

A stylized map of Ukraine composed of a grid of grey dots, with several dots highlighted in red to represent specific locations or regions.

Ukrainian prism

Perspectives of Bilateral Relations of Ukraine with Neighbouring Countries

November 2012

- Institutional and legal framework of cooperation between Ukraine and neighbouring countries was created in early 1990s. By now, many of the instruments are outdated and should be revised to face the challenges of geopolitical transformations in the region and political processes within the states.
- Although Ukraine has concluded cooperation agreements with all the neighbouring states, many sensitive issues still remain on the bilateral agenda. The spectrum ranges from border demarcation and national minorities to national and energy security.
- Ten different neighbours – Belarus, Bulgaria, Hungary, Georgia, Moldova, Poland, Romania, Russia, Slovakia and Turkey – different challenges; ten young authors – different views, but a common view on the need for comprehensive approach.



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Foreword

This publication contains ten studies on current state and perspectives of bilateral relations between Ukraine and neighbouring countries, which have a land border with Ukraine or are located in the Black Sea basin. These are Belarus, Bulgaria, Hungary, Georgia, Moldova, Poland, Russia, Romania, Slovakia and Turkey.

The study has been carried out within the project «Ukrainian prism: perspectives of bilateral relations of Ukraine with neighbouring countries» implemented with the support of the Regional Office of Friedrich Ebert Foundation in Ukraine and Belarus. The main goal of the project was to advance participation of civil society institutions and expert community in the process of Ukrainian foreign policy formulation.

Geographical aspect of the study has been determined by the great importance for Ukrainian foreign policy of both good-neighbourly and pragmatic relations with the countries being in close proximity and causing significant influence on the pace of developments in our state.

Practical focus of the analytical product is especially important. First of all, such a result has been achieved due to the engagement of young experts on Ukrainian international relations, who have independent opinion on current foreign policy processes.

All ten studies are prepared in the format of a foreign policy analytical paper and focused on determining problematic aspects of current bilateral relations between Ukraine and neighbouring countries, as well as on specific recommendations to policy-making entities, both in Ukraine and abroad.

When drafting recommendations, the experts were considering not only Ukrainian national interests, but also positions and interests of neighbouring states. That is due to extensive consultations with international experts on bilateral relations.

In order to attract a wide range of domestic experts and civil society stakeholders, the studies have un-

dergone examination of relevant committees of the Public Council under the Ministry of Foreign Affairs of Ukraine.

We believe that the recommendations will be of interest not only from a theoretical point of view, but also with regard to practical implementation of more efficient and comprehensive concept of building bilateral relations between Ukraine and neighbouring countries.

UKRAINE – BELARUS

1. Retrospective of bilateral relations

Official dialogue between the Republic of Belarus and Ukraine is being held within the contractual framework shaped during the period of independence. On December 27, 1991 the countries established diplomatic relations. On July 17, 1995 during an official visit of the Belorussian President Alexander Lukashenko to Ukraine the Treaty for Friendship, Good-Neighbourliness and Cooperation between Ukraine and Belarus was signed. It entered into force on August 6, 1997.

On May 12, 1997 the President of Ukraine Leonid Kuchma and the President of Belarus Alexander Lukashenko signed the State Border Treaty.

The Ukraine-Belarus dialogue in the period of 1994-2004 was not disconcertingly stable; but with no significant tension, which existed in the relations with other neighbouring countries. Ukraine was providing support to the Belarusian Government, especially during elections. Over the course of Kuchma's two presidential terms, Ukrainian and Belarusian leaders met 19 times.

Since the end of 2004, the key determinants in the relations had transformed due to the change of political elites in Ukraine after the Orange Revolution. Political events in Ukraine caused controversial reaction and fear of possible onset of the Orange Revolution "symptoms" in Belarus. However, already in autumn of 2005 the format of bilateral relations had



transformed once again. Due to a number of internal and external factors, the emphasis was shifted to economic aspects of cooperation. From 2006 to 2008, the issue of the resumption of contacts at the highest level was on the agenda. However, because of quite a few political reasons bilateral meetings of the Presidents were constantly postponed. One of the reasons was the traditionally tough position of Belarusian leadership on the ratification of the State Border Treaty of 1997 with regard to the Ukrainian debt.

