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A DIFFICULT BALANCE: UKRAINE BETWEEN RUSSIA AND THE EU

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In 1963 a Ukrainian historian Ivan Lysnyak-Rudnytsky spoke at a congress of historians in Zalsburg. His speech, "Ukraine between the East and the West" - focused on the different civilisations: "Euro-Atlantic" and "Greek-Byzantine" - started a debate about Ukraine's civilizational foundation. In political, socio-economic and cultural terms, the alternative models for Ukraine are seen as "the West" or Europe, and "the East", i.e., Russia. Notwithstanding a number of common features and interests, "Europe" and "Russia" represent contrasting models of the choices and political preferences of Ukrainians and may be used for our overview of Ukraine's efforts to define its place between Russia and the EU.

For the past 14 years Ukraine has often been referred to as a large country in Europe between Russia and the West, with a difficult historic past, uncertain present and even more uncertain future. The slogans of European (Euro-Atlantic) integration have been used and abused by politicians in internal debates and elections. The metaphors of a "buffer zone" or a "bridge" were used depending on the circumstances of debates.

Ukraine has declared its pro-European choice and approved a number of documents stating that integration with the European Union is its strategic goal. Following the breakthrough presidential elections of 2004, and particularly after the adoption of the EU-Ukraine Action Plan in February 2005, the EU-Ukraine dialogue has become more dynamic and meaningful. However, the questions "where is Ukraine?" and "where is Ukraine going?" are still on the agenda – if not for Ukraine's state leadership, then for many of its citizens. Although the 2004 presidential elections and the Orange Revolution confirmed that the majority of Ukrainians share European values of democracy and free choice rather than "Eurasian" values that are more common for the rest of the post-Soviet CIS, there is still a lack of consensus both at the level of political elites and the level of citizens about Ukraine's national interests and integration priorities. The differences are based on different historic experience, cultural affiliations, language, religion, ideological myths. To an extent, uncertainty of attitude to Ukraine's European integration prospects within the EU, and predictable disillusionment after too high expectations of the late 2004 – early 2005 have contributed to the growing ranks of skeptics about Ukraine's ability to comply with the EU standards in a relatively near future.

Geographically, Ukraine does not need to prove its “Europeanness”. Visitors to the town of Dilove in Western Ukraine are gladly shown a landmark of a “Geographical centre of Europe”. There are a few other localities in Ukraine claiming the same fame. The debate on Ukraine’s geography is easily resolved by a glance at the map. However, being part of Europe not just geographically is something the Ukrainian state constantly needs to prove to the EU and the West in general, Russia and the Ukrainian citizens. At the personal level, there are multiple links between Ukrainians and Russians. Almost 50% of Ukrainian citizens have relatives who live in Russia. Of Ukraine’s 48-million population, over 10 million are ethnic Russians and even more see Russian as their first language.

Historically, different experiences of Western and Eastern Ukraine are a reality. A few years ago, when claiming Ukraine’s European identity, for the shortage of other arguments some politicians seriously referred to Anne of France, daughter of Kyevan prince Yaroslav the Wise and family links between European royals and rulers of Kyevan Rus. Major parts of what now comprises Ukraine used to belong to Poland or the Austro-Hungarian Empire. Until 1940s, when heavily industrialized eastern Ukraine was a model Soviet republic, Western Ukraine followed a totally different pattern. For a vast number of Ukrainians Russia is part of a common history – positive or negative, real and imagined. However, there is no consensus about the nature of the Ukrainian-Russian relations. For many, the Russian empire started some 350 years ago with the capture of Ukraine, its transformation into the “Little Russia”, pervasive “Russification”, the Great Famine, Stalinism and post-war deportations. For many others, Russia and Ukraine were the sister republics that shared the victory in the Great Patriotic War, the space exploration and the pride of a superpower. While the 350th anniversary of the union of Russia and Ukraine in 2004 was a low-profile event instead of the originally planned massive celebration, the issue of Russia vs. “the West” featured prominently in the election rhetoric of political forces that represented the status quo, and almost broke up the country into two camps. The growing difference between Russia and Ukraine and increasingly different perspectives on history are reflected in history school-books. Alongside with a history that unites, Ukraine and Russia have a history that divides, and it is critically important that the attitude to the people is distinct from perspectives on the regimes and their dictators.

