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Ukraine: Implications of Future Cooperation with the EU and NATO

by

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Abstract

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Ukraine took the status of a non-block country that led to many changes in its political situation and in the world political arena. This status required many changes in the field of cooperation with leading nations and international organizations around the world, most significantly with the European Union (EU) and the North Atlantic Treaty Organization (NATO). In the military sphere, it led to creation of new conceptual statements of national security policy, development of new strategies and long-term development programs. All these changes resulted in different relations between Ukraine and other European countries in economic and military spheres. Ukraine has to plan its future interactions with international organizations based on full cooperation and mutual understanding. This paper assesses Ukraine's potential future steps in the political, economic, and military sectors as a non-block status country. It also examines the current status of Ukraine from various angles of cooperation with the EU and NATO and implications for Ukraine stemming from this cooperation.

Ukraine: Implications of Future Cooperation with the EU and NATO

The collapse of the Soviet Union resulted in the rebirth of independent countries in Europe, such as Ukraine, Belarus, and others. These newly independent countries faced questions about how to establish their own national political, economic, social, cultural and security relationships with neighboring European countries in the complex and uncertain international environment. The most important issue raised for these new countries was to have stable economies and a secure environment in and around the countries. Ukraine, as the biggest European country, has a very significant geopolitical, geoeconomic and geostrategic position, and stood before a choice on which path it should follow in order to attain the status of a well-developed state and achieve its national goals and interests.

This analysis will consider the implications of future Ukrainian cooperation with the European Union (EU) and the North Atlantic Treaty Organization (NATO) from both positive and negative perspectives. One can see positive implications in the reflection of political and economic stabilization within Ukraine, emphasis on Ukraine's role as a regional player, greater access to world markets, effective development of the national security sector, diminishing economic impact and political pressure from Russia, an improving judicial system, emphasis on human rights, and increasing social norms and living standards. On the other hand, some negative aspects can also be seen in the increasing friction between Ukraine and Russia in political and economic spheres, the creation of possible tensions and cases of national separatism on the Crimean peninsula, the appearance of possible territorial claims and military conflicts, the increasing price of natural gas, and the decreasing trade flow into the eastern market.

All these implications will be examined in more detail beginning with Ukraine's possible choices after its independence.

After realizing independence, Ukraine began to think about how to maintain and support its sovereignty, territorial inviolability and integrity. Ukraine stood before two choices - joining Europe or Russia – or in other words, move towards Eastern or Western ways of development. The question of future integration into the European economic and security environment has been slightly reflected in Ukrainian foreign policy and discussed very sluggishly for thirteen years. The launch of the European Neighbourhood Policy (ENP) coincided with the Orange Revolution in Ukraine. This conjunction of events accounted for what has amounted to a fundamental shift in Ukraine's policy towards the EU.¹ Only in 2004, the Orange Revolution brought in new Ukrainian leadership under President Viktor Yushchenko, which put the EU and NATO accession right at the top of its foreign policy priorities.² However, the unstable political and economic situation in the country forced Ukraine to take a waiting position towards European integration. Moreover, in 2010, the new pro-Russian President of Ukraine, Viktor Yanukovich, and the government of Ukraine took the status of a non-allied state and clearly showed to the world that the established new governmental regime of Ukraine will postpone its membership in NATO for an undetermined term. Nevertheless, Ukraine did not change its pursuit of cooperation with international organizations and other countries in the political, economic, humanitarian, scientific and other spheres. However, those cardinal changes in Ukrainian foreign policy undermined its image as a stable, progressive and adequate partner with the credible aspiration to exist in the world international community.

