

More than Neighbours
The Enlarged European Union and Ukraine – New Relations
Policy Paper

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1. Why ‘new relations’?

The security and stability of the European Union (EU) is inextricably linked to that of Europe as a whole. As was recognised in the Wider Europe Communication, the EU’s interdependence – political and economic – with its neighbours is already a reality. However this interdependence places greater onus on the more prosperous and stable EU in that the security and stability of Europe largely depend on the EU’s ability to promote stability and prosperity in the rest of Europe. The EU’s political and economic might give it particular leverage and responsibility to facilitate the spread of democratic values and the rule of law, the cornerstones of stability and prosperity, beyond its boundaries.

So far the EU has adopted a policy of limited engagement with its future/post-enlargement eastern neighbours, with the partial exception of Russia because of its importance and existing common border with the EU. Instead, the EU has placed greater emphasis on preventing instability impinging from non-EU Europe, rather than on exporting stability to that region.

As far as Ukraine is concerned, the EU’s policy has been a peculiar mix of *ad hoc* measures driven by the recognition that Ukraine is too big to ignore and a significant source of soft security threats to the EU. The corollary of this is that the EU’s relations with Ukraine are often reduced to tackling the problems of migration, borders and international crime. Up to a point this is understandable. Ukraine, while a country of 50 million people with consi-

derable economic potential, is 13 years after its independence far from stabilised, let alone democratic and prosperous. The country has regressed in terms of democratisation in the last few years, despite experiencing some steady economic growth since 2000.

Yet there are two main reasons why this 'relegationist' policy, that is relegating Ukraine to that of a basket case, which needs managing, is flawed.

Firstly, despite its domestic problems, Ukraine is intent on forging ever closer ties with the Union, culminating at some stage in EU membership. However, unrealistic these ambitions may appear, they are nevertheless indicative of a forward looking country seeking to put its past well and truly behind it. Admittedly, the above-mentioned foreign policy declarations have been largely disconnected from domestic policy making and the 'European choice' has not been enacted on the domestic context. Indeed, Ukraine has itself undermined the credibility of its pro-European proclamations as evidenced by the hesitant economic reforms, deteriorating democratic standards, and immense social deprivation. In the capitals of the member states of the EU, Ukraine appears a classic 'post-Soviet failure'. Ironically, the fact that Ukraine has not experienced the type of conflict or crises that characterises the experience of several countries in the Western Balkans, has left it lower down the agenda than it might otherwise be.

Undoubtedly, Ukraine's membership aspirations raise a number of concerns within the EU. There is considerable fear of endless expansion and the impending paralysis of the EU's institutions as a result of the 2004 enlargement let alone any subsequent enlargement involving Ukraine. Further enlargement could trigger a backlash in public opinion. Given that the number of states offered the more or less clear prospect of membership includes Bulgaria, Romania, Turkey, Croatia, Bosnia-Herzegovina, Serbia and Montenegro, Macedonia, Albania, in addition to members of the EFTA (Norway, Iceland, Liechtenstein and Switzerland), whose membership would be relatively straightforward, the question of how far enlargement can go is highly pertinent.

The second reason why this 'relegationist' policy towards Ukraine is flawed is that from May 2004, Ukraine will become a direct neighbour of the

enlarged EU, as it will border three of the new member states (Hungary, Poland and Slovakia). Given this long common border, the presence of ethnic minorities on either side of it, long-standing historical ties and substantial cross-border co-operation Ukraine cannot effectively be cordoned off. Nor should it. The EU should instead actively promote regional and sub-regional co-operation and integration as a means of ensuring political stability and economic development in Ukraine, both for the benefit of the eastern part of the continent as well as Europe as a whole. The reluctance to embrace the challenge presented by Wider Europe would be detrimental to the objectives that the EU has set itself for the Wider Europe, notably the promotion of stability, prosperity, shared values and the rule of law.

In sum, in light of Ukraine's EU aspirations and soon-to-be-acquired status as neighbour, Ukraine becomes a litmus test for the effectiveness of the EU's policy in the Wider Europe. If the current impasse in Ukraine-EU relations, characterised by long-standing misunderstandings and accumulated frustration on both sides, can be overcome not only would Ukraine benefit, but the EU would establish itself as a capable of promoting significant change in Wider Europe. On the other hand, the continuation of the present situation would dash the EU's ambitions in the Wider Europe, and undermine Ukraine's efforts to overcome its domestic challenges.