There is a major generation shift in perceptions of national identity: for Ukrainians aged 20 and under, Russia is a foreign state. For younger generations of Russians, like for younger generations of Ukrainians, the common historic past is no longer a strong unifying factor, and the “mixed identity” is rarely a case. Russian language, broadly spoken in Ukraine, by itself is not a reason for closer integration between Ukraine and Russia, as well as average Ukrainians’ limited knowledge of English, German, Italian or French is not a reason to deny prospects for massive cultural, economic and political integration with Europe. Ukraine’s European integration is supported by the majority of representatives of the 18-29 and 30-39 age groups in most of Ukraine’s regions, while the majority of Ukrainians aged 50 and over, particularly in Eastern and Southern Ukraine, are more inclined to support closer relations with Russia.

Politically, Ukraine still has more similarities with Russia than with the EU. An area in which Ukraine and Russia have much more in common than Ukraine and the rest of

Europe is the origin and dynamics of their political and economic elites. In both Ukraine and Russia, the majority of representatives of political and economic elites regardless of their age and professional backgrounds are products of the former Communist party senior bureaucracy, “nomenklatura”, or former Communist youth leaders of the 1980s. A major generation change promised by the Orange Revolution following the 2004 presidential elections in Ukraine has not occurred with the arrival of new government officials, as they tend to replicate the models and practices of governance and decision-making that were typical for the previous regime. The new Ukrainian business elites are much stronger linked – both in terms of capital, investment and interests and in terms of ways of doing business - to their Russian counterparts than to the EU business circles. The high costs of doing business related to corruption and other risks makes Ukraine attractive mostly to Russian business interests whose usual domestic environment is similarly risky but more competitive. Both Ukraine and Russia still lack general respect for the rule of law, transparency of political processes and decision-making, accountability of elected and appointed officials, independent judiciary and local self-governance, and truly free media.

However, there are increasingly visible differences in the roles played by the state and its relations with the society in Russia and Ukraine. Ukraine demonstrates a higher level of political pluralism and freedom, a higher level of civic participation and more dynamic civil society development. The Russian state more actively suppresses the society and private business, co-opts civil society organizations, while imitating democratic process, and sees its people as the “population” rather than “community” or “citizens”. The relations between the state and society in both Russia and Ukraine differ substantially from the European model of a state as a mechanism of governance, public policy-making and delivery of public services for the citizens. A state as a system based on checks and balances, with the decision-making process that consists of negotiations, consultations, debates, and referendums as part of participative policy process is both a priority and an instrument of Ukraine’s European integration process. While Ukraine is still far from achieving that model, there is a growing awareness of it and the pressure for it from the increasingly vocal and visible Ukrainian civil society and small and medium business community.

In political and security debate, Ukraine is described as a catalyst of geo-political processes in Europe. It is often argued that an independent Ukraine is a prerequisite for constraining Russia’s neo-imperial ambitions that might lead to the restoration of Russia as a “liberal empire” or “not-so-liberal”, as the recent increase in authoritarian tendencies in the Russian government suggests. Ukraine’s position on the Commonwealth of Independent States (CIS) and the refusal to join the post-Soviet security arrangements was a decisive factor in preventing the re-emergence of a Russia-led empire. Ukraine sent its peacekeepers to help stop ethnic cleansing in Kosovo and took part in the US-led campaign in Iraq – both against Russia’s (and some of the EU member states’) strong views on the matters. Ukraine has successfully resisted the transformation of the CIS into a supra-national entity until Russian president Putin apparently started losing interest in the institution. Without Ukraine’s involvement, the Tashkent Pact has never developed into an alternative (and potentially anti-NATO) collective security system. Ukraine has been a driving force behind the GUUAM (now GUAM), a group of Georgia, Ukraine, Moldova, Azerbaijan and, initially, Uzbekistan set