The undoubted result of the new regime was the rapid reversal of Ukraine's foreign policy, for the first time in the almost 19 years of Ukraine's renewed independence.³ In 2010 Victor Yanukovich, the President of Ukraine, signed a law "On Fundamentals of Domestic and Foreign Policies" which provided the basic principle of foreign policy of Ukraine as a non-block status state. Ukrainian officials argued that the non-block policy brought about harmony and put an end to political speculations around the process of joining NATO while also referring to the country's enhanced cooperation with NATO.⁴ This non-block status means non-participation in military-political alliances, but does permit participation in development of a European security system, the continuation of constructive cooperation and participation in NATO-led peacekeeping operations and reinforcement of the interoperability of Ukrainian Armed Forces with their NATO partners. The new regime promotes enshrining "non-block status," which for Ukraine implies the role of a buffer zone on the European periphery, one exposed to growing global challenges such as arms proliferation, human trafficking, smuggling, terrorism, and human rights abuse. Unfortunately, Ukrainian authorities do not realize that pursuing this non-block status or neutrality is costly. For instance, non-aligned Austria annually spends on defense about 330 USD per capita, and neutral Switzerland and Sweden spend 500 USD and 600 USD, respectively. Ukraine spends 25 USD per capita. How can Ukraine, in a non-block manner, resist the growing global challenges, located as it is in a vulnerable spot right at the European crossroads?⁵ Answers to these questions remain unclear. However, for that period of time, it was the appropriate decision which gave Ukraine a transition period to reconsider its pivotal national

priorities in the political, economic, and security sectors with confidence in its future steps toward integration in the Euro-Atlantic institutions.

Today, such basic priorities as Ukraine's foreign policy as non-block status, the active participation in development of a European system of collective security, as well as constructive cooperation with NATO and neighboring European countries are based on mutual interests and benefits according to Ukrainian and International law. Perhaps more importantly with regard to its territorial position, Ukraine's desire to join the EU and NATO can only be considered through the lens of its interactions with the EU and Russia. Both triangles, EU-Russia-Ukraine and NATO-Russia-Ukraine, have distinct impact on the implementation process of Ukraine's ambitious plans. The new strategic environment demands new requirements of the Ukrainian government in political, economic, judicial and social spheres. Meanwhile, in the military sphere, the Armed Forces of Ukraine has to obtain a strong efficient organizational force structure, an effective command and control system and broad combat experience in order to achieve interoperability with the forces of other participating nations in international peacekeeping operations and be able to ensure defense of national interests. The implementation of all these tasks assure a stable pillar within Ukraine's foreign policy and a strategic course towards full membership in the EU and NATO, as well as integration into the European system of collective security.

Ukraine plays a significant role in regional and global security. Provided that the necessary political will, financial resources and good management are developed in security sector, Ukraine stands a genuine chance of becoming a key security contributor in and for Europe. However, Ukraine's approach must remain cautious. According to

Dr. Leonid Polyakov of the Center for Army, Conversion and Disarmament Studies (CACDS), “the analysis of the current security dynamics and priorities suggests that the existing opportunities lack a sufficient cohesion of security policies between the EU and Ukraine, which can have an adverse effect on European, including Ukrainian, security in the longer run.”⁶ In fact, the trends of choosing a vector of future integration can undermine the success of democratization in the region and jeopardize security in Europe as a whole.⁷

On the one hand, when considering Ukraine’s integration process in the EU from the EU-Russia-Ukraine triangle, we notice that all these players have a significant influence on each other in the region. Both the EU and Russia have been pursuing their own strategies with the same goal in mind – shaping the post-Soviet space according to their vision.⁸ They both try to involve Ukraine in their developing and implementing initiatives in order to project their norms, values and regulations for the new independent actor. Analyzing the EU’s interest in geopolitical, geoeconomic and geostrategic position of Ukraine, there are some priority sectors in which the EU is interested in cooperating with Ukraine, such as: “energy, transport, communication, trade, environment, maritime policy, fisheries, migration, law enforcement, and the fight against organized crime.”⁹ Furthermore, there are two key reasons that explain the EU’s interest in a stable political and economic situation in Ukraine. First, Europe considers relations with Ukraine through a prism of its relations with Russia and confidence in uninterrupted Russian gas delivery through the Ukrainian gas pipeline. Second, instability between Russia and Ukraine, such as disruption of gas supply from Russia to Europe, could lead to increasing aggravation of the situation in Europe, particularly with

neighboring countries such as Poland, Hungary, Slovakia, Romania and Moldova. All these central European countries have an interest in Ukraine's stability.¹⁰