This paper will explore the challenges and opportunities facing both parties in the development of their relations as they pursue their own particular objectives. It will start by exploring the three potentially disparate agendas, which currently affect relations, namely the EU's agenda towards Ukraine, Ukraine's agenda towards the EU and the potential role of new member states in EU-Ukraine relations. The paper will then go on to explore fertile ground for increasing the degree of integration between the Ukraine and the EU (namely, economic issues, Justice and Home Affairs, the Common Foreign and Security Policy, civil society and cross-border co-operation) thereby providing a foundation for the third and final part of the paper – an outline of a road map to guide future relations.

2. Three agendas

2.1. EU's agenda for Ukraine

Current relations between the EU and Ukraine are guided by the Partnership and Cooperation Agreement (PCA) signed in 1994 and eventually ratified in 1998. However, the PCA, a document which primarily establishes the principles for an economic relationship between the two parties, is now an inadequate framework within which to develop relations. This is because relations between the EU and Ukraine have moved far beyond the remit of the PCA. In particular, since the signing of the document, following the enactment of the Treaty of Amsterdam and the Treaty of Nice, the EU has strengthened competencies in the fields of Justice and Home Affairs (JHA) and foreign, security and defence policy. It is as a result of these new competencies that the EU's cooperation with Ukraine has entered a new phase. Yet the PCA offers no framework for relations in these new areas. Instead, co-operation is proceeding in a somewhat ad hoc manner, especially in the field of JHA. Both sides also recognise that there is considerable potential for enhanced co-operation on foreign, security and defence policy, areas which are largely left untouched by the PCA. In sum, a new legal framework to manage EU-Ukrainian relations is needed, especially one with a new institutional structure, which would provide for more extensive contact at lower levels to facilitate closer cooperation in specific areas.

The ‘candidate’ model of step-by-step integration is the most suitable one for moving EU-Ukraine relations forward. More specifically, a process of ‘regulatory convergence and approximation of legislation’ could be combined with the limited and the gradual introduction of the free movement of goods, services, capital and labour between the two parties. Up to a point, such a development would represent an extension of the approach Ukraine has adopted as in pursuit of WTO membership, and in line with PCA requirements, Ukraine has effectively agreed to the fundamentally asymmetric ‘accession candidate principle’; to join a club one must abide by its rules.

An upgrading of the funding programme to Ukraine would be necessary as the limits of the Tacis programme are now well recognised by the European Commission. A new Neighbourhood Instrument has already been proposed in connection with the Wider Europe initiative and further elaborated in Communication ‘Paving the Way for a New Neighbourhood Instrument’. But this proposal for a new assistance instrument, designed almost exclusively for the border areas of the EU’s new neighbours, should be seen only as a first step towards the creation of a comprehensive funding framework for Wider Europe. In the case of countries such as Ukraine the new assistance instrument should cover the country as a whole. Investment-oriented assistance, similar to the Phare and ISPA programmes, is indispensable as Ukraine is currently not in a position to benefit from the prospect of a stake in the EU’s Internal Market and further integration and liberalisation to promote the free movement of persons, goods, services and capital (four freedoms) offered by the European Commission without upgrading its infrastructure for which EU assistance is vital.

In addition to investment support, the EU needs to provide technical assistance for institution- and capacity-building each of which remain unfinished and the completion of which continues to represent a significant challenge for Ukraine. Also, the development of civil society in Ukraine is crucial for the realisation of its ‘European choice’. Thus the EU should support its growth with assistance both from the EU and from individual member

states. It would also be advisable to ensure as much involvement as possible by EU NGOs in the implementation of projects in Ukraine.

Such steps would go a long way towards approximating Ukraine to EU standards of governance. However, the real incentive for Kyiv in its dealing with the EU is that which has been denied to Ukraine, namely the prospect of membership. According to the EU treaty and draft Constitution, membership of the EU is technically open to any European country. In light of Ukraine's geographical status as a European state, and the fact that the prospect of membership has been extended to several other European states who find themselves in similar economic and political straits it follows that there are no established criteria on the basis of which Ukraine ought to continue to be denied the prospect of membership. Thus, while it should be made clear that while, in practical terms, Ukraine's membership of the EU is a distant prospect, it is a legitimate goal and should be acknowledged as such by the EU. At the same time it should be made clear that the deteriorating political situation in the country merely defers membership further.

2.2. Ukraine's agenda for the EU

So far Ukraine has failed to develop a clear strategy towards the EU. This is evident in a number of areas.

Firstly, while Kyiv has either allocated governmental departments specific responsibilities regarding the pursuit of EU membership, or has set up institutions whose sole function pertains to the pursuit of membership, the efforts of these various bodies are insufficiently co-ordinated.

