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by Kataryna Wolczuk

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DOMESTIC REFORMS AND EUROPEAN INTEGRATION IN UKRAINE

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Introduction

In the aftermath of the Orange Revolution Ukraine's relations with the EU took on a new dynamic. Many observers envisaged that the EU would find it difficult to ignore Ukraine's membership aspirations after its unambiguous defence of European values during the tumultuous events of winter 2004 in Ukraine. They believed that the 'Hour of Europe'² in Ukraine would be reciprocated by an 'Hour of Ukraine' in Europe. But even though Ukraine finally appeared on the cognitive map of many European leaders, this has not led to the breakthrough in relations that had been hoped for in Ukraine. The EU has stoutly resisted opening the 'membership question' and insisted on conducting relations under the framework of the European Neighbourhood Policy (ENP), which bypasses the whole issue of membership. The main instrument of the ENP is the jointly agreed Action Plan (AP), which consists of a long list of objectives that Ukraine is required to achieve before any deepening of integration can take place.

Thus Ukraine finds itself in a difficult position. The Ukrainian authorities have to implement the challenging economic and political reforms outlined in the AP in order to have any hopes of achieving their goal – obtaining a membership perspective. However, the implementation of these reforms pose a formidable challenge for the country that has yet to overcome not only the legacies of communism but also a decade and half of deterioration of state institutions and public standards since the collapse of the USSR. The Orange Revolution has brought fresh winds of change but reforms have often given in to contingencies of prolonged electoral campaigning. At the same time, reforms – conducted under the banner of European integration - are being implemented without any guarantee that they will actually lead to the offer of a membership perspective in the short, medium or long-term, something which weakens the mobilising impact of the AP. Nevertheless, aware of 'enlargement fatigue' within the EU, Ukraine is eager to make the best of a 'bad deal', and by implementing the AP prove its Europe-worthiness. Even though, progress has been mixed, the 'Roadmaps' developed to enact AP priorities represents the closest to a detailed governmental programme that Ukraine has even seen. The key question is whether the new coalitional government – operating in a new constitutional framework - can sustain the momentum in reforms when moving onto more taxing parts of the AP.

The 2006 Parliamentary Elections

¹ The author gratefully acknowledges the support from the British Academy (Grant number SG-38537) for research on Ukraine-EU relations under the European Neighbourhood Policy.

² C. Stephen, 'Will Ukraine finally be 'the hour of Europe?', *the Scotsman*, 3 December 2004.

The 2006 parliamentary elections in Ukraine were uniformly judged to be ‘free and fair’ thereby underscoring the democratic achievements of the Orange Revolution. However, the actual results spawned diverse interpretations. Initially, especially outside Ukraine, many analysts were quick to pronounce them as indicative of the failure of the post-Orange forces and the victory of the ‘blue’ Party of Regions. Headed by Victor Yanukovich the former Prime Minister and presidential candidate implicated in massive fraud during the 2004 presidential elections, the party gained a plurality of votes³ (see table 1). However, the ‘Regions’ (even if teamed up with another anti-Orange party, the Communist Party of Ukraine) did not get a majority. The overall balance between the Orange and Blue forces remained largely intact. With 42 per cent of the vote the post-Orange forces still have a lead over their anti-Orange competitors.

Table 1. Results of the March 2006 Parliamentary Elections in Ukraine

№	Parties	% of Votes	Total Number of Votes
1	Party of Regions	32.14	8 148 745
2	Bloc of Yulia Tymoshenko	22.29	5 652 876
3	Our Ukraine Bloc	13.95	3 539 140
4	Socialist Party of Ukraine	5.69	1 444 224
5	Communist Party of Ukraine	3.66	929 591
6	Bloc of Natalia Viternko ‘People’s Opposition’	2.93	743 704
7	People’s Bloc of Lytvyn	2.44	619 905
8	Ukrainian People’s Bloc of Kostenko and Plyushch	1.87	476 155
9	Party ‘Viche’	1.74	441 912
10	Civic Bloc of PORA and Party and Reforms Party	1.47	373 478
11	Oppositional Bloc ‘NE TAK!’	1.01	257 106

Source: Central Electoral Commission of Ukraine

Note: parties which passed the 3 percent threshold are marked in bold.

The 2006 parliamentary election are seen as the fourth round of the disputed 2004 presidential elections during which Yushchenko was defeated not by Yanukovich but by his sister-in-arms, Yulia Tymoshenko, who she took over the mantra of ‘Orange’ on the wave of the protest vote.