The EU cannot ignore the pivotal geopolitical and geoeconomic position of Ukraine in Europe. On the one hand, Ukraine is larger than France and possesses abundant natural resources – which make it a strategically important new European state.¹¹ The EU must be concerned about Ukraine's integration from the aspect of the potential deterioration of its relationship with Russia; in other words, Ukraine is at the crossroads of the Eastern and Western visions regarding the post-Soviet space. Ukraine will never feel secure in Europe if it develops into a buffer state between Russia and the West.¹²

Europe expresses a strong desire for "broad and deep" relations with Ukraine. The reality, however, is that Brussels will never, under any circumstances, allow the entry of Ukraine into the European Union—even assuming that the EU would survive after its current fiscal and monetary disasters.¹³ It is more convenient to have Ukraine simply as an active actor in all European initiatives and activities than as full member of the EU. Another question is if this membership satisfies the national interests of Ukraine and follows its principals of foreign policy and national strategic goals. One can argue that after the parliamentary election in 2012, the new government reconsidered many priorities in foreign affairs toward Europeanization—similar to 2010, when the President of Ukraine, Victor Yanukovich, sharply shifted the pro-West vector to pro-East and declared the non-block status of Ukraine. Evaluating the EU integration process, it showed that Ukraine faced such issues as political instability, corruption in all echelons of governmental institutions, an inadequate judicial system, weak regulations in

emigration law and human rights, a sharp division of population into different social layers, and low social and living standards. All these negative factors have played a critical role in delaying Ukraine's integration in to the EU and therefore demand requisite changes in the implementation plans.

Ukraine still does not have an effective and efficient national strategy for European integration; moreover, the existing institutional framework to coordinate EU-related matters does not correspond to real achievement of national interests with regard to this issue. Ukrainian politicians pursue their mercantile interests and look at cooperation with the EU as an extra way for extracting benefits for themselves. The political system is based on close relations between the political elite and businessmen. These relationships allow politicians to control a specifically manufactured fiscal process in the country which allows them to transfer "black" money into offshore zones instead of investing this money in economic development, increasing jobs and raising living standards. Despite this limitation, Ukraine continues to face the tasks of developing effective and efficient mechanisms of improvement in its political goals, economic priorities, strategic aims, administrative procedures, judicial system, and social standards. The main and most important part of these improvements is a complete understanding of the significant impact of cooperation with the EU and NATO in order to enhance national prosperity, economic independence from other states, and increasing the living standards of Ukrainian society.

One can point out positive changes in Ukraine during 2012. Ukraine conducted organization and support for the Football Championship, Euro-2012 at the appropriate level, and sped up the negotiation process toward signing the Association Agreement

(AA) with the EU. The EU-Ukraine's AA is the first of a new generation of AAs with Eastern Partnership countries, and is unprecedented in its breadth (number of areas covered) and depth (detail of commitments and timelines). Negotiations of this comprehensive, ambitious and innovative agreement between the EU and Ukraine were launched in March 2007. The key parts of the AA focus on support to core reforms, economic recovery and growth, and governance and sector cooperation in areas such as energy, transport and environment protection, industrial cooperation, social development and protection, equal rights, consumer protection, education, youth, and cultural cooperation. The AA also puts a strong emphasis on values and principles: democracy and the rule of law, respect for human rights and fundamental freedoms, good governance, a market economy and sustainable development. It includes a Deep and Comprehensive Free Trade Area – this will go further than classic free trade areas, as it will both open up markets but also address competitiveness issues and the steps needed to meet EU standards and trade on EU markets.¹⁴ Prime Minister of Ukraine, Mykola Azarov, said: "We have initialed the Association Agreement, including free trade area with the EU. We are ready to move on. Now it is up to the EU. If they want to see Ukraine as the future member of the European community, they need to move forward on the Agreement's ratification."¹⁵ According to Ukrainian Minister for Foreign Affairs Gryshchenko, "the depth and ambitious nature of this document are unprecedented in the European legal practice. The Agreement establishes a new philosophy of relations between Ukraine and the EU, namely the transition from the principles of partnership and cooperation to a qualitatively new level of political association and economic integration."¹⁶ The signing of the AA between the EU and Ukraine can be evaluated as