up for ensuring security of alternative trade routes across the Black Sea and transportation of energy to Europe independently of Russia. At various levels, Ukraine maintains multiple links both with Europe and with Russia, and in that capacity can contribute substantially to developing a new quality of relations between Europe and Russia. Ukraine can also contribute to developing democratic forces in Russia that will challenge authoritarian trends in the Russian government and help expose the Russian society to European values.

Economically, Ukraine is increasingly distant from Russia in its priorities, although the common features – low competitiveness, incomplete market transformation, high environmental risks and neglect of human capital – can be observed in both of the economies. Ukraine managed to increase its trade with the EU to over 30% of its general turnover, though the structure of its exports is still not dominated by highly technological products. Ukraine has been less successful than Russia in becoming an important economic partner to the EU, and some of Russia's economic projects with EU partners are a strong challenge to Ukraine's economic interests. Russia's alternative to European integration was formalized in the Single Economic Space, signed by President's Putin and Kuchma in September 2003. However, Ukraine and Russia still differ substantially in their perspectives on the role of the Single Economic Space. While Ukraine is prepared to go only as far as a free trade area without exceptions and limitations, for Russia the Single Economic Space means delegation of powers to a supranational body and a common currency within a closer integration project intended to unite Russia, Ukraine, Belarus and Kazakhstan.

When asked about the status and prospects of Ukraine's integration with the EU¹, the predominant majority of leading Ukrainian governmental and independent experts, analysts and journalists who took part in the survey (87%) said that the course towards integration with the EU meets Ukraine's national interests, and 77.4% of the experts believe that membership in the EU would be much more beneficial for Ukraine than membership in the Single Economic Space. The positive impact of membership in the EU for Ukraine would be determined by the European system of values, primarily the rule of law (86.2%), respect for property rights (85.3%), the culture of doing business (81%), the culture of labour (78.4%), respect for human dignity and rights (77.6%), attitude to education (77.6%), and everyday culture (59.5% of the surveyed experts). Meanwhile, the majority of experts see Ukraine as a European state only geographically (97.4%), historically (88.8%) and culturally (62.1%). About equal proportion of experts (43.9% and 43.2%) believe that Ukraine politically is a European state, while over 70% think that socially and economically it is "not European". About 70% of the experts saw the pace of Ukraine's European integration as slow, and over 60% of experts described the relations between Ukraine and the EU as "approximation" rather than "integration" (35.5%). About half of the experts believed that Ukraine's European integration prospects might be complicated by the situation in the EU and relations in the Ukraine-EU-Russia triangle. Other key obstacles to Ukraine's European integration are of internal nature and can be summarized as slow economic reforms, the legacy of Soviet

¹ An expert survey (116 experts) organized by the Ukrainian Centre for Economic and Political Studies (the Razumkov Centre) and the Centre of Peace, Conversion and Foreign Policy of Ukraine in July-August 2005.

mentality and institutions, corruption, the state leaders' inability to implement strategic priorities and the lack of real commitment to integration as opposed to declarations.

“Another Switzerland”?

