

Ukraine's relations with the EU and Russia: Why geopolitics and domestic reforms are linked

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Introduction

After Ukraine's former President Viktor Yanukovich refused to sign the country's Association Agreement (AA) with the EU in November 2013, a series of events unfolded that dramatically changed Ukraine's relationship with the EU and Russia. The Euromaidan protests, or the "Revolution of Dignity," which resulted in the transition of power from Yanukovich to the opposition, was followed by Russia's military intervention, first the illegal invasion and annexation of Crimea and then the rise of Russian-backed separatists in the Donbas region. Although Russia denies its role in the proxy war taking place in the Donbas, ample evidence points to Russia's direct involvement; Ukrainians overwhelmingly perceive the situation as the result of Russia's actions.² Russia annexed Crimea within less than a month in March 2014, and wrested part of Ukraine's border territory in the Luhansk and Donetsk regions from Ukraine's control. By May 2015, the war had left over 6000 people dead and more than 1.5 million displaced.³

This situation has already had a defining effect on Ukrainian-Russian relations and will continue to do so for years to come. Ukraine used to vacillate between integration projects with the EU and with Russia, avoiding a definitive choice between the two. This balancing act was also reflected in the protracted post-communist transformation and the lack of reforms that would Europeanize Ukraine. The prospect of signing the AA with the EU on the one hand and pressure from Russia to join the Customs Union (which, as of 2015, has become the Eurasian Economic Union) on the other hand demanded a choice in favor of one. Russia created a zero-sum situation, whereby Ukraine, had it joined the Customs Union, would not have been able to have a free trade area with the EU. In September 2014, by ratifying the AA, Ukraine made a choice in favor of the EU. Yet Russia retains a great deal of leverage over Ukraine, thus jeopardizing the outcome of Ukraine's recent foreign policy decisions. At the same time, Russian aggression has accelerated the growth of political nationalism in Ukraine; the majority of the Ukrainian population (including Russian-speaking citizens) has become unprecedentedly patriotic

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² According to a public opinion poll conducted by the Democratic Initiatives Foundation in September 2014, 75 percent of respondents across Ukraine agreed that Russia directly supports pro-Russian separatists in the Donbas, 52 percent agreed that Russia is responsible for the bloodshed in Eastern Ukraine, and 70 percent agreed that a war between Ukraine and Russia is taking place. Public Opinion Poll of the Democratic Initiatives Foundation, September 2014. http://dif.org.ua/ua/polls/2014_polls/stavlenne-opituvannja.htm.

³ Office of the United Nations High Commissioner for Human Rights, *Report on the Human Rights Situation in Ukraine. 16 February – 16 May 2015*, UNHCR, June 1, 2015. <http://www.ohchr.org/Documents/Countries/UA/10thOHCHRreportUkraine.pdf>.

and proud to be Ukrainian; moreover, support for the EU and NATO has increased dramatically.

The choice between the EU and Russia, importantly, is not merely a foreign policy choice or a choice between two integration models. Rather, it represents a choice between two normative orders or two different value systems. These norms and values are reflected in the social contract between the state and society. The choice is thus between democracy, respect for human rights, and free media or a “captured” authoritarian state. If Ukraine succeeds in pursuing the European model and breaking away from its tradition of a “captured state,” Russian leverage in Ukraine, which historically has drawn its power from non-transparent informal networks with the Ukrainian political establishment and a general lack of clear direction in Ukraine, will also diminish. Therefore, undertaking this transformation is of crucial – if not existential – importance for Ukraine. The very survival of Ukraine’s statehood will depend on it.

Ukraine’s balancing act

Until the Revolution of Dignity and the outbreak of war with Russia, Ukraine consistently lacked a clear sense of direction, both among political elites and in society at large. This accounted both for frequent changes in foreign policy direction and priorities with the election of a new president and for politicians employing foreign policy as a tool in domestic politics. Different political parties and presidential candidates exploited perceived regional differences as a matter of course; as a result, pro-Russian versus pro-European/NATO rhetoric frequently played a role in election campaigns. For example, foreign policy during Viktor Yushchenko’s (2005-2009) and Viktor Yanukovich’s (2010-2014) presidencies contrasted starkly. Yushchenko, at least on the level of rhetoric, pursued closer ties with the EU and NATO to the extent that he even claimed membership in both organizations. Yanukovich, on the other hand, proclaimed a neutral status for Ukraine, prolonged the stationing of the Russian Black Sea Fleet in Crimea, and refused to sign the Association Agreement with the EU. At the same time, before and during both presidencies, open discussions about Ukraine’s national interests and meaningful choice concerning values and the domestic reform process, rarely took place.

