

**Enlargement and Ukraine's Relations
with Other Central and Eastern European Countries**

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Introduction

Ukraine is a medium-sized state whose foreign policy interests and ambitions are of a regional nature and lie primarily in the region of Central and Eastern Europe¹. From the first days of its independence in 1991, Ukraine has attached particular importance to its relations with the post-communist Central and Eastern European (CEE) states, first of all with immediate geographic neighbors. These relations have been seen in Kyiv as crucial for the ultimate success of Ukraine's transition and for the shaping of the country's geopolitical future. Ukraine has preferred to identify itself as CEE as opposed to CIS/Eurasian country, and has cultivated an ambition to establish itself as an integral and essential part of Central and Eastern Europe. Ukraine has also declared that its long-term strategic goal is integration into European and Euro-Atlantic institutions, with priority given to getting full membership in the EU. Having decided about joining the European integration process, Ukraine views its relations with other, especially more advanced, CEE states as an important and necessary component of its European integration.

In the region of Central and Eastern Europe, Ukraine is the largest country. The way it develops and builds its relations with neighboring states is not only critical for Ukraine itself, but also for its regional partners, as well as for regional and European stability and security. Despite many inherited legacies of the past, long-standing regional antagonisms, and some unresolved current problems, Ukraine's relations with other CEE countries have on the whole developed successfully since Ukraine became independent. However, their future evolution and status remain to be seen. It is still to be seen whether Ukraine succeeds in consolidating its Central and Eastern European identity and becoming a legitimate part of CEE region, or finds itself increasingly different from its CEE neighbors and perhaps politically and economically isolated.

The future of Ukraine's relations with countries of Central and Eastern Europe will increasingly depend on Ukraine's domestic development on the one hand, and the process of European integration and enlargement on the other. The process of European integration, including EU and NATO eastward enlargement, will remain the dominant trend on the European continent, and will have a growing impact on CEE regional relations. Both NATO and the EU proceed with enlargement to Central and Eastern Europe. Three Central European states – the Czech Republic, Hungary and Poland – joined the North Atlantic Alliance during its 50th anniversary summit in Washington in April 1999. Practically all CEE countries have been invited for accession negotiations with the EU.

Despite many initial fears and concerns, the first wave of NATO eastward enlargement has so far contributed to the improvement of Ukraine's relations with its CEE neighbors. EU enlargement, however, is likely to be potentially far more divisive. In the next several years to come, the first CEE countries, some of which are Ukraine's immediate neighbors to the west, will become EU members. This will create a new situation for bilateral trade and economic cooperation, travel and human contacts, the situation of national minorities and cross-border cooperation. The nature of a new border and all practical implications of this new reality have yet to be seen and comprehended by all parties involved. At present, there are different opinions about the implications of EU enlargement on Ukraine and its relations with CEE countries. Hopes are mixed with fears and concerns. Some believe the new situation will benefit Ukraine and its neighbors and open significant new opportunities for more intense and closer cooperation; others warn about potential negative consequences and indicate to new challenges and risks that both sides will have to face and cope with.

Combined with Ukraine's domestic difficulties, potential negative impact of enlargement will create the danger of Ukraine's failure and regional isolation. Will the current level of Ukraine's relations with other CEE states be sufficient to minimize this risk and avoid Ukraine's marginalization?

This report examines the dynamics, existing challenges and prospects of Ukraine's relations with other CEE states, including bilateral ties and multilateral regional cooperation, as well as the interaction between regional relations and the process of EU and NATO eastward enlargement. I argue that despite much progress achieved, Ukraine's relations with other CEE states are far from being settled. In fact, there are serious concerns that due to the slow progress of Ukraine's transition and the country's exclusion from the mainstream process of European integration and enlargement, Ukraine might find itself isolated in the region of Central and Eastern Europe. In order to avoid this unfavorable scenario, both Ukraine, as well as its regional partners and western integrated institutions should intensify their efforts to use the current momentum to deepen regional cooperation and solidify Ukraine's relations with other CEE states. The report pays main attention to Ukraine's relations with its Western neighbors, which either already joined or are about to join Western integrated institutions. It also addresses some aspects of Ukraine's relations with the Baltic states, Belarus and Moldova.

I. The new dynamics of CEE development

As a result of dramatic political changes occurred in Central and Eastern Europe at the end of 1980s – beginning of 1990s, the states of the region have got a chance to shape their own destinies for the first time in many years. Simultaneously, CEE region has become the most dynamic on the continent, while its development significantly defines the indivisibility and integrity of the whole Euro-Atlantic space.

Immediately after the collapse of Communism, the newly emerged region of Central and Eastern Europe looked quite coherent. With their specific historical identities and legacies, CEE countries shared many common interests and objectives: they all started the complex process of building pluralist democracies and market-oriented economies, and embarked on the course of a “return” to Europe. The region opened itself to the outside world, first of all to the West. A new set of intra-regional relationships emerged. Ideas of CEE regional cooperation were actively discussed, and some of them became a reality. Soon, however, it became clear that Central and Eastern Europe does not have a geopolitical future as a separate region. CEE states almost unanimously refused from becoming a “middle zone” in between the West and Russia, and opted for getting membership in Western integrated institutions, such as NATO and the EU. The “return into Europe” has become the main essence and the guideline for both their domestic development and foreign policies.

Due to the different pace of domestic reforms, CEE countries had developed unequally, and by mid-1990s differentiation in their socio-economic and political development became a noted reality. Some states in the region – the Czech Republic, Hungary, Poland, – were the first to curb inflation, achieve economic growth, attract significant foreign direct investment and reorient their foreign policies and trade relations; some other – Bulgaria, Romania, Slovakia – were moving much slower and less consistently. In eastern part of the region, in the post-Soviet Belarus, Moldova and Ukraine, post-Communist transformation has taken on quite a different pattern that is characterized by the absence of sustainable economic growth and unfinished economic reforms, corporate closeness of the state and the influence of powerful shadow interests, the lack of the vibrant rule of law and civil society which major components -- political parties, NGOs, independent media, etc. – remain weak, have little influence on domestic political process, and are often controlled or dominated by -- as they are often referred to -- oligarchs².

This difference in transition process has also been reflected in the speed and prospect of these states' integration into NATO and the EU. Some CEE states have already joined NATO and are preparing themselves for membership in the EU. For some other, it would be the EU, rather than NATO, to join first. For still other, the whole integration process will take more time, as obstacles to their membership are greater than they are in the case of the first-runners. Even worse for Ukraine and Moldova: despite the declared intentions and ambitions, so far their integration prospects seem very weak. While Belarus moves in a different direction altogether: for the time being the country has opted for integration with Russia³. It also cannot be excluded that while some countries might speed up their progress in the coming years, some other, conversely, might hamper it. As a result, the process of economic and political development, as well as geopolitical configuration of CEE region, although already punctuated and marked by new relations and new divisions, is far from being finished. This process is most likely to take at least another decade.

While the pace of domestic reforms has largely dictated the speed of CEE states' integration into NATO and the EU, the enlargement process and the prospect of joining the Western integrated institutions, in turn, have had a major impact on domestic transformation in CEE countries. For all states in the region, European integration and enlargement have been an important, in some cases the greatest single, incentive that encouraged sustainable reforms. As concluded in one study on EU assistance to transition in Central and Eastern Europe, "Throughout the region, the prospect of enlargement has acted as an important counter-balance to stalemate in internal reforms."⁴ This close link between domestic change and the enlargement process is set to define the future of CEE region in the coming years. As rightly observed in a recent report, "The next decade in Central and Eastern Europe will be shaped by the interaction of the impact of dual EU and NATO enlargement on the one hand and domestic developments within the region on the other."⁵

As for today, given the CEE countries' different time-frames and, in some cases, varied prospects for integration, the EU and NATO dual enlargement leads to significant geopolitical changes in the region: for an extended period of time, this region is bound to be divided into those states that are already members -- the "ins", those that are expected to become members -- "pre-ins," and those that for quite a long time (if not forever) will remain outside the western integrated institutions -- "outs". Furthermore, given the fact that the first wave of NATO and EU enlargement is limited to a relatively small group of states,

there are serious concerns in the region about the emergence of a “new dividing line” between the “ins/pre-ins” and “outs”.

Consequently, CEE regional security and stability, and security of Europe on the whole, will be defined to a large extent by two clusters of relations: in between “ins/pre-ins” and “outs,” and in between “outs” themselves. Even as CEE front-runners are integrated into NATO and/or the EU, their security, as well as stability of the region, will still depend significantly on their relations with immediate neighbors remaining outside of the western integrated institutions. The whole issue of whether security on the continent will be inclusive and transparent or exclusive and divisive depends to a large extent on the situation of those CEE states, which in the near future (and some of them maybe forever) will remain outside NATO and the EU. At the same time, their own strategic situation becomes most complex. Of a particular significance is the role of Ukraine, the largest country among them.

For a variety of internal and external reasons, Ukraine finds itself belonging to the group of regional “outs”. Although the country has repeatedly reiterated its European and Euro-Atlantic aspirations and declared getting membership in the EU to be its long-term strategic goal, it has neither formally applied nor is perceived as a prospect for membership in either NATO or the EU. Contrary to most other CEE states, Ukraine’s NATO and EU membership perspective remains unclear. At the same time, Ukraine’s position in the region and its relations with other CEE states are central to regional and European security and crucial to Ukraine itself.

In the region, Ukraine, which borders Russia and six CEE countries (see Table 1), is pivotal in helping to avoid the emergence of a new dividing line in Europe and to play a stabilizing role during this transitional period⁶. It has already contributed to the non-confrontational and non-dividing nature of the first wave of NATO enlargement: By taking a favorable position on NATO enlargement, Ukraine thus eased the way for its neighbors’ accession to the alliance, and narrowed the options for possible Russian reaction⁷. It could play a similar stabilizing role in the next phases of NATO and EU enlargement.

Ukraine is an essential neighbor and partner to other CEE states. If successful, its transformation will positively influence the progress of Belarus and Moldova, while securing and enhancing the gains achieved by Poland, Hungary, Slovakia and Romania. Ukraine’s success and the consolidation of its position as a CEE state should also contribute to ultimate normalization of Ukrainian-Russian relations. As such, Ukraine would become more confident and could finally start viewing its geographic proximity with Russia as beneficial, rather than threatening.

Conversely, Ukraine's protracted economic stalemate, political instability and regional isolation will have negative consequences for security and stability of all its neighbors, and will keep illusions alive in Russia that reintegration or a new "union" is still possible.

Table 1: Ukraine's Bordering States.

Country	Border length (km)
Belarus	975
Hungary	135.1
Moldova	1 191
Poland	543
Romania	625.4
Russia	2 063
Slovakia	98.5

For Ukraine itself, relations with other CEE states are vital from the point of view of its reforms and integration into European and Euro-Atlantic institutions. It is hoped that stronger bilateral relations with CEE countries, as well as multilateral regional cooperation, would anchor Ukraine more firmly in CEE, help to avoid the emergence of a new dividing line on Ukraine's western border, and bring the country closer to Europe. To achieve integration, Ukraine has been actively seeking a new – Central European – identity. In the spring of 1997, Kyiv officially stated that "the final fixation of Ukraine's status as an inseparable part of the Central European region" is one of the country's foreign policy priorities⁸. This identity was explicitly recognized in the May 1997 Joint Statement of the Kuchma-Gore Commission, as well as in the Charter on Distinctive Partnership between Ukraine and NATO, signed at the NATO Madrid Summit in July 1997. Nevertheless, Ukraine is still far from becoming a true CEE country.

II. Evolution of bilateral relations

Since 1991, bilateral relations between Ukraine and other CEE countries have gone through their ups and downs, when periods of more intense cooperation and dialogue were followed by stagnation. The evolution of bilateral relations can be divided into four periods. Begun optimistically in 1991-92, they reached the low point in 1993-94, then received a new impetus in 1995-97, and once again lost their dynamics in 1998-99. Overall friendly and

good-neighborly, Ukraine's relations with CEE states have also varied depending on different countries: they have been most dynamic and successful with Poland, active with the Baltic States, Hungary and Moldova, and rather ambivalent with Romania, Slovakia and Belarus.