Secondly, Ukraine's international commitments are incongruent. The signing of the Agreement on the 'Single Economic Space' signed with Belarus, the Russian Federation and Kazakhstan in September 2003 in the context of the Commonwealth of Independent States contradicts its strategy vis-à-vis the EU. Furthermore, policy makers have talked about 'to Europe together with Russia', a country, which has no EU membership aspirations. Russia is interested only in narrower sectoral cooperation with the Union in

the fields of trade, energy and security. Yet by suggesting that Ukraine can go 'to Europe together with Russia', Ukraine has undermined the credibility of its own aspirations. Indeed, the implementation of the strategy captured by the slogan implies that it is Russia's policy towards the EU which will set the pace and scope of Ukraine's integration with the Union. If Ukraine is truly committed to European integration, a 'direct approach' to the EU is the only feasible strategy.

Thirdly, and more importantly, Kyiv has over focussed its efforts on making declarations about EU membership at the expense of implementing much needed economic and political reform. In turn, the absence of a positive record of domestic reform has discredited Ukraine's European aspirations, leaving any demands for timetables for some form of 'association' or membership looking rather hollow. Kyiv has yet to appreciate that European integration starts and ends at home and reform represents the type of serious effort to fulfil the criteria for EU membership that the EU needs to see. There are many areas in which reform is desperately needed if Ukraine is to make its membership aspirations a meaningful prospect.

Above all, Ukraine is in need of profound political reform in order to increase the legitimacy of power, improve transparency and accountability, speed up decentralisation and a strengthen the role of political parties. Such political reform should not be limited to constitutional change even though these are needed too nor should it be used by the presidential administration and government as a tool to keep power in their hands.

In addition, despite enjoying favourable economic conditions in recent times, with further good prospects for 2004, Kyiv still needs to implement significant economic reform both for the benefit of the economy but also to satisfy the needs of EU membership. In either case, economic reforms should aim to support stable economic development through macroeconomic stability, contract enforcement, and adhering to international standards in trade and capital regulations. Fiscal policies should be amended by eliminating tax preferences, especially under VAT and the removal of accumulated VAT arrears. The energy sector needs special attention, as it has accu-

mulated significant amounts of tax and payments arrears, and is a source of significant inefficiency. There is also a need for strengthening supervision within the banking sector, as it remains fragile. Ukraine should continue to implement measures in pursuit of WTO membership.

Furthermore, privatisation should be continued in a transparent manner. There is a plethora of evidence to suggest that private manufacturing outperforms state-owned, yet much remains in state hands. Despite the ongoing economic boom, the investment climate in Ukraine is still perceived as unfavourable, as evidenced by increasing capital flight from the country.

For the above reasons, urgent measures are necessary especially in the legal field. Ukrainian laws often contain ambiguous provisions, creating uncertainty about their proper implementation. Legal relations, which should be governed by legislation, are often stipulated in decrees and other normative acts. Incoherent and ad hoc legislation and a chaotic lawmaking process frightens foreign investors.

The legal system and law enforcement in Ukraine should correspond to the principles of legal clarity and proportionality, which are the basis of legal order in the EU. In order to provide for the effective implementation of rights and duties by citizens there is a clear need to improve the level of society's legal awareness. Educational institutions, NGOs and the mass media should play significant role in this process. In particular, they could help governmental bodies in their struggle with corruption, an issue of the greatest pertinence in the public life of Ukraine.

In order to ensure the independence of judicial power in Ukraine, opportunities to exerting pressure on judges by, or on behalf of, the executive branch through bribery, blackmail, threats, and interference in due process (for instance, publishing slanderous articles asserting guilt prior to a court ruling) should be if not removed then minimised. For example, appropriate conditions for work and personal security should be provided for judges, including the formation of security forces answerable only to the State Court Administration.

Civil society in Ukraine has developed rapidly in the last decade. However the third sector has still not achieved the level needed to play a decisive role in public life. There are still many obstacles impeding its growth and functioning in Ukraine. The government should develop a coherent legal framework and special programs to support NGOs (i.e. involving them in public research on vital issues such as, for example, self-government). At the same time, it is important to have transparent competition for governmental funds and to include independent experts, with recognised authority in their fields, on review commissions.

The independent media play a key role in the process of democratic transformation in post-communist states and therefore have attracted considerable attention from the EU and other international bodies. Currently, the freedom of the media is one of the most sensitive political issues in Ukraine. In order to ensure the freedom of the media it is necessary to transform state television and radio into (genuinely) public broadcasters; complete legislation providing transparent rules for the media market; avoid the adoption of new laws (usually submitted by security structures) which aim to limit journalists' rights or punish engagement in investigative journalism; guarantee transparency of media ownership by making public the names of real owners.