On the whole, between 2005 and 2008 the Ukrainian President Viktor Yushchenko and the President of the Republic of Belarus Alexander Lukashenko had only three opportunities to meet during the Summit of Heads of CIS countries. Such format of communication did not contribute to comprehensive re-evaluation of bilateral cooperation and bringing it to a new level.

2009 was a breakthrough in political relations between Ukraine and Belarus. That allowed holding four meetings of the Presidents, as well as promoting the dialogue on the Governmental and Parliamentary level.

Minsk was optimistic about a change of elites in Ukraine after the Presidential elections. Thus, already on February 24-25, 2010 the Belarusian President came with a working visit to Ukraine to participate in the inauguration of Viktor Yanukovich, the newly elected President of Ukraine. On April 29 a working visit of Yanukovich to Belarus resulted in outlining of promising directions within Ukrainian-Belarusian cooperation. However, in May the visit of Lukashenko to Ukraine for exchanging the ratification instruments of the State Border Treaty was cancelled.

By the end of 2010, the Presidents met two more times at different international events, but no declarations on new objectives for the bilateral cooperation were made. Since May 2010, the subsequent two-way communication was carried out predominantly at the intergovernmental level.

The Republic of Belarus has been one of the main partners of Ukraine in the trade and economic sphere. Minimum institutional and regulatory

frameworks for the effective promotion of economic cooperation have been created. In 1996 the Inter-agency "Ukrainian-Belarusian Commission on trade and economic cooperation" was launched. On December 11, 1998 an agreement on economic cooperation for the period 1999-2008 was signed. The Interstate program of long-term economic cooperation for 1999-2008 was its integral part. On May 29, 2010 the First Vice-Prime Ministers Andriy Klyuyev and Vladimir Semashko signed a joint action plan on the Ukrainian-Belarusian cooperation in priority areas.

Since the establishment of trade relations, the first peak of bilateral goods turnover was recorded in 1997, when the volume of trade reached almost 1.4 billion US dollars. The second peak was in 2008, reaching nearly five billion US dollars.

Main Ukrainian exports are metal products, electric power, pharmaceuticals, sunflower oil, confectionery and construction materials. Traditional Belarusian imports are products of mechanical engineering and chemical industries, agricultural machinery, foodstuffs, as well as petroleum products.

The following leading Belarusian companies are present in Ukraine: Minsk Automobile Plant, Belarusian Automobile Plant, Minsk Tractor Factory, Gomel Plant of Land Machinery and Lidsky Plant of Land Machinery, Belenergo. Concerning Ukrainian large-scale enterprises in Belarus, the interests of the Naftogaz of Ukraine, the "Leninska Kuznia" Plant, Poltava Turbo-Mechanic Plant and Interpipe Corporation and Donetsk Metallurgical Plant are represented.

Energy security has always been one of the strategic spheres of bilateral cooperation. Ukraine tried to get support for alternative energy projects from the Belarusian Government and considered it as a partner in the expansion of Ukrainian electricity exports. Belarus exported Ukrainian electricity, but in turn, provided a part of Ukrainian petroleum market with the products of Belarusian refineries.

At the height of the energy conflict between Belarus and Russia in 2010, Ukraine became one of the countries that agreed to strengthen energy security



of the Republic of Belarus. In April 2010, the first test batch - about 80,000 out of 4,000,000 tons of Venezuelan oil for Belarus – was shipped to the Odessa port. In August the Ukrainian Ministry of Transport and Communications allowed the use of the Odessa-Brody oil pipeline in the direct mode, if Belarus would guarantee annual pumping of more than nine million tons of Venezuelan oil. The first test pumping was performed at the end of November 2010.

Interregional and cross-border cooperation is an important part of the Ukrainian-Belarusian trade and economic relations. Such cooperation has been successfully developing in the framework of the Bug and Dnepr Euroregions.

Ukraine and Belarus cooperate in the international arena, in particular, within the United Nations (UN), the Organization for Security and Co-operation in Europe (OSCE), The Commonwealth of Independent States (CIS), and the Central-European Initiative (CEI). However, the countries have different positions on a number of issues.