Many are puzzled by the apparent collapse of the unity of the Orange ‘team’ without appreciating the context in which this disparate array of forces came together. They

³ However, despite being number one on the electoral party list, Yanukovich is only the official face of the party, which mainly represents the business interest of the Donbas elites.

basically united in order to prevent the reincarnation of the Kuchma regime into Yanukovych presidency. Once this was achieved, the full scale of the differences on programmatic issues and political strategies of these forces came to the fore. These differences and the split up of the broad-church Orange coalition was a natural and thus largely unavoidable phenomenon. Yet the style in which it happened in Ukraine in September 2005 and resulting publicised tensions and animosities (itself a by-product of the newly gained freedom of the media) inflicted considerable damage on the image of the 'Orange team', something which dramatically affected Yushchenko's popular support. Thus, the results of the 2006 elections reflect the damaging re-alignment of post-Orange elites and disappointment with, the pace of change in Ukraine since the Orange Revolution. In March 2006 the Orange electorate voted for the acceleration of the campaign against the vestiges of the old regime.

The elections reconfirmed the regional profile of most Ukrainian parties, with the Tymoshenko bloc enjoying the widest geographical spread of support. Her bloc won in the largest number of regions (13 oblasts and the city of Kyiv). She came first in many oblasts of central Ukraine, thereby confirming the tectonic shift in Ukrainian politics whereby central Ukraine increasingly resembles western Ukraine in its political profile (as opposed to the pro-Yanukovych eastern Ukraine). Yushchenko's Our Ukraine carried only three oblasts of western Ukraine. Besides the shift within the post-Orange forces, the election results also indicated the consolidation of the anti-Orange electorate. The Party of Regions capitalized on, and indeed fuelled, the sense of exclusion from the 'Orange project' prevailing in eastern and southern Ukraine, something which the post-Orange forces have failed to address. Regional polarisation persisted as the Party of Regions won in nine geographically concentrated regions (oblasts) with an average of 55 percent. The parliamentary elections demonstrated the maturity of the Ukrainian electorate which once again rejected phantom political entities (utilising formidable resources to gain votes for elite groupings representing little more than narrow business interests), thereby rendering – what Wilson refers to as - 'virtual politics' of limited use in securing representation in national political institutions in Ukraine.⁴

Because of prolonged political campaigning which characterised the period between the 2004 presidential and 2006 parliament, the elections cannot be regarded as representative of elite behaviour and their commitment to European integration. However, the elections do not end the profound political uncertainty in Ukraine. There is no 'business as usual' to be returned to.

Coalition Politics and Constitutional Framework

Even though Ukraine may have avoided the political instability that characterised the country over last several years, profound uncertainty remains as to how political actors will operate under the new rules of the game resulting from the constitutional reform, given its often unclear and/or contradictory nature.

When it was adopted back in 1996 the constitution was more of a manifesto of statehood and a milestone in the state-building process. Yet the quality of the constitution as a legal framework as opposed to a political manifesto was much more

⁴ See S. Rakhmanin, 'Fate of Political Parties?' *Dzerkalo Tyzhnia*, 1-7 April 2006 and A. Wilson, *Virtual Politics: Faking Democracy in the Post-Soviet World* (Yale University Press, 2005).

dubious. In particular, the design of the legislative-executive relations put the branches of power on a collision course, something which led to stalemates and confrontation.⁵

Sensing the threat of a loss of presidency to the opposition, Kuchma and his entourage sought to engineer a change to the constitution and shift power to the parliament, which they believed would be a more docile instrument in their hands. They failed to turn the draft into law at the time of its inception, but exploited the opportunity presented by the Orange Revolution to get it implemented.

The constitutional reform is often described as a shift to a parliamentary system, away from the semi-presidential system as envisaged by the 1996 constitution and the system which led to the abuse of power by president Kuchma. *Sensu stricto*, however, Ukraine still remains a semi-presidential republic, similar in the overall design to that which exists in Poland under the 1997 constitution. However, the mixed system may *de facto* evolve towards a pure parliamentary system, depending on how the presidency behaves as a political actor. Yet, in the case of Ukraine the evolution towards a parliamentary system is hampered by the fact that not only the parliament is far from ready to use its new constitutional powers effectively, but also because the reform has not been sufficiently comprehensive and consistent to clarify the executive-legislative relations.