Finally, the process of adapting Ukrainian legislation to EU rules and regulations, the *acquis communautaire*, is a complex process. It involves the national legal system insofar as it impinges on current legislation, draft legislation, law enforcement and procedural rules. In addition, in order to provide for the effective implementation of the adaptation process there is a substantial need to involve all branches of power: parliament and executive bodies at the drafting stage and judicial institutions at the enforcement stage. Adaptation is not an isolated process and must be accompanied legal, judicial, administrative, economic and other reforms. Yet these reforms are vital if Ukraine's EU ambitions are to be some day realised.

2.3. The role of the New EU Member States in EU-Ukraine relations

There is little doubt that the new 'Eastern' member states can play a significant role in the development of EU-Ukraine relations. As former members of the Soviet bloc, the Visegrad countries have an insight into the problems Ukraine inherited on the collapse of the Soviet Union. That, and the fact that they have come through the transformation process earlier than Ukraine, means that they are the best qualified of all members of the enlarged EU to share their know-how on the post-communist political transformation and implementation of market reforms. The fact that Ukraine's neighbours are culturally and linguistically similar should help smooth the information exchange between them. The EU should facilitate this process with moral support and financial assistance.

In addition, the Visegrad countries, because of vested interests, could facilitate a more flexible implementation of the Schengen regime to the benefit of both parties; they have ideas and incentives for the more active involvement of Ukraine in EU eastern policy which ought to be examined and where appropriate acted upon; thanks to their unique perspective they have insightful ideas for supporting democratisation and civil society in Ukraine. Closer co-operation between the Visegrad countries and Ukraine in creating multinational military units could become an important element in European efforts in this field.

In addition to assistance provided by the EU, Visegrad countries should consider using their own resources to maintain and expand co-operation and encourage people-to-people contacts in their respective countries and Ukraine. This could take place bilaterally or through joint efforts, for instance through the International Visegrad Fund (IVF).

3. Main areas of integration

As was mentioned above there are a number of areas which represent fertile ground for the evolution of relations between the EU and Ukraine.

3.1. Economy

EU enlargement will considerably increase the importance of the EU in Ukraine's external trade, accounting for approximately 40% of Ukraine's exports after enlargement. (Admittedly the CIS will remain the main source of imports to Ukraine, mainly due to the latter's reliance on energy imports from Russia).

In order to move the economic relationship forward, Ukraine's priority in the short-term should be the attainment of market economy status and accession to the WTO. This is because WTO membership is a pre-condition for further trade liberalisation, and it is in the interest of both the EU and Ukraine that WTO negotiations are concluded quickly.

The liberalisation process of EU-Ukraine trade relations should remain asymmetrical, as the Ukrainian economy in general, and in particular sectors such as automobiles, agriculture, mechanical engineering, and the radio-electronic industry, would be unable to withstand the competitive pressures of the EU market for the time being. In a medium- to long-term perspective, this asymmetric trade regime should be gradually removed as part of the creation of a free trade zone.

One of the ways to develop the trade structure is by increasing the proportion of services exported from Ukraine to the EU. There is considerable scope for growth in this regard with Ukraine offering tourism, transport, construction, and services in information technology. An added benefit of this would be that these kinds of economic activities are less likely to be subjected to anti-dumping investigations and other restrictive procedures.

Ukraine should elaborate a coherent and consistently implemented investment promotion strategy. This strategy must be based on a careful assessment of the current state of the Ukrainian economy and international investment trends. Such a strategy would include: developing a coherent investment promotion strategy to which all Ukrainian authorities would subscribe; simplifying interaction between foreign investors and Ukrainian authorities by considering the creation, for instance, of a 'one-stop shop' where foreign investors can obtain all required licences, approvals and permits from the authorities in charge; assisting foreign investors in case of difficulties with Ukrainian authorities; facilitating an ongoing and systematic policy dialogue between foreign investors in Ukraine and investment policy makers.

Relations between the EU and Ukraine in the energy sector should be built on the provisions of the Energy Charter Treaty that envisages relations built on principles of non-discrimination and co-ordination of energy policies.

