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## **Ukrainian Views of European Integration**

This paper provides an overview of Ukrainian views on European integration. It has four sections. First, it looks at the positions of the various political parties and the factions contained within them. Second, it turns to Ukraine's big business groups and analyses their position. Third, it considers public opinion and European integration. Finally, it looks at the Ukrainian Government's view of the new Enhanced Agreement and the Action Plan.

### **I. Political Parties and the Factions Within Them**

#### *Political Parties*

All the parties represented in the Ukrainian parliament (the Verkhovna Rada, VR) (bar the small Communist Party) declare support for Ukraine's membership in the EU. However, the relative *priority* European integration has on a party's policy platform is far less clear. The views of the three major political forces could be summarised as follows:

- Our Ukraine-People's Self Defence as the pro-presidential party prioritised EU integration issues in its electoral campaigns since 2002 with repeated promises of achieving EU associate member status. It is the only Ukrainian political force consistently supportive of Ukrainian membership of NATO as a step on the road to EU accession, in addition to the security benefits that this would bring.
- Bloc Yulia Tymoshenko tended not to focus on the EU integration issues during recent campaigns, focusing more on bread and butter issues with higher salience to the voters of Western and Central Ukraine. Nonetheless, BYT is fully supportive of EU-related initiatives in parliament and within the governing coalition.
- The Party of the Regions is slightly more ambiguous in its European policy, especially during election campaigns, promising both closer ties with the EU and better relations with Russia. This reflects the make-up of its voters, who are in general from Eastern and Southern Ukraine where

pro-Russian sentiment has been strong. POR's leadership states that EU membership is a strategic and long-term perspective for Ukraine. It is more pragmatic in its outlook in stating that since neither the EU nor Ukraine are ready for membership at the moment, Ukraine should better concentrate on more practical issues such as legal approximation, economic co-operation and visa free travel regime.

In short, all three main political parties in Ukraine are in favour of European integration. This consensus was demonstrated by the adoption of the VR's Resolution 'On the start of negotiations between Ukraine and the EU on a new basic agreement' in 2007. 399 out of 450 deputies voted for the motion, covering the entire spectrum of parliamentary factions. The VR called for an agreement that would lead to EU membership in the long-term, with the intermediate goal of Ukrainian participation in the Single Market. The VR expressed its preference for an agreement based on the experience of the Europe Agreements signed with the CEE countries, which would consequently be legally binding on both sides. At the same time, the VR committed itself to approximation of EC/EU legislation.

Voting on WTO accession in 2006–07 could be seen as a useful measure of the support Ukrainian political parties have for European integration. This demonstrates that all political parties (bar the Communists) are broadly in favour, however, *there has been no debate about the relative costs and benefits of European integration* in general, let alone about the merits of the Enhanced Agreement and new Action Plan. It should, however, be borne in mind that in January 2008 when the EU-Ukraine readmission agreement was voted on in the VR together with the EU-Ukraine agreement on visa facilitation, the opposition factions (Party of Regions, Communists and Bloc of Lytvyn) did not vote for the readmission agreement, but did vote in favour of the visa facilitation agreement. The next big debate in the VR on EU issues will come when the new EU-Ukraine Enhanced Agreement is debated – especially the part that deals with the deep free trade area. Then interests of different economic groups within the political parties could be sounded in the debate.

### *Groups within the Parliamentary Factions*

Each of the three main factions within the VR has an official unified position on Ukraine's EU integration and the slight differences in the attitude towards EU integration within the parties do not become apparent in public debate, and so do not have any implications for a party's public position. Within the parties, the following differences may be observed:

- Despite the fact that Our Ukraine-People's Self Defence is composed of 9 political parties, they all share a similar position on EU integration which basically repeats the position of President Viktor Yushchenko that Ukraine should be given both a membership perspective and that a new Enhanced

Agreement should mean associate member status for Ukraine with the EU.

