>182</sup>

Real Ukrainian GDP growth in 2007 made 7.9%, in 2008 fell down to 2.1% and in the year of the deepest crisis went sharply down (-15.1%). EU exported to Ukraine goods for €22.4 billion in 2007 and for €25.1 billion in 2008, but in 2009 the number fell down to just €13.9 billion. In 2010 the export went slightly up to 17.3 billion. Ukrainian share of total EU exports is negligible. In 2007 the Ukrainian share was 1.8%, in 2008 the number was 1.3% and in 2009. The same share was reported for year 2010. Ukraine exported to EU goods for €12.4 billion (2007, 0.9% of total EU imports) and for €14.5 billion in 2008 (0.9% of total EU imports), but in 2009 the number fell down to just €7.9 billion (0.7% of total EU imports). In 2010 the export went slightly up to 11.5 billion (0.8% of total EU imports).<sup>183</sup> From 2007 to 2008, foreign direct investments (FDI) outward stocks from EU grew by more than 10% in Ukraine, from €18 billion to €19.8 billion. In 2009 EU investments into Ukraine fell six times to €3.4 billion.<sup>184</sup>

The ECONOMY independent variable I see as “**slightly increasing**”.

### **3.5.2. Dependent variable**

#### **3.5.2.1. Development of EU-Ukraine relations**

The European Commission wanted to upgrade in bilateral ties (including an increase in financial assistance) with the best-performing countries of the European Neighbourhood Policy, namely for Ukraine, Moldova, Morocco and Israel. The EU was ready to go beyond the Partnership and Cooperation Agreements. The EU

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<sup>181</sup> Delegation of the EU to Ukraine: Trade and Economic Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/trade\\_relation/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/trade_relation/index_en.htm)

<sup>182</sup> Invest Ukraine: FDI in Ukraine, 2009, <http://www.oecd.org/dataoecd/26/22/43361570.pdf>

<sup>183</sup> Ukraine, main economic indicators, [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113459.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113459.pdf), relatively stable

<sup>184</sup> European Commission, Trade, Ukraine, <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/ukraine/>, relatively stable

prepared individual action plans for each partner country under the ENP, with Ukraine the process was initiated in March 2007, negotiations on a common Free Trade Area and a deeper partnership on energy were launched.<sup>185</sup> The EU also offered free travel and favourable visa procedures. Furthermore, in 2007 the Commission introduced the European Neighbourhood and Partnership Instrument (ENPI) as a new fund to promote co-operation, together with a new lending mandate of the European Investment Bank (EIB). All partner countries covered by the ENP will be eligible for support under the ENPI.<sup>186</sup>

In January 2008 the visa facilitation and readmission agreement came into force and in February negotiations on free trade agreement were launched. The 2008 EU-Ukraine summit took place in Paris.<sup>187</sup> The former legal basis of EU-Ukraine relations, the Partnership and Cooperation Agreement (PCA) established in 1998 and due to expire in ten years was replaced with an enhanced Association Agreement (negotiations on the establishment of a Deep and Comprehensive Free Trade Area (DCFTA) as well as negotiating visa-free travel with the EU are integral parts of the Association Agreement). The summit declaration recognized Ukraine as a "European country" with "European aspirations," recalling the enlargement language of article 49 of the EU treaty, which states that *"any European state ... may apply to become a member of the union."*<sup>188</sup> But no membership perspective was offered.

The European Commission created the new Neighbourhood Investment Facility<sup>189</sup> (with budget of €700 million, until 2013) in 2008 to increase its investments and consequently 2004 to improve its ties with countries in North Africa, the Middle East and former Soviet republics. Main focus was on infrastructure projects in the energy, transport and environment sectors.

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<sup>185</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm), relatively stable

<sup>186</sup> European Commission, EU Aid: European Neighbourhood & Partnership Instrument [http://ec.europa.eu/europeaid/how/finance/enpi\\_en.htm](http://ec.europa.eu/europeaid/how/finance/enpi_en.htm), relatively stable

<sup>187</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm)

<sup>188</sup> Bad faith creeping into EU-Ukraine relations, EUObserver, <http://euobserver.com/9/27466>, 2.4.2011, unstable

<sup>189</sup> European Commission: What is the European Neighbourhood and Partnership Instrument (ENPI) ? [http://ec.europa.eu/world/enp/faq\\_en.htm#4.1](http://ec.europa.eu/world/enp/faq_en.htm#4.1), relatively stable

In 2009 Joint EU-Ukraine International Investment Conference on the Modernisation of Ukraine's Gas Transit System took place and in May the Eastern Partnership initiative was launched. Eastern Partnership was Swedish-Polish initiative, reaction on France's EuroMed policy. Eastern Partnership was not put on the same level as the European Association Agreements with Central and East European countries, which contained the perspective of EU membership. The Eastern Partnership offered deeper bilateral relations and launched a new multilateral framework for cooperation, according to partner's needs and ambitions. The EU offered new Association Agreements, perspective of establishing Free Trade Area, visa facilitation, readmission agreements and strengthened energy security cooperation. The Eastern Partnership covers Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, countries economically instable and energetically dependent on Russia.<sup>190</sup> The EU-Ukraine Association Agenda came into force in November.<sup>191</sup>

In November 2009, the Cooperation Council adopted the EU-Ukraine Association Agenda.<sup>192</sup> This Agenda *"sets out key priorities for reforms, which Ukraine should address in the coming years in order to fully benefit from the intensified co-operation and improved market-access foreseen in the new Association Agreement"*<sup>193</sup> and prepares the soil for and facilitates the entry into force of the new EU-Ukraine Association Agreement that should significantly deepen Ukraine's political association and economic integration with the EU.<sup>194</sup> But the bloc made no commitment that Ukraine would join the European Union one day and the Ukrainian government dismissed

the 'Eastern partnership' for not being representative of a common EU line, saying that *"any initiative that is being proposed should be grounded in the unity of the European institutions"*.<sup>195</sup>

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<sup>190</sup> EU and NATO keep Eastern countries at bay, EurActiv, 2011, <http://www.euractiv.com/en/east-mediterranean/eu-nato-keep-eastern-countries-bay/article-177760>, relatively stable

<sup>191</sup> Delegation of the EU to Ukraine: Chronology of Bilateral Relations, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/chronology/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/chronology/index_en.htm), relatively stable

<sup>192</sup> European Commission – External Relations: EU-Ukraine Association Agenda [http://eeas.europa.eu/ukraine/docs/2010\\_eu\\_ukraine\\_association\\_agenda\\_en.pdf](http://eeas.europa.eu/ukraine/docs/2010_eu_ukraine_association_agenda_en.pdf), relatively stable

<sup>193</sup> Delegation of the EU to Ukraine, Association Agenda, 2010, [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/political\\_relations/association\\_agenda/association\\_agenda\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/political_relations/association_agenda/association_agenda_en.htm)

<sup>194</sup> European Union External Action, Ukraine, [http://eeas.europa.eu/ukraine/index\\_en.htm](http://eeas.europa.eu/ukraine/index_en.htm), relatively stable

<sup>195</sup> Poland, Sweden defend 'Eastern initiative', EurActive, 2008, <http://www.euractiv.com/en/central-europe/poland-sweden-defend-eastern-initiative/article-172660>, relatively stable

In my opinion, the EU POLICY dependent variable is “**cautious but positive**”.

Ukrainian image during this period changed again. The Orange Revolution euphoria, based on hopes that did not come true, faded and only political chaos, disputes and instability remained, hand in hand with economic crisis. But what is more important, in terms of democracy the picture stayed practically the same. Free media, free and fair elections, free political competition...

Before the global economic and financial crisis, when Ukraine joined the WTO and sent a positive signal to investors, the bilateral trade exchange was on the rise. And bilateral EU-Ukrainian relations were improving as well. Ukraine, together with five post-communist countries, was offered new and individually tailored neighbourhood policy (Eastern Partnership), the EU started free trade area and visa facilitation talks with Ukraine, as a part of deeper Association Agreement. However, President Yushchenko could not boast with the offer of membership perspective, even though Kyiv repeatedly asked for it.

This shaky period does not provide us with clear evidence on what correlation is stronger. The IMAGE independent variable stays “positive”, the ECONOMY independent variable is slightly increasing. The EU POLICY dependent variable is “cautious but positive” and therefore equally dependent on the IMAGE independent variable and ECONOMY independent variable.

### **3.6. Yanukovych Era (2010-2011)**

#### **3.6.1. Independent variables**

##### **3.6.1.1. Image of Ukraine in the EU**

*„The EU is divided on its approach towards Ukraine, a country seen as deeply European in its culture and history but also as having gravitated towards Russia since the election as president at the beginning of last year of Viktor Yanukovych,*

*leader of the Party of the Regions.* <sup>196</sup>

At the beginning of 2010, Ukrainian presidential elections, first after the Orange Revolution, were held and bitter competition between "orange" Yulya Tymoshenko and pro-Russian Viktor Yanukovich was expected. Ukraine was again portrayed as a divided country and all the clichés about orange and pro-European Yulya Tymoshenko, famed for her peasant-style blonde hair braid, and pro-Russian Viktor Yanukovich, a servant of Moscow, were repeated.<sup>197</sup>

Western media did not forget to mention Viktor Yushchenko. Reminiscences of the Orange Revolution were in almost every report on Ukraine. Yushchenko was to lose the elections, disappointed and bitter Ukrainians punished him for failing to end corruption and implement urgent reforms at the polls.<sup>198</sup> Yushchenko gained just 5.6%. International observers hailed the election as fair and transparent.<sup>199</sup>

The election marked a sharp turnaround for Ukraine, Viktor Yanukovich vowed to follow a path of a "non-aligned European country,"<sup>200</sup> in a switch from the strongly pro-Western stance of the defeated Orange Revolution leaders. Yanukovich put an end to any ambitions to joining NATO, a prospect which had angered Moscow. Russia reacted promptly and ended freeze in ties with Ukraine. Yanukovich indeed wanted to reset relations with Russia and at the same time, integration into the EU was proclaimed as a priority. European leaders were hoping that Yanukovich's pro-Russian reputation won't reverse Kiev's recent turn to the West. But Europe was also tired of the permanent fighting between the former president, Viktor Yushchenko, and former PM, Yulya Tymoshenko and favoured stability and real reforms, consequently closed its eyes to the dubious and undemocratic developments taking place in Ukraine

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<sup>196</sup> Ukrainian plutocracy exposed at Brussels event, EurActive, 2011, <http://www.euractiv.com/en/east-mediterranean/ukrainian-plutocracy-exposed-brussels-event-news-503718>, relatively stable

<sup>197</sup> Ukraine Remains Divided after Runoff Election, Spiegel online, 2010, <http://www.spiegel.de/international/europe/0,1518,676466,00.html>, 7.5.2011, unstable

<sup>198</sup> Balmforth: Where did Ukraine's Yushchenko go wrong?, Reuters, 2010, <http://www.reuters.com/article/2010/01/11/us-ukraine-election-yushchenko-idUSTRE60A2ZM20100111>, 7.5.2011, unstable

<sup>199</sup> I worked as a OSCE short-term observer during the second round of Ukrainian presidential elections 2010

<sup>200</sup> Ukraine to remain European, says Yanukovich, Radio France International, 2010, [http://www.english.rfi.fr/europe/20100225-ukraine-remain-european-says-yanukovich?quicktabs\\_2=1](http://www.english.rfi.fr/europe/20100225-ukraine-remain-european-says-yanukovich?quicktabs_2=1), 7.5.2011, unstable

during the last year.<sup>201</sup> Just in the second part of 2010, with the reports on local elections and undemocratic steps taken by the administration, the EU started to have doubts about Ukrainian democracy and about Ukrainian commitments to European values.<sup>202</sup> Ukraine has become a classic oligarchy. Some leading business groups are actively involved in politics and are manipulating the political situation for personal gain.<sup>203</sup>

Viktor Yanukovich indeed stabilized the country (economically and politically), foreign policy is coordinated and delegations are ready for negotiations. The EU welcomed this situation but cannot avoid having mixed feelings. Is the stability achieved through authoritarian measures worth supporting?

When the Ukrainian ruling coalition led by Prime Minister Yulya Tymoshenko collapsed in March, giving new President Viktor Yanukovich a chance to form his own coalition<sup>204</sup> which was later created anti-constitutionally, with the help of deputies from other political parties (PoR was accused of corrupted them) which violated the constitution.<sup>205</sup> Some say Ukraine is simply adopting the Russian model.