2. Current state of bilateral relations

Assessing the events in Belarus of December 19, 2010 Kyiv joined the position of the OSCE that recognized election process as non-democratic and pointed on the violation of the rights and freedoms of citizens. Later that has resulted into the lowering of the communication level between the two neighbouring countries to the level of their Foreign Ministries. At the same time, Ukraine has not acceded to the advocates of hard-isolation of Belarus and introduction of sanctions, given the close economic ties between the countries. Despite the lower level of political contacts Kyiv has not rejected the mediation in improving relations between Minsk and Brussels.

Given the lack of stable communication at the level of the Presidents and the Governments over 2011, it was carried out by Foreign Ministries. Ukraine's contacts in most cases have been limited to official statements and the notes to the Foreign Ministry

of Belarus regarding the violation of the rights and freedoms of Ukrainian citizens in Belarus, as well as to the declaration of Ukraine's position with regard to the proceedings against political prisoners.

One of the most resonant events at the end of 2011, which required the intervention of the Ukrainian Foreign Ministry, was the alleged detention by Belarusian KGB and application of humiliating procedures to the Ukrainian activists of "FEMEN" for holding an unsanctioned rally near the KGB building in Minsk on December 19.

Despite the difficulties in mutual understanding at the political level, the economic sphere has traditionally been beyond any disputes. This allowed reaching new record level in the bilateral trade. In 2011 the turnover of goods reached 6.36 billion US dollars, accounting for almost 40 per cent growth compared to the 2010 rate (4.66 billion US dollars). Ukrainian exports amounted to nearly two billion US dollars, while imports of Belarusian products reached 4.29 billion US dollars. Almost four times the surplus for Belarus as compared with the record rate of 2008 was ensured due to strengthening of the Belarusian exporters' position after the devaluation of Belarusian rouble.

Among Ukraine's trading partners Belarus ranked 2nd among the CIS countries (after the Russian Federation) and 5th among the countries worldwide.

In the beginning of 2012 the import of Belarusian dairy products was banned. It took almost two months to overcome the crisis. Despite that, as of January-March 2012, the turnover of goods increased by nearly one quarter compared with the corresponding period in 2011 and amounted to approximately 1.5 billion US dollars.

Cooperation on the energy sector was considered as strategic. However, forecasted indicators in energy cooperation have not been met.

In 2011 Belarus imported 2,561.6 million kWh of Ukrainian electricity, which is 12.9 per cent less than in 2010. Reduction in the electricity supply was caused by the termination of exports in May-June 2011, because Belarus lacked currency resources to



pay for the imports. Still, the supply was resumed in July.

The project on transporting of Azerbaijani oil to Mozyrsky refinery via Odessa-Brody pipeline has not brought the expected results. Although, on January 17 Belarus and Ukraine signed an agreement on annual transportation of four million tons of Azerbaijani oil for 2011-2012, Belarus received only 988 thousand tons in 2011. There have been no deliveries in 2012.

Traditionally, despite some information and diplomatic efforts taken by Ukraine, the cooperation projects on the construction of a nuclear power plant, the transit of Ukrainian electricity to the Baltic countries and the development of cooperation in the gas sector have not evolved.

Development of relations in security sector is due to the joint border and the need in joint efforts to combat illegal immigration, smuggling and terrorism.

Most of the problems inherent in the development of people to people contacts have already been solved within the bilateral relations, which allows for the due evolvement of cultural and humanitarian projects, provision of livelihoods and cultural identity of national minorities.

3. Controversial issues within bilateral relations

The unresolved bilateral political issues, along with fundamental differences in approaches to building internal and external policies of the two states hamper bringing out the full potential of cooperation.

The most acute and, at the same time, "chronic" issue is the completion of the State Border Treaty ratification by Belarus. Despite some steady progress, its permanent failure to resolve the issue is a significant barrier to the development of bilateral relations.

Unfortunately, strategic issues in the economic

sphere, which require considerable political will of the leaders and certain degree of independence from external centres of influence, have not been developed and, thus, practical solutions have not been found. Above all, this refers to the creation of the Eurasian oil transportation corridor and ensuring transit of Ukrainian electricity to the Baltic countries.

Although, in May 2010, the Governments drafted the road map for the development of promising spheres within Ukrainian-Belarusian cooperation, at the moment there is no strategic basis for economic cooperation. In 2008, the Interstate program of long-term economic cooperation for 1999-2008 and the Agreement between the Republic of Belarus and Ukraine «On economic cooperation for 1999-2008» expired. The basis of the new regulatory platform for the long and med-term cooperation to substitute the abovementioned strategic documents has not been developed yet.