In 1991-93, the interests of Ukraine and its CEE neighbors significantly coincided and their bilateral relations were characterized by frequent political contact. Given the lessons of history, the recognition by Ukraine's neighbors of its independence, national borders and territorial integrity was seen in Kyiv as the first and most important step in the process of the country's wider international recognition. Not surprisingly, the *Main Guidelines of Ukraine's Foreign Policy* adopted by the Ukrainian parliament in July 1993, emphasized that relations with immediate neighbors are that of strategic partnership⁹. Furthermore, Ukraine saw itself as a Central European country, and wanted others to recognize its geopolitical identity vis-à-vis the region. By recasting itself in Central Europe, Ukraine hoped to underscore its "European identity", distance itself from Russia and the CIS, and diversify its international links. Western neighbors were also seen as windows to the West, and Kyiv counted on their support in its efforts to develop closer links with Western governments and institutions.

At the same time, Central European countries, Poland and Hungary in particular, also showed significant interest in Ukraine. Hungarian President Arpad Gontz was the first foreign head of state to visit Ukraine after the Verkhovna Rada (parliament of Ukraine) adopted the *Declaration on State Sovereignty* in July 1990, well before the Soviet Union was formally dissolved. In 1990, Poland developed the so-called "two-track" or "parallel" eastern policy, aimed at keeping differentiated relations with both Moscow and the Union republics, first of all with Ukraine, Lithuania and Belarus¹⁰. Warsaw and Budapest became the first to recognize Ukraine's independence, only a few hours after the official results of the 1 December 1991 national referendum had been announced. Ukraine's neighbors to the west acknowledged that an independent and stable Ukraine served the larger interests of regional security. For the first time in modern history, Central European countries found themselves geographically detached from Russia. With a spacious Ukraine between them and Russia, Warsaw, Budapest, Bratislava, and Prague were much less concerned about Russian geopolitical influence. For Belarus and Moldova, Ukraine was a necessary partner and in many cases a leader in dismantling the Soviet empire and shaping new relationships on the post-Soviet space.

Important impetus for intensive dialogue between Ukraine and its CEE neighbors was the shared interest to find solutions to the problems of their national minorities living within the territories of neighboring states¹¹. The Hungarian authorities in particular took a strong interest in their countrymen living outside Hungary. For Hungary at that time, the minority issue seemed to be the first, if not the exclusive, one to further its relations with Ukraine¹². As early as May 1991, the Ukrainian-Hungarian Declaration was signed guaranteeing the rights of national minorities and supporting the preservation of their ethnic, cultural, linguistic, and religious identities, thus setting a positive example for handling this delicate issue.

The need to assure the integrity of borders in the aftermath of the collapse of the communism and the Soviet Union's dissolution was another issue of practical concern, especially given the fact that, historically, borders in Central and Eastern Europe had often been redrawn. During 1992-93, three bilateral political treaties on good-neighborly and friendly relations and cooperation were signed between Ukraine and its neighbors (with Poland in 1992, with Hungary and Slovakia in 1993), which renounced mutual territorial claims, recognized the inviolability of existing borders and guaranteed the rights of national minorities.

Of all of Ukraine's immediate western neighbors, serious problems emerged only with Romania. During the presidency of Ion Iliescu, Bucharest unilaterally renounced the 1961 Soviet-Romanian border treaty, while at the same time insisting that the infamous 1939 Molotov-Ribbentrop pact should be condemned in a Ukrainian-Romanian bilateral treaty. Although the Romanian government did not put forward direct territorial demands on Ukraine, Kyiv interpreted this position as a desire to leave open the possibility for future territorial revisions, especially considering the fact that some political forces and mass media in Romania openly supported the "re-incorporation" of Northern Bukovyna and Southern Bessarabia. Only in November 1996, after the election of opposition leader Emil Constantinescu as President of Romania and Romania's increased chances to get NATO membership in the first wave, negotiations between the two states were intensified resulting in a bilateral political treaty signed in June 1997.

Delineation and demarcation of borders with neighboring post-Soviet states happened to be not an easier task, both politically and technically. Although there were no any territorial claims in between Ukraine on the one hand and Belarus and Moldova on the other, the process itself was quite long and complicated. With Belarus, the proper border treaty was concluded in 1997; with Moldova, it was signed in 1999, only after the two sides

agreed to exchange some pieces of territory. Both treaties, however, have yet to be ratified by the Belarusian and Moldovan parliaments.

Relations between Ukraine and most other CEE countries hit a low point in 1993-early 1995. Ukraine's delay in implementing economic and political reforms resulted in a deep economic crisis, which increased the country's political and social instability and widened the gap between Ukraine and the more advanced states in the region. The CIA worst-case scenario for Ukraine, prepared at the beginning of 1994, even envisaged a clash between eastern and western parts of the country. Others predicted that Ukraine would collapse under the overwhelming burdens of transition and would be reabsorbed by Russia. As a result, in 1993-94 the more advanced CEE countries became increasingly concerned about the political instability in Ukraine, its stance on nuclear weapons, and the possible implications of an unstable Ukrainian-Russian relationship. Some of Ukraine's CEE neighbors even began to perceive Ukraine as a potential threat to their security¹³.

This change in attitude of CEE countries towards Ukraine was also partially influenced by the position taken by the West. Two years after independence, Ukraine found itself almost in international isolation. In 1992-93, the West was focused on Russia and failed to formulate a clear-cut policy toward Ukraine, viewing the country chiefly as an obstacle to nuclear disarmament and non-proliferation. In such a situation, the Ukraine's western neighbors lacked the necessary political will and were not in a position to take any initiatives towards Ukraine. The Polish leaders, for example, continued to argue for Ukraine's strategic role in Europe at their meetings with European and, especially, American policy-makers¹⁴. Yet in the situation when the West largely ignored Ukraine's interests, Poland's own Ukrainian policy lost much of its motivation and energy, and became less consistent and sometimes even contradictory¹⁵. In March 1994, Warsaw even refused to recognize that Ukrainian-Polish relations are of "strategic importance", as suggested by the Ukrainian side¹⁶.

In addition, Ukraine's relations with CEE states became overshadowed by some misunderstandings and even suspicions regarding the issue of NATO enlargement. While most of Ukraine's CEE neighbors clearly stated their support for NATO eastward enlargement and their intention to become full members of NATO, Kyiv emphasized the need for an "evolutionary approach" to NATO expansion, reflecting concerns that the process would lead to considerable deterioration in Ukraine's strategic position¹⁷. In light of Ukraine's complex internal and external dilemmas, its position was quite consistent and

tolerant of the intentions of less vulnerable CEE states. Nevertheless, this position was often interpreted as a veiled objection to NATO enlargement. Central European front-runners in search for NATO membership Ukraine for “vagueness” and not clearly articulating its standing¹⁸. On the other hand, Ukraine’s CEE partners were placing first and foremost emphasis on their westward orientation, neglecting Ukraine and their Ukrainian policies. It is during those years that Ukrainian-Hungarian relations became to be characterized by - what some expert call - “unilateral bilateralism,” when the Hungarian side did not reciprocate the Ukrainian interest in developing bilateral relations.¹⁹

Leonid Kuchma’s election as Ukraine’s President in July 1994 initially did little to revitalize relations between Ukraine and its CEE neighbors. Kuchma’s election platform was perceived by the Central European leaders (as well as by many in Ukraine) as pro-Russian, and this raised further concerns in Budapest, Prague and Warsaw. The fact that Ukraine’s relations with other CEE states remained lukewarm, was also partially a result of Kuchma’s proclaimed “pragmatism” in Ukraine’s foreign policy which aimed to assure sources of financial support for the country’s economic reforms²⁰. Focused on relations with the West and Russia, Ukraine consequently paid little attention to its CEE partners, and the latter remained uncertain as to Ukraine’s foreign policy direction. Consequently, Ukraine’s relations with most CEE states became secondary for both sides, and were almost frozen in the second half of 1994 and the beginning of 1995²¹. Even the Ukrainian-Polish Presidential consultative committee, created in 1993 to analyze bilateral relations and make practical suggestions for their further development, was not convened for almost a year²².

The decline of bilateral relations was further exacerbated by limited progress in the development of trade and economic cooperation. After the collapse of the communist Council for Mutual Economic Assistance (CMEA), CEE countries were fast to reorient their trade from the East to the West, viewing this as an important step toward the development of a market economy and integration into Western European structures. On the other hand, Ukraine’s continuing economic decline limited its foreign trade potential. Consequently, the trade between Ukraine and its neighbors to the west declined sharply, reaching its lowest point in 1993. As a result, from 1993 to mid-1995 Ukraine’s relations with most other CEE states were marked by “an extended period of stalled momentum.”²³ Even the Ukrainian-Polish relationship lost most of its dynamics, despite the fact that some analysts pointed out its strong potential to become a “new strategic axis”²⁴. Special concern in Kyiv was caused by the Polish government’s preliminary agreement to the Russian plan

of constructing a new gas pipeline Yamal-Western Europe to run via Belarus and Poland and thus by-pass Ukraine.

The years of 1995-97 witnessed the revival of Ukraine-CEE bilateral ties. A notable change for the better took place in mid-1995. It reflected the increased capacity of CE states to conduct more pro-active Eastern policies – the capacity that was based on their transition achievements and the beginning of economic growth. The improvement in Ukraine-CEE bilateral relations also came about as a result of the new internal and foreign policies of Ukraine, as well as a radical shift in the West’s (primarily the USA’s) Ukrainian policy in the course of 1994-95.

Despite their limited nature, the economic reforms launched by President Kuchma, combined with Ukraine’s accession to the Non-Proliferation Treaty at the end of 1994, not only prompted support from Western governments and international financial institutions, but also laid the necessary foundation for more stable relationships with other CEE countries. In 1995-96, Ukraine made some progress with economic and political reforms: It achieved macroeconomic stabilization, successfully introduced a new currency, and adopted the first democratic Constitution. Ukraine made serious steps to liberalize its foreign trade, and from 1994 till 1998 its trade and economic cooperation with other CEE states were steadily growing (see Tables 2 and 3).

Table 2: Ukraine's commodity exports trade (million USD).

	1994	1995	1996	1997	1998	1999
Total	10272.1	11566.5	14400.8	14231.9	12637.4	11581.6
Hungary	170.4	177.2	371.6	318.8	263.1	278.2
Poland	150.0	130.9	362.7	380.3	313.1	301.4
Romania	N/A	72.0	157.3	149.0	160.9	75.6
Slovakia	125.4	149.7	230.6	279.3	245.2	199.2
4 countries, million USD	445.8	529.8	1122.2	1127.4	982.3	854.4
4 countries, %	4.3	4.6	7.8	7.9	7.8	7.4
Belarus	542.3	425.5	722.5	825.5	89.9	345.7
Moldova	489.3	130.4	237.8	294.4	180.4	122.8
Russia	4065.4	5025.2	5577.4	3723.0	2905.5	2396.4

Source: Derzhkomstat Ukrainy.

Table 3: Ukraine's commodities import (million USD).

	1994	1995	1996	1997	1998	1999
Total	10745.3	11335.5	17603.4	17127.9	14675.6	11846.1
Hungary	99.9	117.0	238.3	197.3	193.9	123.6
Poland	123.2	237.1	510.7	549.9	486.2	258.5
Romania		24.8	80.3	86.9	47.8	52.3
Slovakia	75.3	74.8	183.1	204.5	170.4	131.6
4 countries, million USD	298.4	453.7	1012.4	1038.6	898.3	566.0
4 countries, %	2.7	4.0	5.8	6.1	6.1	4.7
Belarus	339.9	285.3	384.5	391.4	352.9	343.5
Moldova	171.9	39.3	72.6	73.8	51.1	24.8
Russia	6349.4	5820.8	8816.6	7837.9	7064.3	5641.4

Source: Derzhkomstat Ukrainy.