More particularly, Ukraine can play an important role in the delivery of hydrocarbons to the EU. After the completion of the Odessa–Brody–Plock pipeline, Ukraine will have the required infrastructure for the transportation of significant amounts of Caspian oil to Europe, something which the producing states are interested in. The EU is expected to be a major consumer of Caspian oil. While the pipeline will face stiff competition from Russian and Turkish pipelines, the European Commission recognises that the pipeline is of Pan-European importance. The Odessa–Brody–Plock pipeline has the added benefit of not only being one of the shortest routes from the Caspian to Europe, it also offers the EU diversity in choice of supply thereby improving energy security. It is therefore in the EU's as well as Ukraine's interest to promote the Caspian oil transit route.

Because a significant proportion of the gas the EU receives from Russia traverses Ukraine, the creation of an international natural gas transport consortium in Ukraine would be in the best interests of all parties concerned. It is vital that the creation of such a consortium remains transparent, as otherwise Western investors might be reluctant to be involved. Yet their involvement is vital in order to ensure sufficient funding and satisfy consumers as to the reliability of the supply of gas from CIS countries.

Ukraine is included in only two of the ten pan-European multi-modal transport corridors, as well as one of the three Pan-European Transport Areas. Only three of the ten corridors connect western Europe with eastern Europe, while the remaining seven corridors are aimed at improving north-south connections. In order to integrate Ukraine more closely with the enlarged EU, the EU should place greater emphasis on east-west connections in general, and in particular those linking Ukraine directly to the EU.

3.2. Justice and Home Affairs (JHA)

Justice and Home Affairs is of increasing importance for the EU and its relations with Ukraine. The co-ordination of a whole array of legal, administrative and technical measures between the EU and Ukraine should take place under the scheme of the Friendly Border Policy aimed at fostering closer ties, through, amongst others, eliminating barriers to the movement of people while at the same time enhancing security. This policy requires the commitment and concerted efforts of both parties, without which it will be impossible to establish mutual trust.

The creation of a 'friendly border' requires the application of a variety of legal, administrative and technical measures, which would facilitate travel to EU countries from Ukraine and ensure fast and efficient arrangements at the EU's external border. The main challenge is to implement the friendly border agenda while maintaining the security functions so essential to the EU's external frontiers. The elimination of visas for Ukrainian citizens should become one of the main long-term strategic goals of the EU's policy to-

wards Ukraine. In the short term it is vital for communities on either side of the border that visas are easily accessible.

Development of the *acquis* on local border traffic with neighbouring countries, such as Ukraine, could not only become a practical tool that will make the life of people living in border regions much easier but also an important political gesture which would be a very positive input into EU-Ukraine relations. In order to fully utilise the potential of this gesture, it should be accompanied by appropriate legislation and implementation as soon as possible given that Poland and Hungary introduced visas in the autumn of 2003. In the context of the future of EU-Ukraine relations, the definition of local border traffic should not be limited to areas only 50 km from the border but should cover the border administrative units. Such a solution would help to match demand and minimise abuse.

The consular networks of EU countries will be expanded as a result of enlargement. At the same time, owing to the new visa regime demand for visas in Ukraine has risen sharply. Within the framework of the Wider Europe initiative it seems logical for both new and old EU members to think in terms of an (integrated) consular infrastructure, concentrated along the EU's external land border.

Technological and organisational advances already allow a shift from the protection of borders to border-checks in the medium-term perspective. These include the improved quality of information within the Schengen Information System, wide use of portable terminals with instant access to SIS, easy-to-use magnetic readers for passports with a magnetic code, and the technical ability to print visa stickers as part of the passport verification process.

Facilitated access to visas, involving policy and institutional modifications by the EU, requires reciprocal work on the part of Ukraine to demonstrate its genuine interest in co-operation. Ukraine should remove visa requirements for EU citizens travelling to Ukraine before visa requirements for Ukrainian citizens travelling to the EU are lifted. Ukrainian policy-makers have to come to terms with, and communicate to the public, the fact that traditional reciprocity is not feasible in relations with the EU.

Access to legal employment in the European Union for citizens of non-member states is possible but limited. In relations between the EU and non-member states a number of precedents have already been set regarding the problem of the temporary employment of citizens of the latter. These provisions should be extended to Ukraine. Both Ukraine and the EU need to adopt regulations that would correspond to the dire economic situation in Ukraine and state of the EU's labour markets. Ukraine and the EU should develop and sign an agreement on the mutual protection of labour markets. The agreement should provide transparent and stable opportunities for legal employment of Ukrainian citizens, as well as attributable liability for rendering assistance in the event of their return home and observance of all contract provisions. As part of the reciprocal measures adopted vis-à-vis the EU, Ukraine should facilitate access to its own labour market for EU citizens by easing bureaucratic requirements, such as registration etc.