Considering quite an active work of the Intergovernmental Ukrainian-Belarusian Joint Commission on Trade and Economic Cooperation, the adopted decisions are poorly implemented.

Despite the positive dynamics of trade between the countries, problems preventing the expansion of economic cooperation remain unresolved. For the most part, solutions are not easy to find as they lie inside the scope of legal framework, while the integration orientations of the two countries differ. Membership of Belarus in the Customs Union creates additional technical obstacles for unhindered trade between the countries.

Kyiv is also concerned about the fact that Minsk violated the provisions of the Agreement on measures to promote cooperation in the field of oil transportation through the territory of Ukraine to the Republic of Belarus of July 2010. It concerns finding a consensus on mutual payments for 2011 and ensuring transportation of the guaranteed volumes of oil via the Odessa-Brody-Mozyr rout in 2012.

According to Ukrainian producers, the Belarusian Government applies strong non-tariff regulation of foreign trade, in particular, licensing and quotas



for importing tobacco, alcohol, confectionery and other products from Ukraine. Only in May 2012, under pressure Belarus abolished licensing of beer import from Ukraine, which had been introduced back in 2010.

The level of mutual investments remains very low. As of October 1, 2011 the volume of Ukrainian investments in the economy of Belarus amounted to four million US dollars. By that time, Belarus had invested 41.6 million US dollars in Ukraine's economy.

Special attention should be paid to the issues of cross-border and interregional cooperation, where problems occur within the national regulation of interregional relations and approaches to its implementation on the ground.

In 2012, once again an environmental issue associated with the intention to resume works on the development of the Hotislavsky chalk deposits by Belarus was brought back to the agenda. Ukraine has expressed concern that such works could disrupt the ecosystem of Shatsky lakes, which are 12 km away from the deposits.

4. Prospects for the development of bilateral relations

Since 2000s, the bilateral relations have always been largely determined by the third countries and the relevance of certain integration prospects of the neighbouring countries at a specific period of time. This led to the fact that the relations have been built under a residual principle depending on the relations of Ukraine and Belarus with Russia, the European Union and the United States. As a result, the economic component of relations has become dominant. And that is amid a cool political dialogue, unresolved issues, and unfulfilled strategic potential in the transport and energy sectors. For the moment, several scenarios of the bilateral relations development in the med-term perspective can be outlined.

1) Status quo. If the relations continue developing under the current scenario, they will remain under

the influence of external factors. From time to time Ukraine will initiate the development of bilateral relations. However, they will be determined not by clearly defined strategic goals, but the current geopolitical situation in the region. The economic sphere will remain the basis of relations and new peaks of trade will be marked by a negative balance for Ukraine.

2) The completion of negotiations on Association with the EU and the establishment of a free trade zone between the EU and Ukraine; the Ukraine's active participation in the European Energy Community may bring the country to a new level of formation of bilateral relations with neighbouring countries, including through strengthening of its role as a mediator in the establishment of relations between Belarus and the EU (similar to the current role of Poland in promoting Ukraine's European aspirations).

3) Marginalization of bilateral format of relations due to the strengthening of the role of Russia, retraction of Ukraine into the Customs Union and the Eurasian Economic Community (EurAsEC), as well as the formation of a tripartite approach to economic projects. In this case, Ukraine and Belarus will have to abandon those strategic projects that threaten the economic interests of the Russian Federation.

The most probable is the scenario, when the current format of relations is extended giving the possibility to bring the bilateral format to a more pragmatic level. While Ukraine assists Belarus to meet the World Trade Organization (WTO) and the EU standards, Belarus may help Ukraine to less painfully adapt to the cooperation with the Customs Union countries.

5. Recommendations on the improvement of bilateral relations

In the political sphere:

1) Immediate actions should be taken to complete the ratification of the State Border Treaty. The foreign affairs agencies of Ukraine and Belarus should



make the negotiations on the subject open in order to avoid manipulative delays. The amount due of Ukraine (in Ukrainian terms) should be allocated as its contribution to the Ukrainian-Belarusian border improvement performed with additional financing in the framework of the Eastern Partnership program and the European Neighbourhood Policy Instrument (ENPI). European and Ukrainian funds should be used for the modernization of the border infrastructure in accordance with the EU norms and standards.