First year of Yanukovich presidency was marked by severe restrictions on democracy and civil liberties. The decision of Ukraine's Constitutional Court to cancel the amendments made to the Constitution in 2004 and revert the political system to that of 1996 (presidential system) shocked not only Ukrainian society and was interpreted as a "grab for power" or a "return to the Kuchma era."<sup>206</sup> The President now controls all the country's main decision-making centres, ranging from government to local administrations. Democracy is clearly fading. Many cases of pressure on journalists

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<sup>201</sup> Interview with Mrs. Mridula Ghosh, Board Chair of East European Development Institute, Kyiv, November 2010

<sup>202</sup> Interview with Mrs. Mridula Ghosh, Board Chair of East European Development Institute, Kyiv, November 2010

<sup>203</sup> Chopivsky: A prognosis for Ukraine's ebbing democracy, Open Democracy, 2010, <http://www.opendemocracy.net/od-russia/alexa-chopivsky/prognosis-for-ukraines-ebbing-democracy>, relatively stable

<sup>204</sup> Ukraine's Tymoshenko government ousted, Yanukovich seeks allies, EurActive, 2010, <http://www.euractiv.com/en/east-mediterranean/ukraine-s-tymoshenko-government-ousted-yanukovich-seeks-allies-news-304303>, relatively stable

<sup>205</sup> Ukrainian President Viktor Yanukovich forms coalition, BBC NEWS, 2010, <http://news.bbc.co.uk/2/hi/europe/8561531.stm>, 7.5.2011, unstable

<sup>206</sup> Paul: Ukraine - Never a boring moment, EUOBSERVER, 2010, <http://euobserver.com/9/30970>, 7.5.2011, unstable

and civil activists were reported. Again criminal prosecutions with a clear political motivation are used as well as secret services are used to intimidate opposition and critics of the regime.<sup>207</sup> Yulya Tymoshenko faces criminal charges for alleged misuse of state funds and is hated by the new administration of Russia-friendly President Viktor Yanukovich. The opposition is accusing Yanukovich of building a dictatorship.<sup>208</sup>

Local elections do not usually make news in European press, those held in October 2010 in Ukraine managed to attract attention as many attempts, allegedly organized by the ruling Party of Regions, to manipulate the procedure and the results were reported. Viktor Yanukovich was accused of turning the country into a one-party state. On one hand the EU expressed concern about the elections and in general about the stance of democracy<sup>209</sup>, on the other the EU launched a visa liberalisation process for Ukraine, which was presented as big political success for the new administration. At the EU-Ukraine Summit (11/2010) Action Plan on Visa Liberalisation was presented to Ukraine (the first out of 6 EaP partner countries).<sup>210</sup> The plan is structured similarly to Roadmaps given in 2008 to the Western Balkan countries.<sup>211</sup>

According to observers, press freedom has declined sharply in Ukraine since Yanukovich assumed power. International society expressed concern over the disappearance of a Ukrainian journalist and median recalled the Honhadze case. Nico Lange, the director of the Kiev office of the German foundation the Konrad-Adenauer-Stiftung claims that the Sluzhba Bezpeky Ukrayiny (SBU) has created a "climate of fear" in the NGO and media community since Mr Yanukovich came to power. Nico Lange starred in one big Ukrainian scandal which led to dispute with Germany. Nico Lange was detained at Kiev airport for eleven hours when he was coming back to Ukraine. According to him, the detention was ordered by the SBU

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<sup>207</sup> Chopivsky: A prognosis for Ukraine's ebbing democracy, Open Democracy, 2010, <http://www.opendemocracy.net/od-russia/alexa-chopivsky/prognosis-for-ukraines-ebbing-democracy>, relatively stable

<sup>208</sup> Umland: Kyiv's Next Image Problem, Open Democracy, 2010 <http://www.opendemocracy.net/od-russia/andreas-umland/kyiv%E2%80%99s-next-image-problem>, relatively stable

<sup>209</sup> Local Elections in Ukraine: Yanukovich's Consolidation of Power, Konrad-Adenauer-Stiftung, 2010, <http://www.kas.de/ukraine/en/publications/21063/>, 7.5.2011, unstable

<sup>210</sup> The EU-Ukraine Relations, No Visa, 2011, <http://novisa.eu/wp-content/uploads/2011/01/Ukrainebaseline1.pdf>

<sup>211</sup> *ibid*

because of his support to opposition activities and because of his Yanukovych-critical report.<sup>212</sup>

*„The vivid image of democracy - in colour orange - made many Europeans emotionally attached to the idea of Ukrainian EU membership. The country is today facing a dangerous anti-democratic challenge — from the new President’s authoritarian turn on the one hand and from a new right-radical movement on the other.“<sup>213</sup>*

Relations with Russia evidently warmed up. Viktor Yanukovych and his Russian counterpart Dmitry Medvedev agreed to extend the lease of the Russian Black Sea Fleet base in Crimea for another 25 years after 2017, in exchange for a gas imports discount of 30 percent for Kyiv. This act was seen as clearly pro-Russian and Yanukovych was accused of selling out Ukrainian interests to Moscow.<sup>214</sup> The so called Kharkiv deal sent shocked Ukraine as well as Europe. Moreover, Yanukovych rejected the notion that the 1932/33 famine in Ukraine (Holodomor) was an act of genocide against one nation (as Yushchenko was claiming).<sup>215</sup>

Mykola Riabchuk when commenting on Yanukovych policy stated, that *„Yanukovych is carrying on the old post-Soviet tradition of playing with, rather than by, the rules..... striving to monopolise all power completely and eliminate any pluralism, be it political, economic or even religious, cultural and linguistic.“<sup>216</sup>* Moreover according to him, the new ruling elite is *“much more unscrupulous (‘the end justifies the means’) and authoritarian (‘might makes right’) than even Kuchma’s team was. All intellectuals regard Yanukovych with scepticism. Yanukovych is a rough, uncultured, autocratic man, with a very narrow, provincial mindset and virtually no*

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<sup>212</sup> Rettman: Bad smell precedes Yanukovych trip to Brussels, EUOBSERVER, 2010, <http://euobserver.com/?aid=30776>, 7.5.2011, unstable

<sup>213</sup> Umland: Kyiv’s Next Image Problem, Open Democracy, 2010 <http://www.opendemocracy.net/od-russia/andreas-umland/kyiv%E2%80%99s-next-image-problem>, relatively stable

<sup>214</sup> Starozhitskaya: Russia's fleet in Crimea: what's the real deal? Open Democracy, 2010, <http://www.opendemocracy.net/russia%E2%80%99s-fleet-in-crimea-what%E2%80%99s-real-deal>, relatively stable

<sup>215</sup> Polarising Politics in Ukraine, EurActive, 2010, <http://www.euractiv.com/en/east-mediterranean/polarising-politics-ukraine-analysis-493652>, relatively stable

<sup>216</sup> Petz: Ukraine's new regime: The first 200 days, Open Democracy, 2010, <http://www.opendemocracy.net/od-russia/ukraines-new-regime-first-200-days/ingo-petz>, relatively stable

*strategic vision for the country. His first steps realised our worst fears.* <sup>217</sup>

Other Ukrainian news from 2010/2011 were linked especially to EURO 2012 and related problems (poor infrastructure, misusing funds, ...) <sup>218</sup> and to Chernobyl. This issue hit the media again, these reminiscences appeared after the Fukushima catastrophe. <sup>219</sup> And Ukraine is regularly mentioned in relation with Nabucco gas pipeline project which is designed to bypass Russia and Ukraine and reduce Europe's energy dependency on Moscow. Very often the reports recall Ukrainian-Russian gas disputes and the reputation of unreliable country is stressed. <sup>220</sup> Ukraine was praised for its decision to get rid of all highly enriched uranium by 2012. Viktor Yanukovich was one of the main figures at the Nuclear Security Summit in Washington (2010). <sup>221</sup>

How much is the EU confused about the situation in Ukraine we could observe in the process of adopting European Parliament resolution on Ukraine. <sup>222</sup> European Parliament (EP) is known for acting as and actually being monolithic body, integrated and united. Political disputes are not on daily agenda. Members of European Parliament (MEPs) share the objective of increasing EP's powers by voting unanimously on different issues despite representing different ideologies and countries, conflicts inside the body weaken the whole institution. For this reason, every dispute in European parliament is viewed as an essential pre-condition for a truly European system of political representation and raises hopes for the possibility to transform EP into real political arena. The latest big dispute was quite surprisingly over Ukraine. Until recently only "orange" camp (Yushchenko and Tymoshenko were leaders of the Orange Revolution) was advocated and represented in EP and main "anti-orange" subject, Party of Regions (PoR), whose former head is president Viktor Yanukovich (Orange Revolution looser and antihero) used to be isolated and not

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<sup>217</sup> *ibid*

<sup>218</sup> Platini plea to Poland, Ukraine on Euro 2012 preparations, Reuters, 2010, <http://in.reuters.com/article/2010/03/25/idINIndia-47208020100325>, 7.5.2011, unstable

<sup>219</sup> Nuclear crises: How do Fukushima and Chernobyl compare?, The Guardian, 2011, <http://www.guardian.co.uk/world/2011/apr/12/japan-fukushima-chernobyl-crisis-comparison>, 7.5.2011, unstable

<sup>220</sup> EU: South Stream, Nabucco are competitors, United Press International, 2010, [http://www.upi.com/Science\\_News/Resource-Wars/2010/11/22/EU-South-Stream-Nabucco-are-competitors/UPI-97301290461570/](http://www.upi.com/Science_News/Resource-Wars/2010/11/22/EU-South-Stream-Nabucco-are-competitors/UPI-97301290461570/), 7.5.2011, unstable

<sup>221</sup> Kaufman: Ukraine to Get Rid of Weapons-Grade Uranium by 2012, 2010, <http://www.america.gov/st/peacesec-english/2010/April/20100412164953esnamfuak0.5831262.html>, 7.5.2011, unstable

<sup>222</sup> European Parliament resolution on Ukraine, European Parliament, 2011, <http://www.europarl.europa.eu/sides/getDoc.do?type=MOTION&reference=P7-RC-2010-0650&language=EN>, relatively stable

allowed on European soil. But the Orange Revolution supported by the European centre-right parties collapsed and 2010 presidential elections brought new reality.<sup>223</sup> Yanukovich came to power, European Union and thus EP had to react. New Ukrainian administration managed to break the isolation and Prime Minister and leader of PoR Mykola Azarov signed a "Memorandum on Cooperation" with SD, a centre-left political group (October 14).<sup>224</sup> MEPs in the resolution criticised the growth in government influence over the media, together with political "interference" by the secret services and the rushed adoption of new election rules and also *"increasingly worrying signs of a lessening of respect for democracy and pluralism"* in Ukraine.<sup>225</sup> Initially the resolution, originally initiated by EPP, was on the agenda of the October session, which was marked by sharp debates about the proposal. SD were against and if any resolution was to be passed, only their own, softer version. EPP was concerned about *"the rise of attempts at intimidation and growing undemocratic and authoritarian tendencies in Ukraine"*.<sup>226</sup> Ukrainian diplomats were unofficially revealing hopes that the resolution will never be adopted. The resolution was put off and the same happened after the local election. Again, sharp disagreement between the European People's Party and the Socialists led to the second postponement of the vote on the resolution until the next plenary session (22-25 November).<sup>227</sup>

One of the authors of the Socialist version, called the EPP's draft as "unbalanced" and this resolution was seen as "hostile" by the authorities in Kiev.<sup>228</sup> The EPP group reacted by accusing the SD of playing party-political games and accused other groups of having been influenced by Ukrainian lobbying and *"undermining their credentials in terms of human rights and democracy."*<sup>229</sup> In the end the resolution was adopted,

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<sup>223</sup> Ukraine tests its lobbying power in European Parliament, EurActive, 2010, <http://www.euractiv.com/en/future-eu/ukraine-tests-its-lobbying-power-european-parliament-news-499642>, relatively stable

<sup>224</sup> Ibid

<sup>225</sup> MEPs back Ukraine's EU aspirations but warn of "lessening respect for democracy", <http://www.europarl.europa.eu/cs/pressroom/content/20101125IPR00551/html/MEPs-back-Ukraine-s-EU-aspirations-but-warn-of-lessening-respect-for-democracy>, 7.5.2011, unstable

<sup>226</sup> Ukraine tests its lobbying power in European Parliament, EurActive, 2010, <http://www.euractiv.com/en/future-eu/ukraine-tests-its-lobbying-power-european-parliament-news-499642>

<sup>227</sup> ibid

<sup>228</sup> ibid

<sup>229</sup> Sopinska: EP fails for second time to adopt resolution on Ukraine, 2010, <http://www.europolitics.info/external-policies/ep-fails-for-second-time-to-adopt-resolution-on-ukraine-art286965-40.html>, 7.5.2011, unstable

but in much softer version than the original EPP suggestion<sup>230</sup> and has changed nothing. The Ukrainian government keeps demonstrating its willingness to become an EU member and EU is not risking aggravation of relations with Moscow.<sup>231</sup>

The general assessment gave the Economist Intelligence Unit's 2010 democracy index which ranked Ukraine 67th reducing its global rank from 53. Ukraine remained in the category "flawed" democracy but the score has dropped from 6.94 (out of 10) to 6.30. The decline was observed in the score for almost all of the categories that make up the index. "The score for functioning of government has been negatively affected by the moves by the new president, Viktor Yanukovich, to consolidate his power."<sup>232</sup>

Freedom House confirmed the decline and downgraded Ukraine in its annual report to the "partly free" category. Ukraine was rated among free countries for the past five years, but in 2010 Ukrainian performance worsened. *"The reasons for the downgrade are changes in the judicial system, problems during local elections, pressure on journalists and selective justice."*<sup>233</sup>

Journalists are complaining of censorship.