- BYT is presently the most united party faction in the parliament and this unity is increasing with the growing popularity of both the party and its leader. BYT's position on EU integration also seems to be unified.
- The Party of Regions' position is less unified and could be relatively divided into 'two and a half' groupings:
  - The first group is closely linked to Renat Akhmetov and numbers around 60 deputies. This group most obviously represents the interest of the new businesses in Ukraine, which are continually growing and expanding. They are most interested in new markets and opportunities for development. This group is most strongly interested in economic integration with the EU and lobbied strongly for WTO accession within the Party of Regions.
  - The second group is Victor Yanukovych's group which approximately counts 80 MPs. It represents the business elite from traditional rust belt industries (e.g. machinery, steel) and the 'red directors' that profited from the privatisations of the 1990s. As these industries are most likely to suffer from higher levels of competition and the opening up of Ukraine's economy, they are potentially more resistant to European integration. Within the party, this section was opposed to the legislative changes needed for WTO accession.
  - The third group, closest to Mykola Azarov, is a sub-group of the Yanukovych wing and numbers up to 30 deputies. It could be termed a group of 'enriched bureaucrats'. This group is potentially more open to EU integration in economic terms as its members possess no assets and have nothing to lose from EU integration. However, this group is more conservative and favours Ukraine's traditional foreign, multi-vectored policy. It is also more concerned about the export markets in Russia and the CIS. Mykola Azarov himself was one of the promoters of Ukraine's integration into Single Economic Space with Russia, Belarus and Kazakhstan.

## **II. Business groups**

Ukraine's largest business groups, such as SCM, Industrial Union of Donbas (ISD), Interpipe and Pryvat are exporters to the EU market. They are also looking to invest directly in the EU (e.g. ISD possesses plants in Hungary, Poland and Italy). As such, they are interested in gaining better access to external markets and improved conditions for international trade and investment. They are also

interested in a more stable and *transparent economic environment* in Ukraine (e.g. protection of their property rights). They would be the main beneficiaries of a free trade agreement between EU and Ukraine.

Ukraine's richest and most influential business people have moved strongly in favour of European integration since the Orange Revolution of 2004. The introduction of European standards in, for example, property rights or accountancy offers them not only a better chance of protecting fortunes made in the 1990s, but also a means of accessing the international capital markets and using this capital to expand their businesses. The so-called oligarchs or financially integrated groups (FIGs) are also the main beneficiaries of globalization and have a stake in the opening up of the Ukrainian economy. In terms of initiatives, for the moment, the business community is concentrating on improving its image within Ukraine, although in terms of pro-European activity, Viktor Pinchuk has established the 'YES' to Ukraine in Europe campaign, with a mandate to raise support for Ukrainian accession to the EU outside Ukraine. At the moment, however, this organisation appears to be little more than a very well funded PR stunt.

Nonetheless, the interests of some business groups close to Viktor Yanukovych in the Party of Regions differ from the pro-European position. Businesses that have invested less (if at all) in renewing Soviet-era industrial plant and are reliant on subsidised Russian gas are less likely to be pro-European integration. However, it is worth remembering that not only are there fewer Ukrainian businesses of this type as the price of energy rises to the world level, but the political influence of businesses of this type is also declining.

Given the high level of political influence that is wielded by a small number of Ukraine's business elite, no programme of European integration is likely to succeed without their support, which appears for the most part to be forthcoming. It should also be noted that although the huge inequalities in income and wealth continue to exist in Ukraine, these have been declining as a result of the high level of economic growth of recent years. A rising tide does appear to be lifting all boats, and at least some of the credit for this is due to the influence of Ukraine's erstwhile oligarchs in fostering a stronger business environment.

### **III. Public opinion**

Ukraine has a clear majority of about 60 per cent of the population in favour of European integration, as Europe is associated with higher living standards and the rule of law. The same is not true for NATO membership; the majority of Ukrainians are against joining this organisation.

In 2006 the idea of joining the European Union was supported by 61% of the Ukrainian population; 24.7% were opposed to this idea, and 14.3% were unsure. In comparison with 2005, the number of proponents of EU integration has significantly increased and reached the highest point since 2000 when this poll

was conducted for the first time. The percentage of opponents has also increased slightly, whilst the number of those who were unsure also decreased.

Table 1: Public Attitudes towards Ukraine joining the European Union<sup>1</sup>

%	2000	2001	2002	2003	2004	2005	2006	2008
More negative	9.6	8	15	10	11.7	19.9	24.7	25
Unsure	34.4	36	40.1	41.6	39.7	32.9	14.3	19
More positive	56	55.8	44.4	47.7	47.9	47.2	61	56

Several factors could be given to explain the fluctuations in public support for European integration. The highest level of disappointment developed in 2002, the year following the so-called 'tape scandal' that followed the assassination of an independent journalist. The sociological survey was conducted during the parliamentary election campaign, when the Ukrainian government initiated an anti-Western campaign in response to the critical reports of Council of Europe representatives on the state of democracy in Ukraine. The next decline in support for European integration happened in 2005 when the Ukrainian population became disappointed with the Orange Revolution's leaders who had argued for swift integration with the EU and NATO.