2) Despite the tense relations between Belarus and the EU, Ukraine has never been a supporter of tough sanctions against Minsk and offered its services as a mediator in establishing constructive dialogue. The Ministry of Foreign Affairs (MFA) should continue promoting the interests of Belarus at the level of the European institutions, particularly in the format of Minsk full participation in the Eastern Partnership program.

3) At present, the bilateral format of relations is marked by a rather low institutional basis on the political level, while the Belarusian-Ukrainian Inter-departmental Commission on Trade and Economic Cooperation is quite active. Such situation does not allow solving a number of permanent issues. In this context, it is advisable for the Foreign Ministries to initiate the institutionalization of contacts at the presidential level and to provide regular meetings of the Presidents.

In the economic sphere:

1) Given the Ukraine's traditionally negative balance of trade with Belarus, along with the positive dynamics of bilateral economic cooperation, the Ministry of Economic Development and Trade (MEDT) of Ukraine should further analyse the structure of bilateral trade in order to find additional resources for balancing relations in this sphere;

2) MEDT of Ukraine should consider joining the technical regulations of the Customs Union and Belarus; establish a working group to develop a plan on inclusion of Ukrainian certification bodies in the Customs Union Unified Register of certification bodies.

3) MFA and MEDT should initiate the establishment of an expanded working group, which would include members of the Public Council under the Ministry of Foreign Affairs of Ukraine and the Ministry of Economic Development and Trade of Ukraine. The group should draft the Agreement on the interregional and cross-border cooperation with regard to the Cross-Border Ukraine-Belarus Cooperation Program developed by the European Commission within the Eastern Partnership policy framework.

4) Given the fact that in 2012 Ukraine and Belarus ratified the Agreement on a free trade zone in the CIS, the process of initiation and establishment of the judiciary to resolve commercial disputes should be promoted at the Governmental level. Fair procedures should be ensured in order to prevent provision of leverages for discrimination of other states' interests by any of the CIS member-states.

5) In terms of economic cooperation, long-term strategic instruments (for the period up to 10 years) should be developed. Moreover, the annual action plan for cooperation in the defined areas should be elaborated. For this purpose, at the level of the relevant ministries it is necessary to establish a working group of experts, including non-governmental think tanks, to develop the concept under the principle of «green» and «white» books. A clear monitoring procedure, which ensures civil society participation, should be introduced.

6) In order to intensify trade and economic cooperation in 2013, a business forum for representatives of Ukrainian and Belarusian businesses should be organized in Kyiv by the Ministry of Economic Development of Ukraine and the Chamber of Commerce in Ukraine. The Heads of the Governments and relevant ministers should also be engaged.

7) Given the fact that the main trade partners of Belarus – Russia and Ukraine – are the WTO members, the Cabinet of Ministers of Ukraine should support Belarus in completion of the procedures required for accession to the World Trade Organization.

8) Taking into account that Belarus has declared its willingness to consider the transit of Ukrainian



electricity to the Baltic countries, relevant ministries should establish a working group, engaging independent experts, to develop or update technical and economic characteristics of the project.

In the environmental sphere:

1) In order to determine objectively the level of environmental risks brought by the development of the Hotislavsky chalk deposits (Belarus) to the ecosystem of Shatsky lakes (Ukraine), the relevant ministries should establish an independent commission of experts, including foreign environmentalists. All the relevant information should be provided to ensure the adoption of an objective decision.

2) The countries should closely cooperate to mitigate the consequences of the Chernobyl disaster in the affected Ukraine-Belarus border regions.

UKRAINE – BULGARIA

1. Retrospective of bilateral relations

Bulgaria was among the first countries that recognized the independence of Ukraine on December 5, 1991. On December 13 foreign ministers signed a protocol on establishment of diplomatic relations. On October 5, 1992 the President of Ukraine Leonid Kravchuk and the President of Bulgaria Zhelyu Zhelev signed the Treaty for Friendship and Cooperation between Ukraine and Bulgaria, which entered into force on March 22, 1994.

In 1998, strategic bilateral relations were officially established by the Declaration on the further development and deepening of cooperation. Also, the Presidents signed a series of agreements on cooperation within the spheres of customs, science and technology, and pharmaceutical industry.