*„Most TV networks are now owned by oligarchs friendly to Yanukovich. The most-watched Inter channel belongs to the head of the SBU, Valery Khoroshkovsky. Following a Presidential Decree in May, Khoroshkovsky also serves on the High Council of Justice, the body which appoints judges. Both are conflicts of interest incompatible with democracy. ....The International Press Institute wrote to Yanukovich "to express its concern at (a) significant deterioration" in press freedom. Reporters without Borders has warned of disturbing recent trends in censorship, political pressure, and physical attacks on journalists in Ukraine. ...in August, newspaper editor Vasyl Klymentyev, a well-known critic of the authorities,*

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<sup>230</sup> European Parliament resolution of 25 November 2010 on Ukraine, <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2010-0444+0+DOC+XML+V0//EN>, relatively stable

<sup>231</sup> Yaroviy: Kremlin helps Yanukovich around Strasbourg, 2010, <http://kyivweekly.com.ua/pulse/world/2010/11/29/170445.html>, 7.5.2011, unstable

<sup>232</sup>The Economist Intelligence Unit: Ukraine politics: A very flawed democracy, 1/2011, [http://www.eiu.com/index.asp?layout=VWArticleVW3&article\\_id=347718419&region\\_id=450000445&country\\_id=980000298&channel\\_id=210004021&category\\_id=&refm=vwCh&page\\_title=Channel+Latest&rf=0](http://www.eiu.com/index.asp?layout=VWArticleVW3&article_id=347718419&region_id=450000445&country_id=980000298&channel_id=210004021&category_id=&refm=vwCh&page_title=Channel+Latest&rf=0), relatively stable

<sup>233</sup> Ukrainian Catholic University: Freedom House visits Ukraine for additional assessment, 2011, <http://ucu.edu.ua/eng/news/618>, relatively stable

*disappeared. ...journalist's disappearance, which is being investigated as a possible murder.*<sup>234</sup>

*“In the recent World Press Freedom Index for 2010, Ukraine has slipped to 131st place. In 2008 it was ranked 87th and in 2009 90th. In their accompanying report the publishers, Reporters without Borders, attribute the slippage to the gradual erosion of press freedom in Ukraine since Viktor Yanukovich was elected president in February 2010.”*<sup>235</sup>

The Parliamentary Assembly of the Council of Europe (PACE) published a critical report on human rights and freedom of speech in Ukraine.

*„The committee expresses its concern about the increasing number of allegations that democratic freedoms, such as freedom of assembly, freedom of expression and freedom of the media, have come under pressure in recent months. It therefore calls upon the authorities to investigate all allegations of infringements of rights and freedoms and remedy any violations found, and stresses that any regression in the respect for or protection of democratic freedoms and rights would be unacceptable.”*<sup>236</sup>

The IMAGE independent variable is “**negative**”.

### **3.6.1.2. Economic interdependence between the EU and Ukraine**

Experts praise the government for bringing stability after years of squabbling under former President Viktor Yushchenko and his Prime Minister Yulya Tymoshenko. The government started the much needed economic reforms. FDI are again on the rise as the country is slowly recovering. But the FDI were never huge but rather miniscule compared to the investment pouring into to other developing economies. But the

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<sup>234</sup> Chopivsky: A prognosis for Ukraine's ebbing democracy, Open Deocracy, 2010, <http://www.opendemocracy.net/od-russia/alexa-chopivsky/prognosis-for-ukraines-ebbing-democracy>, relatively stable

<sup>235</sup> Kolodiychik: Freedom of expression in Ukraine: a disappearing commodity? Open Democracy, 2010, <http://www.opendemocracy.net/od-russia/iryna-kolodiychyk/freedom-of-expression-in-ukraine-disappearing-commodity>, relatively stable

<sup>236</sup> Parliamentary Assembly: The functioning of democratic institutions in Ukraine, Doc. 12357, 2010 <http://assembly.coe.int/Main.asp?link=/Documents/WorkingDocs/Doc10/EDOC12357.htm>, relatively stable

formation of the new government raised hopes of an end to the chronic political instability. Standard and Poor's, in reaction to this, lifted Ukrainian debt ratings from a level deemed vulnerable to default<sup>237</sup> and this brought back some confidence to investors. The European Business Association's investment attractiveness index has crawled upward since the presidential election last year, and has now reached the level of 2008, before the crisis hit. The International Monetary Fund renewed work with Ukraine last year, which provides a strong stimulus for reforms (cutting the deficit, strengthening the financial sector and modernising the energy network).<sup>238</sup>

The Ukrainian economy recovered in the first quarter of 2010. Ukraine slowly recovered in 2010 and GDP grew by 3.7%, compared to critical -15.1% in 2009. Hand in hand with the economic recovery, export from the EU to Ukraine went slightly up to €17.3 billion compared to €13.9 billion in 2009. Ukrainian export to the EU copied the import scheme. In 2009 the number fell down to just €7.9 billion (0.7% of total EU imports), compared to €14.5 billion in 2008. In 2010 the export went slightly up to 11.5 billion (0.8% of total EU imports).<sup>239</sup>

External trade in 2010. Export to EU countries increased by 37.5% compared to 2009 and import from EU countries increased by 24.1%. Main partners traditionally were Italy, Poland, and Germany. The volume of FDI coming to Ukraine from EU countries was 35.2 bn USD and main investors are Cyprus (for the reason I already mentioned), Germany, and Netherlands.<sup>240</sup>

The EU is one of Ukraine's biggest commercial partners and accounts for about one third of its external trade. The EU was a strongly supporting Ukrainian WTO membership, which happened in 2008 and right after that, the EU and Ukraine immediately launched negotiations for an agreement on a deep and comprehensive

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<sup>237</sup> France 24: S&P raises Ukraine ratings on new-found stability, 2010, <http://www.france24.com/en/20100312-sp-raises-ukraine-ratings-new-found-stability>, 7.5.2011, unstable

<sup>238</sup> Panova, Shamota: Wanted: Business-friendly climate, more investment, 2011, [http://www.kyivpost.com/news/business/bus\\_focus/detail/96290/#ixzz1JIFq3300](http://www.kyivpost.com/news/business/bus_focus/detail/96290/#ixzz1JIFq3300), 7.5.2011, unstable

<sup>239</sup> Ukraine, main economic indicators, [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113459.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113459.pdf), relatively stable

<sup>240</sup> Міністерство економічного розвитку і торгівлі України: Стан зовнішньоекономічних відносин України із країнами ЄС, 2010, [http://www.ukrexport.gov.ua/ukr/vnishno\\_t\\_balans/ukr/5047.html](http://www.ukrexport.gov.ua/ukr/vnishno_t_balans/ukr/5047.html)

free trade area (DCFTA), part of the Association Agreement. The document is designed to give Ukraine's a stake in the EU internal market but many areas of disagreement between the parties are well known. They include transport, Ukrainian grain exports and protection of geographical indicators in trade brands (cognac and champagne).<sup>241</sup> President Yanukovich expects to sign the document by the end of the year and is doing his best to finalise. But the positions of the EU and Ukraine are so far from any compromise.

Ukrainian administration was able to reach agreement with IMF<sup>242</sup> to get another programme and EU consequently released the frozen loan of 600 million Euro<sup>243</sup>. Ukrainian economic performance is basically much better and again I have to recall that exactly the opposite we can observe with the state of democracy.

The ECONOMY independent variable is “**slightly increasing**”.

### **3.5.2. Dependent variable**

#### **3.5.2.1. Development of EU-Ukraine relations**

"What to offer to Ukraine" was the most frequented question that EU has kept asking since Viktor Yanukovich became Ukrainian president in February 2010. Ukraine under his rule is evidently backsliding on democracy and one might expect strong EU position on this decline. But paradoxically, the European Union that fights wars in the name of democracy, welcomes new Ukrainian leaders and is more generous to less democratic Ukraine with a pro-Russian president than Brussels was to more democratic Ukraine with pro-Western president. The key word here may be "pro-Russian".

The new Ukrainian administration led by President Viktor Yanukovich informed Brussels that there will be "*no more automatism*" for Ukraine to align with EU

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<sup>241</sup>Solodkyy: EU-Ukraine pact: limits to compromise, Institute of World Policy, <http://iwp.org.ua/eng/public/351.html>, relatively stable

<sup>242</sup>IMF Completes First Review Under Stand-By Arrangement with Ukraine and Approves €1.2 Billion Disbursement, IMF Press release, 2010, <http://www.imf.org/external/np/sec/pr/2010/pr10511.htm>, relatively stable

<sup>243</sup>EU to allocate Ukraine \$853 million in aid, RIA Novosti, 2010, <http://en.rian.ru/world/20101104/161214476.html>, 7.5.2011, unstable

positions.<sup>244</sup> Brussels is worried that Ukraine's stated ambition to join the union is no longer true which fuels EU fears that Ukraine will get much closer to Russia. Fears of "renaissance of the USSR" brought Ukraine very much back on the Brussels agenda. According to press reports, Yanukovich is considering a Russian offer to open negotiations on establishing a customs union with Russia, Kazakhstan and Belarus,<sup>245</sup> recently Gazprom said it would treat Ukraine as a domestic consumer, cutting its gas bills by \$8 billion (€5.59 billion) per year, if it joined the customs union.<sup>246</sup>

The EU reaction is to offer more in terms of upgraded relations. In April 2010 the EU Visa Code came into force. The Visa Code is designed for improving standards of cooperation in visa issue with third countries.<sup>247</sup> Ukraine became fully fledged member of European Energy Community (2/2011). "*Being an important gas transit country, the accession of Ukraine will have a positive impact on the European security of energy supply, which is a win-win situation for all participants in the process.*"<sup>248</sup>

*„So far, the Western governments have tacitly accepted the parliamentary coup d'état – probably frustrated by the political instability, internecine wars between the president and the prime minister, and the permanent fruitless elections. They appear to give Yanukovich carte blanche for future reforms, which may be misread by his team as a licence for further violations of the law and curtailing civic freedoms. (Riabchuk)“<sup>249</sup>*

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<sup>244</sup>European Forum : EU Enlargement Commissioner warns of divergence with Turkey and Ukraine, 2010, [http://www.europeanforum.net/news/913/eu\\_enlargement\\_commissioner\\_warns\\_of\\_divergence\\_with\\_turkey\\_and\\_ukraine](http://www.europeanforum.net/news/913/eu_enlargement_commissioner_warns_of_divergence_with_turkey_and_ukraine), 7.5.2011, unstable

<sup>245</sup>Centre for Eastern Studies: The negotiations on the eU-Ukraine association agreement and Russia, East Week 4/2011, [http://www.osw.waw.pl/sites/default/files/EastWeek\\_249.pdf](http://www.osw.waw.pl/sites/default/files/EastWeek_249.pdf), relatively stable

<sup>246</sup>Russia plays gas card to keep Ukraine in its club, EurActive, 2011, <http://www.euractiv.com/en/enlargement/russia-plays-gas-card-keep-ukraine-club-news-503910>, relatively stable

<sup>247</sup>Chmelařová, Trlifajová: Vliv vízové politiky na obraz České republiky a EU na Ukrajině, 2010, <http://www.migraceonline.cz/e-knihovna/?x=2257816>, relatively stable

<sup>248</sup>Ukraine becomes fully fledged member of Energy Community, ENPI info centre, 2011, [http://enpi-info.eu/maineast.php?id=23941&id\\_type=1&lang\\_id=450](http://enpi-info.eu/maineast.php?id=23941&id_type=1&lang_id=450), relatively stable

<sup>249</sup>Petz: Ukraine's new regime: the first 200 days, Open Democracy, 2010, <http://www.opendemocracy.net/od-russia/ukraines-new-regime-first-200-days/ingo-petz>, relatively stable

The European Union offered Ukraine an Action Plan on visa-free travel in November 2010.