Kyiv also corrected its official position on NATO enlargement, and President Kuchma for the first time publicly endorsed NATO's extension to the East, stating that Ukraine recognizes the process of enlargement as inevitable and that "the door to NATO should be opened to everyone". Kyiv itself expressed a desire to seek a "special partnership" with NATO²⁵. As Ukraine was speeding up its movement toward Europe, the assistance of its more advanced CEE partners was becoming crucial. Thus, since the spring of 1995, Kyiv began to pay renewed attention to its CEE neighbors. At the same time, Ukraine itself was becoming a positive example (at least in its foreign policy) and a source of support to its less advanced neighbors, such as Moldova and to a less extent Belarus, where President Lukashenka elected in the summer of 1994 was turning his regime into an increasingly authoritarian at home and oriented towards a union with Russia in foreign policy.

In 1996, Ukraine's position on European integration became even more forthcoming. Integration processes in Europe on the one hand, and increased Russian efforts (stimulated by the 1996 presidential election campaign) to reintegrate the post-Soviet space on the other, highlighted the acuteness of the dilemma facing Ukraine, which wanted least to become a weak buffer in between the two centers of power. In the course of the year, Ukrainian officials announced on several occasions that Ukraine's strategic goal is to integrate into European and Euro-Atlantic structures, and that priority is being given to full membership in the EU²⁶. Furthermore, Ukrainian leaders began to emphasize by the end of 1996 that while Ukraine is not ready to join NATO at present, its full membership should not be excluded in the future. Movement in the same direction of European integration provided new impetus for revitalizing Ukraine-CEE relations.

In turn, other CEE countries became much more supportive of Ukraine in the international arena. Poland along with the three Baltic republics successfully lobbied for Ukraine's admission to the Council of Europe in the fall of 1995, and to the Central European Initiative (CEI) in 1996,²⁷ as well as actively supported the Ukrainian idea of a special relationship between Ukraine and NATO. Autumn 1995 witnessed a rather unprecedented intensity of bilateral dialogue between Ukraine and CEE states – a trend which continued well in 1996 and 1997. The growing realization by the United States and Western Europe that “an independent and stable Ukraine, secure in its internationally recognized borders, constitutes a key factor of stability and security in Europe” made Ukraine's voice in various questions of European security more sound and important, and in this way also made other CEE states pay more attention to the interests of Ukraine and to move from political declarations on Ukraine's importance in the region to practical cooperation and support of Ukraine²⁸. Thus relations between Ukraine and other CEE states became to be characterized by better mutual understanding, increased dynamics, and collaboration in their efforts to integrate into Europe. To a large extent, this new level of cooperation was a result of Kyiv's strategic, albeit only declared, foreign policy decision on integration into European and Euro-Atlantic structures.

III. “Strategic partnership” with Poland

Within this changing climate of regional ties, Poland has emerged as Ukraine's most important regional partner, and relations between the two have become the most dynamic and promising among Ukraine's relations with any of its neighbors. From the beginning of its independence, Ukraine's largest western neighbor – Poland – occupied a special place in Ukrainian foreign policy. Departing from historical grievances, the two states started to build a new relationship recognizing mutual interdependence and importance²⁹. After overcoming the difficulties of 1994-early 1995, Ukrainian-Polish relations were steadily on the rise during 1996-1998.

The victory of the socialist leader Aleksander Kwasniewsky in the presidential elections in Poland in November 1995 caused some initial uneasiness in Kyiv in view of the new President's eastern policy³⁰. However, President Kwasniewsky quickly demonstrated that Ukraine occupies an important place in Polish foreign policy, and very soon new life was instilled in bilateral relations. In less than a year after President

Kwasniewsky's election, his Foreign Minister Dariusz Rosati noted that Ukrainian-Polish relations "have never been as good as they are now"³¹.

Ukrainian-Polish rapprochement was especially significant, given the heavy burden of history in their bilateral relations. Historically, mutual enrichment and cohabitation went hand in hand with misperceptions, protracted political tensions, national confrontation and even armed conflicts³². Not surprisingly, at the beginning of this decade there were concerns both in Kyiv and Warsaw about the possible return of old historical grievances. In this regard it is difficult to overestimate the significance of a Joint Declaration on Accord and Reconciliation, signed by presidents Kuchma and Kwasniewski in May 1997, after several months of negotiations. Lacking any legally-binding nature, this declaration possessed a strong moral authority, and was an important step toward full reconciliation between the two nations³³.

In June 1996, Presidents Kuchma and Kwasniewski signed a declaration in which Ukraine and Poland officially recognized that their relationship is the one of a "strategic partnership". Kyiv has agreed to the same relationship with at least three other countries: Russia, the United States and Uzbekistan. However, at present it is only with Poland that the convergence of national interests, parity of potentials and mutual understanding and support are high enough to speak about a strong potential for true strategic partnership.

In 1996-98, institutional network for bilateral Ukrainian-Polish cooperation, especially at the highest level, was further expanded and consolidated. In 1998, only the two presidents met six times – this was more meetings than Kuchma had with any other national leader in 1998. Since 1996, the Presidential consultative committee has become a regular forum. Political and military cooperation was developing most dynamically. In October 1995, Kyiv and Warsaw agreed to create a joint peacekeeping battalion on the basis of NATO standards. With Poland's accession to NATO, this battalion was supposed to become an important additional link between Ukraine and the North Atlantic Alliance. The Ukrainian-Polish battalion included two mechanized companies, a supply company, a logistics company, and a security company; and its leadership was composed of Polish and Ukrainian officers. In July 2000, 530 Polish and 260 Ukrainian soldiers from the battalion will jointly contribute to the NATO-led peace-keeping operation in Kosovo.

Ukrainian-Polish trade was also growing dynamically until 1998: USD 280 million in goods and services in 1993, USD 550 million in 1994, USD 1 billion in 1995, and about USD 1.5 billion in 1996, not including a lively cross-border "shuttle trade" in consumer goods³⁴. As a result, in 1996 Ukraine has become Poland's third largest trade partner (after Germany and Russia). Recently, a growing importance has become to be attached to the

Odessa-Brody-Gdansk pipeline project which is expected to ensure Ukraine's and its CEE neighbors' access to the Caspian oil. If realized, this project would not only enhance Ukraine's economy and national security by diversifying its energy supplies, but would also considerably strengthen the Ukrainian-Polish partnership. In a way, this pipeline project becomes a serious test to this partnership and to the ability of the two countries to go beyond declarations on mutual support.

There seems to be a strong understanding in both Kyiv and Warsaw that Ukrainian-Polish rapprochement corresponds to the national interests of both countries. As stated in a joint declaration signed by the two Presidents in June 1996: "The existence of an independent Ukraine helps to consolidate Polish independence, while the existence of an independent Poland helps to consolidate Ukrainian independence"³⁵. This interdependence is explained not only by geographic and historical considerations, but also by the synergy of geo-strategic and security interests. Poland is interested in securing stability on its eastern borders. The situation of large Ukraine is of particular importance, as instability in Ukraine can destabilize the whole region and Poland first of all. As Belarus merges with Russia, Ukraine's position is becoming even more significant for Poland. Warsaw wants to see in Ukraine a democratic, reliable and friendly neighbor, supportive of its integration with the West. It is also in Poland's interest that Ukraine itself is linked to this process. At the same time, Kyiv places much hope on Polish assistance and advocacy in its own efforts to join European and Euro-Atlantic institutions.

Over the past years, Warsaw has eagerly assumed the role of an "advocate of the independence, and democratic and Euro-Atlantic aspirations of Ukraine"³⁶ – the role that also allows Poland to establish itself as a key player and new regional leader. Poland is one of those very few countries that try to help Ukraine not only with political declarations of support, but also with specific actions. At various international fora and during bilateral meetings with Western officials, Polish leaders never fail to stress the importance of Ukraine for regional and European security, and the need for further support of Ukraine. In early 1999, Kyiv and Warsaw launched a regular Ukrainian-Polish security conference to meet four times a year to discuss various issues of European integration, assist Ukraine to meet EU standards and address problems that Poland's EU accession might cause to Ukrainian-Polish relations. Conscious of possible implications of Poland's entering to the EU in the near future and withstanding to EU pressure, Warsaw has announced that it would postpone the introduction of a tighter border control with Ukraine for as long as possible. In February 2000, the Polish government approved a request to the EU to

recognize a special nature of relationship between Poland and Ukraine. In turn, according to all expert opinion polls conducted in Ukraine in the past several years, Ukrainian-Polish relations are defined as the most successful, and Poland is constantly ranked the first as Ukraine's best ally³⁷.

In recent months, Poland has also taken an active position on sharing its transition experience and providing technical and expert assistance to Ukrainian reforms. With this goal, a special inter-ministerial commission was established in Warsaw in February 2000. The next month, the two countries signed a declaration providing that Polish experts would advise Ukrainian government on reform of Ukraine's public finance and tax system, privatization of strategic economic sectors, restructuring mining, reform of the pension system, social security, local government, and agriculture³⁸. To facilitate the transfer of Polish transition experience to Ukraine and to support joint cooperative projects in between government agencies, non-governmental organizations, private businesses, and private citizens, in 1999 the Poland-America-Ukraine Cooperation Initiative (PAUCI) was set up by the three governments. In its work, PAUCI concentrates on macroeconomic reform, support for small business development, and local government reform³⁹.

Successful Ukrainian-Polish rapprochement, which brings together the two largest states in Central and Eastern Europe, could become a pillar of stability in Central and Eastern Europe, much like successful Franco-German cooperation after World War II laid the foundation for stability in Western Europe⁴⁰.

IV. Ukraine and regional cooperation

The end of the Cold War has also been marked by the development of a new phenomenon for post-communist Central and Eastern Europe – voluntary and equal multilateral regional cooperation. The evolution of this cooperation has roughly followed a similar pattern as the development of regional bilateral relations: promising start in 1991-92, the stalled momentum in 1993-95, and reinvigoration of cooperation in 1996-98.

CEE regional cooperation became to develop almost simultaneously with the collapse of communism and the artificially created intergovernmental structures of the Eastern bloc (CMEA and the Warsaw Pact). In 1989-92, a number of regional cooperative arrangements emerged, stretching from the Barents to the Black Sea and encompassing post-communist CEE states: the Central European Initiative/CEI (1989-92), the Visegrad

Group/CEFTA (1991-93), Council of the Baltic Sea States/CBSS (1992), and the Black Sea Economic Cooperation/BSEC (1992). All of them were established voluntarily and were based on geographical proximity and common regional interests - mainly socio-economic and environmental - rather than on ideological dogma or power politics considerations.⁴¹ Many initially felt that CEE regional cooperation had a good chance for rapid development.

Post-communist CEE states, engaged in a complex process of internal transformation and looking for new international roles, saw these new cooperative networks as useful tools for:

- providing an additional channel for regional dialogue;
- facilitating the solution of various issues of common regional concern (economic, environmental, national minorities, etc.);
- enhancing regional understanding and stability;
- assisting in the transition to democracy and market economies;
- helping to re-establish political, economic, cultural and human ties weakened by the decades of east-west divides;
- strengthening the position of CEE states vis-à-vis the Soviet Union (later Russia), and promoting integration into Western European institutions.

In addition to the motives listed above, for Ukraine these newly emerging regional initiatives represented a means of testifying to the country's "European" identity and vocation and enhancing its international position and profile. Consequently, in addition to bilateral ties, in 1992-93 Ukraine was active in promoting CEE multilateral regional cooperation. Ukraine was among eleven founding states of the BSEC. In 1992-93, Kyiv was trying hard to join the Visegrad Group but was thwarted by the Visegrad members. Ukraine also became involved in such other forms of new post-communist multilateral cooperation, as cross-border cooperation in the framework of Euroregions. In 1993, Ukraine together with Hungary, Poland, Romania and Slovakia established the Carpathian Euroregion⁴².