On September 27, 2001 the Bulgarian Government introduced the visa regime with Ukraine starting on October 1, 2001. Such step had complicated business and people to people contacts, and slowed down the development of relations. In response, Ukraine had

also introduced a visa regime for Bulgarian citizens and repealed it only on January 1, 2008, when the EU set the repeal as a condition for continuing the dialogue on the simplification of visa regime with the EU.

Bulgaria is a Parliamentary Republic, where foreign policy is determined by the Prime Minister and the Government, with the support of the parliamentary majority.

Currently, the contractual legal framework of cooperation consists of 89 effective documents, including 9 international, 32 intergovernmental and 48 interagency ones, which regulate the development of cooperation in many spheres - political, economic, military and technology, cultural, humanitarian etc.

Despite the fact that the countries had a sufficient basis for the development of relations and recognized their strategic importance, Ukraine and Bulgaria were unable to use the existing potential to the full. That was largely due to the different approaches of the states' leadership to the long-term development plans.

Ukraine and Bulgaria do not share a land border. The two countries are connected by a regular maritime transport connection – the Illichivsk-Varna ferry. Romanian roads are also used a lot.

The political dialogue had been developing at several levels. There was only one state visit of the President Kuchma on September 4-5, 2001. Besides that, on October 5, 1992 Leonid Kravchuk paid an official visit to Bulgaria, where the Treaty on International Relations and Cooperation was signed. It had become the basis for the development of relations in the economic, trade and military sectors. Then, the President Zhelev paid a return official visit to Ukraine on December 8-10, 1994, which resulted in the Agreement on mutual protection of investments, as well as the cooperation in the field of veterinary medicine. The next official visit of Leonid Kuchma to Bulgaria took place on March 24-25, 1998, where the parties signed the Declaration on cooperation in customs matters, science and technology and pharmaceutical industry. The return official visit of the Bulgarian



President Petar Stoyanov was organized on June 9-10, 1999. On January 30 - February 1, 2003 the last official visit of the President of Bulgaria Georgi Parvanov to Ukraine was held.

There have been no official visits at the highest level since then. The Heads of States met at the international events (on January 28, 2005 Yushchenko and Parvanov in Auschwitz at the 60th anniversary of the Auschwitz-Birkenau concentration camp liberation; on May 19, 2006 - Yushchenko and Parvanov at the 13th informal meeting of the Central Europe State Leaders in Varna; on December 1, 2010 - Yanukowych and Parvanov at the OSCE Summit in Astana).

Meetings at the highest level became less frequent at the time of Bulgaria's clear commitment to join the EU and the deep crisis in relations between the EU and Ukraine. Subsequent «renaissance» of the EU interest to Ukraine after the Orange Revolution determined the character of the next meetings of the Presidents, who saw no need in each other and, consequently, in the deepening of cooperation.

Relations were also significantly dampened by the situation around the 2009 gas crisis, when despite the formal request of Bulgaria Ukraine failed to resume gas supplies to the freezing neighbour.

A certain institutional framework was created at the intergovernmental level: the Joint Ukrainian-Bulgarian Intergovernmental Commission on Economic Cooperation and the Joint Ukrainian-Bulgarian Commission for Scientific and Technical Cooperation. The potential of the commissions is not being used to the full.

Ukraine and Bulgaria are members of international organizations such as the United Nations (UN), the Organization of the Black Sea Economic Cooperation (BSEC), the Council of Europe Parliamentary Assembly (PACE), the Organization for Security and Co-operation in Europe (OSCE), where they conduct the dialogue on current issues at the level of their respective national offices. The dialogue intensified during the Bulgaria's presidency in BSEC (November 2009 - May 2010). Otherwise, the countries are not the leaders among the states shaping policies of these institutions.

The level of the dialogue with the Bulgarian deputies in the European Parliament, the Council of Europe and the European Economic and Social Committee is quite low.

For years the economic cooperation has been developing with the positive dynamics, e.g., in 2001, it amounted to 363.7 million US dollars reaching in 2008 a record level of 1.5 billion euro, according to Ukraine and three billion US dollars according to Bulgaria.

In 2009 a sharp decline by more than three times was caused by the global financial and economic crisis, as well as by the termination of the Kremikovtzi steel plant, one of the key consumers of Ukrainian commodity exports. The 2010 figures show that the total volume of trade amounted to 668.8 million US dollars, and together with services, it was 716.1 million US dollars, while Bulgaria indicated the total turnover of 1,697.8 million US dollars.