Yanukovych scored a diplomatic victory on visa-free travel at a summit in Brussels and the technical document was interpreted as a political breakthrough in Ukraine, something that the previous administration could not achieve. So, even though the negotiations started under Yushchenko, it is Yanukovych who is enjoying the fruits and the EU is (un)intentionally helping him to build a positive image of successful leader.

The EU POLICY dependent variable is cautious but **“positive”**.

These days, Ukrainian overall image is not clear. What the EU finds attractive and appreciates is the stability, political as well as economical. Ukrainian representatives speak in one voice on the international arena, they are professional and ready for negotiations, the country is recovering from the global economic crisis and was able to find common language with the IMF. Economic bilateral relations have been restarted after the financial crisis. But in terms of democracy the trend is evident and unsatisfactory. The regime is clearly backsliding on democracy, fundamental freedoms and human rights are violated, former members of government arrested, opposition is persecuted and media are under control. But the EU's fear of losing the influence in Ukraine because of more pro-Russian Yanukovych policy, is paradoxically working in favour of Ukrainian EU integration. Political bilateral relations have not slowed down as we could have expected, on contrary. Visa facilitation agreement was signed in November 2010, trade free zone agreement is to be signed later this year (2011) as well as the Association Agreement. President Yanukovych, who is blamed for not respecting democratic standards, scores points.

Here again we find evidence that the correlation between the ECONOMY independent variable (“slightly increasing”) and the EU POLICY dependent variable is (“cautious but positive”) is stronger than correlation between the IMAGE independent variable is (“negative”) and the EU POLICY dependent variable

## **4. TESTING ON SELECTED EXAMPLES**

I have chosen two countries with different attitudes towards Ukraine and the possibility of Ukrainian EU membership. France is the most vocal opponent of the perspective, The Czech Republic is rather “mute” and not clear on this issue but is not dismissing the idea. What factors influence their policy? Again I will try to identify what correlation, IMAGE independent variable - FRENCH (CZECH) POLICY dependent variable or ECONOMY independent variable - FRENCH (CZECH) POLICY dependent variable, is stronger. In this case, I will focus just on two periods, Yushchenko I. (2005/2006) and Yanukovich (2010/2011) because these two clearly show the difference in the IMAGE independent variable.

### **4.1. France**

#### **4.1.1. Ukrainian Image in France**

In France, Ukraine is not very well-known country and French society perceives Ukraine through Russian lenses as a former Russian region and the entire "Russian" aura (soviet mentality, corruption, poverty ...) spreads over Ukraine as well. Even influential think tanks and institutes specialize in Russia, Ukraine and other CIS are part of Russian studies. The feeling that who knows Russia, knows Ukraine still prevails. Therefore it is really important to brand the country in order to distinguish itself from Russia and Poland. The average Frenchman is not always able to distinguish the cultural differences between these countries. Old generation of French politicians like Jacques Chirac, kept the conservative “Russia first policy” and did not want to see the specifics of Central and Eastern European countries. On contrary, the young generation (Nicolas Sarkozy) showed more interest in these countries.<sup>250</sup> But still the French priority remains the Mediterranean Initiative and former French colonies. Ukraine associates with tensions with Russia over gas prices and with gas wars, most of the news are linked to Russia and not devoted primarily to Ukraine. Corruption, low level of standard of living, different mentality (Ukrainian emotionality versus French pragmatism), energetic dependency on Russia, problems

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<sup>250</sup> Європейський простір: Українсько-французькі відносини: „треба сподіватися на молодих політиків“ <http://eu.prostir.ua/library/19642.html>, relatively stable

linked to EURO 2012, immigration, Chernobyl, instability in business sphere, discrepancy between Ukrainian legislation and European law, etc.

The orange Revolution changed the situation; Ukrainian democratic achievements were recognized in France. Ukraine made its way to French news and after long time the coverage was positive, analysis, publications and public discussion devoted to Ukraine or the Orange revolution appeared. President Yushchenko visited Paris twice in 2005 and he never forgot to mention that Ukraine belongs to Europe and Ukrainian commitment to European values. France must have fully understood Ukrainian aspiration, but did not react and did not change the dismissive policy.<sup>251</sup>

The independent variable IMAGE I assess as „**positive**“ during the Yushchenko I. era (2005/2006).

Following the Yanukovych election, Ukrainian "Europeaness" started to be questioned. Despite the fact, that President Yanukovych is praised for stabilizing the country, backsliding on democracy is undeniable. I would only repeat myself if I was to describe the state of current Ukrainian democracy.

Therefore the independent variable IMAGE for the Yanukovych era is assessed as „**negative**“.

#### **4.1.2.Economic Interdependence between Ukraine and France**

Economic relations between Ukraine and France still fall short of its possibilities and compared to business from other Western countries, companies from France entered the

Ukrainian market relatively late. French companies began actively entering Ukraine after the Orange Revolution. French priority sectors on Ukrainian market are energetic, transportation, and infrastructure. And significant portion of Ukraine's banking and food industry businesses is in French hands.<sup>252</sup> Prime Minister Yulya

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<sup>251</sup> Mitrofanova: Les Consequences de la Revolution Orange sur la Politique exterieure de l'Ukraine, Thucydide en ligne, 2006, <http://www.afri-ct.org/Les-consequences-de-la-revolution?lang=fr>

<sup>252</sup> French business focus on finance and food,

Tymoshenko played key role in attracting French investors into Ukraine. *"It is a fact that Tymoshenko, during her previous stint as prime minister, had a very productive and well-organized relationship with the French authorities and the biggest French companies"* <sup>253</sup> Major French banks (BNP, SG, Calyon) massively invested in Ukraine in 2006, consequently French investment stocks accelerated. France's position among foreign investors improved from 21st and by the end of 2006, France placed eighth in the Ukrainian government's official list of source countries for foreign direct investments.<sup>254</sup> In 2006 about \$740 million was invested into Ukraine, *„eight times more than the prior year, largely the result of the post-Orange appreciation of business assets."*<sup>255</sup>

Bilateral trade increased 2.6 times from 2000 to 2005 (1.121 M € in 2006). France was the 12th largest trading partner of Ukraine, after Russia, Germany, Italy, Turkmenistan, Poland and the United States (9th). French export trade surplus reached € 462.6 million in 2006, Ukraine thus became the 50th customer of France (53rd in 2005) and its 73rd provider (77th in 2005). Ukraine takes the 22nd place and excess balances French. With 2.2% market share, France in 2005 was the eighth Ukrainian supplier, after Russia, Germany, Turkmenistan, China, Poland, Italy, Belarus (the fourth in Europe) and became the 25th largest Ukrainian customer (40th in 2005).<sup>256</sup>

The end of 2007 confirmed the growth but overall, French FDI into Ukraine represent just 4-5% share of the total.<sup>257</sup> For Ukraine, France is important economic partner, in 2009 France was 12th biggest Ukrainian trade partner, on contrary for France, Ukraine is not. In 2009, France was the 6th biggest EU investor in Ukraine (1.64 bn USD), after Cyprus, Germany, Netherlands, Russia and Austria. The volume of

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[http://www.freshplaza.com/news\\_detail.asp?id=4594#SlideFrame\\_1](http://www.freshplaza.com/news_detail.asp?id=4594#SlideFrame_1), 7.5.2011, unstable

<sup>253</sup> Big French investors make their way to Ukraine,

[http://www.freshplaza.com/news\\_detail.asp?id=15084#SlideFrame\\_1](http://www.freshplaza.com/news_detail.asp?id=15084#SlideFrame_1), 7.5.2011, unstable

<sup>254</sup> France Diplomatie: Economic Relations, [http://www.diplomatie.gouv.fr/en/country-files\\_156/ukraine\\_600/france-and-ukraine\\_2489/economic-relations\\_6563/index.html](http://www.diplomatie.gouv.fr/en/country-files_156/ukraine_600/france-and-ukraine_2489/economic-relations_6563/index.html), relatively stable

<sup>255</sup> Big French investors make their way to Ukraine, 2008,

[http://www.freshplaza.com/news\\_detail.asp?id=15084#SlideFrame\\_1](http://www.freshplaza.com/news_detail.asp?id=15084#SlideFrame_1)

<sup>256</sup> Ambassade de France en Ukraine, Présentation générale de l'Ukraine, <http://ambafrance-ua.org/spip.php?article38>, relatively stable

<sup>257</sup> Міністерство економічного розвитку і торгівлі України: Стан інвестиційного співробітництва між Україною та Францією (2010 р.),

[http://www.ukrexport.gov.ua/ukr/analiz\\_inv\\_spivirobnictva/fra/5039.html](http://www.ukrexport.gov.ua/ukr/analiz_inv_spivirobnictva/fra/5039.html)

French FDI was still four times smaller than Germany's volume of investment and even 2.5 times less than of Netherland, country much smaller than France.<sup>258</sup>

There are about 300 French businessmen in total in Ukraine. French companies Vinci and Bouygues (Novarka consortium) are building a new sarcophagus to cover the Chernobyl plant.

The deal was signed in 2007 and was worth 505 million USD.<sup>259</sup>

Among the biggest French companies in Ukraine are two banks. Credit Agricole SA group which owns „Indeks Bank“ and „Calyon Bank“ and BNP Paribas. BNP Paribas paid about \$500 million in 2006 for a 51 percent stake in a top Ukrainian bank „UkrSybbank“ which is the largest French acquisition in Ukraine.<sup>260</sup> Furthermore Société Générale owns „ProstFinans Bank“ and bank „Ikar“.<sup>261</sup> After banking, Ukraine's food industry is the second largest recipient of French investments into Ukraine. Lactalis, Bongrain, Danone, and Fromagerie Bel have purchased production facilities in Ukraine in recent years.<sup>262</sup> First Auchan supermarkets were opened in Ukraine. French investors are interested in agriculture sector (companies like Euralis, Mais-Adour, Soufflet, Malteurop) as well as in the sector of energy (Schneider Electric, Francem, Électricité de France (EDF), Gas de France (GDF), Alstom).<sup>263</sup> These companies offer consulting services, technical solutions, and participate in modernization of Ukrainian energetic infrastructure.

And especially in nuclear energy sector, French experience is invaluable. Recently, representatives of Ukraine's national nuclear power company Energoatom and French nuclear corporation Areva discussed the prospects for cooperation. Ukraine plans to increase the capacity of nuclear power plants and Areva could provide Ukraine with equipment for VVER-type of reactors.<sup>264</sup> Bilateral cooperation in aviation and

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<sup>258</sup> Міністерство економічного розвитку і торгівлі України: Стан інвестиційного співробітництва між Україною та Францією (2010 р.),

[http://www.ukrexport.gov.ua/ukr/analiz\\_inv\\_spivrobniictva/fra/5039.html](http://www.ukrexport.gov.ua/ukr/analiz_inv_spivrobniictva/fra/5039.html)

<sup>259</sup> France Diplomatie: Economic Relations, [http://www.diplomatie.gouv.fr/en/country-files\\_156/ukraine\\_600/france-and-ukraine\\_2489/economic-relations\\_6563/index.html](http://www.diplomatie.gouv.fr/en/country-files_156/ukraine_600/france-and-ukraine_2489/economic-relations_6563/index.html), relatively stable

<sup>260</sup> Big French investors make their way to Ukraine, 2008, [http://www.freshplaza.com/news\\_detail.asp?id=15084#SlideFrame\\_1](http://www.freshplaza.com/news_detail.asp?id=15084#SlideFrame_1)

<sup>261</sup> The National Institute for Strategic Studies, <http://www.niss.gov.ua/articles/295/>, relatively stable

<sup>262</sup> Big French investors make their way to Ukraine, 2008, [http://www.freshplaza.com/news\\_detail.asp?id=15084#SlideFrame\\_1](http://www.freshplaza.com/news_detail.asp?id=15084#SlideFrame_1)

<sup>263</sup> The National Institute for Strategic Studies, <http://www.niss.gov.ua/articles/295/>

<sup>264</sup> Areva provides Ukraine with equipment for VVER reactors, <http://www.ukrainians.ca/hot/44945->

military-technical sphere is developing as well. Dassault's software solutions are used by ANTK „Antonov“. Several French companies, such as Thales and Crouzet Automatismes participate in the modernization of AN (AN-74 AN-70, etc.) aircrafts, equipping them with modern avionics as well as in manufacturing of new models (AN-148).<sup>265</sup>