Following the demonstrated reluctance of the European Union to either accept or reject Ukraine's claims for starting the process of joining the EU, some of former champions of Ukraine's European integration announced that Ukraine should stop asking the EU for “giving it a sign” and should adopt a model of a prosperous and neutral state instead. For such a neutral state, membership in the EU structures would not be an issue, and *de facto* integration would only be as deep as the people, politicians, professional and business circles see appropriate. Switzerland has been repeatedly named as an example to follow. Recent opinion polls suggest that the “Swiss model” is favoured by about a quarter of the Ukrainian expert community. Advocates of the “Swiss model” argue that Ukraine can maintain a “non-aligned” status vis-à-vis both Russia and the EU and still be an important player in Europe. However, Ukraine's size, geopolitical position and declared strategic goals make the “neutrality” claim unrealistic. Its “geopolitical pluralism” is neither viable nor sustainable, and its current “multi-vector” foreign policy is not convincing to either Russia or the West. While the “Swiss model” is positively perceived by vast groups of Ukrainians, the massive differences in the levels and structures of GDP and the systems of governance that may be observed between the two states makes the application of the “Swiss model” to Ukraine as difficult as that of the EU.

Challenges we face

There are several kinds of challenges that Ukraine faces on the way towards affirming its identity and strategic choice.

The first is the challenge of image. There are at least two contrasting images of Ukraine in Europe. At the political level, Ukraine is a democratic (or rather, democratizing) state that voluntarily gave up its world's third largest nuclear arsenal, has sent its peacekeepers in Africa and the Balkans, has contributed to countering terrorism and demonstrated that its citizens could defend their right to elect their leaders through a free and fair elections. A different Ukraine is a the country of Chernobyl, high environmental risks, unreformed and technologically backward economy heavily based on Russian energy sources, messy legislation, rampant corruption, high levels of illegal labour migration and trafficking in human beings. While both of the images have real grounds, addressing their causes needs to be Ukraine's top priority.

The second challenge is linked to elections. The recent presidential elections signified the people's support for reform and Ukraine's European choice. However, that choice still needs to be confirmed in the forthcoming parliamentary and local elections, scheduled to take place on March 26, 2006. The current political environment in Ukraine is shaped by the forthcoming elections and the related radical changes caused by the increasing competition between diverse interest groups around President of Ukraine Viktor Yushchenko and, to a lesser extent, other significant political players. The dismissal of the government of Yulia Tymoshenko in early September 2005, the related changes in the configuration of political alliances, the appointment of Yuri Yekhanurov

as the Prime Minister of Ukraine, and the Memorandum of cooperation between President Yushchenko and his former political rival Viktor Yanukovich, signed at the end of September 2005 as a trade-off for the support of the Donetsk influence groups to the appointment of Yuri Yekhanurov shape the current political competition and affect electoral prospects of the leading political groups. The lack of a clear majority in the parliament to support the government's pro-European integration agenda may further slow down Ukraine's European integration pace, and may undermine the government's ability to pursue the necessary reforms. The transition to the fully-proportional election system at the national and local levels in the situation of weak institutional capacity of political parties and non-transparency of election lists creates an additional test for Ukraine's commitment to European values.