Most opinion polls conducted in Ukraine for years leading up to the Euromaidan showed that over a third of Ukrainian citizens supported simultaneous accession of Ukraine to the European Union and to the Customs Union/Eurasian Economic Union. While the western part of the country has always gravitated more towards Europe and the eastern part more towards Russia, central Ukraine’s politics have historically served as a better indicator of national sentiment. In central Ukraine, over 40 percent of people supported relations with the EU as a key foreign policy priority and more than 30 percent supported relations with Russia.⁴ When respondents on a national scale were asked to make an “either-or” choice,

⁴ See Razumkov Centre opinion polls between 2002 and 2015: http://www.razumkov.org.ua/eng/poll.php?poll_id=305; for regional distribution between 2000 and 2007 see the Razumkov Centre publication *Ukraine-EU: From the Action Plan to An Enhanced Agreement* (Kyiv: Ukrainian Centre for Economic and Political Studies; Europa Institute at the University of Zurich, 2007), p. 205.

public opinion fluctuated depending on the context, but the regional specificities and simultaneous ambiguity remained stable. In 2005, expert on Ukraine Andrew Wilson put it this way: “there is a ‘conscious Ukrainian’ minority and an even smaller minority of ‘conscious Russians’, and a large mixed-identity ‘swamp’ in between.”⁵

The lack of a sense of direction among political elites and among the public are closely intertwined. Ambiguity in social attitudes towards allegiance to the West/Russia enabled opportunistic vacillation on the part of political elites and vice versa.

Another reason for the subordination of foreign policy to political interests was the way in which independent Ukraine evolved and consolidated as a “captured” state. Joel Hellman has described this phenomenon, in which reforms get stalled and corrupt public officials produce a system with stable rent-seeking opportunities.⁶ In the case of Ukraine, a system evolved that enabled the twenty richest Ukrainians to possess up to a quarter of Ukraine’s GDP.⁷ A handful of rich men have owned the most popular and influential TV channels and personally financed political parties, which allowed them to have their interests represented in Parliament and the government and preserved monopolistic control over entire sectors of Ukraine’s economy. Ukrainian oligarchs emerged as public figures during President Leonid Kuchma’s second term; that is, roughly after 1999. The newly established entrepreneurs accumulated their wealth in the 1990s through trade in cheap natural resources (mostly metal), re-export of cheap energy resources (mostly from Russia and Turkmenistan), unfair and noncompetitive privatization deals, and state subsidization of some sectors of the economy, such as agriculture and the gas and coal industry. In exchange for supporting the consolidation of the semi-authoritarian regime under Kuchma, oligarchs enjoyed unfettered access to powerful politicians and managed to acquire oligopolistic authority over the country’s economic wealth.⁸

This access enabled a small clique of political and economic actors to make decisions without proper input from Parliament or from society. In the absence of strong formal institutions, informal networks and decision-making played a crucial role. Thus, although Yushchenko positioned himself as a pro-European politician, he oversaw a gas deal according to which a private intermediary company, Rosukrenergo, in 2005 gained a monopoly over gas supply from Russia to Ukraine in the absence of any alternative gas sources. While Kuchma, who was president from 1994 to 2004, served as a patron and

http://www.uceps.org.ua/img/st_img/statti/Ukraine-EU_2007_eng.pdf.

⁵ Andrew Wilson, *Virtual Politics: Faking Democracy in the Post-Soviet World* (New Haven and London: Yale University Press, 2005), p. 42.

⁶ Joel S. Hellman, “Winners Take All: The Politics of Partial Reform in Postcommunist Transitions,” *World Politics*, Vol. 50, No. 2 (1998), p. 203-234.

⁷ This alarming wealth disparity is still the case. The annual evaluation of assets belonging to the richest Ukrainians has been a subject of various media investigations in Ukraine, including by Forbes.

⁸ A number of studies have been written on the evolution of the oligarchic system in Ukraine. For a comprehensive account, see Sławomir Matuszak, *The Oligarchic Democracy: The Influence of Business Groups on Ukrainian Politics*. Warsaw: Centre for Eastern Studies, *OSW Studies* #42 (2012).

impartial arbiter who managed to balance oligarchs against one other, Yanukovych decided to become an oligarch himself: his assets ballooned after he took office in March 2010, thanks to several mysterious and lucrative real estate deals, and his son Oleksandr's assets have swelled from around 7 million USD to a staggering 510 million USD since his father was elected.⁹ In all of these cases, public policy, whereby different social groups and stakeholders would have access to decision-making and the distribution of public resources, did not figure into the equation.