Recently, agricultural export quotas demanded by Ukraine are seen to be unacceptably high in France. French diplomat say this is preventing the completion of a free trade agreement with the European Union.<sup>266</sup>

French-Ukrainian economic relations are weak, France does not enjoy comparatively relevant commercial exchanges with Ukraine as it does with Russia.<sup>267</sup> Russia is the biggest trade partner in the region and Ukraine cannot really compete. Russia belongs to France's five target countries, state's program aimed at improving trade relations started in 2006. Sarkozy supported Total's participation in the exploitation of the Chtokman gas field (with Gazprom) in 2007. After that the Franco-Russian trade boomed.<sup>268</sup> French companies are taking part in building energy facilities, France took a pro-South Streamline position in the European pipelines debates.<sup>269</sup> French energy companies EDF and GDF actively support the implementation of major Russian gas transportation projects. GDF became one of the shareholders of the Nord Stream in 2009 and EDF participates in the "South stream."<sup>270</sup> Implementation of these projects that are planned to bypass Ukraine, does not meet Ukrainian interests. „*Air France and Aeroflot are strengthening their partnership, while Alstom gears up to buy 25 % of the Russian Transmashholding, ahead of a renovation of the Russian rail network... French remains behind the Germans and even the Italians in*

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areva-provides-ukraine-with-equipment-for-vver-reactors.html, 7.5.2011,unstable

<sup>265</sup> The National Institute for Strategic Studies, <http://www.niss.gov.ua/articles/295/>, relatively stable

<sup>266</sup> France: Ukraine demands on agricultural quotas blocking trade deal , [http://www.monstersandcritics.com/news/business/news/article\\_1622231.php/France-Ukraine-demands-on-agricultural-quotas-blocking-trade-deal](http://www.monstersandcritics.com/news/business/news/article_1622231.php/France-Ukraine-demands-on-agricultural-quotas-blocking-trade-deal), 7.5.2011,unstable

<sup>267</sup> Braghiroli, Carta: The EU's attitude towards Russia: condemned to be divided? An analysis of the Member States and Members of the European Parliament's preferences, [www.jhubc.it/ecpr-riga/virtualpaperroom/042.pdf](http://www.jhubc.it/ecpr-riga/virtualpaperroom/042.pdf)

<sup>268</sup> Clerc:Trade, trade, trade - Russia from a French perspective in 2010

Pan-European Institute, Expert article 624 Baltic Rim Economies, 2010,

[http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/BRE2010/BRE%205%202010/BRE%205%202010\\_36.pdf](http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/BRE2010/BRE%205%202010/BRE%205%202010_36.pdf)

<sup>269</sup> Braghiroli, Carta: The EU's attitude towards Russia: condemned to be divided? An analysis of the Member States and Members of the European Parliament's preferences, [www.jhubc.it/ecpr-riga/virtualpaperroom/042.pdf](http://www.jhubc.it/ecpr-riga/virtualpaperroom/042.pdf)

<sup>270</sup> The National Institute for Strategic Studies, <http://www.niss.gov.ua/articles/295/>

*Russia, but the political leadership works actively to improve the situation* <sup>271</sup>

ECONOMY independent variable is „**slightly increasing**“ for both periods.

### **4.1.3. French Position on the Possibility of Ukraine's Membership**

One of the most perspective ways of realization of the Ukrainian European integration strategy is systematic deepening of bilateral relations with EU member countries and among them, France is one of the most important. France plays one of the main roles in UA membership perspectives and is opposing it. France supported Ukraine to join the WTO, it happened. France supported Ukrainian association agreement, it happened. France did not want Ukraine to be given the NATO MAP and it did not happen. France does not want Ukraine to be offered an EU membership perspective and it is not happening,

French-Ukrainian relations are formalized in the so-called road map (2010-2012).<sup>272</sup> French-Ukrainian relations are quite asymmetric and what perfectly reflects the fact how the countries are important one for another, is the small number of French materials and sources on information on the compared to Ukrainian frequency. And the asymmetry is demonstrated in the evident disproportion in dynamics of Ukrainian-French political contacts as well. Ukrainian presidents paid visit (official or working) to France at least nine times, from French side it was just Jacques Chirac who came in 1998.

O. Mitrofanova<sup>273</sup> identified five periods in French-Ukrainian relations and I added one.

First period (1991-1996) is characterized by incomprehensive Ukrainian policy and

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<sup>271</sup> Clerc: Trade, trade, trade - Russia from a French perspective in 2010  
Pan-European Institute, Expert article 624 Baltic Rim Economies, 2010,  
[http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/BRE2010/BRE%205%202010/BRE%205%202010\\_36.pdf](http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/BRE2010/BRE%205%202010/BRE%205%202010_36.pdf)

<sup>272</sup> Дорожня карта. між Україною та Францією на період 2011-2012 років,  
[http://www.kmu.gov.ua/control/uk/publish/article%3Fart\\_id=223285917&cat\\_id=223280190](http://www.kmu.gov.ua/control/uk/publish/article%3Fart_id=223285917&cat_id=223280190)

<sup>273</sup> Митрофанова О. Политическое измерение француско-украинских отношений,  
[http://www.nbuv.gov.ua/portal/Soc\\_Gum/dsp/2009\\_48/mitrofanova.pdf](http://www.nbuv.gov.ua/portal/Soc_Gum/dsp/2009_48/mitrofanova.pdf)

well-known unreliability. France did not have clear strategy on Ukraine and Ukraine was seen as an ordinary post-communist country in the Russian orbit.

In the second period (1997-2000) France became more active in relation to Ukraine which started to impose reforms, moreover Russian president Boris Yeltsin and his unpredictable policy and behaviour made Ukraine more attractive and French investors intuitively turned to the new market. But still this no "boom" happened as French President Jacques Chirac (presidency 1995-2007) was conservatively pro-Russian.

But Ukraine ruined slowly its improving image during 2001-2004 due to scandal with Kolchuga and the murder of Honhadze. And especially when Vladimir Putin who was seen as reformator made Russia rise again, France consequently turned its back on Ukraine.

In 2005 the situation changed again. The Orange Revolution represents a breaking point in perception of Ukraine, France started to discover Ukraine, Ukrainian events were opening the news and French companies again got interested in Ukrainian market. But the French establishment remained rather cool. The Orange Revolution activated debates about Ukrainian EU membership perspectives, and when Ukraine really did reveal its intention to join the EU, France was one of the first countries to speak against.

From 2006 till 2010 Ukraine was floundering in political and economic crisis, the disillusionment from the Orange Revolution was huge. Not even the new French president Nicolas Sarkozy, who is trying to understand the region in its diversity and elaborate his own policy on Ukraine, could help and significantly change the situation.<sup>274</sup> In his foreign policy programme, Nicolas Sarkozy proposed to "unite European continent to Kyiv"<sup>275</sup> Even though the picture of instable, unpredictable as well as unreliable country (gas wars with Russia) prevailed, the reputation of Ukrainian politicians, president Yushchenko and PM Tymoshenko, was positive in France and Ukraine was still enjoying the democratic achievements of the Orange

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<sup>274</sup> Митрофанова О. Политическое измерение французско-украинских отношений, [http://www.nbuv.gov.ua/portal/Soc\\_Gum/dsp/2009\\_48/mitrofanova.pdf](http://www.nbuv.gov.ua/portal/Soc_Gum/dsp/2009_48/mitrofanova.pdf)

<sup>275</sup> СОКОЛОВ: Україна–Франція: соціально-політичні, економічні та культурно-освітні відносини, <http://www.viche.info/journal/1742/>, 7.5.2011, unstable

Revolution.

The FRENCH POLICY dependent variable DURING Yushchenko I. era I assess as „**dismissive**“.

In 2010 when new Ukrainian president Viktor Yanukovich came to power, stabilized the country, evidently improved the atmosphere in relations between Ukraine and Russia and moreover when Ukraine formally dropped its NATO membership bid France welcomed the situation, France welcomed the move.<sup>276</sup> In general, given the close relationship with Russia, the normalization of Russian-Ukrainian relations and overcoming the confrontation is really important, so we can expect friendlier French attitude towards Ukraine under Yanukovich. President Viktor Yanukovich paid an official visit to France in October 2010 and met with French President Nicolas Sarkozy. The Road Map of the Ukrainian and French relations in 2011-2012 was signed and Ukrainian President Viktor Yanukovich invited French companies to invest in Ukraine, while speaking before the members of the Movement of the French Enterprises.<sup>277</sup> The so called MEDEF is the French association of entrepreneurs, which includes the heads of over 750,000 French companies. Yanukovich sees the opportunity especially in building-up facilities and infrastructure for oncoming European football championships EURO 2012. France supports the idea of modernizing the Ukrainian gas transport system and Ukraine is fully open to French participation in the discussion of the modernization projects of Ukrainian gas transport system as well as Ukraine is interested in French experience in the energy sector, especially in the field of nuclear energy development.<sup>278</sup>

The FRENCH POLICY dependent variable during Yanukovich era I assess as „**cautious but negative**“.

What are the factors influencing French position on Ukraine? In general, negative

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<sup>276</sup> Україна-Франція: відносини "суто формальні", BBC, 2010, [http://www.bbc.co.uk/ukrainian/news/2010/10/101008\\_france\\_yanukovich\\_is.shtml](http://www.bbc.co.uk/ukrainian/news/2010/10/101008_france_yanukovich_is.shtml), 7.5.2011, unstable

<sup>277</sup> Официальный визит Януковича во Францию, Киевский центр политических исследований и конфликтологии, 2010, <http://www.analitik.org.ua/rus/current-comment/ext/4cbc6173140ea/>, 7.5.2011, unstable

<sup>278</sup> Официальный визит Януковича во Францию, Киевский центр политических исследований и конфликтологии, 2010, <http://www.analitik.org.ua/rus/current-comment/ext/4cbc6173140ea/>

consequences of the Eastern enlargement had impact on French position and nowadays France is not favouring further enlargement. Specific factors influencing French-Ukrainian relations are: Ukrainian size and population. The enlargement would be costly (administratively as well as economically), the structure of Ukrainian economy (agriculture and aviation) make Ukraine natural competitor for France.

Historically Ukraine does not belong to French zone of geopolitical interests, moreover French traditional partner in the region is Russia and France respects Russian sphere of interest and in order to maintain good relations with Moscow, France is rather passive in relation to Ukraine. Ukrainian issue is sensitive and could easily become a factor in competing with Russia.

Russia considers “of key significance”<sup>279</sup> the relations with Germany, France, Spain and Italy.

And these “strategic partners” indeed (but also the Netherlands and Belgium) proved to be particularly keen not to hurt Russia's sensitiveness on the issue. During the NATO Summit in Bucharest (4/2008). France voiced clearly and firmly not to favour Georgia and Ukraine's accession to NATO and in contrast to the US' will, the accession of Ukraine and Georgia had been delayed in order to take in due respect “Russia's legitimate security concerns”.<sup>280</sup> No wonder France was against. Paris is traditionally against NATO enlargement and in favour of strengthening the EU defence structures, trying to balance the dominance of the USA in NATO. Consequently, Paris is not interested in Ukraine being a member of NATO but in deeper military cooperation on bilateral basis. Ukrainian forces in Bosnia, for instance, were operating in the French "responsibility" zone, Ukrainian officers are trained in the French military colleges.<sup>281</sup>

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<sup>279</sup> Braghiroli, Carta: An Index of Friendliness toward Russia: An Analysis of the Member States and Member of the European Parliament's Positions, Electronic Publications of Pan-European Institute, 2009, [http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Braghiroli\\_and\\_Carta\\_1509\\_web.pdf](http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Braghiroli_and_Carta_1509_web.pdf)

<sup>280</sup> Braghiroli, Carta: An Index of Friendliness toward Russia: An Analysis of the Member States and Member of the European Parliament's Positions, Electronic Publications of Pan-European Institute, 2009, [http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Braghiroli\\_and\\_Carta\\_1509\\_web.pdf](http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Braghiroli_and_Carta_1509_web.pdf)

<sup>281</sup> Соскіна: Партнерство заради безпеки: досвід країн НАТО та українська перспектива? Інститут трансформації суспільства, ISBN 978-966-8534-04-1, Kyiv 2007. – 336 с.

But the recent activism of the EU French Presidency in the Russian-Georgian crisis proves the importance that France has historically attached to its relations with Moscow.