The leading political forces – Viktor Yushchenko's People's Union "Nasha Ukraina", Yulia Tymoshenko's "Batkivshchyna" and its allies, Speaker Lytvyn's People's Party of Ukraine, and Oleksandr Moroz's Socialist Party of Ukraine – will be challenging each other in the elections and appealing to largely the same potential electorate, thus opening better electoral opportunities to the reinvigorated Party of the Regions, the United Social Democrats and a variety of new and renewed political projects. The block led by Yulia Tymoshenko and her allies may get about 15-20% of the vote and exceed the number of seats gained by the People's Union "Nasha Ukraina" (currently estimated at 10-13%, depending on whether or not President Yushchenko will be on the election list). The top line of political rankings and opinion polls, however, is occupied by the Party of the Regions (estimated to receive about 20% of the vote). Building on the split-up of the "Orange team" and positioning itself as the only force that can prevent the split-up of Ukrainian society into "orange" and "white-and-blue", Speaker Lytvyn's People's Party is also rapidly increasing its visibility and building support for itself in the regions that enables it to claim 5-7% of the votes. Their key rival, the Socialists are estimated to receive about 8-9% of the vote, and the Communists are likely to receive about 5-7%. In different combinations and proportions, those political forces are also likely to dominate at the regional and local levels. The radical niche of the political spectrum will be claimed by Progressive Socialists led by Natalia Vitrenko (about 3% of the vote). The prospects of the United Social Democrats to overcome the 3% "pass" barrier are still unclear. What is clear, however, is that none of the political forces is likely to have a majority in the next parliament, which will have a negative impact on stability of alliances of factions and groups and on the quality of their law-making. If the political reform goes ahead and the parliament receives a strong role in forming the government, the political diversity of the parliament and the lack of a clear and a stable majority may result in a high risk of short life of the post-election governments and the lack of continuity of the government's policies. Current speculations about a future Prime Minister of Ukraine are around two names: Viktor Yanukovich and Yulia Tymoshenko. Recent opinion polls suggest that about 25% of the voters have not decided which of the political forces they would support, but the next parliament and, to a large extent (though in different proportions in different regions) will be formed by the above political forces. The new parliament will be dominated by a situational alliance of political opponents in exchange for positions in the leadership of the parliament and the government. The political reform, expected to come into force on January 1, 2006, will re-distribute substantial amount of executive power from the President to the Prime Minister. This makes chances of Yuri Yekhanurov to remain the Prime Minister after

March 2006 rather slim. The political bargaining after the elections involves a risk of the parliament's and the government's inability to work constructively until the new Speaker and the Cabinet are approved – which may happen as late as in June 2006.

The third challenge for Ukraine is to learn to celebrate diversity instead of stressing dividing differences. Diversity of languages, cultural and historical experiences, traditions and religious connections should be seen as a great benefit, not a source of tension and issues for political confrontation. Regional development, de-centralisation and self-governance, combined with increased communication and exchange between different regions and their residents should be the ways of developing positive attitudes and respect for diversity.

The fourth challenge is to eliminate the gap between Ukraine's declared European integration course and practical steps towards meeting European standards and practices – particularly in terms of enhancing the rule of law without fear or favour for anyone, respect for property rights and fair competition, creating a favorable business climate, and developing public awareness of and support for European values. Association and eventual membership in the EU for Ukraine should not be goal in itself, but rather an evidence of Ukraine's strategic political, economic and civilisational choice. For Ukraine the way closer to EU is through implementing thorough reforms – primarily the reform of governance that will cause a radical transformation of the entire system of decision-making, transparency and accountability of the government, and promote engagement of citizens, nongovernmental and business actors in decision-making. Today, however, European integration of Ukraine largely remains a choice of the elites, while a broader society is rather ambivalent and uninformed about European integration.

The fifth challenge is related to the fact that EU officials tend to regard Ukraine in the light of their relations with Russia and from Russia's point of view. For the EU, Ukraine is still in the shadow of Russia, the EU's major partner and a strategically important energy supplier. The EU's policy towards Ukraine is still largely affected by the EU's policy towards Russia (with the notable exception of the EU's reaction to the election fraud in the first and second rounds of Ukraine's 2004 presidential elections). A priority for Ukraine, therefore, is to enhance its standing as an independent counterpart in a dialogue with the EU.

Future of Ukrainian - Russian relations

Within the short-term perspective, there is little to suggest that the current authoritarian and centralisation-oriented tendencies in Russia's home and foreign policies will be reversed. Based on the logic of its national idea of the revival as a great power, Russia is likely to seek transformation of its relations with Ukraine into more of a patron vs. subordinate model – like the relations Russia currently has with Belarus. The transformation may be made possible by Ukraine's ambivalence about its own national interests and priorities, the incomplete political governance transformation and economic reform process, a mixed composition of the future parliament and the government following the 2006 elections, and Ukraine's heavy dependence on Russia's energy sources and the government's failure to properly address causes of that

dependence. Meanwhile, the dependence is mutual: Ukraine is the most important transit country for Russian gas to Europe, with between 80% to 90% of Russian gas exports moving over Ukrainian territory.