The constitutional design flaws include weak links between parties, deputies and the government. In classic parliamentary systems ministers are appointed from members of the coalition, which commands the parliamentary majority. Yet this essential element of a parliamentary system is weakened by the fact that upon taking up posts in the executive branch, politicians are obliged to give up their parliamentary seats. Despite the overall strengthening the role of the parliament in forming the Cabinet, this measure weakens the accountability of politicians by undermining their links with parliamentary coalition and parties. Also, the constitutional reform reintroduced the so-called imperative mandate which prevents deputies from leaving factions of parties on whose lists they were elected to parliament in an attempt to dissuade deputies from migration between factions and thereby improving faction and party discipline. However, by the same token the factions have been deprived of the possibility to excluding deputies on their own accord, even when deputies persistently dissent from the party and faction line. Inadvertently, the imperative mandate, as introduced by the constitutional reform, undermines the central role of political parties in functioning of the parliament. These and other design flaws and inconsistencies carry the risk of perpetuating an uncertain political environment in which the 'rules of the game' are so unclear that end up being contested on a daily basis.

Five parties crossed the three percent threshold required to obtain seats in the Verkhovna Rada. But none of them achieved the majority needed to form a new government under the amended constitutional rules. Even though the Party of Regions obtained plurality, its result (186 seats out of 450) was insufficient to form a majority, even after adding the votes of Communists (21 seats). With 244 seats the post-Orange coalition would command a simple majority (226 votes) needed to adopt most decisions within the Rada.

Constitutional reform and the lack of a winner with a clear-cut majority entail the need to form a governing coalition. Coalition negotiations following the elections have been protracted and cumbersome. Yet this is a pivotal process in terms of elaborating and

⁵ K. Wolczuk, *The Moulding of Ukraine: The Constitutional Politics of State Formation* (Budapest: Central European University Press, 2002).

mastering consensus on policy principles and appointment strategy. For the Ukrainian parties this requires a move from electoral slogans to policy principles. Thus besides carrying a (vague) promise of overcoming disunity within post-Orange forces, the coalition negotiations create a significant precedent in political development of post-Soviet Ukraine. The negotiations force political forces to shift their focus from electoral promises to actual governing. This entails not only elaborating and agreeing on key policy goals but also the need to enter binding political agreements – a new phenomenon in Ukraine and *a sine qua non* of political stability and predictability in a parliamentary system. In post-Soviet Ukraine, politicians regularly underwent the test of the ‘ballot box’ even if those in power tried to control the outcome of that test. Yet the periods between elections lacked programmatic policies and accountable policy-making. 2006 may be a breakthrough in that respect.

Domestic Politics and European Integration

Insofar as relations with the EU are concerned, the 2006 parliamentary election has had a two-fold effect. On the one hand, they indicated the irreversibility of democratic changes induced by the Orange Revolution. This is most vividly illustrated by the fact that the presidential party (i.e. the presumed ‘party of power’) secured a mere third place without resorting to tilting the playing field in its own favour with help of infamous ‘administrative resources’. The democratic credentials of Ukraine, which have been widely acknowledged by the international community, stimulated progress in Ukraine-EU relations. In particular, the conduct of ‘free and fair’ elections was one of the key political conditions of the AP, the fulfilment of which was a precondition for opening negotiations on a new enhanced agreement according to the List of Additional Measures, which accompanied the signing of the AP in February 2005. The new agreement is to replace the outdated PCA at the end of 10 year period of its functioning. On the other, however, the prolonged electoral campaign has taken attention away from, and hence slowed down, the implementation of other priorities of the AP. So far, apart from the parliamentary elections themselves, the achievements in the implementation tend to be confined to the foreign policy domain (see below) owing to the efforts of the Ukrainian Ministry of Foreign Affairs, which is strongly focussed on Europe. With regard to other domestic priorities the record has been mixed, reflecting pre-occupation of the governing elites with the electoral contest.

Nominally, European integration remains firmly on the agenda as none of the five parties elected to parliament dispute this goal. Ukraine begins to resemble East-Central European countries. In essence, throughout the post-communist period, in East Central Europe the pivotal choice was between joining the EU and staying outside. In a similar vein, no alternative framework for political integration is seriously contemplated amongst the mainstream political actors in Ukraine.