High levels of support have been evident during the last years. First of all, the share of those who were unsure has declined mainly in favour of EU integration. This could be explained by several facts. Media coverage of EU-related news has increased significantly since 2005, all the political parties have been declaring their support for EU membership and referring to 'European values' repeatedly and publicly. In addition, Ukraine and EU have made evident progress in their relations since 2005.

An important feature of public support for European integration which is worth mentioning is that Ukrainian society is ambivalent about foreign policy orientations. Despite the fact that 61% of Ukrainians support joining the EU, the same percentage supports Ukraine joining a union with Belarus and Russia.

This contradictory result could be explained by the fact that the majority of the Ukrainian population remains poorly informed about the EU and what EU integration means. According to a sociological poll conducted by Kyiv International Institute of Sociology in 2005, around 38% of Ukrainians considered that they possessed enough knowledge to decide whether Ukraine should join the EU, while 47% of Ukrainians considered themselves poorly informed to make

<sup>1</sup> The survey is conducted annually by the Institute of Sociology of the National Academy of Sciences of Ukraine. See Natalia Panina, ed., *Ukrayiske suspilstvo 1992-2006. Sotsiologichnyi monitoryng*, (Kyiv: Instytut Sotsiologii NAN Ukrayiny, 2006).

this decision. Another 15% could not estimate the level of their knowledge. Having analysed the results of this poll, sociologists have come to the conclusion that more than 60% of Ukrainians do not consider themselves to be informed enough to decide about their country's membership in the EU.<sup>2</sup> The same poll also pointed to a relationship between estimated level of knowledge of the EU and readiness to support Ukraine joining the EU. Among those respondents who define themselves as sufficiently well informed, there are more proponents of membership; among those which consider themselves as lacking knowledge there is a majority of opponents to Ukraine's membership of the EU.

Regional differences remain, but it should be noted that EU membership evokes fewer differences in Ukraine than the debate over what kind of relationship with Russia Ukraine should have, which in essence is the true dividing line in public attitudes towards Ukrainian foreign policy.

#### **IV. Ukraine's View of the Enhanced Agreement and New Action Plan**

Ukraine's Government has the aim of full integration into the European Union. This dominant theme has slowed the negotiations on the 'New Enhanced Agreement', with the EU side doggedly resisting any mention of accession in or even around the new treaty. The Enhanced Agreement is designed to replace the Partnership and Cooperation Agreement, which is at present being rolled over from year to year. Negotiations on the political part of the new agreement and in areas like justice, liberty and security are well advanced, in spite of the dispute over accession. However, negotiations on the Enhanced Agreement and FTA are expected to last at least until the end of 2009, and quite possibly into 2010, by which time Ukraine may well have a new president as well as a new government. The new agreement will then have to be ratified by the Member States, so that it may well not enter into force until 2011.

Both Ukraine and the EU are therefore faced with a situation where the Action Plan has ended (2008), the PCA is being rolled over but does not satisfy the enthusiasm of the Ukrainian Government and the entry into force of the new agreement will take another three years. It has been decided that a new Action Plan/Road Map should be agreed in the summer to cover this period. The Ukrainians will no doubt want to use this opportunity to further their integration aims. The Ukrainian side will no doubt also be considering ways in which at least those parts of the agreement which have already been negotiated can be used in a *de facto* if not *de jure* manner.

Given the (ongoing) political instability in Ukraine this year combined with the negative attitude that the Ukrainian government has towards the whole concept

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<sup>2</sup> Valeriy Khmel'ko, *Stavlennia hromadian Ukrayiny shchodo yiyi vstupu do Yevrosoiuzu i NATO ta yikhnia otsinka svoieyi obiznanosti stosovno tsykh organizatsiy*, <http://www.kiis.com.ua/index.php?id=4&sp=1&num=24>

of being included in the ENP framework, it is however unlikely that fulfilling the Action Plan will be high on the present government's list of priorities.