Naturally, the relations between the two states will never be limited to economic interests. Both at the political and human, individual levels, Russia and Ukraine need to reconcile to the past and accept the reality and legitimacy of their distinct political agendas, different integration priorities, and different expectations of relations with the EU. A European, politically and economically successful Ukraine is in Russia's critical interest. Similarly, a European, reformed, democratic and stable Russia is critically important for Ukraine. Both Russia and Ukraine – seeking European integration and demonstrating commitment to European values and practices – are in immediate interests of the European Union and Europe as a whole. To a large extent, the nature, quality and direction of transformation processes in Russia and Ukraine will shape security and stability of Europe.

Russia-led efforts of re-integration of the “post-Soviet space” increased since 2001 at the height of a crisis in relations between Ukraine and the West. Russia's foreign policy shifted from failing post-Soviet projects (CIS, the Russian-Belarusian Union, the Customs Union, the Eurasian Economic Space (EurAsES) and the Tashkent Pact) to projects focused on integrating Ukraine that culminated in economically wasteful but politically promising for Russia project of the Single Economic Space. Politically, the efforts to integrate Ukraine were reflected by Russia's explicit support for a largely anti-western campaign led by then Prime Minister and presidential candidate Viktor Yanukovich in the 2004 elections. Currently efforts to project influence are made through the forces that work against the Ukrainian national identity in eastern and southern Ukraine.

Therefore, both Ukraine and Russia still have to give themselves a definite answer: what they are and what their roles and places in Europe are. Ukraine's European integration agenda and its further political and economic transformation may have a significant transformational effect on Russia's society, if not its political elites. Ukraine's European integration is important for Russia in terms of accumulation of European experience and practices, and for revisiting its geo-strategic role. However, in order to be able to make that influence, Ukraine itself should be more consistent and effective in implementing its national development programmes.

Russia's commitment to democratic values and its “Europeanness” will be tested during the 2008 presidential elections and possible efforts to adapt the Ukrainian experience to the Russian environment. Concerns about such possibilities have already started to affect the Russian-Ukrainian dialogue. Ukraine, as a part of Europe, has an important role to play in facilitating the transformation of Russia from an authoritarian “liberal empire” into a modernized nation. The question is, however, whether Ukraine itself has enough commitment and capacity to perform that role. So far both Ukraine and Russia have largely failed to use international assistance to their transformation processes effectively. It should be admitted, though, that part of the problem was with the structure and purpose of that assistance that has been inadequate for the massive institutional transformation and capacity-building tasks.

Future of Ukrainian – EU relations

For Ukraine at the national level, the dilemma “to be or not to be” with Russia or “to be or not to be” with the EU is no longer on the agenda. The strategic choice of integration with Europe has been made in 2000 and confirmed by the Orange Revolution and the new government in 2005. However, Ukraine is seen by many countries and politicians of Europe as too big and too Soviet to integrate. The EU’s indifference to Ukraine and the lack of a clear vision of how (and where) to proceed beyond the statement of the matter of fact – Ukraine is a neighbour – would negatively affect Europe, Russia and Ukraine. Ukraine’s European integration is not just about Ukraine meeting standards. It is a political decision that needs to be made by the EU. Without strong incentives for transformation like the ones presented to Central and Eastern European countries by the prospects of the EU membership and a combination of the pre-transition assistance and scrutiny, Ukraine is likely to remain trapped in the incomplete transformation of its failing social, economic, political and administrative institutions.