However, the actual priority assigned to European integration by the various parliamentary parties differs significantly. For example, the Party of Regions, while not ruling out membership of the Union in the long-term perspective, puts a premium on securing access to the European common market through the Free Trade Area. No doubt, even though European integration is regarded as desirable, owing to the absence of the much-vaulted positive signal from ‘Brussels’, it remains a somewhat abstract and distant prospect for many Ukrainian politicians. As a result, it tends to be taken over by shorter-term priorities.

The formation of the new government and its coalitional composition after the March 2006 elections entails all kinds of delays, deals and compromises, which will impede the speedy implementation of the more taxing parts of the AP. However, the creation of a parliamentary coalition responsible for the appointment of the Cabinet of Ministers at least carries the promise of forming stable links between parliament and the Cabinet in order to ensure support for necessary legislation and policy measures.

Integration with the EU has always been shaped by domestic political dynamics but in the East-Central European countries the political class was driven by an overarching goal and vision, which accounts for a continuity of policy despite (only too) frequent changes of government. The overarching goal of 'returning to Europe' was taken outside the brackets of everyday political contestation. This is crucial because the success hinges not only a long-term vision but has to be underwritten by a sustained commitment and capacity to enact wide-ranging political and economic reforms regardless of vacillation of day-to-day politics and electoral cycles.

So far in Ukraine such a deep consensus and commitment amongst all mainstream actors exists only on the issue of Ukrainian independence.⁶ This simply ceased to be a subject of political contestation even though this was far from unanimously endorsed by the political class in the early 1990s. In Ukraine, European integration – although not contested by main political actors – has not yet become a priority for most of them to command such a consensus. This is because the long-term nature of this project and a lack of clear-cut prospect even in the longer term makes *Evrointegratsia* a project too abstract to 'focus minds' of many politicians in Ukraine.

One of the most important and urgent tasks that the Ukrainian authorities face is setting up the institutional framework for coordinating issues of European integration. Under Kuchma, a number of institutions, bodies and councils were created but their respective spheres of competences remained unclear, something which fuelled competition and a lack of overall coordination and accountability. The state apparatus remains starved of skilled bureaucrats, knowledgeable in various aspects of European integration. Acute shortages of competent Ukrainian civil servants continue to hamper cooperation with the EU. Any policy initiative of the new elites is likely to be frustrated and their impact limited until long-standing problems troubling Ukraine's administrative apparatus, such as such as inefficiency, corruption, poor coordination and lack of resources are dealt with.

Despite the tangible political will of the new governing elites, so far the task of creating an institutional framework for dealing with European integration has fallen victim to political contingencies of re-alliance within the post-Orange elites. Following the Orange Revolution, the post of the deputy Prime Minister was created and vested with responsibilities for coordination of European integration. Oleh Rybachuk, Yushchenko's close ally, obtained that portfolio. Following his departure to become the head of the secretariat of the president, the post was abolished. Responsibility shifted to the Governmental Committee for Coordination of European Integration headed by the Minister of Foreign Affairs. In a hierarchical culture of bureaucracy, the fact that the Committee is led by just one ministry (and traditionally not the most powerful one) puts severe constraints on its ability to influence other sections of the government. Various alternative frameworks, often based on the experience of the new member states, have

⁶ The fact that the radical left-wing Party of Natalia Vitrenko which campaigned on the 'East Slavic' platform scored less than 3 percent during the 2006 parliamentary elections is illustrative of the lack of support for this stance amongst the Ukrainian electorate too.

been considered but the decision has been left to the new government. In the meantime, without clear political leadership on European issues within the Cabinet, implementation of the AP was effectively left to middle level bureaucrats. Questionable personnel policy in diplomatic missions representing Ukraine in Brussels and capitals of member states also often jeopardises Ukraine's effectiveness and credibility within the EU.

Key documents adopted by Kuchma such as the 1998 'Strategy on Ukraine's Integration with the European Union', which formally proclaimed membership of the EU as Ukraine's long-term strategic goal and listed the key priority areas for integration, remains in force (and are posted on the MFA webpage). On the one hand, this continuity prevents an inflation of documents and underscores the commitment to implementation rather than mere declarations. On the other hand, by relying on the documents which were little more than mere declarations at the time of their adoption, the 'Orange team' have risked perpetuating the bureaucratic culture of disregard for formal documents. No doubt, European integration is only one of many areas where this characteristic has been only too apparent in Ukraine, but such continuity with the previous regime weakens the galvanising effect that European integration is supposed to have on the pace of domestic transformation in post-Orange Ukraine.