3.3. Common Foreign and Security Policy (CFSP)

Ukraine is a potential contributor to European Security and Defence Policy (ESDP) operations. Ukraine already has considerable experience in international peacekeeping operations. Although Ukraine is currently in a state of readiness in terms of making a contribution, it is obvious that the potential for EU-Ukraine co-operation in ESDP would be greatly enhanced by the rapid transformation and modernisation of Ukraine's armed forces.

To accompany this enhanced participation in EU-led operations, Ukraine should be included in the EU's structured security dialogue with third countries. A revision of the current format will in any case be required after the 2004 enlargements of the EU and NATO. The two separate formats currently in place will become redundant, with both configurations becoming the same: 25+5. It is possible to envisage the inclusion of Ukraine in this numerically diminished group of associated non-EU states.

3.4. Civil Society

International co-operation with Ukrainian NGOs should be increased. Various Ukrainian NGO projects, which have been implemented over the past few years (supported by US institutions), converge with EU priorities for Ukraine (human rights advocacy, freedom of media, monitoring of the electoral process) and could be further supported within the framework of the EIDHR.

In order to improve the accessibility to EU assistance and to enhance the capacity of Ukrainian NGOs to absorb it effectively, the European Commission Delegation to Ukraine should present the vast amount of information available on the assistance available in a more structured and clear way. This process should involve representations of member states in Ukraine (such as embassies, consulates and cultural institutes). It is important to promote information on EU programmes through various European funds and organisations working in Ukraine. They could co-operate in publicising EU programmes and the results of projects implemented in Ukraine with EU assistance.

There is a need for co-ordination between governmental and non-governmental bodies, which provide assistance to Ukraine. Clear and co-ordinated information, about all opportunities offered by a given country for NGOs, media organisations, academic institutions and individuals, should be provided.

The encouragement of indigenous Ukrainian donors is a long-term priority. The presence of Ukrainian NGOs in international projects would be more prevalent if their ability to make financial contributions to bilateral projects was increased.

Support for education should be provided by: expanding the EU Socrates and Erasmus educational programmes to Ukraine; facilitating exchanges between universities; promoting short-term and specialised internships in order to prevent the brain-drain phenomenon; offering small grants to support NGO educational initiatives (innovations in education, distance lear-

ning, small community schools, multicultural education in border regions); and supporting centres for European Studies.

3.5. Cross-border co-operation (CBC)

EU enlargement and the introduction of the Schengen regime will have the greatest impact on the regions along both sides of the EU's new eastern border. Nevertheless there is an acute lack of awareness on either side of opportunities arising from enlargement. In order to overcome this deficit and increase its engagement in these areas the EU should create regional offices along its external border in the new member states and Ukraine.

Despite some achievements Euroregions have not lived up to expectations, mainly due to the lack of finance, indecisiveness and the lack of experience of local and regional governmental bodies. Nevertheless, Euroregions remain key instruments for cross-border co-operation in the border regions between Ukraine and the enlarged EU. They promote dialogue between the regional political elites, provide fora for the transfer of know-how, which then serves to boost institutional capacity, promote development and contribute to the prosperity of regions which have yet to overcome the effects of socio-economic underdevelopment and political marginalisation. However, the full potential of Euroregions in these key areas has yet to be realised.

The EU should harness the potential of the Euroregions along the future external border of the enlarged EU by assisting the countries in question to develop local and regional government structures that are capable of engaging and managing CBC; setting up a dedicated task-force to support Euroregions through the co-ordination of the EU's various activities, funding opportunities and programmes (including the elaboration of the New Neighbourhood Instrument); promoting the creation of multicultural educational programmes for the border communities.

The border regions of Ukraine and the new member states can potentially become very attractive tourist destinations. Initially, the promotion of tourism in this region requires more good will and vision than investments.

4. A Road map for the EU and Ukraine

Below we offer a road map for Ukraine's integration with the EU, divided into four distinct stages. The road map is not a timetable with specific deadlines, as progress on the Road Map depends, above all, on Ukraine's reform efforts. It is thus a matter for Ukrainian authorities to determine how quickly to move towards their destination, should they wish to be considered a credible candidate for EU membership.

4.1. Political Declaration

As part of its 'Wider Europe' initiative, the EU is currently developing an Action Plan (AP) for its relations with Ukraine, to be ready in 2004. The finalisation of this Action Plan should be accompanied by a political declaration by the EU. In order to send a clear signal of the prospect of membership for Ukraine, this declaration should be announced prior to the Ukrainian presidential elections, scheduled for late October 2004. The enlargement of the EU in May 2004 provides an appropriate moment for such a declaration. At the latest, this declaration could be made by the European Council at its summit in October 2004.