the violation of opinion and position of those Ukrainians who support strong ties with Russia including the integration to its regional structures. However, according to Roman Rukomeda, an independent political analyst in Ukraine, sociological surveys persuasively show that the number of Ukrainians who support the EU membership never fell below 50%, so the majority of Ukrainians are supporting integration with the EU.¹⁷

Ukraine's accession to NATO has become the core issue in the Russia-Ukraine-EU triangle due to the fact that the overwhelming majority of the democratic political elite in Ukraine welcome the idea of the country joining both NATO and the EU.¹⁸ Ukraine has been cooperating with NATO within the Partnership for Peace (PfP) program since 1994. Ukraine was the first country from the Former Soviet Union which joined this program. Consultations and cooperation between NATO and Ukraine cover a wide range of areas which include peace-support operations, defense and security sector reform, military-to-military cooperation, armaments, civil emergency planning, science and environment, and public information.¹⁹ It was critically important for the Armed Forces of Ukraine to develop interoperability through a wide range of PfP activities and military exercises, which allow military personnel to train for peace-support operations and gain hands-on experience working with forces from NATO countries and other partners.²⁰ Moreover, Ukraine participates in all NATO-led peacekeeping operations in order to provide fruitful and effective contributions in keeping peace and stability in conflict zones. For instance, Ukrainian peacekeeping units and personnel have been participating in the International Security Assistance Force in Afghanistan since 2007, in NATO Training Mission in Iraq since 2005, in Kosovo Force since 1999,

and in the NATO-led antiterrorist operation “Active Endeavour” in the Mediterranean Sea since 2005. This high level of active participation has given Ukraine the opportunity to contribute to the common cause of maintaining peace and security around the world; however, this participation also put new requirements before its government and particularly the Department of Defense for the improvement of organizational force structures, operational procedures, combat capabilities, and logistics capacities in order to achieve compatibility when conducting “multinational training, exercises, and operations in conjunction with Alliance forces.”²¹

The best chance to integrate into Euro-Atlantic institutions was after the Orange Revolution. The new government had a significant desire and aspiration to lead the country democratically through improved living standards and increased prosperity among all layers of the population. However, even with the strong desire of political leaders, it is not possible to achieve expected results without the comprehensive support of this movement by a majority of Ukrainian people. Mass media campaigns were conducted inside a broad mass of citizens trying to explain benefits in economic, social, legislative and security spheres from full integration into Euro-Atlantic institutions. “Many people in Ukraine still lack information regarding the role, activities and goals of the Alliance, and outdated Cold War stereotypes remain strong in the minds of some.”²² In order to give a broader and deeper view on Euro-Atlantic cooperation and integration process, a NATO-week was organized in national education institutions, civilian or military, once a month. During that week organizers shared information about tasks, structures, and achievements of NATO and explained the benefits of integration into NATO for Ukraine. Those media and education campaigns had a positive impact on