Ukrainian business has not taken clear and consistent position on Ukraine's relations with the EU. The distinction between the business and political elites tends to be somewhat blurred as all parties which secured seats in the new Verkhovna Rada have been 'infiltrated' by business elites. Although no businesspeople take an overtly anti-EU position, their level of interest and strategy tends to depend on specific business interests. Viktor Pinchuk, one of Ukraine's richest tycoons, advocates Ukraine's membership of the EU and to this end has created and funded the Yalta European Strategy (YES). As a rule, however, Ukrainian business favours a much more pragmatic approach without much consideration for the longer-term objectives. An example of this is the Industrial Union of Donbas, which regards politicians' insistence on granting Ukraine a membership perspective as counterproductive and getting in the way of more pragmatic gains that can be derived from closer but selective economic integration with the Union through a Free Trade Area.

Given the above conditions, the prevailing consensus on European integration is unlikely to be translated into a swift and effective enactment of the AP whatever government (if any) emerges from the coalition negotiations. This raises the importance of pressure, monitoring and assistance from the Union and member states for keeping up the momentum of change.

The Ukrainian Public and European Integration

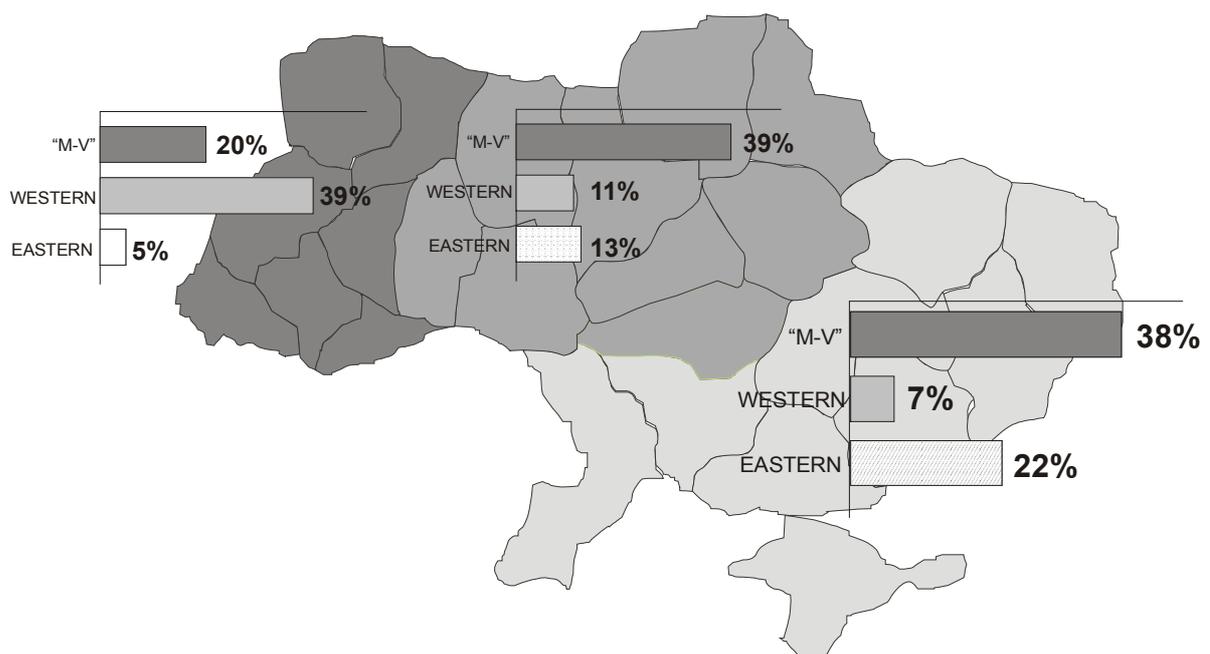
Having outlined the elite-level and institutional dynamics, the question then emerges to what extent the Ukrainian public comprises an active force in foreign policy making in general and European integration in particular.