This background of kleptocracy, cronyism, and nepotism meant that although Ukraine gained independence in 1991, it remained a de facto postcolonial state. Looking back at Ukrainian-Russian relations since then shows that although Ukraine existed as a sovereign state, Russia has never been a truly external partner for Ukraine. Russia has continuously meddled in Ukraine's internal affairs, either by clearly favoring certain candidates in elections, or by voicing its opinion on different aspects of Ukraine's domestic policy. A vivid illustration of Ukraine's post-colonial status is the state of the Ukrainian-Russian border. Borders represent one of the most important attributes of a state's sovereignty. Until now, the Ukrainian-Russian border has not really existed: its delimitation was delayed, it has never been demarcated, nor was proper border infrastructure developed. This was an important factor that enabled Russia to start a proxy war and supply fighters and weapons to the Donbas. According to some sources, Russia even had access to information and decision-making through institutions like the Security Service or Ukraine's Ministry of Defense during Yanukovych's presidency; infiltration by "Russian agents" has only recently begun to be rooted out.¹⁰

In sum, Ukraine has suffered from a lack of direction, which had both a social and a foreign policy dimension; from self-serving political elites, who benefited from societal disorientation and reinforced it through manipulative political maneuvers; and from a corrupt and opaque decision-making system. All these factors have contributed to Ukraine's postcolonial situation, made worse by Russia meddling into Ukraine's domestic politics.

The role of the EU and Russia

To say that only domestic factors in Ukraine led to this result would omit the important role that certain external factors played.

Until 2005, the EU neither focused its attention on Ukraine nor did anything to facilitate Ukraine's reform process. Until this time, the EU pursued what was known as a "Russia-first" policy. Different policy tools and arrangements were offered first to Russia and only afterwards to Ukraine. Moreover, the EU only acted in the sphere of foreign policy,

⁹ Information provided by the Anti-Corruption Action Center. <http://antac.org.ua/en/>

¹⁰ The head of Ukraine's Security Service, Valentyn Nalyvaichenko, claimed this was the case in April 2015. Earlier, in July 2014, Gennadiy Moskal, the head of the Special Committee in the Parliament of Ukraine, which investigated the mass murder at Maidan in February 2014, claimed that Russia orchestrated the violence at Maidan. Andriy Parubiy, the Chairman of the National Security and Defense Council, confirmed this information in October 2015.

meaning that it did not play any significant role in Ukraine's domestic developments. Only with the launch of the European Neighborhood Policy (ENP) did the EU appear as an actor in Ukraine's domestic reform process. With the ENP and, more specifically, through the signing of the EU-Ukraine Action Plan in February 2005, the EU offered Ukraine a comprehensive list of reforms. Despite its being too long and not properly prioritized,¹¹ this was the first time that the EU offered Ukraine some sort of "homework." Although the Action Plan and its successor document - the Association Agenda – were largely ignored by political elites, they became important reference points for civil society and helped guide action among the mid-level bureaucracy.¹² Moreover, the ENP helped to decouple the EU's Ukraine policy from its policy towards Russia, with whom the EU developed a separate policy framework. Since that time, the EU's policy has evolved in the direction of stronger EU involvement. Negotiations on the Association Agreement between the EU and Ukraine and its indispensable provision of the creation of a Deep and Comprehensive Free Trade Area (DCFTA) were launched in 2007-2008. In late 2010, the EU offered Ukraine the Action Plan on Visa Liberalization, thus launching a visa-free dialogue. Once Ukraine implements the Action Plan, the EU will be able to consider lifting visa requirements for Ukraine. The EU has also strengthened its cooperation with civil society and launched numerous programs to support the reform process in Ukraine. Apart from this bilateral involvement, the EU launched the Eastern Partnership initiative in 2009, which added a multilateral dimension. The latter streamlined EU policies towards its eastern neighbors and enabled better interaction among politicians, civil servants, civil societies and other parties from Ukraine and its Eastern Partnership neighbors. However, until the Association Agreement was signed, which happened only after the Revolution of Dignity, the EU's interest and leverage remained limited.

At the same time, Russia strengthened its ambition to influence the "near abroad." An identity crisis in Russia, which the 2015 Nobel Prize winner in literature Svetlana Alekseevich described as the "Versailles Complex," translated to a more assertive policy towards its neighbors, especially since Vladimir Putin's presidency. This attitude has been reinforced by widespread perception in Russia that Ukraine (or parts of it) still constitutes a part of Russia or, at the very least, that Russia has a legitimate interest in those parts of Ukraine, which are predominantly Russian-speaking. In March 2015, Putin claimed that "Russians and Ukrainians are one people."¹³

¹¹ Karen E. Smith, "The outsiders: the European neighborhood policy," *International Affairs*, 81:4 (2005), p.757-773.