In order to categorize countries on a scale of friendliness towards Russia, they elaborated an index with attitudes from 0 to 1, whereas 0 indicates the lowest rate of friendliness towards Russia and 1 the highest. They divided EU member countries into 4 groups, labelled them “the Eastern divorced”(Estonia 0, Lithuania 0, Poland 0.09, Latvia 0.14, **Czech Republic 0.17**, Slovakia 0.21), “vigilant critics” ((Romania 0.38, Slovenia 0.38, Sweden 0.40, Bulgaria 0.43, Hungary 0.45, United Kingdom 0.47), “acquiescent partners” (Portugal 0.55, Denmark 0.62, **France 0.62**, Ireland 0.62, The Netherlands 0.62, Belgium 0.69, Germany 0.69, Spain 0.69, Luxembourg 0.69, Finland 0.74) and “loyal wives”(Italy 0.76, Austria 0.78, Greece 0.90).<sup>282</sup>

The evidence of French-Russian ties "leaked" out in the "cablegate" affair. According to the cable, *"France threatened to harm a flagship EU policy for post-Soviet countries shortly after the Russia-Georgia war unless the Union forgave Russia for its invasion. Previously leaked cables on the 2008 war show that France, Germany and Italy tried to soften the EU's reaction at every step of the conflict."*<sup>283</sup> France later was trying to repair the relations with Russia by selling it two state-of-the-art warships<sup>284</sup> and buying a stake in its Nord Stream gas pipeline. France's Gas de France Suez (GDF) and Russian Federation (2010) to let GDF Suez participate in the Gazprom-dominated Nord Stream natural gas pipeline project, which is designed to bring Russian gas directly to Germany by bypassing Ukraine.<sup>285</sup>

France does not give Ukraine any perspective to join the EU and France clearly

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<sup>282</sup> Braghiroli, Carta: An Index of Friendliness toward Russia: An Analysis of the Member States and Member of the European Parliament's Positions, Electronic Publications of Pan-European Institute, 2009, [http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Braghiroli\\_and\\_Carta\\_1509\\_web.pdf](http://www.tse.fi/FI/yksikot/erillislaitokset/pei/Documents/Julkaisut/Braghiroli_and_Carta_1509_web.pdf)

<sup>283</sup> Cablegate: France bullied Poland over Georgia war, EUobserver, <http://euobserver.com/891/3194>, 7.5.2011, unstable

<sup>284</sup> Smolar: Paris tente de rassurer ses alliés inquiets de la vente du Mistral aux Russes, [http://www.embassy.mfa.gov.ge/index.php?lang\\_id=FRA&sec\\_id=424&info\\_id=6192](http://www.embassy.mfa.gov.ge/index.php?lang_id=FRA&sec_id=424&info_id=6192), 7.5.2011, unstable

<sup>285</sup> GDF Suez joins Nord Stream project, United Press International, [http://www.upi.com/Science\\_News/Resource-Wars/2010/03/01/GDF-Suez-joins-Nord-Stream-project/UPI-84111267477649/](http://www.upi.com/Science_News/Resource-Wars/2010/03/01/GDF-Suez-joins-Nord-Stream-project/UPI-84111267477649/), 7.5.2011, unstable

prefers cooperation in the frame of neighbourhood policy, the Eastern Partnership, and closer cooperation without membership perspective. Nicolas Sarkozy supports the idea of offering Ukraine the status of "EU associated partner" and indeed when France was presiding the EU in 2008, political decision was adopted and the new agreement was called "Association agreement". France is proposing closer ties but just in spheres where it is beneficial.

In principle there are two important signals for France that Ukraine should send. First it is good relations with Russia, France is interested in good relations with both countries and monitors closely Russian-Ukrainian relations. France will never compete with Russia over Ukraine.<sup>286</sup> The other important signal is to invite French investors into Ukraine. A necessary prerequisite for increasing French support of Ukrainian EU ambitions is to strengthen economic cooperation and increase French investments. Ukrainian diplomacy should be more active in developing mutual relations with France which has traditional sentiments towards Russia.<sup>287</sup>

In France, the Ukrainian image is influenced by Russia and the respect that France traditionally has for Russia. Economically Russian Federation is incomparably more important for France than Ukraine. And France is one of the most vocal opponents to Ukrainian potential EU membership.

I focused on two periods, Yushchenko I. (2005/2006) and Yanukovich (2010/2011) because these two clearly show the difference in the IMAGE independent variable. The assessment of IMAGE independent variable is "positive" for Yushchenko I. era and "negative" for Yanukovich era. The ECONOMY independent variable I see as "slightly increasing" for both of the periods. And the FRENCH POLICY dependent variable I assess as "dismissive" in 2005/2006 and "cautious but negative" in 2010/2011.

The big change that occurred in Ukrainian image in 2005 did not touch the French

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<sup>286</sup> Митрофанова: Українська „помаранчева революція” і Франція, Політичний менеджмент. - 2006. - № 2 (17), <http://www.politik.org.ua/vid/magcontent.php3?m=1&n=56&c=1192>

<sup>287</sup> Haran: Between Russia and The West: Prospects for Ukrainian Foreign Policy Choices, The Final Report prepared in the framework of NATO "Democratic Institutions Fellowships" Kyiv 1998, <http://www.nato.int/acad/fellow/96-98/haran.pdf>

policy, bilateral relations slightly improved only recently when the Ukrainian image is incomparably worse than it was during the Yushchenko I. era. Even though the correlation between ECONOMY independent variable and FRENCH POLICY dependent variable does not provide us with strong explanatory power, we can clearly see the disproportions between IMAGE independent variable and FRENCH POLICY dependent variable.

French reluctance is dictated by rationality, rooted in their national political and economic interests. Polish, Swedish support and maybe support of those "mute" countries like Czech Republic will be crucially important for Ukraine's full integration into the Euro-Atlantic structures. At the same time, membership will remain blocked if France (and Germany) do not change their positions.

## **4.2.Czech Republic (2009/2011)**

### **4.2.1.Ukrainian Image in the Czech Republic**

Ukrainian reputation in the Czech Republic is influenced by the reputation of Ukrainian immigration. Ukrainian minority belongs to the biggest in the Czech Republic, most of the Ukrainians living in the Czech Republic are manual workers, hired for "dirty" work and working at positions that are not desired by Czechs. At the same time Czechs are sensitive about the issue and accuse Ukrainians of taking their jobs. Media, when reporting on Ukrainians, accepted the mainly negative picture of the community and are mainly focused on crime and illegal labour immigration. The term "Ukrainian" is used as a parallel, synonym or idiom. References to the "Ukrainian mafia" are widespread. Generally speaking, the connotations of the term "Ukrainian" are entirely pejorative. Positive reports on Ukraine and especially on Ukrainians are really rare. Czech society is not even interested in Ukrainian traditions and culture.<sup>288</sup> Ukrainians are most likely associated with illegal labour immigration, cheap labour force from East, low paid and not qualified jobs and bad working conditions, mafia, raised criminality, HIV/AIDS and of course drinking problems. Gas crisis, Chernobyl, instability, corruption. Ukraine is also often said to be sex

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<sup>288</sup> Král D: Ukrajina a EU – členství, či partnerství? Česká perspektiva, in Bulharsko, Rumunsko.... A kdo dále? Institut pro evropskou politiku EUROPEUM, 2007  
[http://www.europeum.org/doc/publications/East\\_CZ.pdf](http://www.europeum.org/doc/publications/East_CZ.pdf)

tourist's destination or country under strong Kremlin influence.

Reflection of Ukraine significantly changed during the Orange Revolution, the events overshadowed the illegal immigration image, many journalists showed sympathies for the democratic changes or even comparing the situation with the events of November 1989 in Prague.<sup>289</sup> Czech society, maybe because of this shared experience, was supportive and followed the Ukrainian events closely. Czech Republic recognized the democratic change that Ukraine had gone through and welcomed the pro-democratic steps.

In 2005/2006 the picture of Ukraine was a picture of newly-democratic country, pro-European and anti-Russian. The independent variable IMAGE I see as „**positive**“.

The picture changed dramatically in 2010, when Viktor Yanukovich came to power. Yanukovich regime is backsliding on democracy and not fulfilling the EU criteria at all. NGOs, journalists are complaining about violations of human rights and freedom of speech, opposition about repressions and politically aimed criminalization. The growth of government influence over the media criticised together with political "interference" by secret services and the rushed adoption of new election rules as well as signals of lessening of respect for democracy and pluralism.<sup>290</sup> And when Ukrainian constitutional court approved the change of constitution and consequently strengthened presidential powers and brought Ukraine back to „Kuchma era“ constitution form 1996, the opposition accused Yanukovich of influencing the court and of authoritarianism tendency.<sup>291</sup>

Czech Republic expressed its position on current state of democracy in Ukraine when granted political asylum to former Ukrainian economy minister Bohdan Danylyshyn who was accused of misuse of ministerial power while placing state orders.<sup>292</sup>

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<sup>289</sup> Král D: Ukrajina a EU – členství, či partnerství? Česká perspektiva, in Bulharsko, Rumunsko.... A kdo dále? Institut pro evropskou politiku EUROPEUM, 2007  
[http://www.europeum.org/doc/publications/East\\_CZ.pdf](http://www.europeum.org/doc/publications/East_CZ.pdf)

<sup>290</sup> Ukrajina směřuje k asiatské diktatuře, říká bývalý ministr Danylyšyn, LN, 2011,  
[<sup>291</sup> Ukrajinská opozice varuje před posílením prezidentských pravomocí, EurActiv,2010,  
\[<sup>292</sup> Danylyšyn je už na svobodě, CT24, 2011, <http://www.ct24.cz/domaci/112594-danylysyn-je-uz-na-svobode/, 7.5.2011,unstable>\]\(http://www.euractiv.cz/vnejsi-vztahy/clanek/ukrajinska-opozice-varuje-pred-posilenim-prezidentskych-pravomoci-007978, relatively stable</a></p></div><div data-bbox=\)](http://www.lidovky.cz/ukrajina-smeruje-k-asiatske-diktature-rika-byvaly-ministr-danylysyn-12m-/ln_zahranici.asp?c=A110217_103323_ln_zahranici_mtr, 7.5.2011,unstable</a></p></div><div data-bbox=)

Since 2010 the picture of Ukraine has worsened significantly, especially when we take into account the Czech diplomacy human rights sensitivity. And therefore I assess the variable IMAGE for this period as „negative“.

#### **4.1.2.Economic Interdependence between Ukraine and Czech Republic**

Intensified bilateral trade relations and increase in investments can have significant impact on Czech policy towards Ukraine. Since the Orange Revolution, the bilateral trade has increased. In 2005 the growth was 50.6% and in the first half of 2006 already 80.9%.<sup>293</sup> Rapidly growing Ukrainian economy has huge potential for Czech exporters, especially in traditionally strong areas such as engineering, automobile industry etc. Czech companies started to show increased interest in investing in Ukraine, for example, PPF Group invested in the Ukrainian banking sector.<sup>294</sup>

In terms of Czech exports, proportionally the most successful company is Skoda Auto Inc. Mlada Boleslav. Vehicle components and equipment accounted for about 10.5% of Czech exports to Ukraine. Czech company Cegelec and Ukrainian Bohdan are cooperating on modernization and of trolleybuses. In early 2011 Skoda Vagonka won the first contract for supplying Ukraine with "double-decker" trains. Czech suppliers of medicine, medical devices and equipment are successful in Ukraine as well (Promed, IVAX Corporation (Galena), Spofa-Dental, Zentiva, BMT and BTL). Through a local distributors network they managed to cover the entire Ukrainian market with their products. Skoda Nuclear Engineering Inc. which supplies control and safety systems for Ukrainian power plants is active on the Ukrainian market as well as CKD, Vitkovice, Alta which provides Ukraine with the engineering technology.... Other Czech companies operating on Ukrainian market are Ravak, LECO Instrumente, TTC Marconi, Alstom Power, Tedom, PEKM Kabeltechnik,

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<sup>293</sup> Král D: Ukrajina a EU – členství, či partnerství? Česká perspektiva, in Bulharsko, Rumunsko.... A kdo dále? Institut pro evropskou politiku EUROPEUM, 2007  
[http://www.europeum.org/doc/publications/East\\_CZ.pdf](http://www.europeum.org/doc/publications/East_CZ.pdf)

<sup>294</sup> Ukrajina: Obchodní a ekonomická spolupráce s ČR, Businessinfo,  
<http://www.businessinfo.cz/cz/sti/ukrajina-obchodni-a-ekonomicka-spoluprace-s-cr/7/1000905/>,  
relatively stable

Prokop invest, Hamé, STORY DESIGN, Inc.....<sup>295</sup>

Until 2009 the trade exchange had rising tendency and the economic and trade relations between the Czech Republic and Ukraine until 2008 can be rated as very good. Czech export into Ukraine surpassed countries such as Japan, India or China. The volume of the export to Ukraine at the time was almost two times bigger than export to the whole of Africa.<sup>296</sup> The global economic and financial crisis changed the trend but the slow recovery of Ukrainian economy in 2010 and its stabilization resulted in GDP growth of 4.2%. Consequently, the exchange of goods, compared to 2009 figures, increased by 51.3% and reached a total value of CZK 38.3 billion. Trade with Ukraine contributed to the total volume of Czech trade by 0.78% and compared to 2009 increased by 0.18%.<sup>297</sup> The total volume of Czech direct investments to Ukraine reached approximately \$16 million in 2010. According to Ukrainian Statistical Office, direct investment from the Czech Republic in Ukraine made \$68.6 million (7/2007). Still poor result compared to Poland (exceeded 480 million USD) and smaller Slovakia (close to \$100 million). Czech companies fear that the Ukrainian business environment is risky and cannot be sure that the risk will be balanced by higher profits. That is also why the situation has not improved much during the last three years. At the end of 2010 Czech investment in Ukraine amounted to about 75 million USD.<sup>298</sup>

Ukraine represents one of the priorities of the Czech Export Strategy of the Czech Republic. But the economic relations are not of crucial importance for the Czech Republic, the country is more EU (Germany in particular) oriented but the still, economic bilateral relations are evolving

The ECONOMY independent variable for both periods I assess as „**slightly increasing**“.