Initially, CEE regional cooperation was also seen in Kyiv from a security perspective. The development of and participation in a system of regional security represented one of the main pillars of national security-building. Having declared its intention to become a non-aligned, non-nuclear state, Ukraine was seeking exterior security guarantees. Ukrainian foreign policy thinkers hoped that a system of CEE regional security could provide such a guarantee, and at the same time help maintain the country's self-

proclaimed non-aligned status. In early 1993 Ukraine's first President Leonid Kravchuk put forward the idea of the establishment of "a zone of stability and security" in Central and Eastern Europe. Such a "zone" was supposed to include Ukraine, Poland, the Baltic states, Hungary, Slovakia, the Czech Republic, Belarus, Moldova, Romania, and Austria.⁴³

Coming at a time when CEE countries were increasingly seeking bilateral contacts with NATO, the proposal was out of sync with the prevailing political climate in the region. Despite the reassurances of Ukrainian officials, Ukraine's potential partners were reluctant to participate in any arrangements which they felt could lead to the possible creation of a security grouping in between NATO and Russia, and prevent their eventual membership in Western security structures, and thus, in their opinion, turning the region into a permanent "gray zone". In addition, Ukraine's western neighbors indicated that they did not want to antagonize Moscow or be involved in Ukrainian-Russian disputes⁴⁴.

Poland's negative reaction was a particular surprise for Kyiv, as only a year before President Walesa himself had expressed interest in the concept of a regional security structure, which he dubbed "NATO-2"⁴⁵. Both the Polish "NATO-2" idea and the Ukrainian concept of "a zone of stability and security" envisaged close regional cooperation in which Ukraine and Poland would have leading roles to play⁴⁶. In 1993, however, Polish and other Central European politicians discovered a shift for the better as far as their countries' future membership in NATO was concerned, and consequently re-considered the earlier plans for possible separate CEE regional security arrangements, stressing the need for the strongest possible links with NATO. Aspiring for membership in NATO and seeking better relations with Russia, CE states became inclined to put some distance between themselves and Kyiv.

Thus regional cooperation failed to become a priority in the policies of CEE states. During 1993-94, many of them gradually evolved against such cooperation, shifting their emphasis toward bilateral contacts. The most vivid example of this could be seen in the evolution of the Visegrad group, which, largely due to the reluctance of Prague to further develop political cooperation, existed almost only in name. As then Czech Prime Minister Vaclav Klaus put it, cooperation within the Visegrad group was an 'artificial process' created by a Western desire for a political and economic organization in Central Europe⁴⁷.

In 1996-97, however, CEE regional cooperation reinvigorated. Hungarian-Slovak, Hungarian-Romanian and Ukrainian-Romanian basic political and border treaties were concluded after several years of procrastination, and Ukrainian-Polish and Polish-Lithuanian *rapprochements* were further consolidated. This climate of closer bilateral ties

and better mutual trust among CEE countries opened new prospects for the development of regional cooperation and new initiatives. In 1996, Ukraine was finally admitted to CEI, and expressed interest in joining CEFTA. Since 1996, the Ukrainian President and Prime Minister have become regular participants in unofficial meetings of Central European leaders. In 1995, Poland and Ukraine agreed on establishment of the Buh (Bug) Euroregion, encompassing four Polish border regions (*województwa*) and the Ukrainian region (*oblast*) of Volyhn.

At the beginning of 1996, Kyiv even seemed to try to revitalize its idea of a “Central and Eastern European zone of stability and security” or of the creation in the region of a political and economic conglomerate of states whose goal is integration into European structures. By then, however, it became clear that CEE regional cooperation would not provide either a substitute or compensation for European integration. Rather, this cooperation (reinforced with direct ties to Western institutions) should serve the function of linking closer the countries of the region, especially those “outs,” with their more successful neighbors, as well as to the Western integrated institutions, thus decreasing their feeling of isolation and contributing to the indivisibility and transparency of security.

Seen as such by all CEE countries, regional cooperation received a new impetus in 1997, when a wide range of smaller (often bi and trilateral) cooperative initiatives evolved in the region. Ukrainian-Moldovan-Romanian, Ukrainian-Romanian-Polish and Ukrainian-Polish-Lithuanian “triangular”, the Tallinn summit of presidents of Ukraine, Poland and the three Baltic states in May 1997, and the Vilnius Forum in September, were all part of the process. Since then, their evolution has been different: Ukrainian-Moldovan-Romanian trilateral cooperation has been relatively active (the Lower Danube Euroregion was set up in 1998, and another one -- Upper Prut – is in the plans); Ukrainian-Romanian-Polish scheme has not been realized; while the Tallinn and Vilnius gatherings have remained “one-off” events⁴⁸. Ukraine became a central component in all of these new initiatives. The one that attracts the most attention and curiosity is GUAM, a group which was formally established in October 1997 and included Georgia, Ukraine, Azerbaijan and Moldova; it was transformed in GUUAM with accession of Uzbekistan in April 1999.⁴⁹

In addition, Kyiv was a strenuous proponent of the decision taken at the June 1998 BSEC summit in Yalta to transform the group into a formal regional economic organization. Attempting to serve its natural role as a link in between the Baltic and the Black seas, in 1999 Ukraine received observer status in the Council of the Baltic Sea States. At the same time, Kyiv has tried its best to stay away from or prevent the further

formalization of those intergovernmental structures that might distance Ukraine from Europe and its CEE partners, such as the CIS or the idea of a “Slavic Union” (Russia-Ukraine-Belarus) promoted by Belarusian President Lukashenka.

V. Another lost momentum?

It has become increasingly clear over the past two years that earlier hopes that Ukraine could play a particularly important regional role have not fully materialized. Furthermore, Ukraine’s initially successful relations with other CEE countries have lost much of their momentum. At present, they are plagued by a number of obstacles and difficulties, and there are serious concerns about their future.

Ukraine’s persisting socio-economic difficulties and its growing vulnerability to outside pressures and influences have prevented Kyiv from assuming a proactive and leading role vis-à-vis Moldova and Belarus, providing support to Moldova and demonstrating an alternative solution for Belarus. In most cases, Ukraine has found it easier politically (and apparently less costly financially) to cooperate with those CEE countries, which themselves were taken the lead in forging regional partnerships. At the same time, relations with other CEE states -- the Czech Republic, Slovakia and Romania -- are stagnating. Only the development of relations with Poland, and to some extent with the Baltic states and Hungary, proceeds more or less satisfactorily being rather successful at the political level and much less productive at the level of economic ties. The distance between Ukraine and the more advanced CEE countries keeps growing and threatens further development of their relations. Even the Ukrainian-Polish strategic partnership remains to some extent more declarative and virtual rather than truly substantive and irreversible.

At the heart of the problem lie Ukraine’s own serious transition difficulties. After almost nine years of independent existence, Ukraine remains in a very difficult transition process. Its transition has turned out to be much more complex than in most other post-communist states of Central and Eastern Europe. Ukraine’s historical legacies, current many diversities (regional, economic, ethnic, political, language, religious, etc.) and overwhelming challenges (building its statehood, democracy, market economy and civil society) that need to be resolved simultaneously and in a rather short period of time, have all contributed to the slowness of Ukraine’s economic, social and political reforms.

At present, Ukraine's position in the region and its relations with neighboring countries are increasingly determined by economic factors. Unfortunately, after a decade of "reforms" the country's overall economic situation remains difficult. While most other CEE states overcame economic crisis and have been demonstrating economic growth since mid-1990s, Ukraine has been experiencing a steady GDP and industrial production decline since 1990 (see Tables 4-5). Ukrainian economic reforms have by and large been limited to macroeconomic stabilization and price liberalization. Macroeconomic stabilization has not been supported and strengthened with necessary steps at the microeconomic level. The years of 1998-99 were marked by a new stalemate in Ukraine's transformation. As a result, Ukraine's economy is still characterized by the absence of structural changes, intra-regional disproportions, unfinished privatization, the persisting crisis of non-payments, and the growing domestic and external debt. Business environment remains over-regulated, unstable and non-transparent, and consequently most businesses opt to operate in the shadow sector, while neither foreign nor domestic substantial investments are coming.

The absence of reforms results in the growing imbalance between Ukraine and the more advanced CEE countries in the structure of economic systems and overall socio-economic development, including GDP per capita and average monthly salaries (see Table 6). This imbalance prevents the development of market-based economic relations. Consequently, there is still no strong economic foundation under Ukraine's partnership with other CEE countries. Existing economic cooperation is far from matching the economic needs and potential of the two sides. Intra-industry links and mutual investments are embryonic: all Polish investments into the Ukrainian economy account for only about USD 54.4 million, Slovak investment equals to USD 40.5 million, and the Czech investment is mere USD 22.5 million. While CE small and medium businesses are interested in the vast Ukrainian market, the existing barriers – the inadequacy of Ukraine's national legislation, complicated and often changing tax rules, underdevelopment of Ukraine's banking system, the lack of proper mechanisms for mutual guarantees of credits and small investments, and various administrative obstacles – make their work extremely difficult, if at all possible. All this explains the growing systemic gap between Ukraine and the more advanced CEE states.

Table 4: GDP (% change)

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Bulgaria	-9.1	-11.7	-7.3	-1.5	1.8	2.9	-10.1	-7	3.5
Czech Rep	-1.2	-11.5	-3.3	0.6	3.2	6.4	3.9	1	-2.7
Estonia	-8.1	-13.6	-14.2	-9	-1.8	4.2	4	11.4	4.2
Hungary	-3.5	-11.9	-3.1	-0.6	2.9	1.5	1.3	4.4	5.1
Latvia	-3.5	-10.4	-34.9	-14.9	0.6	-0.8	3.3	8.6	3.6
Lithuania	-6.9	-5.7	-21.3	-16.2	-9.8	3.3	4.7	6.1	4.5
Poland	-11.6	-7	2.6	3.8	5.2	7	6	6.8	4.8
Romania	-5.6	-12.9	-8.8	1.5	4	7.2	3.9	-6.9	-7.3
Slovakia	-2.5	-14.6	-6.5	-3.7	4.9	6.9	6.6	6.5	4.4
Ukraine	13	-8.7	-9.9	-14.2	-22.9	-12.2	-10	-3.2	-1.7

Table 5: Industrial production (% change).

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Bulgaria	-16.7	-20.2	-18.4	-9.8	10.6	4.5	5.1	-10	-12.7
Czech Rep	-3.3	-21.2	-7.9	-5.3	2.1	8.7	2	4.5	1.6
Estonia	N/A	-9.5	-38.7	-18.7	-3	1.4	1.1	13.4	1.5
Hungary	-10.2	-16.6	-9.7	4	9.6	4.6	3.4	11.1	12.6
Latvia	N/A	-2.1	-46.2	-38.1	-9.5	-6.3	1.4	6.1	-0.7
Lithuania	N/A	-26.4	-28.5	-34.4	-26.5	5.2	1.3	5.6	4.7
Poland	-24.2	-8	2.8	6.4	12.1	9.7	8.3	11.5	4.8
Romania	-19	-22.8	-21.9	1.3	3.3	9.4	6.3	-7.2	-16.8
Slovakia	-4	-19.4	-9.3	-3.8	4.8	8.3	2.5	2.7	5
Ukraine	-0.1	-4.8	-6.4	-8	-27.3	-11.7	-5.1	-1.8	-1.5

Table 6: GDP of CEE states (in USD).

Country	GDP per capita in 1998	FDI, 1989-99, USD billion	Avr. monthly wage, 1999
Czech Republic	5,479	13.9	361
Hungary	4,730	17.8	327
Poland	3,887	20.0	375
Slovakia	3,793	2.1	257
Estonia	3,593	1.7	305
Lithuania	2,890	1.9	270
Latvia	2,622	2.0	238
Romania	1,695	5.5	127
Bulgaria	1,315	1.9	111
Ukraine	846	2.8	38

Source: *Kyiv Post*, 6 July 2000, p. 3b.