building the public opinion and had an educational effect for developing a new generation of out-of-the-box thinkers among the younger generation of Ukrainians. After sharp changes in the foreign policy, analysis of the current level of information circulating within the Ukrainian population indicates that that less time is taken to discuss the progress in relations with the EU and Euro-Atlantic integration when compared to the time taken to discuss the issue of rapprochement of relations with Russia. Most notably, there are no mainstream sources of information about cooperation with NATO at all. It clearly reflects the position of Ukrainian politicians to pursue and maintain neutral relations regarding NATO membership. By showing open unwillingness at the presidential and governmental level regarding future participation and integration into NATO, the Ukrainian government sends a strong, clear signal and imparts a negative bias in the population towards NATO. The Yanukovych administration, backing up the non-block status of Ukraine, is trying to persuade the Ukrainian population in the non-necessity of membership in NATO.

Nevertheless, “Ukraine’s cooperation with NATO in the area of defence and security sector reform is crucial to the ongoing transformation of Ukraine’s security posture and remains an essential part of its democratic transition.”²³ The situation with the NATO integration process will remain only at the level of cooperation in consultative assistance in reorganization of Ukrainian Armed Forces of Ukraine and active participation in NATO-led peacekeeping operations for the next ten or fifteen years. The fact that a considerable segment of Ukrainian society opposes the country’s accession to NATO, and that fact that the Party of the Regions opted to use “pro-Russian and anti-NATO” slogans could lead to a destabilization of the situation in Ukraine.²⁴ At this time

many people believe that integration in Euro-Atlantic institutions would enhance tensions between Ukraine and Russia. Ukraine has very strong ties with Russia in culture, language, traditions, economics, agriculture, as well as a rich unforgettable history, cultural values and tremendous traditions, all of which keep them together beyond politics, geographical and social-cultural borders. Even Russian military intervention against Georgia in August 2008 did not have a significant impact on public opinion.²⁵ Moreover, the population of Ukraine did not have a common desire to join NATO given its cultural, ethnic and educational differences. Not surprisingly for Ukraine, geopolitical orientations of the population show a strong and deeply rooted regional dimension: in the western regions of the country, sympathies for cooperation with the EU and NATO dominate, in the south and east they favor continuing closeness with Russia.²⁶ This divergence of regional opinions in the Ukrainian population divides Ukraine into two competing camps and aggravates the problems in the process of integration into the Euro-Atlantic system.

It is not possible to ignore the fact that Russia is Ukraine's largest neighbor and a country with which Ukraine is bound by strong and deep-rooted ties. As such, Russia plays an important role not only as an "external partner" but also has a strong impact on domestic politics in Ukraine.²⁷ In other words, Russia plays a critical role in the Euro-Atlantic integration process of Ukraine. After the break-up of the Soviet Union, relations between Russia and Ukraine have become tighter than ever before. Ukraine's desire toward Euro-Atlantic integration met full confrontation from Russia for two reasons. First of all, Russia considered this step as a threat to its role in the region as the main regional player and as a movement of NATO right up to its borders. Secondly, if Ukraine

joined the Euro-Atlantic system, Russia would lose power in the region. Russia remains interested in keeping Ukraine as a buffer zone between NATO countries and its border. These interests created many disputes around questionable issues between Russia and Ukraine. The other main disputes which have a deleterious effect on their relations concern Crimea, the eastern part of Ukraine, division of the Black Sea Fleet, and the ownership and control of the Sevastopol naval base.²⁸

Even with the pro-Russian President, Viktor Yanukovich, Ukraine still has tense relations with Russia concerning the high prices of natural gas, accommodation of the Russian Black Fleet in Sevastopol and its influence in the Crimea region. Since Ukraine became independent, Crimea has been considered to be potentially the most dangerous trouble spot in the country.²⁹ The majority of the population on the Crimean peninsula has two passports, Ukrainian and Russian; furthermore, many Ukrainians have a job at the Sevastopol Russian naval base and have higher salaries than other Ukrainians for similar jobs at other Ukrainian naval bases. Due to the strong pro-Russian sentiment of the population of Crimea, in addition to its military presence, the Russian Federation has established a substantial political presence there.³⁰ This presence has a negative impact in the region and creates a pro-Russian frame of mind among the population of the Crimea, which may “fuel secessionism inside the country, split Ukrainian society apart, and trigger political confrontation.”³¹ Conversely, Russian presence has positive effect on the improvement of local infrastructure due to Russian investment in infrastructure, salary increases for the Crimean population, and Russian support to local budgets and the private sector. The presence and dominance of Russian ideology in the Crimean region are major issues which prevent Ukraine’s