This declaration should take the form of a purely political statement by the EU designed to deliver a strong, unambiguous message of the importance of Ukraine to Europe. It should explicitly acknowledge that Ukraine, as

a European country, is eligible for EU membership in principle. Equally importantly, it should state that in light of the current poor state of reform, Ukraine cannot yet be considered a prospective candidate for EU accession.

The Action Plan should spell out a detailed road map of future relations. A new contractual arrangement between the EU and Ukraine should be a central staging post along this 'road'. This agreement should upgrade Ukraine's relations with the EU in line with points outlined in this document. The political declaration should spell out clearly the conditions for opening negotiations on a new agreement.

4.2. Implementation of conditions for negotiating a new agreement

The above-mentioned conditions should be broader, more explicit, and more 'political' in scope than the mainly technocratic requirements of the PCA. The conditions for starting negotiations on a new agreement should build on the EU's own experience of previous and current enlargement processes and the requirements of the Council of Europe. However, as the end-goal at this stage is less than EU membership, and in order not to curtail the mobilising effect of political conditions, these conditions should be more limited than the criteria for prospective EU candidates.

These conditions for reform should not be too demanding in economic matters, public administration and judicial reform, areas where reform tends to be a protracted process, for instance. It should focus on the implementation of basic European political principles and practices in Ukraine, such as measures to ensure the freedom of the media and free and fair elections, to improve human rights and eliminate political abuse of the justice system. These should be fundamental prerequisites for moving ahead on the road map.

The upcoming presidential elections provide an opportunity for Ukraine to tackle the above points by granting the opposition equal access to the media, reducing political control over state media, eliminating the abuses of the

judicial system for political aims and ending persecution of private business associated with the opposition through taxation and the legal system.

The list of conditions should also refer to current short-term priorities, such as steps to ensure WTO accession. The EU should make it unambiguously clear that the membership of the 'Common Economic Space', planned between Ukraine and three CIS states, is incompatible with eventual EU membership.

It should be underlined that all the possibilities in the Declaration, which would pave the way to a new agreement, should be made conditional and come into force only after the necessary steps have been taken by Ukraine in the implementation of political and economic reforms. The detailed and explicit set of priorities as well as built-in conditions would lead to step-by-step integration only if and when Ukraine fulfils its obligations, as judged by a continuous monitoring mechanism.

4.3. The new agreement

The new agreement could be modelled on the Association Agreements signed by the East-Central European states in the early 1990s, especially given the desirability of a sustained 'political dialogue'. Borrowing from the more recent agreements signed by Western Balkan states, the new agreement with Ukraine should embrace JHA and CFSP issues, as well as incorporating more recent developments, such as the creation of the ESDP.

Similar to the agreements mentioned above, progressive step-by-step integration should be an integral part of the new EU-Ukraine agreement, specifying the conditions required for further integration and the inclusion of Ukraine in EU policies. This integration would allow for the gradual creation of a free trade area, followed by the establishment of a customs union and eventual inclusion in the single market. Similar steps could be envisaged for the movement of people, starting with the removal of Ukraine from the visa 'black list', the gradual liberalisation of the movement of people culminating in Ukraine's inclusion in the Schengen regime. The agreement

should provide for extensive Ukrainian participation in EU programmes and inclusion in the numerous committees assisting the Commission in preparing new legislation.

4.4. Candidate status and accession negotiations

In order to be acknowledged as a candidate for EU membership, Ukraine would need to demonstrate sustained efforts in implementing this new agreement. The opening of accession negotiations should depend on the full implementation of the agreement coupled with the fulfilment of the Copenhagen criteria.

Selected publications issued in the project
The Enlarged EU and Ukraine:

More than a Neighbour. Proposals for the EU's policy towards Ukraine, edited by Grzegorz Gromadzki, Oleksandr Sushko, Marius Vahl and Kataryna Wolczuk, Warsaw 2003. Available in English and Ukrainian.

Йоанна Конечна, **Поляки–українці, Польща–Україна. Парадокси стосунків між сусідами за даними соціологічних досліджень**, [Joanna Konieczna, Poles and Ukrainians, Poland and Ukraine. The Paradoxes of Neighbourly Relations], Варшава–Київ 2003. Published in association with the Center for Peace, Conversion and Foreign Policy of Ukraine.

European Integration of Ukraine as Viewed by Top Ukrainian Politicians, Businessmen and Society Leaders According to Standard Interviews, Warsaw 2003. Available in English and Ukrainian, published in association with the Center for Peace, Conversion and Foreign Policy of Ukraine.