¹²See Kataryna Wolczuk, "Implementation without Coordination: the Impact of EU Conditionality on Ukraine under the European Neighbourhood Policy", *Europe-Asia Studies*, 61:2 (2009), p. 198 -207. See also Iryna Solonenko, "European Neighbourhood Policy Implementation in Ukraine. Domestic Context Matters", in Erwan Lannon (ed.), *The European Neighbourhood Policy's Challenges*. College of Europe Studies Vol. 14, Brussels: Peter Lang, 2012. 345-379.

¹³Roland Oliphant and Tom Parfitt, "Vladimir Putin praises Russian patriotism and claims: Ukrainians and Russians are one", *Telegraph* (March 18, 2015).
<http://www.telegraph.co.uk/news/worldnews/europe/ukraine/11480864/Vladimir-Putin-praises-Russian-patriotism-and-claims-Ukrainians-and-Russians-are-one.html>

For many years, Russia attempted to reinvigorate certain economic structures of the Soviet Union by offering different integration projects, all of which Ukraine successfully refused.¹⁴ The launch of the Eastern Partnership in 2009 marked the first time that the Russian leadership objected to an EU initiative within the post-Soviet space.¹⁵ This initiative signaled to Russia that the EU had a clear strategic interest in the region. Russia's stance softened over time as Russia saw that the EU's offer was both vague and diffused over the long term. However, the launch of the EaP certainly provided a strong impetus for Russia to rethink its strategy in the "near abroad;" Russia ultimately responded by forming the Eurasian Economic Union (ECU).¹⁶

Since 2011, when the EU and Ukraine initialed the AA, Russia's engagement has deepened, in an apparent gambit to prevent Ukraine from signing the AA. This involvement intensified in the summer and autumn of 2013, when the prospect of having the AA signed in Vilnius was becoming increasingly realistic. During this period the EU promoted reforms in Ukraine and launched a special mission, under the leadership of Pat Cox, the former President of the European Parliament, and Alexander Kwasniewski, the former President of Poland, to ensure Ukraine would meet the conditions necessary to sign the AA. Eventually, Russia undercut the EU by offering an effective combination of sticks (the threat of a full-scale trade war in the event that Yanukovich decided to sign the AA) and carrots (the promise of a large loan, \$15 billion of which was delivered soon after the Euromaidan started, and discounted gas prices), which led to Yanukovich's refusal to sign the AA at the Vilnius Summit in November 2013.

The end of the protests that resulted in the transition of power to anti-Yanukovich opposition triggered Russia's military involvement, changing the game. Russia failed to impose any revisions of the AA, although it succeeded in postponing the implementation of the DCFTA until 2016. Two of its projects aimed at destabilizing Ukraine – federalization (giving autonomy to regions in Ukraine with the aim, through the control of certain regions, of securing potential veto power over various domestic and foreign

¹⁴Russia consistently attempted to deepen integration within the Commonwealth of Independent States (CIS), which was created in December 1991 as a part of the collapse of the Soviet Union; in 2000, it created the Eurasian Economic Community (EEC). Ukraine refused to become a fully-fledged member of CIS, since it never ratified its Treaty and became an observer of the EEC instead of joining it.

¹⁵For instance, Russian Foreign Minister Sergey Lavrov claimed that the EaP initiative meant that the EU was trying to establish its sphere of influence in the Eastern Neighborhood, while other voices from Russia complained that the EU should consult Russia when it comes to initiatives that affect Russia's "traditional interests." See Arkadi Moshes, "Russia's European Policy under Medvedev: How Sustainable is a New Compromise?" *International Affairs*, 88: 1 (2012), 17-30. See also Susan Stewart, "Russia and the Eastern Partnership: Loud Criticism, Quiet Interest in Cooperation", *SWP Comments* 7 (May 2009).

http://www.swp-berlin.org/fileadmin/contents/products/comments/2009C07_stw_ks.pdf

¹⁶Rilka Dragneva and Kataryna Wolczuk, "Russia, the Eurasian Customs Union and the EU: Cooperation, Stagnation or Rivalry?" Briefing Paper REP BP 2012/01, Chatham House, August 2012.

policy initiatives of Ukraine's central government) and "Novorossiia" (a potential breakaway region, the boundaries of which are informed by historical notions of the Russian-speaking southern and eastern regions of Ukraine) – failed. Instead, Russia succeeded in annexing Crimea and occupying parts of the Donetsk and Luhansk regions. This military action upped the ante; although a ceasefire was established, Russia shows no signs of willingness to withdraw from Ukraine in the near future.