further integration in NATO and the EU. Recently the whole world was astonished by images from the Ukrainian Parliament that showed the appalling ratification procedure of the Russian-Ukrainian Agreement extending a lease for the Russian Black Sea Fleet on Ukraine's soil until 2042. By ratifying the Black Sea Fleet Agreement, thereby extending the lease, the authorities once again violated the Constitution and the law which prohibit the presence of international military bases in Ukraine. The Black Sea Fleet of Russia is a serious threat to Ukraine's sovereignty, is a means to contain Ukraine in the zone of Russian interests, as well as to oppose Ukraine's acceptance into the democratic world.³² For instance, if Moscow wants to destabilize the situation in Crimea and initiates provocation against current authorities, we might see a repetition of the recent the Georgian scenario with Russia invading Crimea in order to protect "Russian citizens." At the present time, Ukrainian accession into NATO would perhaps be the best way in which Ukraine can deter Russia from such a scenario, as NATO would be obliged to protect Ukraine from a Russian incursion in Crimea according Article 5 of the North Atlantic Treaty.

Another keystone in Russia and Ukraine's relations is the gas issue and everything related to this question. "Over the past fifteen years, energy relations between Russia and Ukraine have been a reflection of the post-Soviet style of international politics"³³ with overt Russian heavy-handedness in those relations. A prime example of this occurred in 2009 when Russia turned off its gas supply to Ukraine causing shortages in more than 20 European countries and showed the whole world the real Russian instruments of power—instruments which could be used to strongly impact and potentially destabilize Europe.³⁴ In reality, however, the Ukrainian-Russian relations

are more complex. In the energy sector, transnational elite networks are operating partly or fully in the dark.³⁵ Despite the fact that Ukraine's gas pipeline plays an important role in the gas transiting process from Russia to European countries, Russian began to find alternative ways to the path through Ukraine by building the gas pipelines Nord and South Streams. When both these gas pipelines begin to work at full capacity, Ukraine will lose the value of its gas pipeline. "Losing access to this gas would devastate Ukrainian industry and ravage the economy as a whole."³⁶ Ukraine has to think about how to prevent the disastrous impact to its economic sector and how to use its gas pipeline in the future. Moreover, it has to consider other ways to cut the consumption rate of Russian gas and find alternative gas sources such as from Azerbaijan, Turkmenistan, Turkey, or others. It remains a very sensitive question for Ukraine's economy. "Without greater EU investment, Ukraine is likely to cede investment and ownership rights over its pipeline network to Russia, with the outcome disadvantageous to itself and the rest of Europe."³⁷ If no other country or entity steps in, Russia will gain increasing authority over Ukraine's domestic energy prices and with it acquire the instrument to wield greater influence on the Ukrainian political system. In net effect, Russia will control a key sector of the Ukrainian economy and consumer spending.³⁸ This issue requires immediate reaction from the President of Ukraine and Ukraine's parliament, the "Verkhovna Rada." Without a doubt, the most expedient way to positively resolve these questions is to take measures that will speed up the process of Ukraine's integration in the EU.

