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Roundtable Discussion
“Ukraine After the Elections: Perspectives on European Integration”

Brussels, November 23, 1999

SUMMARY

The roundtable discussion “Ukraine After the Elections: Perspectives of European Integration” was convened by the Kyiv Centre of the EastWest Institute in Brussels in between two important events for Ukraine and the European Union – the second round of the presidential elections in Ukraine on November 14 and the EU summit in Helsinki on December 10-11, 1999. A number of officials representing the Administration of the President of Ukraine, Ukrainian government, European Commission and EU members states, as well as members of the Ukrainian Verkhovna Rada (parliament) and the European Parliament, academics, NGO and mass media representatives were invited to the roundtable. The discussion evolved around two major themes: 1) the implications of the presidential elections on domestic political and economic reforms in Ukraine; and 2) the relations between Ukraine and the European Union.

UKRAINE’S DOMESTIC REFORMS

Ukrainian participants at the roundtable emphasized that the victory of incumbent President Kuchma over the leader of the Communist Party Symonenko is testimony to majority support for Ukraine’s independence, democracy, continuation of market reform, and the country’s European choice. From this perspective, the outcome of the elections has created favorable conditions for a new impulse to market and democratic reforms in the country. The election results should lead to the re-configuration of political forces and the formation of a pro-presidential parliamentary majority capable of producing a new pro-reform government.

The key issue in post-election Ukraine is to re-energize the reform effort, elaborate a comprehensive and consistent reform program, and deliver its practical implementation. Representatives of the Ukrainian government assured that there is a clear understanding in the government that Ukraine’s economy is in a very difficult situation and therefore there is no alternative to energetic and radical market reforms. The government is prepared to take concrete and practical steps within the first 100 days in office.

The governmental “100 days” program of reforms will encompass the following main directions:

1. Public administration reform, which is seen as key to any further reforms in the country. Public administration reform will aim at the substantial reduction of the administrative/bureaucratic apparatus and the increase of personal responsibility of ministers and other high-level officials.
2. Fight against corruption.
3. Acceleration of privatization.
4. Removal of existing barriers to entrepreneurial initiative, with special attention for small and medium enterprise development.
5. Tax and budgetary system reforms.

6. Improvement of the investment climate and attraction of substantial foreign direct investment. It is hoped that foreign investment in Ukraine would both stimulate economic growth and help to change the ethics of business.
7. Reform and restructuring of the energy and agricultural sectors, including the creation of transparent energy and agricultural markets.
8. Improved performance on Ukraine's international obligations.

Ukrainian officials outlined the importance of Western assistance to Ukraine and the need for comprehensive cooperation with international financial institutions and Western governments. It is important that the West does not take a wait-and-see approach, but a more pro-active position vis-à-vis Ukraine. There is a particular need for the restructuring of Ukraine's external debt and for the country's involvement in global economic, financial and investment markets. Ukraine needs to be recognized as a country with a market economy, and its high-tech potential should be more actively used.

Participants at the roundtable representing the EU stressed the critical importance of concrete evidence of reforms and practical steps taken by the Ukrainian government. Reforms in Ukraine must be accelerated and pursued in a much more coherent and assertive way. The next several months will clearly demonstrate how serious the intentions of Ukrainian authorities are and whether there will be enough political will to implement the designed program of reforms and to take unpopular measures when necessary. EU and Western policies towards and assistance to Ukraine on the whole will largely depend on the performance of Ukraine itself.

Concerns were raised about the prospects of sustainable reform in Ukraine, given the vested shadow corporate and clan interests that present a strong impediment to positive political and economic change. Ukrainian discussants assured that a new government would assign priority to SME development, limiting the power of monopolies and oligarchs.

The relationship between the branches of power in Ukraine, and specifically the dynamics of the relations between the president and the parliament, was also addressed. Participants underscored the need to organize a pro-reform majority in the parliament to make the legislative process more effective. This is not an easy task, given the current balance of forces in the parliament, and some even questioned that the formation of a stable majority would be possible. Others expressed more optimism, pointing out the possibility of constructive work with the Verkhovna Rada based on some earlier experience, and to President Kuchma's commitment to such cooperation. Earlier parliamentary elections might produce even a worse legislative body, and hence it is necessary to find ways for positive cooperation. Some EU participants noted that the parliament is not the only problem and that many anti-reform decisions are taken by the Cabinet of Ministers.

UKRAINE-EU RELATIONS

Ukrainian officials reiterated that after the elections, relations with the EU aimed at Ukraine's gradual integration into the EU--with the acquisition of Associate membership identified as a mid-term objective--would remain the country's first priority and a strategic goal. Strategic partnerships with Russia and the United States were named as two other important directions of Ukraine's foreign policy.

Participants from Ukraine noted that while Ukraine has clearly expressed its European choice, Europe has yet to make its choice vis-à-vis Ukraine. For Ukraine, it is important to receive EU support and encouragement of its European vocation. A clear message in the EU Common

Strategy on Ukraine that Ukraine will have an opportunity to join the EU if the country meets all the required criteria, is accorded much significance in Ukraine.

Discussants representing the EU and the member states noted that Ukraine's request for prospective membership was premature, and that is how it is perceived in Brussels. At the same time, Ukraine's persistence has pushed the EU to think more about Ukraine. Ukraine's current economic situation is a major concern. There are also doubts that the Ukrainian society on the whole is clearly in favor of European integration. Yet, the heart of the EU decision on Ukraine is political: there are limits to Europe, and Ukraine is at the limit. Ukraine's membership is not a simple question for the EU and too far-reaching objectives divide the member-states. This decision will take time and will depend on Ukraine performance. At present, Ukraine should concentrate on the implementation of the Partnership and Cooperation Agreement (PCA) with the EU, which has potential for development. Ukraine's main problem is implementation and so far Ukraine has been disappointing in this regard, while the EU is very pragmatic and pays primary attention to implementation. Ukraine needs to build up its credibility as a reliable partner. It is also important for Ukraine to cultivate close relationship with Poland and other Central European countries that will join the EU and once joined, they will become supporters of Ukraine's EU accession.

Other discussants argued that the EU should not compound the issues of Ukraine's EU membership and support for Ukraine's European vocation. What is significant at present is the EU's recognition and encouragement of Ukraine's European aspirations. There is a close, intrinsic link between domestic change in Ukraine and its European integration. The EU should not neglect its potentially positive role in facilitating domestic change in Ukraine. There is no alternative to Ukraine's European integration, and any potential alternative was lost when the process of EU and NATO eastward enlargement had begun. While Ukraine needs new political will and practical steps to re-energize domestic reforms, the problem of implementation should not be used as a justification for EU reluctance to take a more engaged stand vis-à-vis Ukraine. The presidential elections in Ukraine create new momentum for EU-Ukraine relations and this momentum should not be lost. Clear goals help both sides, and the EU should note the difference in Russia's and Ukraine's aspirations and strategies towards the EU.

There was general agreement among all participants at the roundtable that this kind of open and off-the-record discussion on developments in Ukraine and EU-Ukraine relations are very productive and beneficial for both sides because this contributes significantly to better mutual understanding. The participants encouraged the EastWest Institute to continue this work in the future, and suggested that the EWI should find a way to launch "The EWI Brussels Policy Forum on Ukraine" and convene similar gatherings twice per year in Brussels and possibly in Washington DC as well.