What are the risks of the “Ukraine fatigue” in Europe? They include stretching Ukraine’s transition period for many years and gradual decrease of influence of pro-European transformation forces within Ukraine. The claim that “Europe does not want us” has been repeatedly used by advocates of the political and economic status quo and proponents of closer integration with Russia. Ukraine’s European choice does not contradict the development of its relations with Russia, but pursuing “parallel courses” in relations with Russia and the EU is neither possible nor effective. A consistent pro-EU policy pursued by Ukraine has a price – Ukraine’s relations with Russia and favorable treatment by the Russian government on issues like trade and energy supply. Amid restoration of pro-Russian sentiments in eastern and southern Ukraine and the Crimea, this government may be the last confirmed pro-EU force for a certain period of time, and its failure to demonstrate that relations with the EU is a two-way street may cost it high in the elections.

While continuing demonstrating a combination of loyalty and independence to Russia, Ukraine keeps stressing its European identity and strife for joining the EU. However, the process of joining the EU does not depend only by Ukraine’s ability to comply with the Copenhagen criteria but also on broader interests and capacity of the EU member states that need to adjust to the new size and increased diversity of the EU after the enlargement, prepare for the inclusion of Romania, Bulgaria, then the Balkans and, at some point, Turkey. Ukraine’s European integration needs a champion in Europe, similar to what Germany used to be for the integration of Central Europe and the Baltics. Since recently, the role of such a champion has been taken by Poland. Ukraine values Poland’s championship, but Poland also is undergoing the processes of adaptation to its new role.

Alongside with looking for a champion, Ukraine has an immediate opportunity to pursue a massive transformation and “Europeanisation” from within, undertaking the reforms of the economic, social spheres, governance and the judiciary – i.e., something Ukraine must transform with or without membership in the EU. The EU-Ukraine Action Plan, signed in February 2005 and equipped with a more-than-100-page “roadmap” approved by the Ukrainian government, creates a framework in which Ukraine can realistically

become the best and closest neighbour to the EU by the end of 2007, approximate its legislation to the legislation of the EU, and look for an enhanced agreement to replace the current too-standard Partnership and Cooperation Agreement (PCA). Joining the WTO, expected to take place in December 2005 and acquiring the market economy status in 2006 will bring Ukraine closer to discussing prospects for creation of a free trade zone agreement with the EU.

Based on successful fulfillment of the EU-Ukraine Action Plan, Ukraine should formally apply for membership in the EU. Notwithstanding multiple informal recommendations from the EU sources for Ukraine not to apply, and notwithstanding a real risk that Ukraine might then be kept in the EU's waiting room for long, there is no formal grounds for rejection of such an application. The official indication of Ukraine's strategic choice would finally end the "multi-vector" foreign policy of Ukraine and ambivalence of the Ukrainian-Russian relations. By that time the EU-Russian "common spaces" idea can be materialized in a free trade area and a liberalized movement of people between Russia and the EU.

What support Ukraine needs from Europe?

Ukraine is a key state for expanding the area of shared democratic values and freedoms, an important contributor to the region's positive development and stability. It has good prospects for enhancing that positive impact on the post-Soviet space. There are specific inputs that the EU and other countries of Europe can make to help strengthen Ukraine's capacity to transform domestically and promote change in the region. Europe can consider granting Ukraine a market economy status and facilitate access of Ukrainian goods to European markets. Foreign direct investment, primarily in economically and socially dilapidated border regions, should be made for creating favorable conditions for regional development and new jobs that would encourage potential labour emigrants to stay. Europe should help Ukraine learn from the integration experience of the new EU member states and non-EU countries. Although the EU-Ukraine Action Plan is largely a declarative document, its implementation is a vehicle for pulling up Ukraine's institutions, policies and processes to those of the EU, and a major step towards an enhanced agreement between Ukraine and the EU. Countries of Europe can contribute their knowledge and skills of enhancing the quality and transparency of governance, policy-making, public consultations, local self-governance, information provision and civic education. Support for the rule of law, the reform of the judiciary, community development and building skills for civic participation and helping legitimate voices to be heard will be critical for assisting Ukraine in its efforts to transform into a fully-fledged European democracy and market economy.