Why do the EU's lack of involvement and commitment and Russia's increased pressure on Ukraine in the years leading to signing the Association Agreement matter? By that time, neither Russia nor the EU played an entirely external role in Ukraine's domestic developments. Not only do Russia and the EU represent two vastly different value systems and types of social contract, both have actively promoted their model of governance in Ukraine. The EU has promoted democracy and rule of law through the AA, whereas Russia has promoted non-transparent and non-accountable governance. While the EU has developed an identity promoting democracy and providing tools for its implementation in the process of its policy expansion into Eastern and Central Europe, Russia has taken a more assertive approach, and only later cultivated a set of tools for implementing its agenda, namely, when a domestic shift in the late 1990s transformed Russia from an object of democracy promotion from abroad to its leading opponent in the region.¹⁷

The tools used to promote these different values and models play a very important role. The EU's overall transparent involvement clashes with Russia's non-transparent involvement, which is backed by equally opaque financial resources. While the EU aims to support the reform process in Ukraine through conditionality, assistance and increased economic and societal links, Russia seems to be striving to increase its influence in the neighborhood by supporting anti-reform domestic actors in Ukraine and by applying a set of coercive policies designed to jeopardize Ukraine's prospects for European integration.

Understanding the the EU and Russia's divergent interests, policies and policy tools in their common neighborhood helps to explain why certain domestic factors enable or disable EU and Russian leverages. Ukraine's domestic characteristics, as described above, have enabled strong Russian leverage and limited the leverage of the EU. Therefore, tackling exactly those factors will play a crucial role in securing Ukraine's Europeanization.

Is this time different? New trends in Ukraine after the Revolution of Dignity

The Revolution of Dignity, the conclusion of the Association Agreement with the EU, and Russian aggression have all contributed to dramatic changes in Ukraine, both internal and external. A number of new trends have emerged. While it is difficult to predict their

¹⁷ Nicolas Bouchet, "Russia and the Democracy Rollback in Europe", Policy Brief of the German Marshall Fund of the United States 2:2 (May 2015).
<http://www.gmfus.org/publications/russia-and-democracy-rollback-europe>.

lasting power, many of them represent a clear departure from the politics of the past 25 years.

First, the conclusion of the Association Agreement and the Russian aggression have forced Ukraine's hand regarding geopolitical choice and external orientation. The AA, which President Poroshenko signed in June 2015 and is only in provisional effect before completely coming into force in 2016,¹⁸ is a legally binding arrangement that obliges Ukraine to incorporate a great deal of EU *acquis communautaire* into its national legislation and practice. While it is mostly a technical document, it has important symbolic meaning, since it was not signed during the Yanukovych presidency, but resulted from the domestic crisis and battle – the Revolution of Dignity in Ukraine. The high price of the AA – 3 months of protests and over 100 people dead – only increases its value. While the Revolution of Dignity was not about the AA, but rather about change in Ukraine's social contract, Yanukovych's refusal to sign the AA triggered the protests. In this sense, prominent French writer Bernard-Henry was right in saying that in Ukraine, “for the first time in history, young people would die clutching the starry flag of Europe.”¹⁹

Russia's reaction to the protests and to the anti-Yanukovych opposition's transition into power indisputably has turned Russia into an aggressor. The blockade of Ukrainian exports to Russia, interruption of gas supplies, the instrumentalization of domestic divisions in Ukraine, and meddling in Ukraine's relations with the West might also have been seen as unfriendly gestures. But by carrying out military aggression, Russia has crossed the line; being pro-Russian has now become a *mauvais ton* in Ukraine.

Former political preferences and regional differences in Ukrainian society began to shift during the Euromaidan. Many Russian-speaking Ukrainian citizens joined the protests. Moreover, Crimean Tatar and Jewish communities in Ukraine actively supported the protests. Although the protests initially started as a reaction to Yanukovych's failure to sign the AA, by and large the protests railed against the old system of governance, that of the “captured state.”²⁰ The protests took place not only in large cities like Kyiv, but all over Ukraine, including in eastern and southern regions that formerly comprised Yanukovych's electoral base. As Russian aggression intensified, this trend accelerated significantly. The protests marked the burgeoning growth of civic rather than regional identity in Ukraine. According to public opinion polls, civic identity clearly prevails all over Ukraine, with the exception of the Donbas, where regional identity reigns. By the end of 2014, 63 percent of citizens felt very proud of being citizens of Ukraine, compared to 48 percent the year before; this situation is similar all over Ukraine, irrespective of

¹⁸ As of August 2015, 22 EU member states had ratified the AA, and 4 more were in the process of ratification (Greece and Cyprus have so far postponed the process). The DCFTA part, the effectiveness of which was postponed, will come into force in 2016.

¹⁹ Bernard-Henry Levy, “Remembering the Maidan.” *Kyiv Post* (April 4, 2015). <http://www.kyivpost.com/opinion/op-ed/bernard-henri-levy-remembering-the-maidan-385357.html>.