Trade between Ukraine and the rest of CEE states remains at a rather low level, especially seen as a share of their total trade volume: for example, Poland comprises about 2.7 % of Ukraine's total export and 3.3 % of its total import, while Ukraine's share in overall trade volume of other CEE countries does not exceed 5 %. While in 1994-97 Ukraine's bilateral trade with its CEE partners was steadily growing, in the next two years it experienced a sharp decline due to the negative repercussions of the 1998 Russian financial crisis on Ukraine. In 1998, Ukrainian-Polish trade decreased by 14 % according to Ukrainian data, and 10 % according to Polish statistics. In 1999, it further declined by over 30% with Romania, almost 30% with Poland and Hungary, and 23% with the Czech Republic and Slovakia. Economically, Ukraine remains oriented towards Russia, which accounts for over 40% of Ukraine's foreign trade, while all CEFTA countries comprise less than 10% (see Table 7). Besides, the structure of Ukraine's trade with other CEE countries is dominated by mineral products (40% of Poland's total exports to Ukraine is coal, while 54.5% of Ukrainian exports to Poland are ore and various metals). Out of all CEE states, Ukraine has concluded bilateral free-trade agreements only with the three Baltic republics, Moldova and Belarus. Earlier rhetoric about Ukraine's membership in CEFTA has practically disappeared from the Ukrainian diplomatic vocabulary.

Table 7: Structure of Ukraine's foreign trade
(share in the trade of goods)

	1994	1996	1997	1998
Export to:				
EU-15	9.0	10.9	12.1	16.9
CIS total	57.8	54.1	40.8	35.1
Russia	43.1	38.7	26.2	23.0
CEFTA	5.5	7.4	9.4	9.4
Other countries	27.7	27.6	37.7	38.6
Import from:				
EU-15	13.3	14.1	20.4	22.7
CIS total	76.3	67.8	60.4	56.4
Russia	60.6	48.0	46.7	48.1
CEFTA	4.4	6.0	9.5	9.9
Other countries	6.0	12.1	9.7	11.0

Source: *The development of foreign trade and Ukraine's competitiveness in its trade with the European Union. Report of the German Advisory Group on Economic Reform in Ukraine.* (Kyiv, 2000), #13, p. 19.

Politically, Ukraine's CEE policy is often contradictory: while favoring the recognition of its CEE identity by its regional partners, in many cases Ukraine itself fails to apply CEE standards to its own policies, whether it is domestic transformation or

international ambitions. On the other hand, aside from Poland and to some extent Hungary and the Baltic States,⁵⁰ most other CEE states lack initiative vis-à-vis Ukraine, concentrating first and foremost on their westward orientation and/or attaching main importance in their eastern policies to Russia. Thus, Slovakia under Prime Minister Vladimir Meciar was giving clear priority to relations with Russia (in mid-1998, it possessed about 40 agreements regulating relations with Ukraine, and over 120 regulating relations with Russia; for quite a long time since June 1996, Slovakia even did not have its Ambassador in Kyiv⁵¹). Only the new center-right government headed by Prime Minister Mikulas Dzurinda, which was formed after the general elections in September 1998, took a more balanced approach to Ukraine and Russia⁵². Yet in the course of 1999, Ukrainian-Slovak relations were tainted by competition over getting a non-permanent member seat in the UN Security Council, and the next year they were spoiled by the decision of the Slovak government to cancel a visa-free border-crossing regime for citizens of Ukraine.

In some cases, Ukraine's CEE partners have displayed ambiguity about Ukraine's relationship with Europe. Significant political and intellectual elites in CEE countries still find it difficult to consider Ukraine as historically and culturally a Central European country, seeing it instead as a part of Euro-Asian space and as a buffer between themselves (in an extended NATO and the EU) and Russia⁵³. Ukrainian recent attempts to join the reinvigorated Visegrad group, while being encouraged by Warsaw, have met with little understanding and cautious approach in Prague and Bratislava.

In addition, cooperation between Ukraine and its CEE neighbors lacks a solid grass-root social base. Overall, regional relations in Central and Eastern Europe are still heavily centralized. Largely they remain the preoccupation of central governments, and in many cases are driven by individual national leaders. The slow progress in economic and administrative reforms in Ukraine in particular curtails the process of decentralization, limits financial capacities of local and regional authorities, and further constrains regional cooperative potential. Even the most successful Ukrainian-Polish relations still rely too much on the two presidents, foreign ministers and other high level officials. While Ukrainian and Polish political elites and intellectuals generally recognize the need and importance for close mutual cooperation, business people, NGOs and the public at large with the exception of border regions, as well as political parties and even the parliaments remain barely involved in the process. The Ukrainian-Polish Forum, initiated several years ago and designed to promote better ties between Ukrainian and Polish parliamentarians and wider audiences, has so far failed to convene a single meeting.

As a result, domestic constituencies for mutual rapprochement are still weak, and there is a noted difference in perceptions of the elites and the people in both countries. Stereotypes of the past are still alive among both the Poles and Ukrainians. Many Poles continue to distrust Ukrainians⁵⁴. In Ukraine, the government has done little to publicize the success and lessons of reforms in Poland and other more advanced CEE countries. While the latter, especially Poland, show increasing interest in sharing with Ukraine the lessons (both positive and negative) and experience of their transition and European integration, Kyiv has not been active in taking advantage and applying that experience. Not surprisingly, people in the east of Ukraine still tend to compare their situation with that of Russia rather than of Poland and other CEE states.

Remaining historical grievances and unresolved problems, sometimes divergent or even competitive regional interests, also overshadow bilateral relations and further constrain mutual trust and confidence necessary for the development of regional initiatives. Ukraine's relations with Romania in particular continue to be affected by the still unresolved issue of the status of the Serpents Island and delineation and demarcation of the continental shelf in the Black Sea, which is believed to be reached in oil reserves. When signing the bilateral treaty in June 1997, the two sides agreed to try to reach an agreement within two years. However, several rounds of expert negotiations did not bring positive results and seem to have stalled. Kyiv and Bucharest also remain at odds on the treatment of national minorities. Bucharest often complains about the treatment of Romanian minority in Ukraine and the implementation by Ukraine of the bilateral treaty provisions on national minorities,⁵⁵ in particular concerning the establishment of a "multicultural" university in Chernivtsi, although Romania itself stalls on measures to set up such a university for its own Hungarian minority. Kyiv, in turn, indicates to the fact that there is only one Ukrainian school in Romania with 75% of instruction conducted in Romanian language.

Recently, Moldovan parliament refused to ratify the border treaty with Ukraine of 1999, signed by presidents Kuchma and Luchinschi⁵⁶. Under the treaty the two sides were to exchange small pieces of territory. That would give Ukraine sovereignty over a portion of a highway to Odesa that passes through Moldovan territory in exchange for a small strip of land leading to the river Danube, where Moldova wants to build an oil terminal. Several unresolved issues continue to persist in Ukraine's relations with Belarus. The Belarusian parliament has yet to ratify the 1997 border treaty with Ukraine. Minsk also claims that

Ukraine owes it more than USD 200 million, but Kyiv questions this sum. In 1999, both Lukashenka and Kuchma criticized each other's policies.

Thus due to the slow pace of Ukrainian reforms, the difference in societal transformation between Ukraine and most other CEE states, inherited from the past, is further widening. Today, Ukraine significantly lags behind the more advanced CEE countries. The existing qualitative disparities could even further grow if Ukraine fails to accelerate its transition, while its western neighbors join the EU and are forced to introduce restrictions on bilateral trade and economic cooperation, as well as on the people-to-people contacts. This would lead to Ukraine's further economic, political and cultural distancing from its Western neighbors and threaten the country's regional marginalization and isolation.

VI. The impact of enlargement

More than in any other region, in Central and Eastern Europe the logic of bilateral relations and multilateral regional cooperation has been strongly linked to the logic of European integration and enlargement.

As indicated above, at the end of 1980s-beginning of 1990s regionalism in Central and Eastern Europe was largely an internally-driven process. Although even then, it was developing in the context of CEE countries' relations with NATO and the EU. Being uncertain about their membership perspective, CEE states were more inclined to look for ways to strengthen regional cooperation. However, when in 1994 NATO took a principle decision on eastward enlargement, CEE regional relations became increasingly influenced by and dependent on the enlargement process. CEE states, both those with good prospects for the EU and NATO membership and those without them, started to place regional cooperation exclusively in the framework of European and Euro-Atlantic integration, and viewed it as a supplement and an additional step on the way towards their integration.

Thus in 1994-early 1995, inspired by the prospect of quick integration, the more economically and politically advanced CEE countries preferred not to burden themselves with the "unpredictable and unstable" East, which included Ukraine, and began to view regional cooperation as such that might impede their eventual membership in NATO. While they continued to acknowledge the importance of an independent and stable Ukraine for Europe's security, in practice they tended to ignore the Ukrainian factor when it was

coming to the practical issues of creating a new security system in Europe. As one senior Ukrainian diplomat noted, these were “NATO-speedy enlargement plans that disrupted the very idea of regional cooperation”⁵⁷.

Reinvigoration of CEE regional cooperation and bilateral ties in 1996-97, however, was also connected with the wider process of enlargement and integration. While in the previous years the newly emerged regional groupings had been overlooked and undervalued, and most observers and even participants had been skeptical about their potential and future prospects, the debate over NATO enlargement drew renewed attention to the development and potential role of regional initiatives. Regional cooperation in Central and Eastern Europe started to be seen as not only an important element in stabilizing relations among neighboring states, strengthening democracy and assisting transitions of the post-communist countries to market economies, but also as a facilitator of the process of wider European and Euro-Atlantic integration.

As the NATO Madrid summit of 1997 approached, western states and institutions started to view the development of CEE regional cooperation as an important element of Eastern enlargement strategy. This cooperation was increasingly perceived as a useful tool for “cushioning” possible new dividing lines between “ins” and “outs”. It was also hoped that such cooperation would help make NATO enlargement more acceptable to Moscow, especially as Russia also was involved in several regional cooperative arrangements (Barents Euro-Arctic Council, CBSS and BSEC).

For applicant states, good-neighborly relations became an important element of accession strategies, as both the EU and NATO made it clear that the quality of relations with neighbors constitutes an important membership criteria. Consequently, potential candidates for membership became increasingly interested in resolving any remaining problems in bilateral relations with their neighbors and started to pay much more attention to their eastern policies, Ukraine included. Besides, it became clear for CEE states that the process of their integration into Western institutions is likely to take more time than it was initially expected.

For non-applicant CEE states, Ukraine among them, closer cooperative relations with their more advanced neighbors became an important mean of manifesting their European identity, and an additional chance to link them closer to western structures and weave them into European and Euro-Atlantic integration⁵⁸. Enlargement process stimulated Ukraine’s own foreign policy choice, and official Kyiv put a renewed emphasis on its European vocation. In June 1998, Kuchma signed the *Strategy on Ukraine’s integration*

into the European Union, and in November the 3-year comprehensive *State Program of Ukraine's Cooperation with NATO* was adopted. Aware that the process of its integration into Europe will be long and complex, Ukraine has adopted two parallel approaches: direct integration, and integration through membership in the existing CEE regional groupings. In line with this approach, Kyiv has paid primary attention to bilateral relationships and forms of regional and transborder cooperation which bring it closer to western integrated institutions, anchor it in Central and Eastern Europe and help to avoid the emergence of a new dividing line on Ukraine's western border.