In the late 1990s, Ukrainian ruling elites proclaimed the 'European choice' without any real public debate on the issue. However this proclamation was not at odds with public opinion, which was largely supportive of the European orientation. The EU is held in high esteem and Ukraine's membership is seen as desirable. But at the same time Europe is not the exclusive choice of Ukrainian citizens. Even though there is a high level of support for European integration (55 percent), the alternative option, the Eastern

vector, tends to command an even higher level of support at (68 percent in a 2003 survey). However, nowhere in Ukraine does the exclusive ‘Eastern option’ command the highest support, something which indicates the Ukrainian public has not been overly oriented towards Russia and the regional grouping dominated by it. In fact, Ukrainians want to ‘have it all’, as evidenced by simultaneous support for closer integration with Russia (and Belarus) by approximately one third of the Ukrainian population. These multi-vectored preferences suggest that even though the public in general is keen on European integration, it sees no contradiction between seeking EU membership and closer political and economic ties with Russia/CIS. According to Michael Emerson, Ukraine finds itself in overlapping integration spaces⁷; the Ukrainian public seems to not only recognise this but actually favours participating in these different, essentially incompatible, integration projects.

The regional differences in foreign policy preferences is also very pronounced (see figure 1). Three regions could be distinguished in 2003: western, central and south-eastern. It is worth emphasizing that in none of the regions, even in the eastern part of Ukraine, did the Eastern orientation command majority support in 2003.

Figure 1. Regional distribution of support for the western and eastern vectors in 2003



M-V – multi-vectored orientation

Western – Western orientation

Eastern – Eastern orientation

Data: Batory Foundation, 2003

⁷ M. Emerson, ‘Introduction’ in M. Emerson (eds.) *Democratisation in the European Neighbourhood* (Brussels, Centre for European Policy Studies, 2005), p. 5.

In post-Orange Ukraine, therefore, the political elites face a challenge of operationalising foreign policy at the time when societal preferences cannot be realistically enacted. This is because the conditions and speed of integration along western and eastern vectors are almost fully determined not by Ukraine but by other parties, namely Russia and the EU, respectively.

However, the fact that apparent disparities on foreign policy orientation between the political class and society are significantly mitigated by societal disinterest in foreign policy issues in general, something which leaves the Ukrainian elites with a relatively free hand when it comes to foreign policy formation. European integration tends to be an elite-driven project across Europe⁸ and Ukraine is not an exception in that respect.

Ukraine-EU Relations: Dynamics since the Orange Revolution

2005 witnessed an intensification of ties between Ukraine and the EU. The Union and Ukraine signed several significant agreements (on energy, aviation and a satellite navigation system). The Union granted market economy status to Ukraine according to EU Basic Antidumping Regulation, something that has been long sought by the Ukrainian government. Also, the EU and Ukraine opened negotiations on a visa facilitation agreement, which would make it easier and cheaper for some groups in Ukrainian society, such as diplomats, students and scholars, to enter the Schengen zone. However, this intensification has only taken place in specific sectors and has not eliminated the sense of lack of coherence and purposefulness in EU's policy towards Ukraine.

In assessing the first year of the implementation of the AP, the EU representatives praise Ukraine's achievements without papering over the failures. On the one hand, they criticise a lack of serious reform, particularly in the economic sphere and fighting corruption. They also point to Ukraine's slow progress in negotiation for WTO membership (Ukrainian authorities aimed to join the WTO in 2005) owing to the opposition from various business interests in the parliament and the modest achievements in other areas, such as reform of the judiciary and the fight against corruption. But, on the other, they stress tangible successes, especially on political and foreign policy priorities of AP. Amongst the recognised successes were clearly the 2006 parliamentary elections, which were acknowledged as 'free and fair'. Indeed, Ukraine is now held up as an example that democracy in the former Soviet Union is a reality and not some abstract goal for a distant future. The fact that Ukraine is playing a constructive role in the Transdnistrian conflict in a way which is compatible with EU's Common Foreign and Security Policy, and that it has mostly adopted the common EU line as evidence by Ukraine's alignment with CFSP statements and declarations is welcome in Brussels.

Regardless of the composition of the new parliamentary coalition, no radical revision of the foreign policy objectives is likely. However, the question is over the determination with which the already formulated objectives will be acted on. In particular, to what extent external priorities vis-à-vis the European Union will guide domestic policy

⁸ This phenomenon has been common across Central and Eastern Europe where most opinion-makers, including political parties, tended to be more positively inclined towards the EU than their national public notwithstanding the high level of popular support in most of these countries for joining the Union. G.Pridham, *Designing Democracy. EU Enlargement and Regime Change in Post-Communist Europe*, London, Palgrave, 2005), p.176.

making? This hinges on whether the new government will adopt a ‘principled’ or ‘pragmatic’ approach i.e. the latter amounts to giving priority to the interests of groups close to the government without much consideration for their consistency and the external image of Ukraine, very much as was the case during Kuchma’s presidency. Although the fact that the foreign and defence ministries belong to the presidential portfolio carries the promise of greater consistency, the lack of the active support of the parliament in the pursuit of closer integration with EU may result in the parliamentary opposition and *ad hoc* alliances objecting to specific legislative initiatives and governmental reform measures.