²⁰ Public Opinion Poll of the Democratic Initiatives Foundation, Kyiv, December 2014. http://dif.org.ua/ua/polls/2014_polls/jjorjojkphpkp.htm.

region (with the exception of the Donbas). In parallel, support for European integration increased dramatically over the course of 2014-2015. Whereas for most of the past 10 years, support for joining the “Union with Russia and Belarus” trumped support for joining the EU, by July 2015,²¹ 51 percent of Ukrainians supported joining the EU, while only 17 percent favored joining the Eurasian Economic Union (EEU). The prospect of joining the EU enjoys widespread support all over Ukraine: although in the South and East it is only roughly 10 percent higher than support for joining the EEU (39 percent vs. 26 percent and 37.5 percent vs. 26 percent, respectively),²² these numbers already contrast markedly with their 2014 counterparts. Notably, around 35-36 percent of respondents in these regions did not express a clear preference, meaning that those who earlier supported joining the EEU are now undecided. These figures show that despite regional, linguistic, and ethnic differences, pro-European orientation prevails all across Ukraine. Coupled with the growth of civic identity and patriotic sentiment, this points to the formation of a political nation in Ukraine with a clear sense of direction towards the EU.

These social trends have found expression in Ukraine’s political landscape. The Russia vs. the EU dilemma played a very limited role in the political discourse during the parliamentary elections in October 2014. Even the Oppositional Block – a new party, created to mobilize the voters of Yanukovich’s Party of Regions, which enjoys great popularity in the southern and eastern Ukraine, although it refused to recognize Russia as an aggressor²³ – stands for Ukraine’s territorial integrity. Indeed, given Russian military aggression, being pro-Russian very clearly means supporting the annexation of Crimea and separatism in the Donbas. Russia’s assertive foreign policy has changed popular attitudes in Ukrainian society and politics to the extent that the EU-Russia dichotomy – at least as a choice of a favored integration partner – has been rendered obsolete. By now, evidence points to a stable consensus in favor of the EU for the first time in recent history.

Second, discussions about geopolitical orientation have quieted. The focus has shifted to the domestic reform process; moreover, this discourse has become unprecedentedly substantial and elaborate. The principles of ‘deoligarchization’, deregulation, decentralization, demonopolization, and so on now form the core of debate in Ukraine. In a parallel development, attention in Ukraine has shifted away from prospective EU membership and from blaming the EU and other external actors for not supporting Ukraine enough. Ukrainian society seems to have matured, in the sense that it has recognized that the change and responsibility must come from inside the country.²⁴

²¹ See the poll conducted by the Democratic Initiatives Foundation and Razumkov Centre in July 2015. <http://dif.org.ua/en/polls/2015a/zovnishnja-politiennja-.htm>.

²² The temporarily occupied territories that were gained back by Ukraine form an exception. There, slightly more people support joining the EEU (34 percent) than the EU (31.5 percent).

²³ The respective voting in the Parliament of Ukraine took place on January 27, 2015. The Opposition Bloc was the only faction that did not take part in the voting.

²⁴ There are no public opinion polls on this issue, but political discourse and media coverage indicate this shift.

Lingering dissatisfaction with the West now stems primarily from the West's failure to recognize Russian aggression and exert pressure on Russia accordingly.

Third, society has become less paternalistic and ready to take things into its hands. In other words, the Euromaidan has left an important legacy of strong social capital. According to public opinion polls, after the Euromaidan, the broader public's trust for civil society exceeded its distrust for the first time since Ukraine's independence.²⁵ Moreover, voluntarism has mushroomed in Ukraine. As the war in the Donbas broke out, a number of volunteer organizations emerged to help the army and organize volunteer battalions. In the initial stages of the war, the Ukrainian state and army appeared too weak to cope with the challenges, so society stepped in. A large number of volunteer organizations organized support for internally displaced persons. According to one opinion poll, 77.7 percent of Ukrainians provided some kind of support to the army and to internally displaced persons between May and September 2014.²⁶ Given this, it is not surprising that volunteer initiatives came out on top in opinion polls asking about the level of trust in public and civic institutions in Ukraine: On a scale of 1 to 10, trust in volunteers reached 7.3 points, far above trust in public authorities.²⁷

A strong civil society that assists authorities by contributing reform expertise, exercises pressure and carries out watchdog functions,²⁸ and conducts incisive investigative journalism now characterizes contemporary Ukraine. Soon after the Euromaidan, a coalition of NGOs and policy experts launched the civic platform Reanimation Package of Reforms (RPR). RPR brought together over 300 reform experts. Crucially, the platform institutionalized cooperation with Parliament and the government (the latter through a Reforms Support Center for the Cabinet of Ministers). By October 2015, 400 reformist laws developed with RPR involvement have been adopted; the platform continues to set the agenda and exercise pressure.²⁹

²⁵ See the results of the public opinion poll carried out by the Kyiv International Institute of Sociology and Zerkalo Nedeli [Mirror Weekly] in December 2014, *Narody Vlast* [Power to the People], available online at <http://opros2014.zn.ua/authority>.