Before the NATO summit in Madrid decided to admit the first three CEE states, there had been vociferous debate on both sides of the Atlantic over whether NATO should formally expand and, if so, how, when and why. There were strong initial concerns and warnings that NATO enlargement would artificially and unnecessarily divide Europe, and destabilize CEE region.⁵⁹ However, contrary to the predictions of many critics, the first wave of NATO eastern enlargement did not only deteriorate relations between CEE states but, on the contrary, gave a strong boost to regional dialogue and helped to forge new partnerships. In the case of Ukraine, it facilitated the solution of border problems in relations between Ukraine and some of its neighbors (Romania and Russia) and contributed to further strengthening of cooperation and partnership with some other (Poland and Hungary).

NATO has so far been successful in its movement to the east largely because the Alliance properly handled its first wave of enlargement. As if to reply to its many critics, NATO managed to pursue a carefully-crafted and more or less comprehensive strategy designed to avoid the emergence of new dividing lines by enhancing both NATO's own relations with countries remaining outside its borders, as well as cooperation between those remaining outside and NATO's new member, thus mitigating the distinction between the two. The elements of this strategy included conclusion of the Founding Act with Russia and the Charter on Distinctive Partnership with Ukraine, development of the enhanced PfP program, establishment of the Euro-Atlantic Partnership Council, setting up a NATO Information and Documentation Center in Kyiv, etc⁶⁰. NATO also continuously emphasized that the door remains open for other CEE countries willing and able to join.

With the most criticism focused on the potential dangers of NATO extension, very little attention was initially given to possible consequences of EU enlargement. The fact that there was no visible Russian opposition to EU enlargement and that the EU was perceived as a political and economic entity and not a security bloc (which seemed to put it

in an advantageous position in comparison with NATO), led many in the West and Russia, as well as in Central and Eastern Europe, to believe that EU enlargement would be a benign process. In fact, many reports, including those in support of NATO enlargement, argued that the EU should become “the primary vehicle for the westward integration of Central Europe” and should “expand eastward as quickly as possible.”⁶¹ Some other observers suggested that CEE states should be granted EU membership instead of NATO membership. The likely negative affects of EU enlargement were underestimated.

Over the past two years, however, there have been a growing realization in Ukraine and most other CEE countries that EU enlargement would have a much more profound impact on regional relations than that of NATO and it is from EU enlargement that divisions are more likely to result. Contrary to NATO’s approach to enlargement, the EU has put its main emphasis on deepening the integration of its current members, rather than on the Union’s “widening”. The latter is often perceived as something that contradicts or even threatens the integrity of the Union. Countries invited for accession negotiations with the EU are required to fully adopt the EU *acquis communautaire* and tighten border controls vis-à-vis their neighbors who cannot or do not want to join.

Improved border control is viewed as an important condition for EU membership. The issue centers on the EU Schengen agreement on frontiers of 1985, which establishes, inter alia, common rules for visa and asylum policies. While eliminating EU internal borders and facilitating free travel among EU members, the agreement also involves the establishment of tighter control on EU external borders. Except five members (Denmark, Finland, Ireland, Sweden and the UK), all EU states observe this accord; and all new members are required to join the Schengen agreement from the beginning as under the terms of the EU Amsterdam Treaty of October 1997, the Schengen agreement has become a binding part of the *acquis communautaire* for states joining the EU. Consequently, Poland and other CEE “first-runners” have already found themselves under the strong pressure from the EU, especially from France and Germany, to introduce stricter visa regulations and tighten control on their eastern borders.⁶² According to the news reports, recently France raised private concerns that the Polish eastern border is porous for migrants and contraband and would not be ready to serve as Schengen’s eastern limit when Poland joins the EU⁶³.

Furthermore, when joining the EU, new members will have to adopt the EU common external trade regime and abandon existing trade arrangements (in some cases, for example in between Ukraine and the Baltic states, free-trade agreements) with their

neighbors remaining outside of the EU. There are different opinions at present on how this change could affect trade and economic cooperation between the EU new “ins” and “outs”: Some experts believe that since the EU foreign trade tariffs are generally lower than the current existing in CEE, the impact should be rather positive. Some other, on the contrary, argue that given the relatively slow pace of trade liberalization between the EU and CEE countries (especially those, like Ukraine, without Association Agreements with the EU), and EU protectionism against sensitive imports that at the same time constitute the most important export items for CEE states (steel, textiles and agriculture), the forthcoming change in trade regime would undermine trade between EU new members and their non-EU neighbors.

Finally, EU enlargement could well exacerbate the existing differences in socio-economic and political development of CEE countries and thus would further polarize rather than knit the region together. CEE countries to join the EU first are already more advanced than their regional partners. Once inside the EU, their development should proceed even more rapidly thanks to the enhanced domestic political stability, more assistance from the EU funds, as well as the increased level of foreign direct investment (due to their increased stability and general attractiveness for foreign investors).

There is also the question of what would be the “first wave” joiners’ policy towards regional “outs” after their accession to the EU. Accession negotiations with the EU, much more so than it was with NATO, already place heavy demands on political, economic and administrative systems of CEE front-runners. It cannot be excluded that after joining the EU the new members would have to focus mainly on strengthening their positions within the Union and consequently their political and administrative resources and attention could be diverted away from the continuation of cooperation with those remaining outside of the EU. As suggested by some Polish analysts, the accession to Western structures may radically change the political priorities of Poland, the Czech Republic and Hungary and decrease Ukraine’s importance within their political goals⁶⁴.

Furthermore, because the accession process is going to be rather long, EU insistence on tightening border controls already now has the potential to dramatically expand the size of the “gray zone” of political and economic uncertainty in Central and Eastern Europe. There are also legitimate grounds for worry about the impact of EU enlargement and new visa policies on CEE regional and cross-border cooperation: it is unclear whether various CEE regional groups (such as CEFTA) will be able to sustain when some but not all of their participants would become EU members.

Thus, as noted by some observers, “the EU draws precisely the kind of lines in post-Cold War Europe that NATO has sought to avoid”⁶⁵. Not surprisingly, fears are growing in Central and Eastern Europe that the tightened border controls and increasing economic and political disparities could undermine on-going efforts to overcome historic differences and build cooperation in the region. In this case, a new EU boundary could become a “dividing line” that would be much more dangerous than the security implications related to NATO enlargement.

Naturally, such a development is of a particular concern to those CEE countries that are likely to find themselves on the “wrong” side of the potential dividing line. Ukraine is one of them, and as such is very vulnerable to the consequences of EU enlargement.

Overall, Kyiv has taken a very positive attitude toward EU enlargement to countries of Central and Eastern Europe and welcomed the invitation to accession negotiations extended to its western neighbors. At the same time, not being a direct part in the European integration process and not even considered as a remote prospect for EU membership, Ukraine is getting increasingly nervous about a potential new “curtain” on its western borders and its geopolitical implications for Ukraine. With the adoption in mid-1999 of the EU Stability Pact for South East Europe, aimed at bringing the five Balkan countries into the European integration process by giving them a perspective of EU Associate membership, Ukraine (together with Moldova) has remained the only post-communist country in Europe (out of those expressing their aspiration to join the EU in the future) left outside of the mainstream of European integration.

In addition, responding to EU pressure, the Czech Republic and Slovakia have already cancelled a visa-free travel with Ukraine as of 28 June 2000. It is likely that Hungary and Poland will be forced to do this as well, although Warsaw has expressed its intention to keep its visa-free border regime with Ukraine as long as possible⁶⁶. The new border restrictions are bound to have negative impact on cross-border trade and cooperation, travel and human contacts, and the situation of national minorities. This would further widen the economic and psychological distance between Ukraine and its western neighbors, artificially pushing Ukraine eastward rather than anchoring it more firmly in Central and Eastern Europe, and increasing the danger of Ukraine’s regional isolation.

The change of a border-crossing regime will have a special detrimental affect on Ukrainian-Polish relations. Over the past several years Poland has become the most open and accessible “western” country for Ukraine. As believed by some experts, millions of Ukrainians visiting Poland every year (closely to 5 million per year) undergo a similar

psychological process as the Poles did in the 1970-80s when traveling to Germany and other western countries⁶⁷. For them, Polish experience and achievements are the best indication of the need for continuation of market reforms in Ukraine. For Ukrainian elites, Poland serves as an important additional link bringing Ukraine closer to Europe. Consequently, a non-visa-free border regime between the two countries would have a major psychological impact on Ukraine, its people and the reform-minded and Western-oriented political forces in the country.

The bordering regions of Western Ukraine will suffer most. At present, Poland is the 3rd main trading partner (10% of trade) in overall trade of the Lviv region; and it is also believed that the volume of unofficial cross-border trade between the border regions of the two countries is twice as high as official data.⁶⁸ Furthermore, potential negative consequences of new border regulations very much worry the economic interests of many Polish families, especially in the eastern regions bordering Ukraine. Some Polish experts indicate that in the overall trade balance with Ukraine, one in every five Polish zloty originating from exports to Ukraine is generated by companies from the border regions.⁶⁹

Significantly, concern over the consequences of new tariff and visa regulations has come on the agenda of states on both sides of an anticipated “dividing line”⁷⁰. The candidate countries (at least some of them) are also nervous about potential impact of EU enlargement on their own societies and their relations with neighbors. The tighter borders threaten to cut these countries off from traditional eastern markets and economic partners, even if certain special transitional arrangements are introduced. According to Polish data, an average Ukrainian visitor (usually involved in cross-border trade) spends in Poland USD 460 per day, while – for comparison – an average German tourist (who is not a trading one) spends DM 36⁷¹. In 1996, unofficial cross-border trade was estimated to account for more than 25% of Poland’s entire trade with its eastern neighbors, and nearly 50% of its trade with Ukraine⁷². For some other EU candidate states (Hungary, for example), this concern has primarily to do with the impact of new visa walls on their ethnic minorities living in neighboring countries. For Poland, the new situation can also seriously undermine the country’s leadership ambitions in the region. Not surprisingly, Hungary and Poland are genuinely interested in keeping their borders with Ukraine reasonably open.

Finding a proper solution clearly corresponds to the interests of all CEE states. In this regard, in the near future the fate of CEE regional relations and cooperation will be determined to a significant degree by EU policies. In the last three years, EU interest in and support for regional cooperation has increased: in December 1997 the European Council

adopted a specially commissioned report from the Commission praising the role of regional cooperation and promising further political, commercial and technical assistance to its development. At the same time, the report clearly states that the EU will support only those initiatives which prove their internal strength and potential.⁷³ However, the issue of devising proper solutions to help smooth the negative consequences of the introduction of new border regulations and visa policies on the eastern borders of the first round CEE applicant states requires immediate EU action. This may vary from the improvement of border infrastructures to the elaboration of long-term or interim visa regime modalities. If proper solutions are found and implemented in practice, the chances for further consolidation of CEE regional relationships will significantly increase.

Conclusion

Despite the complex heritage of history, the decade after the collapse of communism has been marked by normalization and improvement of relations between states in Central and Eastern Europe. Yet the process of building stable inter-state relations and regional cooperation has yet to be completed. In the coming years, inter-state relations in the region will be increasingly developing in and defined by the broader context of European integration, in particular by NATO and EU eastward enlargement. The impact of enlargement on CEE regional relations will depend on three basic factors: the policies adopted by NATO and the EU to manage relations with countries on their new eastern borders; the willingness and ability of CEE states-new members of NATO and the EU to maintain and intensify cooperation with their neighbors outside these two organizations; and the response, including the progress with domestic reforms, of those states excluded from NATO and EU membership.

All this is particularly true about the future of Ukraine's relations with other CEE countries. The fact that these relations will increasingly be defined by European integration and enlargement is, by itself, a positive process, especially given Ukraine's own declared choice of European integration. However, the real question remains open: will Ukraine be able to meet this challenge or not?

At present, there are serious grounds for concern in this regard. Ukraine remains stagnating at home, while its choice of European integration and its decision to identify itself as a CEE country remain mostly declarative. Ukraine has failed to join its more

advanced CEE neighbors. Its socio-political, economic, cultural and psychological characteristics still differ significantly from those of most of the other states in the region, while the level of existing cooperation between Ukraine and other CEE countries (despite noted achievements over the past years) is not sufficient enough to compensate for those differences and to ensure sustainable progress in Ukraine-CEE relations after the more advanced states in the region join the EU. Furthermore, the dominant recent tendency is that these relations are losing their momentum.