The adoption of the AP prompted the Ukrainian government to adopt the so-called ‘Roadmap’ – a comprehensive document stating how, when and by which institutions the priorities of AP are to be implemented. Even though the AP is a document too general to guide policy making, the fact that it was ‘translated’ into the ‘Roadmap’ indicates the mobilising impact that the AP has had on domestic policy making. Through the AP the EU stepped in to provide much needed (even though still excessively vague) policy guidelines for the Ukrainian authorities.

However, post-Soviet political, economic and administrative structures, institutions and practices in Ukraine remain inefficient and make it more difficult for the EU’s policy guidelines to be acted on in Ukraine. Even though Ukraine has no declared Euro-opponents, domestic barriers to reforms – a prerequisite of bringing Ukraine closer to ‘Europe’ - mean that challenges ahead of the new authorities are formidable.

Making European integration a pivot of domestic reforms in Ukraine is frustrated by the dislike of the ENP. Even the name of the policy invokes indignation as the very term ‘European neighbourhood’ locates Ukraine outside (the boundaries of) Europe. Ukrainians also feel that the EU did not know how (and perhaps was reluctant) to positively respond to the Orange Revolution. Even though, in recognition of the momentous change in Ukraine, the EU provided symbolic support by adopting a List of Additional Measures in February 2005, in Ukraine these are regarded as an inadequate response to Ukraine’s defence of ‘European values’ during the Orange Revolution.

Yet it is the absence of the membership perspective, which fundamentally weakens the attraction of the ENP in the eyes of Ukrainians. By repeated declarations, Ukrainian authorities under Kuchma turned the prospect of membership into a real litmus test of EU’s genuine commitment to Ukraine, and thereby vastly restricted the mobilising potential of any alternative arrangements. The incentive of inclusion in the internal market – the key ‘carrot’ of the ENP - even though generous from the EU’s point of view, falls short of the expectations of the Ukrainian elites and society.

The prolonged crisis-like situation in Ukraine may facilitate the domestic adaptation to ‘Europe’ although the elite is unlikely to accelerate ‘Europeanising policies’ without a clear signal that Ukraine is welcome in Europe. The prospect of membership provides a powerful symbolic tool enabling the elites to embark on political and economic reforms. As Grabbe has pointed out, the EU’s actual influence on any given policy area in East Central Europe was often exaggerated because both the EU and policy makers in the accession states had a vested interest in doing so.⁹ Nevertheless, in East Central European countries, reforms have been legitimised by the imperative of European integration. Therefore, in order to facilitate the acceptance by Ukraine of the EU’s

⁹ H. Grabbe, ‘Europeanisation Goes East: Power and Uncertainty in the EU Accession Process’, in Featherstone, K. and Radaelli, C. (eds.), *The Politics of Europeanisation*, (Oxford: Oxford University Press, 2003), pp. 303-330.

agenda setting through conditionality, Ukraine's membership of the EU – however long-term – would have to be perceived as a real prospect. Only this would legitimise the use of the substantive leverage – the monitoring of compliance with the EU's policy prescriptions. Given the massive scale of necessary reforms in Ukraine, only high adaptational pressure from outside is likely to entail broadly defined Europeanisation of the country.¹⁰

While the Union eschews any calls for a European perspective for Ukraine, it needs to make the ENP success. This can work to Ukraine's advantage. Now in its second year, the policy has relatively little to show for it. *The Economist* went as far as describing it as a 'mess'.¹¹ Indeed, from the Mediterranean perspective it is unclear what value it added to the already established framework of the Barcelona Process. Ukraine has been the most committed in implementing its AP, thereby enabling the EU to claim that the ENP makes a difference in the Union's neighbourhood. On the other hand, the Union has limited room for manoeuvre in singling out Ukraine within the policy that covers almost of all EU neighbours. Whatever is offered to any neighbouring country which is subject to the ENP may set a precedent and a chain reaction thereby creating excessive demands and expectations. There is therefore a tendency to tread carefully and avoid significant differentiation to prevent such a scenario, despite 'differentiation' being one of the pivots of the ENP.