²⁶ Support took many forms, including financial contributions, donations of clothing, food, medicine, etc, and participation in volunteer activities. For more details, see the poll on the website of Democratic Initiatives Foundation: http://dif.org.ua/ua/commentaries/sociologist_view/32anizh-miski-zhiteli.htm.

²⁷ Public opinion poll carried out by the Kyiv International Institute of Sociology and Zerkalo Nedeli [Mirror Weekly] *op. cit.*

²⁸ More analysis on civil society in Ukraine after the Euromaidan can be found in Iryna Solonenko, "Ukrainian Civil Society from the Orange Revolution to Euromaidan: Striving for a New Social Contract", Institute for Peace Research and Security Policy at the University of Hamburg/IFSH (ed.), *OSCE Yearbook 2014*, Baden-Baden, 2015.

²⁹ For more detailed information on RPR and its achievements, see: http://platformareform.org/?page_id=448.

Strong investigative journalism has brought many corruption cases to public attention³⁰. While hardly any corrupt officials have been brought to justice, some have had to resign or were fired, like the Minister of Environment Ihor Shevchenko in June 2015, or Serhiy Bochkovsky, Head of the State Emergency Service, in March 2015.

Fourth, the political class has started a process of renewal. In the Verkhovna Rada, which was elected in October 2014, 64 percent of MPs are new. In the government formed by the parliamentary majority coalition, 80 percent of the leadership (ministers and deputy ministers) is new.³¹ Not all of these politicians represent a new generation full of personal integrity and professional skills, but quite a few do. A group of such MPs (mostly from civil society, media and private sector backgrounds), despite belonging to different factions, created an inter-factional group called “Euro-optimists,”³² which jointly promotes important reform initiatives.

Finally, a number of important reforms have been initiated. President Poroshenko signed a measure into law introducing public broadcasting, which has an independent editorial board and sets an example of quality and impartial coverage; institutions aimed at countering corruption have been established (most notably, the Anti-Corruption Bureau, which is supposed to fight high-level corruption), while public procurement regulations have made bidding more competitive and transparent; initiatives have been launched aimed at ending monopolies in some sectors of economy and revising state subsidies to businesses or cancelling some of them altogether; the legislature has passed laws that require transparency in information about media ownership and end beneficiaries of companies; the country has adopted a law on state funding to political parties; reform of the natural gas market is well underway — due to the introduction of market prices, it has already helped to diminish corruption; a new police force has launched in several pilot cities; and fiscal decentralization has already led to the doubling of municipal revenues.

Old habits die hard: the legacies of the “captured state”

Yet Ukraine’s foundations as a captured and dysfunctional state have not shifted. When democratic institutions are weak or even nonexistent, informal institutions and networks play an important role in decision making, thus granting a handful of self-serving political and economic actors privileged access to public resources. This systemic problem enables the Ukrainian state’s weakness and vulnerability to external interference, most notably from Russia.

Although Ukraine’s one hundred richest businessmen have seen their fortunes shrink considerably since 2013, they are still worth approximately 26.5 billion USD, which

³⁰ Some of the most prominent resources include Corruptua.org, Nashigroshi.org, Slidstvo.info or Programme ‘Skhemy’ [Schemes] of Radio Free Europe – www.radiosvoboda.org.

³¹ Video “Time to be Different!” prepared by Vox Ukraine for YES Annual Meeting 2015. <http://yes-ukraine.org/en/photo-and-video/video/pershiy-den-roboti-12-yi-shchorichnoyi-zustrichi-yes/time-to-be-different>.

³² To follow the group, see its Facebook page at <https://www.facebook.com/EuroOptimists>.

equals more than one fourth of Ukraine's GDP. Importantly, 60 percent of those assets belong to the 10 richest individuals. These very same rich men own influential TV channels; influence decision-making in the parliament, government, and judiciary; and preserve monopolistic control of entire sectors of the economy. Beyond this de facto oligarchy, the Ukrainian media in 2015 have consistently pointed to the important role played by business partners of President Poroshenko and people close to Prime Minister Arseniy Yatsenyuk in decision-making and preserving privileged access to public resources (for instance, through management of state companies). In some cases, journalists even voiced suspicions of corruption.³³ This indicates that personal connections still play an extremely important role in Ukrainian politics, undermining the rule of law.