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<sup>295</sup> *ibid*

<sup>296</sup> *ibid*

<sup>297</sup> *ibid*

<sup>298</sup> Ukrajina: Obchodní a ekonomická spolupráce s ČR , Businessinfo, <http://www.businessinfo.cz/cz/sti/ukrajina-obchodni-a-ekonomicka-spoluprace-s-cr/7/1000905/>, relatively stable

### **4.1.3. Czech Position on the Possibility of Ukraine's Membership**

Ukraine does not represent top priority for Czech foreign policy. But due to the experience with the USSR and communism, Czech Republic is more sensitive about Ukrainian affairs than for example French foreign policy. Czech foreign policy is more cautious about Russian aspirations as well.

Czech Republic is objectively interested in the sustainable development of independent democratic Ukraine as well as in economic cooperation with the country. For Central Europe, Ukraine represents a strategic transit route to markets in the CIS. Ukraine is seen as an important element in building the Common Foreign and Security policy, especially in the sphere of European defence and energy security. Ukraine plays an important role as a transit country, as most deliveries of Russian gas are flowing right through its territory.<sup>299</sup>

But on the other hand, Czech Republic has no common border with Ukraine and its "Eastern Policy" stepped aside with the development of relations with the EU. For Ukraine the Czech experience of making its way from the socialist camp to full EU membership is attractive and valuable. Czech side sees huge perspectives especially in economic relations.<sup>300</sup>

But Czech position on Ukrainian eventual membership is not strong, Prague knows that there are other bigger EU players who are known for being against Ukrainian membership and therefore Czech diplomacy can stay in the shadow. This attitude is obvious especially in visa facilitation policy towards Ukraine. Diplomats say that Czech Republic is not interested in having Ukrainians moving freely around Europe because of the experience with illegal labour immigration but there is no official Czech statement opposing the visa facilitation. Czech diplomacy hopes there are other players who will raise their voice. And Czech Republic will not harm Czech-

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<sup>299</sup> Král D: Ukrajina a EU – členství, či partnerství? Česká perspektiva, in Bulharsko, Rumunsko.... A kdo dále? Institut pro evropskou politiku EUROPEUM, 2007  
[http://www.europeum.org/doc/publications/East\\_CZ.pdf](http://www.europeum.org/doc/publications/East_CZ.pdf)

<sup>300</sup> Král D: Ukrajina a EU – členství, či partnerství? Česká perspektiva, in Bulharsko, Rumunsko.... A kdo dále? Institut pro evropskou politiku EUROPEUM, 2007  
[http://www.europeum.org/doc/publications/East\\_CZ.pdf](http://www.europeum.org/doc/publications/East_CZ.pdf)

Ukrainian relations.

Bilateral relations between Ukraine and the Czech Republic have long tradition and at this stage they are characterized by dynamic development of cooperation and careful Czech support of the Ukrainian integration process into the EU. Czech-Ukrainian relations experienced different stages and different intensity.<sup>301</sup>

European choice of both countries on a bilateral basis was first declared in the "Joint Declaration of Presidents of Ukraine and the Czech Republic", signed by Leonid Kuchma and Vaclav Havel (7/1997). Czech Republic noted the important role of Ukraine in its foreign policy and expressed support for Ukrainian European and Euro-Atlantic aspirations. At the beginning of the 90's, Ukraine was building bilateral and multilateral relations with Central and Eastern European countries and their position was more or less equal. But after the Eastern enlargement (and even before) their position was much stronger than Ukrainian.<sup>302</sup> Another Joint Statement on the development of Ukraine-Czech partnership was signed in Kiev, by Ukraine's President Viktor Yushchenko and Czech President Vaclav Klaus (2005).<sup>303</sup> Czech Republic was active in the frame of Visegrad group and was promoting more systematic approach to countries in Eastern Europe. More importantly, Czech Republic was active within the EU and actively participates in the group of "like minded" countries that aimed to highlight the importance of the EU neighbourhood policy.

The growing importance that the Czech Republic attached to the Eastern dimension of foreign policy. The European neighbourhood policy appeared for the first time among main Czech foreign policy priorities in 2006.<sup>304</sup> But when talking about Ukrainian lobbyists in the EU, Poland, not the Czech Republic, is the first to be mentioned. Poland rang the alarm, alleging that Moscow was using its energy resources as a

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<sup>301</sup>Цуп: Чеська Республіка і Україна в міждержавних відносинах кінця XX - початку XXI ст. : автореф. дис... канд. іст. наук, Львів. нац. ун-т ім. І.Франка, 2009.  
укр.<http://www.nbuv.gov.ua/ard/2009/09covvkr.zip>

<sup>302</sup>Цуп: Чеська Республіка і Україна в міждержавних відносинах кінця XX - початку XXI ст. : автореф. дис... канд. іст. наук, Львів. нац. ун-т ім. І.Франка, 2009.  
укр.<http://www.nbuv.gov.ua/ard/2009/09covvkr.zip>

<sup>303</sup>Українсько-чеські двосторонні відносини,  
[http://www.osvita.in.ua/index.php?page=shop.product\\_details&flypage=shop.flypage&product\\_id=13687&category\\_id=55&manufacturer\\_id=0&option=com\\_virtuemart&Itemid=2](http://www.osvita.in.ua/index.php?page=shop.product_details&flypage=shop.flypage&product_id=13687&category_id=55&manufacturer_id=0&option=com_virtuemart&Itemid=2)

<sup>304</sup>Kratochvíl, Tulmets: Úloha České republiky v evropském sousedství, 2007, Friedrich Ebert Stiftung,  
<http://library.fes.de/pdf-files/bueros/prag/06165.pdf> , relatively stable

political weapon to influence intractable Ukraine. Poland was among the first to point to the Russian threat to EU energy security.<sup>305</sup> Czech Republic does not really react to Polish calls to support Ukrainian bid louder and frankly, the Czech Republic is not activistically supporting Ukraine as Poland is, but on the other hand is by no means indifferent. Czech diplomacy prefers step-by-step enlargement policy and favours more intensive cooperation with countries with clear membership perspective, but when Viktor Yushchenko declared country's interest in joining the EU, Prague supported the idea. In 2007 Ministers of Foreign Affairs, Boris Tarasyuk and Karel Schwarzenberg, signed a "Joint declaration on cooperation in implementation of Ukrainian EU action plan".<sup>306</sup> And the Czech Republic was active, during its presidency to the EU, in pursuing the Eastern Partnership initiative as well. But Czech diplomacy has repeatedly stated that Ukraine must exert much effort to move closer to European integration, first of all establish their own internal policies and to speak clearly on accession to the EU. Prospects for rapprochement between Ukraine and the EU depend on how Ukraine will carry out reforms and fight corruption.

Therefore I assess the CZECH POLICY dependent variable as **“cautious but positive.”**

Paradoxically, as the democratic situation in Ukraine got worse, Czech activity is on the rise and Czech diplomacy keeps criticizing the anti-democratic steps of the new Ukrainian administration and President Viktor Yanukovich. Czech diplomacy is trying to profile itself on defending fundamental human rights and freedoms<sup>307</sup> and is active especially toward Belarus (before it was Cuba) and therefore could not remain quite about evident violating of these basic values. Czech position on Ukraine after Yanukovich election is clear and the year 2010 was not productive in Czech-Ukrainian relations, the Ministry of Foreign reported concern about further development of bilateral cooperation with Ukraine. Relations became strained particularly after the ex-Economy Minister Bohdan Danylyshyn who is accused of misusing state money, was offered asylum in the Czech Republic. This Czech attitude

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<sup>305</sup>Mitrofanova: Les Consequences de la Revolution Orange sur la Politique exterieure de l'Ukraine, Thicydide en ligne, 2006, <http://www.afri-ct.org/Les-consequences-de-la-revolution?lang=fr>

<sup>306</sup>Коршунова С. В., УКРАЇНСЬКО-ЧЕСЬКІ ВІДНОСИНИ В КОНТЕКСТІ ІНТЕГРАЦІЇ УКРАЇНИ ДО ЄС, [http://2011.istfak.org.ua/publ/zovnishnja\\_politika\\_ukrajini\\_na\\_suchasnomu\\_etapi/ukrajinsko\\_cheski\\_v\\_idnosini\\_v\\_konteksti\\_integraciji\\_ukrajini\\_do\\_es/2-1-0-46](http://2011.istfak.org.ua/publ/zovnishnja_politika_ukrajini_na_suchasnomu_etapi/ukrajinsko_cheski_v_idnosini_v_konteksti_integraciji_ukrajini_do_es/2-1-0-46)

<sup>307</sup>Kratochvíl, Tulumets: Úloha České republiky v evropském sousedství, 2007, Friedrich Ebert Stiftung, <http://library.fes.de/pdf-files/bueros/prag/06165.pdf>

caused concern about the Ukrainian situation in many other countries, Europe has recognized the problem of misusing power and selective application of justice to prosecute political opponents in Ukraine. But despite this bilateral relationship remain important for both countries.

I assess the dependent variable CZECH POLICY as **“cautious but positive.”** Despite the critique of Yanukovich regime, Czech Republic keeps supporting Ukrainian opposition and is interested in Ukrainian affairs. But the support of Ukrainian aspiration was and is silent. Czech political support of Ukraine is careful and conditional. But Czech diplomacy is not indifferent.

In sum, the IMAGE independent variable is positive for Yushchenko I. era but is negative for Yanukovich era. The ECONOMY independent variable is “slightly increasing” and the CZECH POLICY dependent variable is “cautious but positive” for both periods.

After the Orange Revolution, Czech Republic became more active towards Ukraine. The CZECH POLICY dependent variable correlated with IMAGE independent variable as well as with the ECONOMY independent variable. In this case, the correlation IMAGE – CZECH POLICY and ECONOMY-CZECH POLICY provide us with the same explanatory power. After Yanukovich’s election the independent variable IMAGE downgraded significantly from “positive” to “negative” but the dependent variable CZECH POLICY did not change significantly and stayed “cautious but positive”, enriched by vocal critique of the state of Ukrainian democracy. The ECONOMY independent variable remained the same as well and consequently the correlation between ECONOMY and CZECH POLICY is slightly stronger.

## **5. CONCLUSION**

There are three types of post-communist countries. Those who are enjoying full democracy, those who are not enjoying authoritarianism and Ukraine. Ukraine has gone through many turbulent periods, from authoritarianism to democracy and now it seems to be sliding back to authoritarianism. As if Ukraine could not take the decision where to go, advocate democracy in the CIS region or give in to authoritarianism? And how the level of Ukrainian democracy influences EU policy on Ukraine? Similarly, how the level of economic interdependence influences the EU policy on Ukraine? Which correlation is stronger? Is the membership a reward in exchange for democratic reforms or is it an unavoidable step in economic interdependence?

In my thesis I discussed factors that influence the process of integration into the European Union. I did not claim there was just one factor, be it either norms or material interests, that could fully explain the process, on contrary, it is a cocktail of norms and economic interests.

But what is the ratio of ingredients? Which factor is stronger and provides us with better explanation of the motives to deepen the level of accession negotiations? The EU claims it is the norms. In the case of Ukraine I tried to prove my assumption that economic interests can provide us with stronger explanatory power and reveal reasons for the EU's (un)willingness to offer Ukraine a membership perspective. My hypothesis was based on the claim that Ukraine's aspiration for EU membership will be accepted only when the country reaches a higher level of economic interdependence with EU member countries. This, I tried to prove on measuring two independent variables (IMAGE and ECONOMY) and finding which one strongly correlates with the dependent variable (EU POLICY).