Even though Ukrainians have been disappointed by EU's intransigence on the membership issue, they do not always appreciate the extent to which the ENP represents a sea change in the EU's policy towards the former Soviet Union. Up until recently Russia has been at the top of the EU's policy priorities towards the Commonwealth of Independent States. Any new initiative was first developed and tested with Russia. Now relations have been decoupled, if not entirely than to a more significant extent than ever before. However, Ukraine's caution on this may be justified insofar as this de-coupling is not irreversible. Large member states of the EU continue to see Russia as the main partner and aim to create a sense of inclusion by linking policy initiatives towards Russia with the initiatives towards other post-Soviet states.

It is difficult for the Ukrainian authorities to present relations with the EU as a 'success story'. Even though they initially hoped that this would be the key international success, the authorities have now realized that they instead have to put more emphasis on developing closer ties with NATO. Ukraine already has a healthy relationship with NATO and in the short-to-medium terms it stands a good chance of becoming a member of the Atlantic Alliance. Under Kuchma, NATO treated Ukraine with caution but was quick to react to Yushchenko's election: he was, for example, the only non-allied leader invited to the NATO summit in February 2005 in Brussels. Ukraine expects to be able to join NATO as early as 2008.¹²

No doubt, the implementation of European standards necessary for accession to NATO will also benefit Ukraine as it pursues the 'European perspective'. Even though EU criteria for integration are much more stringent and comprehensive, there is a high degree of complementarity between NATO and EU conditionality, despite the lack of a formal linking mechanism between the two organizations. Perhaps more importantly,

¹⁰ K. Wolczuk, 'Integration without Europeanisation: Ukraine and its Policy towards the EU', *Robert Schuman Institute Working Paper*, October 2004, available at <http://www.iue.it/RSCAS/Publications/>

¹¹ 'A Weakening Magnet', *the Economist*, 1 April 2006, p. 40.

¹² R. Wolczuk, 'Ukraine: To the EU through NATO?'. *New Europe Review* at <http://www.neweuropereview.com/>

Ukraine's accession to NATO would provide an opportunity to become more familiar with the expectations connected with membership in western institutions. The prospect of NATO membership is the success story that the Orange coalition may have to contend themselves with.

Conclusions

Ukraine's elites see the pro-European orientation as part of the strategy for the modernisation of the country, alongside a more remote relationship with Russia. This 'civilisational choice' and associated reform agenda makes Ukraine stand out in the former Soviet Union with the partial exception of Moldova and Georgia. With Russia and Belarus eschewing democratisation and closer integration with the EU, it is only Ukraine out of the 'Slavic trio' that has pegged its domestic reforms to integration with the EU.

Despite calls for moving from declarations to implementation, the new authorities have found it difficult to close the gap between the rhetoric and deeds. In particular, while Yushchenko proclaims the European vocation for Ukraine, he himself has lacked the political machinery and political management skills to deliver on his promises. The 'Orange elite' failed to dislodge vested interests, to deal with the bureaucratic inertia and to curb widespread corruption as domestic reforms have been hampered by infighting within the Orange coalition. The record is mixed and setbacks have been and will continue. While the parties which secured places in the 2006 parliamentary elections may not object to membership of the EU, they differ on how much this should be a priority. The new coalitional government is likely to find it difficult to formulate and enact a clear set of policies. Thus, a robust monitoring mechanism from the EU is required to ensure that the implementation of the AP is not derailed.

With the ENP the EU stepped in to provide much needed guidelines for domestic policy making in Ukraine. But the lack of incentives (i.e. a membership perspective) combined with the formidable domestic obstacles to implement reforms are not problems that will be easily overcome. Yet despite these challenges so far Ukrainians have been keen to seize the opportunity to prove themselves 'good pupils' vis-a-vis the EU. Ironically, the authorities intend to use the policy that was devised to bypass the issue of membership altogether as the vehicle which will move them closer to a membership perspective. Despite being conceived as an alternative to enlargement, the ENP is used as a stepping stone towards it by Ukraine. This explains why, despite precarious domestic developments and reservations about the ENP, the country has actually embarked on and persists with implementing the AP. The case of Ukraine indicates that the EU's ENP can only make a difference in its neighbourhood if and when target countries wish to go beyond it.