After having clearly stated its intentions to postpone joining NATO, Ukraine completely focused on European integration. Today, the situation with European

integration exists at the active stage and requires effective and efficient work from all related players under this issue including: united work of both parts of the Ukrainian government--leading and opposition; full support of the integration process from populations of all regions in Ukraine; and harmony in planning and execution of actual tasks in order to achieve designed national goals. The ENP, as an effective tool for achieving European standards and values, gave Ukraine a tremendous opportunity to navigate a well-paved road to development and prosperity as a new European state. "The purpose of the ENP is to facilitate the projection of the EU's 'normative power' in the Union's neighborhood, while minimizing the effect on the internal functioning of the enlarged Union."³⁹ "The main instrument of the ENP is a joining agreement, the Action Plan, which consists of an extensive list of objectives that new partner countries are required to fulfill in order to benefit from closer integration with the EU. The Action Plan requires adherence to Community norms and values, such as democracy and human rights, as well the standards of the Union as a whole."⁴⁰

Another instrument of the ENP, the Partnership and Cooperation Agreement (PCA) between Ukraine and the EU, constitutes the most important legal basis of EU-Ukraine relationship and envisages cooperation on a wide range of political, trade, economic, scientific, technological and humanitarian issues.⁴¹ Ukraine has to be strong in its inspiration to join the EU and utilize all instruments of power in order to achieve its real goals and maintain national interests in the region. "The goal of joining the EU implied a desire to reverse Ukraine's technological backwardness and lack of competitiveness by gaining access to the funds, investments, technologies and assistance that come with membership in the Union, let alone access to its markets."⁴²

Undoubtedly, signing the AA with the EU is a more real and effective instrument of quick partnership and collaboration at this time and requires the Ukrainian government to simultaneously act to speed the negotiation process in this matter. "Ukraine is not an easy partner for the EU. The relationship risks leading to foiled expectations on both sides and accumulating mutual distrust and suspicion."⁴³ Only by signing the AA between Ukraine and the EU will Ukraine project a firm desire that it wants to be an equal partner in the European region and share obligations and responsibility with other countries in Europe as an active regional player.

The best way for the EU to influence Ukraine is to integrate it step by step into EU agreements and structures. The brightest working example is the membership of Ukraine in the European Energy Community which gives additional possibilities against the pressure from *Gazprom*. The EU should not look at Ukraine as a business opportunity alone, particularly in light of currently lagging gas demand, but should examine the long-term future of European energy security and the key role Ukraine will continue to play in it. "Partnership with the EU is not a silver bullet for the troubled Ukrainian energy sector, but it is certain to reduce the volatility of future pricing disputes and is perhaps the only solution that does not leave Ukraine's fate entirely in Russian hands."⁴⁴ Involvement of Ukraine in the AA will speed up the work of the Ukrainian bureaucracy in the direction European integration. It will also push other processes of integration between the EU and Ukraine, for example, the visa issue, which is a special benefit Ukraine will receive from launching a Deep and Comprehensive Free Trade Area.⁴⁵ "The signature of the AA by the EU member states and Ukraine (even without

complete ratification by all the EU members) will finally define Ukraine's geopolitical choice which will be in favor of Europe."⁴⁶

There are many discussions about Ukraine's future integration into both Europe and Eurasia at the same time. The current trade concessions between Ukraine and the EU are rather limited. It could be expected that the successful implementation of the Deep and Comprehensive Free Trade Agreement (DCFTA) would bring important gains in terms of the access to the EU market, increase in trade and investments, and also better access to other third-country markets.^{47 48} On the Eurasian side, the Customs Union, which consists of Russia, Belarus and Kazakhstan, has an ambitious plan of extension due to Ukraine joining this union. The framework of trade relations between Ukraine and the Customs Union is officially more favorable than between Ukraine and the EU.⁴⁹ "Because Russia and other CIS countries remain Ukraine's vital trading partners, Ukraine runs the risk of locking itself into economic and political dependency on Russia without the prospect of modernizing itself (by attracting Western funds, expertise and foreign investment, and improving the regulatory environment) and thereby raising living standards."⁵⁰ At the same time, the majority of Ukrainian oligarchs are afraid of the penetration of huge Russian financial capital in Ukraine and absorption of Ukrainian businesses by Russian businesses. Ukraine has to weigh all changes which may happen in both cases taking under consideration both assumptions and perils.