After the Orange Revolution, during the Viktor Yushchenko presidency, Ukraine was experiencing progress in terms of democracy. Ukraine's society demonstrated its democratic credentials and was enjoying almost unrestricted freedom of speech and press, freedom of association, respect for civil and political rights. Ukraine committed itself to the European countries family and to European values. Rhetorically this was recognized by all EU member states but the EU as a whole was not willing to change

the nature of EU-Ukrainian bilateral relations.

Although Kyiv repeatedly asked for a membership perspective, the EU did not change its position and the answer was consistent “no”.

Interestingly, with the change of "regime", I use this term as Viktor Yanukovych (Ukrainian president since February 2010) changed the constitution and turned Ukraine back to presidential system, the EU seems to offering more to Ukraine than it ever did to Yushchenko. This attitude may be confusing as Ukraine is currently backsliding on democracy, fundamental human rights and freedoms are violated, former members of government arrested, opposition persecuted and media ruled. All this is paradoxically working in favour of Ukrainian integration into the EU, community that is pursuing and advocating so called western values of human rights and democracy.

The issue of Ukrainian-EU relations was incorporated into the rationalism-constructivism debate, most frequently used meta-theories dealing with EU enlargement. However, neither rationalism nor constructivism can explain the complicated process and their synthesis is needed. Frank Schimmelfennig offered one when he came up with the concept of rhetorical action (strategic use of arguments based on community values, identity and norms.) With this thesis I intended to contribute to the debate between constructivist and realistic approach to the EU enlargement.

I showed how these two theories, and their specific representatives I have chosen (Moravcsik's liberal intergovernmentalism and Schimmelfennig's theory of rhetorical action applied on European enlargement) are able to explain different aspects of the enlargement as well as their shortcomings, their enlargement puzzles.

In order to be able to identify the strength of correlations between I used the congruence method.

For the concept of social constructivism I have chosen the "European image of Ukraine" (IMAGE independent variable) as the independent variable and the "economical interdependence between the EU and Ukraine" (ECONOMY independent variable) serves as the independent variable for the rationalist theory. As

the dependent variable I have identified the degree of integration activity towards Ukraine made by the EU, the level of the process (EU POLICY dependent variable). I assessed them as follows.

**The IMAGE independent variable** was assessed as extremely negative, negative, neutral, positive, extremely positive. The term “image” is strictly linked to norms, to level of democracy in the country, to commitment to European values. **The ECONOMY independent variable** was assessed in terms of dynamics of economic cooperation - significantly decreasing, slightly decreasing, identical, slightly increasing, significantly increasing. **The EU POLICY dependent variable** was assessed as dismissive, cautious but negative, neutral, cautious but positive, friendly.

I identified four main eras in Ukrainian history, starting with Kuchma’s second term to Yanukovich era, I described the state of democracy during these periods as well as economic relations between the EU and Ukraine and EU policy on Ukraine, its reluctance or willingness to recognize the changes in Ukraine and support Ukrainian integration. Then I testified my hypothesis also on French and Czech example.

Ukrainian image during the so called Kuchma era was undoubtedly the worst from all periods covered. The only bright spot was Mr. Yushchenko’s government and its attempts to impose economic reforms and fight corruption. However, the overall reputation was negative and influenced by President Kuchma’s authoritarian style, Ukraine was perceived as dangerous, corrupted and unpredictable country. Not at all democratic and thus not sharing the European values. But the country was economically growing mainly thanks to Yushchenko’s reforms. Ukrainian “super-hot” economy led to intensification of economic cooperation with EU countries. The intensity was not hectic but trade exchange figures were rising.

Even though the EU did not offer Ukraine any membership perspective, in general the bilateral relations between the EU and Ukraine were not frozen. Ukraine was among the first wave countries to be given the Action Plan and neighbourhood status. When we take a look at the Ukrainian image and state of democracy at that time, we would expect the EU to apply the “dismissive” policy and politically isolate the country. But on contrary, the EU-Ukrainian relations were developing, slowly but developing. As well as the economic relations.

When we again take a look at the assessment of independent and dependent variables (“extremely negative” IMAGE independent variable, “slightly increasing” ECONOMY independent variable and “cautious but positive” EU POLICY dependent variable) we can conclude that the **correlation between ECONOMY independent variable and EU POLICY dependent variable is stronger than correlation between IMAGE independent variable and EU POLICY dependent variable.**

After the Orange Revolution Ukrainian image abroad changed significantly. Ukraine found its way back to the European mental map, Ukraine was making the news and Europeans were supporting its strive for democracy. Kyiv committed itself to European values and Euro-Atlantic integration represented Ukrainian top priority. Enthusiasm and willingness to follow European advice and implement reforms in all areas was obvious. Ukrainian image at this time was the best ever. Unfortunately, the economic growth slowed visibly down and country’s economic performance was poor. Economic relations with the EU countries did not “boom” during that time. Potential investors were careful and played a waiting game. Practically the same can be said about EU-Ukrainian bilateral relations. President Yushchenko was doing his best to make the EU offer more than just revision of the Action Plan that had been negotiated with Kuchma. The country was clearly open to the EU and the EU did not react proportionally. The EU did not reward Ukraine and was cautious about the situation when Ukraine needed support. The Ukrainian Orange Revolution and pro-democratic image should have been motivating for the EU to offer more than to put Ukraine at the same level as North African countries and Israel, partners that will never become EU members. The EU’s reluctance to see „orange“ Ukraine as a future member undermined EU’s principle of democracy promotion.

So when we take a look at the dramatically different image, compared to the Kuchma era, and not at all different EU attitude towards Ukraine, we should take a look at bilateral economic relations as well. And we will find out that these were not developing either. Again, I dare claim that the **correlation between the ECONOMY independent variable (“identical”) and the EU POLICY dependent variable (assessed as “cautious but positive” which means not improving, compared to EU’s policy towards Ukraine under Kuchma) is stronger than the IMAGE independent variable (“positive”) and the EU POLICY dependent variable.**

Ukrainian image during Yushchenko II. Era (2007/2009) changed again. The Orange Revolution euphoria, based on hopes that did not come true, faded and only political chaos, disputes and instability remained, hand in hand with economic crisis. But what is more important, in terms of democracy the picture stayed practically the same. Free media, free and fair elections, free political competition...

Before the global economic and financial crisis, when Ukraine joined the WTO and sent a positive signal to investors, the bilateral trade exchange was on the rise. And bilateral EU-Ukrainian relations were improving as well. Ukraine, together with five post-communist countries, was offered new and individually tailored neighbourhood policy (Eastern Partnership), the EU started free trade area and visa facilitation talks with Ukraine, as a part of deeper Association Agreement. However, President Yushchenko could not boast with the offer of membership perspective, even though Kyiv repeatedly asked for it.

**This shaky period does not provide us with clear evidence on what correlation is stronger. The IMAGE independent variable stays “positive”, the ECONOMY independent variable is slightly increasing. The EU POLICY dependent variable is “cautious but positive” and therefore equally dependent on the IMAGE independent variable and ECONOMY independent variable.**

Ukrainian overall image after Yanukovych’s election is not clear. What the EU finds attractive and appreciates is the stability, political as well as economical. Ukrainian representatives speak in one voice on the international arena. Economic bilateral relations have been restarted after the financial crisis. But in terms of democracy the trend is evident and unsatisfactory. The regime is clearly backsliding on democracy, fundamental freedoms and human rights are violated, former members of government arrested, opposition is persecuted and media are under control. But political bilateral relations have not slowed down as we could have expected, on contrary. Visa facilitation agreement was signed in November 2010, trade free zone agreement is to be signed later this year (2011) as well as the Association Agreement. President Yanukovych who is blamed for not respecting democratic standards, scores points.

**Here again we find evidence that the correlation between the ECONOMY**

**independent variable (“slightly increasing”) and the EU POLICY dependent variable is (“cautious but positive”) is stronger than correlation between the IMAGE independent variable is (“negative”) and the EU POLICY dependent variable.**

In France, the Ukrainian image is influenced by Russia and the respect that France traditionally has for Russia. Economically Russian Federation is incomparably more important for France than Ukraine. And France is one of the most vocal opponents to Ukrainian potential EU membership.

I focused on two periods, Yushchenko I. (2005/2006) and Yanukovich (2010/2011) because these two clearly show the difference in the IMAGE independent variable. The assessment of IMAGE independent variable is “positive” for Yushchenko I. era and “negative” for Yanukovich era. The ECONOMY independent variable I see as “slightly increasing” for both of the periods. And the FRENCH POLICY dependent variable I assess as “dismissive” in 2005/2006 and “cautious but negative” in 2010/2011.

**The big change that occurred in Ukrainian image in 2005 did not touch the French policy, bilateral relations slightly improved only recently when the Ukrainian image is uncomparably worse than it was during the Yushchenko I. era. Even though the correlation between ECONOMY independent variable and FRENCH POLICY dependent variable does not provide us with strong explanatory power, we can clearly see the disproportions between IMAGE independent variable and FRENCH POLICY dependent variable.**

Czech Republic, due to its experience with the former USSR camp, is more sensitive to Ukrainian affairs than France is. After the Orange Revolution, Czech Republic became more active towards Ukraine. Ukrainian image was positive at that time, the trend of bilateral economy relations was positive as well. The CZECH POLICY dependent variable correlated with IMAGE independent variable as well as with the ECONOMY independent variable. **In this case, the correlation IMAGE – CZECH POLICY and ECONOMY-CZECH POLICY provide us with the same explanatory power.** After Yanukovich’s election the independent variable IMAGE

downgraded significantly from “positive” to “negative” but the dependent variable CZECH POLICY did not change significantly and stayed “cautious but positive”, enriched by vocal critique of the state of Ukrainian democracy. **The ECONOMY independent variable remained the same as well and consequently the correlation between ECONOMY and CZECH POLICY is slightly stronger.**

**In all examined cases we can see that the ECONOMY independent variable correlates strongly with the dependent variable POLICY than the IMAGE independent variable does. I do not claim that just material factors are sufficient for successful completion of the European integration process, I do not dismiss the importance of constructivist factors.**

**I claim that, in case of Ukraine in particular, material (rational) factors play more important role and constructivist factors play supportive role in the process of Ukrainian integration into the EU.**

**If the EU was truly normative power, Brussels should have not compromised Ukrainian hard-won democratic achievements. The EU should have taken more pro-active approach towards Ukraine after the Orange Revolution and should have taken more careful notice of Yanukovich’s policy.**

## Summary

In my thesis I discussed factors that influence the process of integration into the European Union. I did not claim there was just one factor, be it either norms or material interests, that could fully explain the process, on contrary, it is a cocktail of norms and economic interests. In the case of Ukraine I tried to prove my assumption that economic interests can provide us with stronger explanatory power and reveal reasons for the EU's (un)willingness to offer Ukraine a membership perspective. My hypothesis was based on the claim that Ukraine's aspiration for EU membership will be accepted only when the country reaches a higher level of economic interdependence with EU member countries. This, I tried to prove on measuring two independent variables (IMAGE and ECONOMY) and finding which one strongly correlates with the dependent variable (EU POLICY).

I identified two independent variables, ECONOMY (economic interdependence between the EU and Ukraine) and IMAGE (state of democracy in Ukraine) and tried to find out which of these strongly correlates with the dependent variable EU POLICY (EU policy towards Ukraine). I identified four main eras in Ukrainian history, starting with Kuchma's second term to Yanukovich era, I described the state of democracy during these periods as well as economic relations between the EU and Ukraine and EU policy on Ukraine, its reluctance or willingness to recognize the changes in Ukraine and support Ukrainian integration.

I tested my hypothesis, that the evolution of EU policy towards Ukraine is mostly influenced by the evolution of economic interdependency between these two and not by the evolution of democracy in the country, also on national level, on French and Czech example.

In all examined cases we can see that the ECONOMY independent variable correlates strongly with the dependent variable POLICY than the IMAGE independent variable does. I do not claim that just material factors are sufficient for successful completion of the European integration process, I do not dismiss the importance of constructivist factors.

I claim that, in case of Ukraine in particular, material (rational) factors play more important role and constructivist factors play supportive role in the process of Ukrainian integration into the EU.

If the EU was truly normative power, Brussels should have not compromised Ukrainian hard-won democratic achievements. The EU should have taken more proactive approach towards Ukraine after the Orange Revolution and should have taken more careful notice of Yanukovich's policy.

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