The old system has been particularly deeply enshrined in law enforcement agencies and the judiciary. According to the Kyiv Post, Ukraine has 18,000 prosecutors, 10,000 judges and 150,000 police officers and investigators, none of whom "can deliver justice or rule of law."³⁴ This is coupled with a bloated and dysfunctional civil service and, according to experts, many reforms are blocked or delayed at this level alone. According to VoxUkraine Monitoring, reform of the judiciary, law enforcement agencies, and public administration has lagged particularly.³⁵

This inevitably produces disillusionment among Ukrainian society over the pace of reforms. The aforementioned public opinion poll, conducted in July 2015, shows that over 60 percent of the population does not believe that the reforms will succeed.³⁶ The same poll shows that respondents prioritize fighting corruption (65 percent) and law enforcement (65 percent) over other reforms. Disillusionment with reforms, among other factors, accounts for the growth of populism in Ukraine. In a July 2015 public opinion poll, Yulia Tymoshenko's party "Fatherland" came in second after "Petro Poroshenko Bloc" with 11 percent of support, although it barely passed the 5 percent threshold in the 2014 early elections. The Radical Party of Oleh Lyashko, which left the majority coalition in September 2015, still scores 4.3 percent.³⁷ The danger of populism became particularly obvious in August 2015, when voting for constitutional amendments, including decentralization, provoked violent clashes near Parliament that left four policemen dead. Russian media widely reported the clashes as a sign of instability in post-Maidan Ukraine.

³³ See, for instance, *Novoe Vremia* [New Time] 34 (September 18, 2015). <http://nv.ua/publications/serge-kardinaly-vlasti-kto-v-okruzhennii-premera-i-prezidenta-reshajut-kuda-dvigatsja-strane-69919.html> or *Levyi Bereg* [Left Bank] 3 (July 2015). http://lb.ua/news/2015/07/03/309968_boris_lozhkin_kolomoyskiy_.html.

³⁴ "Cosmetic Fight," *Kyiv Post* (October 9, 2015). <http://www.kyivpost.com/opinion/editorial/cosmetic-fight-399610.html>.

³⁵ See http://imorevox.in.ua/?page_id=603.

³⁶ Democratic Initiatives Foundation and Razumkov Centre *op. cit.*

³⁷ Public opinion poll conducted by the Kyiv International Sociology Institute in September 2015. <http://www.kiis.com.ua/?lang=ukr&cat=reports&id=548&page=1>.

Conclusions

By now, Ukraine has made a choice in favor of the AA, thereby precluding membership in the Eurasian Economic Union. Nevertheless, the unfinished process of state building and the protracted pro-European reforms do not guarantee the sustainability of the pro-European course. Although the pro-European coalition, which has a constitutional majority in the parliament, was formed following the early parliamentary elections of 2014, the war in the Donbas, poor economic situation, and lack of political will to undertake reforms have jeopardized Ukraine's chance to use the window of opportunity that opened after the Euromaidan protests. Russia still possesses many levers that enable it to play a destabilizing role in Ukraine. As long as reforms that promote accountable and transparent governance, fight corruption, provide for an independent judiciary and efficient law-enforcement agencies and civil service, which form the core of the change of the social contract and transformation of Ukraine from a "captured" state into an efficient, democratically governed state, are not carried out, Ukraine will remain vulnerable to destabilizing external intervention.

The EU and international community should sustain sanctions against Russia and prepare to toughen them as long as Russia does not release its grip on Ukrainian territories. Lifting sanctions should only occur in the event that Russia moves out from the Donbas and Crimea completely. Sanctions are supposed to weaken Putin's power base among the general population and political and economic elites in Russia and eventually force him to retreat. At the same time, the international community ought to continue to engage in diplomacy with Russia in order to follow developments in the Kremlin and to drive home the message about the red lines Russia has already crossed and which the EU will protect.

The EU and international donor community must refine and sharpen their conditionality with respect to Ukraine. Due to its flailing economy, the Ukrainian government depends on external assistance. The EU thus has a chance to push for certain priority reforms that require political will. Each and every subsequent allocation of funds should be conditional on specific, tangible reform steps. Reform requirements should focus not on legislative decisions, but on implementation; the EU should specify benchmarks that will help to monitor implementation. This process must be transparent, so that civil society and media in Ukraine may easily access these conditions and use them as reference points to mount domestic pressure for reforms. Furthermore, the international community must collaborate with reform-minded actors in Ukraine and help strengthen their domestic power. These actors can be found in civil society, in many ministries, in Parliament and in the business community. In the absence of strategic political leadership in Ukraine, and considering the dangerous growth of populism and the threat of destabilization from Russia, the ability of these actors to push for decisions and their implementation will prove decisive for the success of reforms in Ukraine.