It is therefore critically important that Ukraine uses the period in between now and before Poland and other CEE become EU members to develop much stronger bilateral links and anchor itself more firmly in Central and Eastern Europe. For that, it is necessary to increase bilateral trade and economic cooperation. Successful implementation of several large joint projects, like construction of the Odessa-Brody-Gdansk pipeline, could become one of such links. It would be beneficial for Ukraine to more actively learn and apply Polish and other CEE countries' experiences in European integration and domestic transformation, including public administration and land reforms, energy sector restructuring, small business development, and reform of intergovernmental finance. It is, however, very important that Ukraine itself takes the lead in defining how and what kind of expert and technical assistance should be provided.

Ukraine should assure that not only Poland, but all other CEE countries have a strong and sustainable interest in developing close partnerships with Ukraine and in Ukraine's integration into Europe. If Ukraine succeeds in achieving this, CEE states (in the process of their accession to and when within the EU) would get much more interested and pro-active in arguing for their preferential relations with Ukraine. This would give Ukraine a chance to obtain allies and friends in the EU (as well as in NATO), willing and, hopefully, capable to lobby for Ukraine's interests – something Ukraine lacks today, especially within the EU. Mirroring the role of Germany in Polish-German relations, Poland in particular may then use its expanded access to EU financial resources for supporting closer cooperation with Ukraine. On this scenario, accession of the more advanced CEE states to the EU would benefit Ukraine and open new opportunities for Ukraine's own integration.

To succeed in consolidating its relations with other CEE countries over the next several years, Ukraine also needs to deliver two important and closely interrelated tasks: to aggressively change itself at home, and to stay firmly within the collective CEE strategy on European and Euro-Atlantic integration. It will be easier to minimize the existing

differences between itself and the more advanced CEE states, if both Ukraine's foreign policy and domestic transformation proceed in the same direction with that of its CEE partners. In this regard, Ukraine has yet to re-orient itself towards EU standards and close the gap between political declarations of its European choice and practical action in realization of this choice. Comprehensive and meaningful domestic reforms are essential, as only economic recovery could make Ukraine more attractive for its neighbors to the west (as well as for the West itself) and bridge the existing gap between them.

After several years of economic and political stalemate, a new political situation and a window of opportunity have emerged in Ukraine after the presidential elections in the fall of 1999. Following his re-election, President Kuchma announced his intention to speed up domestic reforms. Viktor Yushchenko, the former Governor of the National Bank of Ukraine who has a reputation as a genuine reformer, was appointed Prime Minister. The new Government set forth an ambitious program of reforms, and the Verkhovana Rada passed that program, as well as the first ever zero-deficit budget. For the first time ever since Ukraine's independence, a more or less permanent and organized non-leftist majority was established in the parliament that has provided a chance for constructive work between the Government and the Verkhovna Rada. The Government succeeded in restructuring Ukraine's short-term foreign debt of about USD 2 billion that prevented a fully-fledged financial crisis. The government has also launched the long-awaited public administration and land reforms, outlined its program for privatization of strategic enterprises to be conducted in a transparent way and for cash, and is making hard efforts to reform the country's energy sector. The first quarter of 2000 brought the first signs of economic growth in Ukraine: after ten years of economic decline, GDP grew by 5.5%.

Nevertheless, the country has yet to achieve the necessary consolidation for development and turn the corner in its transformation. Ukraine's key task and challenge at present is to make this new reform momentum sustainable and transform it into a new and more successful phase of transition, departing from the track of "failed reforms". This is an overwhelmingly difficult undertaking both for internal and external reasons. Externally, the IMF delays (for several months already) the critically important resumption of its Extended Fund Facility (EFF) by allegations about the irregular use of IMF funds by the National Bank back in 1997-98⁷⁴. At home, persisting diversity of interests and existing balance of forces do not encourage rapid reform. While forces of change – centrist and rightist political parties, SMEs, part of intelligentsia, NGOs and civil society, etc. – are weak, often poorly organized and lack enough leverage to exert sufficient pressure from below, anti-

reform forces – leftist political parties, state bureaucracy and vested shadow clan and corporate interest groups – are still powerful and influential.

Under these circumstances, the role of external factor becomes critical, if not decisive. A stable Ukraine, possessing a proper place in Central and Eastern Europe and gradually integrated into Europe on the whole, will become an additional guarantor of regional security and a better partner for all. Having a serious stake in the final outcome of Ukraine's transition, both Ukraine's CEE neighbors and Western institutions and governments have a role to play to help Ukraine in this process and to assure that enlargement process does not establish a wall on Ukraine's western borders alienating and isolating the country and weakening its pro-reform and pro-European forces.

The prospects of Ukraine-CEE relations will also depend on whether CEE states, such as Hungary and Poland, would be able to keep their borders with Ukraine reasonably open or whether they would have to accommodate their new circumstances by putting additional restrictions on the movement of people and goods from Ukraine. It is important that a proper mechanism assuring maximum "openness" of the border for commercial and human purposes is developed before these countries join the EU. Additionally, both Ukraine and its CEE partners have yet to do a lot to build a broad social support for closer mutual ties and cooperation.

Avoiding a new and hostile division of Europe and the re-emergence of tensions in Central and Eastern Europe is in the West's interest as well. This, however, can be achieved only if Ukraine becomes a part of Europe following the example of all of its western neighbors. In this regard, both NATO and the EU should help promote stronger ties between Ukraine and CEE neighbors, as well as encourage and support Ukraine's European integration by leaving open the opportunity for Ukraine's future membership. One may still argue whether NATO and/or EU enlargement was a good or bad idea. But once the process started, it would be a mistake to stop it abruptly and forever on Ukraine's western borders. It is important that in the case of Ukraine, both NATO and the EU pursue an open door policy in a similar manner as for other CEE states. The Ukrainian strategic aspiration of becoming EU member needs to be encouraged or at least explicitly recognized pending the country's ability to meet the required criteria. Among other goals, the possibility of joining NATO and the EU would provide an important additional incentive for the acceleration of Ukraine's domestic economic and political reforms.

For Ukraine's position in Central and Eastern Europe and for its relations with other countries of the region, the main dilemma at present is whether the distance between Ukraine and its more advanced CEE neighbors would continue to widen and Ukraine would increasingly consolidate itself as a "special case" distinct from most other CEE states, or whether Ukraine is still able to make a strong effort to catch up with at least those CEE states which count on being included in the subsequent "waves" of European and Euro-Atlantic integration. The next several years will provide a final answer to this dilemma. The way this dilemma is resolved will also determine whether Ukraine becomes a stable democracy and a part of Europe or finds itself in a "gray zone" on Europe's periphery.

Endnotes

¹ Central and Eastern Europe is understood here as a group of post-communist countries located between Germany and the Russian Federation, and between the Baltic Sea and the Black Sea. Some analysts define this region (excluding, however, Belarus) as Central Europe. See, for example, Elena Zamfirescu. *Mapping Central Europe* (Clingendael Paper, Netherlands Institute of International Relations, May 1996), p. 57.

² For more on Ukraine's transition see the recent book by Taras Kuzio, Robert Kravchuk and Paul D'Anieri, eds. *State and Institution Building in Ukraine*. (New York: St. Martin's Press, 1999).

³ More on Belarus see in Sherman W. Garnett and Robert Legvold, ed-s. *Belarus at the Crossroads* (Washington, D.C.: Carnegie Endowment for International Peace, 1999).

⁴ Krzysztof J. Ners, Michael Palmer and Andrew Fyfe, *Assistance to Accession and Beyond* (Warsaw: Policy Education Centre on Assistance to Transition, 1998), p. 7.

⁵ Andrew Cottey, *Central Europe After NATO Enlargement*. 1996-98 NATO Research Fellowship. Final Report. June 1998.

⁶ As suggested by Sherman Garnett, "a thriving and independent Ukraine could stabilize this middle zone of states". See, Sherman Garnett. *Keystone in the Arch: Ukraine in the Emerging Security Environment of Central and Eastern Europe*. (Washington: Carnegie Endowment for International Peace, 1997), p.84.

⁷ On the evolution of Ukraine's attitude toward NATO see Oleksandr Pavliuk. "NATO Enlargement and Ukraine." in Anton A. Bebler, ed. *Central-Eastern Europe & Euro-Atlantic Security: The Eastward Enlargement of NATO, EU & WEU*. (London: Praeger, 1999).

⁸ President Kuchma's annual address to the parliament, *Uriadovyj Kurier*, 25 March 1997.

⁹ "Osnovni napriamky zovnishn'oi polityky Ukrainy." *Uriadovyj kurier*, 24 July 1993.

¹⁰ More on this in Woiciech Zajaczkowski. "Eastern Europe and Polish Diplomacy." *Pro et Contra*, Spring 1998, pp. 39-52; Antoni Kaminski and Jerzy Kozakiewicz, *Polish-Ukrainian Relations in 1992-1996*. (Warsaw: Center for International Relations at the Institute of Public Affairs, 1997), pp. 20-22; Andrzej Ananicz. "Polityka Polski wobec Rosji w latach 1991-1996", in *Dynamika stosunkow polsko-rosyjskich w latach 1991-1996*. (Krakow, 1997), p. 97.

¹¹ According to the 1989 census in Ukraine, the country's total population of 51.5 million included 219,000 Poles, 160,000 Hungarians, and 135,000 Romanians. At the same time, there are about 400,000 Ukrainians in Poland, 50-150,000 in Slovakia, and 70,000 in Romania.

¹² Zsuzsa Ludvig and Laszlo Poti, "The Foreign and Security Policy Dimensions of the Hungarian-Ukrainian Relations", in Iris Kempe, Wim van Meurs, Barbara von Ow, eds. *The EU Accession States and Their Eastern Neighbours* (Verlag Bertelsmann Stiftung, Gutersloh, 1999), pp. 55-60.

¹³ See, for example, "Hopes and Fears of Central and Eastern Europe: Russia, Ukraine, and the Clinton Initiatives", in *Report of the Second Conference of the IEWS Strategy Group on Strengthening Cooperation in Central and Eastern Europe* (Warsaw, 25-27 February 1994), pp. 14-18; or *Report of the IEWS Expert Workshop on "Perceptions of Insecurity and Strategic Dialogue between Russia and Central and Eastern Europe"* (Moscow, 28-29 June 1994), pp. 12-15.

¹⁴ Tadeusz Chabera. "Status dla Ukrainy," *Wiesz*, 10 October 1996, p. 81.

¹⁵ Marina Kuchinskaya. "A New Paradigm for Poland's Eastern Policy." *Pro et Contra*, Spring 1998, p. 28.

¹⁶ Z. Najder. "Znak pamieci i poparcia," *Rzeczpospolita*, 23 January 1997.

¹⁷ See quotation of then First Deputy Foreign Minister Boris Tarasyuk in *RFE/RL Daily Report*, 5 December 1994.

¹⁸ The first question asked by the Czech journalists on the eve of Kuchma's visit to Prague in April 1995, as well as by Czech officials during the visit, concerned Ukraine's attitude toward NATO enlargement. See Kuchma's interview in *Lidove noviny*, 25 April 1995.

¹⁹ Zsuzsa Ludvig and Laszlo Poti, as in footnote 10.

²⁰ As stated by presidential foreign policy advisor Volodymyr Furkalo, priority should be given to those countries, which "can really assist our independence". See *Khreschatyk*, 4 February 1995.

²¹ See, for example, an interview by Ihor Kharchenko, then Director of the Policy Planning Department of the Ministry of Foreign Affairs of Ukraine, *Gazeta Wyborcza*, 25 July 1995.