For instance, in the case of joining European integration, Ukraine will likely gain positive changes in the future which include: independence from Russia; the efficient rebuilding of more effective Armed Forces; breaking the unconstitutional agreement

permitting the Russian Black Sea Fleet to stay in Sevastopol thereby diminishing the possibility of a future violent situation in the Crimean region; promotion of democracy and European values such as human rights and rule of law; improvement in Ukraine's business climate; and procurement of free trade and a visa waiver between the EU and Ukraine. On the other hand, in the case of Eurasian unity, Ukraine maintains the status quo and remains dependent on Russia, perhaps receiving Russian gas at a reasonable price and keeps its close trade relations with neighboring post-Soviet countries. It is difficult to predict in what direction Ukraine will finally go, but in the near term one can assume that Ukraine will find a compromise decision which satisfies both the West and the East.

Russia will use all means available to strengthen the pressure upon Ukraine in order to block its progress in meeting the criteria needed for the European Council to sign the AA. Russia will likely initiate a series of trade wars. Ukrainian exports to the Russian Federation, which is more than 30% of its total exports, will be strongly reduced.⁵¹ The price on Russian gas will remain the same in spite of recent gas price discounts to all big gas clients of the Russian Federation—Ukraine will be the exception because of geopolitical reasons. The political pressure could become stronger through possible Russian financing of different political parties of Ukraine, especially the Communist Party.⁵² Ukraine, as it was before in its history, again shall make the geopolitical choice between Europe and Eurasia.⁵³

Obviously, Ukraine will play a primary role in the future European political, economic, social and security environment. "Taking into account its size, geopolitical location, military, and industrial and agricultural potential, Ukraine will continue to

influence security and stability in its region as well as the whole of Europe. The question is whether this influence will be positive or negative.”⁵⁴ Ukraine must enhance its aspirations and its ability to achieve the positive implications from full membership in the EU.

In conclusion, we can set out a number of concrete benchmarks – these will be the basis upon which the EU will assess Ukraine's progress in the three areas already defined as necessary for opening the way for the signature of the AA: “the compliance of elections with international standards and follow-up actions to remedy any shortcomings; Ukraine’s progress in addressing the issue of selective justice and preventing its recurrence; and, action to implement the reforms defined in the jointly agreed Association Agenda.”⁵⁵ In reality, Ukraine is not ready for full membership because of its lack transparency in politics, no useful legal system, low living standards, and deep rooted corruption in all levels of governmental institutions, low social norms, and absence of effective social programs. “Ukraine still finds itself stuck ‘in between’ Russia and the EU. It has not succeeded in its attempt to become a regional player in its own right. A positive turn of events in the future is dependent upon domestic development in Ukraine, but also on the policies of its most important neighbors, Russia and the EU.”⁵⁶ The best way for the European Union to influence the Ukrainian authorities and to keep Ukraine on the path of European integration and European values is to sign the AA in 2013. Otherwise, the very probable result will be Ukraine joining the Russian-led Customs Union at the end of 2013. “The only real alternative is the AA with the EU and deepening of further integration and cooperation.”⁵⁷

“The possibility to develop Ukraine as an all-sufficient state is possible, but requires a clear strategy, strong steadfast leadership, efficient annual plans with steps and measures, and an effective team of political and economic managers. All these components are absent now so it is difficult to forecast the prospects of Ukraine as a strong and independent country and a regional player.”⁵⁸ Ukraine must join the European Union and continue to cooperate with NATO. To succeed in this, Ukraine will need the political support of its partners in both organizations.⁵⁹ Only under these conditions will Ukraine again become a fully active participant in achieving security and stability in Europe and the Euro-Atlantic region, return to its role as a regional leader, and become a beacon of democratic progress and hope for the region.

Endnotes

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