More than Neighbours. The Enlarged European Union and Ukraine – New Relations, Final Report, edited by Jakub Boratyński, Igor Burakovsky, Boris Dodonov, Alexander Duleba, Grzegorz Gromadzki, Olexiy Haran, Małgorzata Jakubiak, Joanna Konieczna, Iryna Kravchuk, Wolodymyr Nahirny, Oleksandr Sushko, Marius Vahl, Kataryna Wolczuk, Anna Wróbel, Przemysław Żurawski vel Grajewski in collaboration with Michael Emerson, Zsuzsa Ludvig, Rostyslav Pavlenko, László Póti.

These and more publications are available on: www.batory.org.pl/forum/ukraina_ue.

Selected publications in the series
On the Future of Europe:

O przyszłości Europy. Głosy polityków [On the Future of Europe. The Voices of Politicians] (2000), a selection of articles by European politicians expressing their opinion in the public debate in the EU about the future of the continent. Available in Polish.

Policy Paper 1: Overcoming Alienation; Kaliningrad as a Russian Enclave Inside the European Union (January 2001); edited by Grzegorz Gromadzki and Andrzej Wilk; published in association with the 'Borusia' Culture Society and the Center for International Relations. Available in Polish and English.

Policy Paper 2: The Half-Open Door; the Eastern Border of the Enlarged European Union (March 2001); edited by Jakub Boratyński and Grzegorz Gromadzki; published in association with the Institute of Public Affairs. Available in Polish, English and Russian.

Policy Paper 3: Pro-European Atlantists. Poland and Other Countries of Central and Eastern Europe after Accession to the European Union (June 2001); edited by Grzegorz Gromadzki and Olaf Osica; published in association with the Center for International Relations. Available in Polish and English.

Policy Paper 4: The Forgotten Neighbour – Belarus in the Context of EU Eastern Enlargement (September 2001); edited by Anna Naumczuk, Eugeniusz Mironowicz, Grzegorz Gromadzki and Paweł Kazanecki; published in association with the East-European Democratic Center – IDEE. Available in Polish, English, Russian and Belarusian.

Policy Paper 5: The Common Challenge. Members and Candidates Facing the EU Future Migration Policy (December 2001); edited by Krystyna Iglicka, Sławomir Łodziński, Dariusz Stola, Jakub Boratyński and Grzegorz Gromadzki; published in association with the Institute of Public Affairs and the Institute of Social Studies – Warsaw University. Available in Polish and English.

Policy Paper 6: New Neighbourhood – New Association. Ukraine and the European Union at the beginning of the 21st century (March 2002); edited by Bogumiła Berdychowska, Przemysław Żurawski *vel* Grajewski and Grzegorz Gromadzki; published in association with the Faculty of of International Studies and Political Science – University of Łódź, and the Polish-Ukrainian Forum. Available in Polish, English, Russian and Ukrainian.

Policy Paper 7: An Overview of European (In)Security (June 2002); edited by Olaf Osica and Grzegorz Gromadzki; published in association with the Center for International Relations. Available in Polish and English.

Policy Paper 8: Between Need and Dependency. Russian Gas in the Energy Balance of the Enlarged EU. (December 2002); edited by Grzegorz Gromadzki. Available in Polish, English and Russian.

Poland in the World: Challenges, Achievements, Threats (September 2003); address by the Polish Foreign Minister Włodzimierz Cimoszewicz, and the records of discussion featuring Jan Krzysztof Bielecki, Jerzy Jedlicki, Maciej Łętowski, Tadeusz Mazowiecki, Dariusz Rosati, and Aleksander Smolar.

The EU Enlargement and Neighbourhood Policy (2003); the proceedings of a conference organised by the Foundation in co-operation

with the Polish Foreign Ministry; the publication includes the keynote addresses by Polish President Aleksander Kwaśniewski and Foreign Minister Włodzimierz Cimoszewicz, a summary of all sessions, and the Polish non-paper with proposals on the future policy of the enlarged EU towards its new Eastern neighbours. Available in Polish and English.

Other publications on international relations:

Polska–Ukraina. Współpraca organizacji pozarządowych [Poland–Ukraine. Co-operation of Non-Governmental Organisations] (September 2003); a presentation of Polish organisations' experience of co-operation with Ukraine, a description of activities and major institutions; published in association with the Education for Democracy Foundation. Available in Polish.

Belarus. Reform Scenarios (2003); a comprehensive study by Belarusian experts featuring proposals of political, economic, social, and educational reforms of the country. Available in English, Russian and Belarusian.

These and more publications are available on: www.batory.org.pl/pub.