²² For more information about Ukrainian-Polish political, economic, and cultural relations in 1991-93, see Wladyslaw Gill and Norbert Gill *Stosunki Polski z Ukraina w latach 1989-1993*. (Torun-Poznan, n.d.); Kaminski/Kozakiewicz, as in footnote 8.

²³ Garnett, as in footnote 4, p. 85.

²⁴ Ian J. Brzezinski. "Polish-Ukrainian Relations: Europe's Neglected Strategic Axis," *Survival*, no. 3, 1993, pp. 26-37.

²⁵ See statement by Volodymyr Horbulin, Secretary of the National Security Council of Ukraine and Adviser on national security to the President, in *Update on Ukraine* (Kyiv: Council of Advisers to the Parliament, June 1995), and interview by Boris Tarasyuk in *Transition*, no. 13, July 1995, pp. 19-22.

²⁶ Initially, this was emphasized by Kuchma in his address to the Parliamentary Assembly of the Council of Europe on 23 April, and in his speech at the Parliamentary Assembly of the WEU on 5 June.

²⁷ CEI was created in Budapest by Italy, Austria, Hungary and the Socialist Federal Republic of Yugoslavia first as a *Quadrangolare* - an organisation for mutual political, economic, scientific and cultural co-operation. It has developed in 1996 into the grouping of 16 member countries, namely Italy, Austria, Slovenia, Croatia, Macedonia, Albania, Czech Republic, Slovakia, Bulgaria, Romania, Hungary, Bosnia and Herzegovina, Belarus, Moldova, Poland and Ukraine.

²⁸ For the recognition of Ukraine's role see: *Joint Summit Statement by President of the United States William J. Clinton and President of Ukraine Leonid D. Kuchma*, 11-12 May 1995.

²⁹ See de Jan Weydenthal. *Polish-Ukrainian Rapprochement*. Radio Free Europe/Radio Liberty Research Report, 28 February 1992.

³⁰ Kyiv remembered that when appointed in November 1993, the Polish leftist Prime-Minister Waldemar Pawlak showed reluctance for cooperation with Ukraine, being unwilling to alienate Russia. See Stephen Burant. "Poland's Eastern Policy, 1990-1995: the Limits of the Possible." *Problems of Post-Communism*, no. 2, 1996, p. 52.

³¹ Dariusz Rosati. "Ciaglosc, postep i nowe wyzwania." *Rzeczpospolita*, 10 September 1996.

³² On the history of Ukrainian-Polish relations, see Peter J. Potichnyj, ed. *Poland and Ukraine: Past and Present*. (Edmonton-Toronto: CIUS Press, 1980).

³³ In particular, the declaration condemns such painful and sensitive moments in bilateral history, as Poland's anti-Ukrainian policies in the interwar period, persecutions of Poles in Volyn in 1942-43, and the 1947 "Vistula" operation against the Ukrainian minority in Poland. For the text of the Declaration, see *Rzeczpospolita*, 22 May 1997.

³⁴ *Uriadovyi Kurier*, 21 January 1997.

³⁵ Joint Declaration by the President of Ukraine and the President of the Republic of Poland, Warsaw, 25 June 1996, *Uriadovyi Kurier*, 29 June 1996.

³⁶ Wojciech Lamentowicz (Under-Secretary of State, Office of the President of Poland) "Niezbędna korekta." *Rzeczpospolita*, 18 September 1996.

³⁷ *Monitoring Foreign and Security Policy of Ukraine: 1998/1999*. (Kyiv: Center for Peace, Conversion and Foreign Policy of Ukraine, 1999), pp. 16-17, XXXIII-V, XLIII, XLIX.

³⁸ *Gazeta Wyborcza*, 24 March 2000.

³⁹ Foreign Broadcast Information Service, "Ukraine, Poland, U.S. Sign Accord on Cooperation in Reform," UNIAN, 29 October 1998.

⁴⁰ See Oleksandr Pavliuk. "Ukrainian-Polish Relations: A Pillar of Regional Stability?" in *The Effects of Enlargement on Bilateral Relations in Central and Eastern Europe*, Monika Wohlfeld ed. Chaillot Papers, no. 26, (Paris: WEU Institute for Security Studies, June 1997), pp. 43-62.

⁴¹ Only the creation of the Visegrad group was motivated primarily by political considerations. Political cooperation within the Visegrad group was later transformed into trade and economic cooperation within CEFTA. More on the evolution and nature of these regional groupings see in Andrew Cottey, ed., *Subregional Cooperation in the New Europe: Building Security, Prosperity and Solidarity from the Barents to the Black Sea* (London: MacMillan Press Ltd, 1999).

⁴² On the evolution of the Carpathian Euroregion see: Piotr Helinski, ed., *Carpathian Euroregion: Five Years of Dialogue and Co-operation, 1993-1998*. (Krosno, 1998).

⁴³ For a detailed analysis of the proposal, see *Holos Ukrainy*, 10 July 1993; and Stephen F. Larrabee. *East European Security After the Cold War*. (Santa Monica: RAND, 1993), pp. 108-109.

⁴⁴ Warsaw in particular viewed this initiative by Kyiv as a Ukrainian "political game against Russia". Jerzy Kozakiewicz. *Geopolityka Europy Srodkowo-Wschodniej po rozpadzie ZSRR*, in *Stosunki Polsko-Ukraińskie*. (Krakow: Fundacja Miedzynarodowe Centrum Rozwoju Demokracji, Studia i analizy, no. 6, 1998), p. 33.

⁴⁵ Many believe, however, that Warsaw saw its "NATO-2" idea not so much as an attempt to invent a possible alternative in case NATO membership remains unrealistic, but rather as a temporary creation led by Poland, which ultimately should have increased Poland's chances for early NATO membership. For a discussion of this see, Irina Kobrinskaya. *Russia and Central and Eastern Europe after the "Cold War"*. (Moscow: Carnegie Moscow Center, 1997), pp. 34-35.

⁴⁶ In addition, some political forces in both Ukraine and Poland also advocated the *miedzymorze* ("between the seas") concept promoting cooperative links among the countries of the Baltic/Black Seas region.

⁴⁷ See in Zoltan Barany, 'Visegrad Four Contemplate Separate Paths', *Transition*, 11 August 1995, p.58.

⁴⁸ For more details on smaller regional initiatives in East Central Europe and on Ukraine's involvement in them, see: Oleksandr Pavliuk, "Subregional Relations and Cooperative Initiatives in East-Central Europe", and Charles King, "The Western NIS: From Borderland to Subregion?" in ed. Renata Dwan, *Building Security in Europe's New Borderlands: Subregional Cooperation in the Wider Europe* (New York: M.E. Sharpe, 1999), pp. 45-68, 21-43.

⁴⁹ For more on GUUAM, see Oleksandr Pavliuk, "GUUAM: The Maturing of a Political Grouping into Economic Cooperation" in ed. Renata Dwan and Oleksandr Pavliuk, *Building Security in the New States of Eurasia: Subregional Cooperation in the Former Soviet Space* (New York: M.E. Sharpe, 2000), pp 33-56.

⁵⁰ In December 1999, Hungarian government approved a special strategy aimed at intensifying Hungary's relations with Ukraine.

⁵¹ Alexander Duleba, "Slovakia. Russia and Ukraine as Eastern Neighbours", in Iris Kempe, Wim van Meurs, Barbara von Ow, eds. *The EU Accession States and Their Eastern Neighbours* (Verlag Bertelsmann Stiftung, Gutersloh, 1999), p. 241.

⁵² Vasil Hudak, *Relations Between Ukraine and Slovakia: Recent History and Future Opportunities*. Paper presented at the conference Ukraine and Central Europe: Multi-level Networks and International Relations, Washington, 18-19 May 2000.

⁵³ For example, Czech President Vaclav Havel suggested in June 1996 to differentiate between "the Euro-Atlantic region" and a 'large and influential Euro-Asian entity'. In the latter, Havel included "the entire Commonwealth of Independent States", and went as far as to state that, "these two entities can cooperate creatively and build a deepening partnership only if both are clearly defined, have distinct boundaries and fully respect each other's identity". More on this see in Oleksandr Pavliuk. "Ukraine and Regional Cooperation in Central and Eastern Europe." *Security Dialogue*, no. 3, 1997, p. 355.

⁵⁴ Stephen R. Burant. *Ukraine and Poland: Toward a Strategic Partnership*. Paper presented at the conference *Intellectuals, Culture, and Politics: The Experiences of Poland and Ukraine*, Kyiv, 5-7 June 1997, pp. 32-34.

⁵⁵ In 1997, the Romanian side insisted on including the Council of Europe's Recommendation # 1201 in the treaty with Ukraine, after long opposing the inclusion of similar provision in its own treaty with Hungary.

⁵⁶ RFE/RL Newslines, 13 June 2000.

⁵⁷ Author's interviews with senior Ukrainian MFA and presidential administration officials, October-December 1995.

⁵⁸ Oleksandr Pavliuk, 'Ukraine and Regional Cooperation in Central and Eastern Europe', *Security Dialogue*, no. 3, 1997, p. 357.

⁵⁹ See, for example, Ronald D. Asmus, Richard L. Kugler, and Stephen F. Larrabee, "Building a New NATO," *Foreign Affairs*, 72: 4 (September/October 1993), pp. 28-40.

⁶⁰ NATO Information and Documentation Center (NIDC) was opened in Kyiv in May 1997. It was the first of its kind in Central and Eastern Europe. The NIDC aims at broadening the knowledge about NATO and its mission and values in Ukraine and to foster greater cooperation between Ukraine and NATO.

⁶¹ See for example, *Should NATO Expand?* Report of an Independent Task Force. Harold Brown, Chairman (New York: Council on Foreign Relations, 1995).

⁶² See de Jan Weydenthal. "Tightening of Eastern Borders Gives Kyiv Western Contacts." *RFE/RL Newslines*, 18 September 1998.

⁶³ *Financial Times*, 8 June 2000.

⁶⁴ Jerzy Kozakiewicz. *Geopolityka Europy Srodkowo-Wschodniej po rozpadzie ZSRR in Stosunki Polsko-Ukrainskie. Studia i materialy.6.* (Krakow: Miedzynarodowe Centrum Rozwoju Demokracji, 1998), p. 23.

⁶⁵ Paul Goble. “*Contradictory Expansions*”. RFE/RL Newslines, 27 June 2000.

⁶⁶ This, for example, was stated by Polish Foreign Minister Bronislaw Geremek: “Polska-Ukraina: jak najdluzej bez wiz,” *Rzeczpospolita*, 26 February 1998, p. 5.

⁶⁷ Przemyslaw Zurawski vel Grajewski. *The Impact of the Accession of Poland to the European Union on the Polish-Ukrainian Relations*. Paper presented at the conference *Lessons of European Integration Experiences for Ukraine*, Prague, 24-25 October 1998.

⁶⁸ See *Postup*, 31 March 2000.

⁶⁹ Klich Bogdan and Nowosad Andrzej. *Strategic Partnership of Poland and Ukraine: the Polish Perspective*. Paper presented at the international conference “Ukraine: Perspectives of Integration into Europe in Light of the Presidential Elections”. (Paris, 19 November 1999).

⁷⁰ Anatol Lieven, ‘EU accession raises visa worry in east’, *Financial Times*, 26 February 1998.

⁷¹ M. Filip. “Przed kim zamykamy granice.” *Rzeczpospolita*, 29 January 1998, p. 6.

⁷² *The Long-Term Implications of EU Enlargement: The Nature of the New Border. Final Report of the Reflection Group*. Chairman Giuliano Amato (The Robert Schuman Centre for Advanced Studies, European University Institute with the Forward Studies Unit of the European Commission, November 1999), p. 49.

⁷³ *Report from the Commission to the Council on Regional Co-operation in Europe*. Brussels, 1 December 1997, p. 1.

⁷⁴ This IMF decision is exacerbated by the forthcoming presidential elections in the United States, as well as by the recent criticism of the IMF and its activities to date.