Ukraine is a major transit country for Russian gas to Bulgaria. Until 2009, Bulgaria had not been undertaking active steps to diversify the sources of gas imports, which as a result of the 2009 gas conflict caused an acute shortage of this resource and led to mass termination of activities in the industry and the difficult situation in the heating sector.

Ukraine has also traditionally been the largest supplier of coal to Bulgaria, especially for thermal power plants. However, the share of Ukrainian private mine owners has been growing, depriving the state of the possibility to export the coal from the state mines.

Cooperation in the military and technology sphere had been discussed during several visits at the highest level starting from 1994. However, because of the different approaches to international cooperation, in particular with NATO, and the limited financial resources of the two countries, the development of cooperation in this sphere was insufficient. Although, the International Commission on military and technology cooperation was established, identified priority areas for bilateral cooperation and agreed on a list of joint projects, especially in



aviation, it failed to achieve significant results. The signed in July 1996 Program of bilateral cooperation in the military-industrial complex remains practically undeveloped.

There is a great potential for cooperation in protecting the waters of the Danube basin and the Black Sea coast. In particular, the two countries are involved in the work of the International Commission for the Protection of the Danube River, including joint consultations and participation in scientific work. Bulgaria is involved in the programs aimed at improvement of the health of children affected by the Chernobyl disaster.

The countries signed eight agreements on inter-regional cooperation in the cultural, economic, trade, scientific and technology spheres. Partnership relations exist between Kyiv and Sophia, Poltava and Veliko-Tarnovo, Zaporizhia and Burgas, Kharkiv and Plovdiv, Luhansk and Haskovo, Odesa and Varna, Mykolaiv and Pleven regions.

The presence of the largest Bulgarian diaspora (over 200 thousand persons) in Ukraine plays an important role at the level of people to people contacts. Ukrainian Bulgarians mainly reside in Odessa region. Several publications are also issued in the Bulgarian language. Moreover, the monuments to the founders of the Bulgarian state – khans Kubrat (Poltava region) and Asparuh (Zaporizhia) – have been mounted.

People to people contacts have been developing due to the enthusiasm of diasporas and territorial proximity. At the official level, this issue has never been on the list of priorities for the leaders of the states.

2. Current state of bilateral relations

Fundamental principles of bilateral relations had been agreed in the previous period. Given no meetings at the highest level, the dialogue at the level of working groups of relevant agencies on resolving current issues and preparation of proposals for the future remains the most productive tool of cooperation.

Despite the tremendous efforts of the Ambassador of Ukraine to the Republic of Bulgaria Mykola Baltazhy on the talks with the leadership of Bulgaria concerning the exchange of official visits of the Presidents Yanukovich and Plevnelev, the dates are still not agreed officially.

On May 16, 2011 the Vice Prime Minister Sergey Tigipko came with an official visit to Bulgaria. It was devoted to Bulgarian experience in conducting pension reform.

Bulgaria welcomes Ukraine's decision to continue its cooperation with NATO in the framework of existing programs on the Black and Mediterranean Seas. Bulgaria does not intend to offer any additional efforts or support, preferring to sustain the foreign policy of the Alliance, which is formed by the key countries, including the United States, Germany and France.

A similar tendency is also observed in the position of Bulgaria as a member of the European Union, where its representatives prefer to follow the recommendations given by the key political players in the EU, particularly from Germany, when it comes to Ukraine.

Data on commodity turnover between Ukraine and Bulgaria in 2011 differ greatly – 1,025 million US dollars (according to the State Statistics Committee of Ukraine) and 1,697.8 million US dollars (according to the Ministry of Economy of the Republic of Bulgaria). Although it might mean an upturn in the economic relations between the states, the statistics for January-May 2012 (344.2 million US dollars of trade with the decline in the share of Ukrainian exports) does not allow noting the positive trend.

Bulgaria is one of the few EU countries that Ukraine still maintains a positive trade balance with. The main groups of Ukrainian exports to the Republic of Bulgaria are coal, petroleum, metallurgy and mechanical engineering products. Bulgaria exports to Ukraine mainly pharmaceutical, electrical and petroleum products.

Currently, nearly 200 companies with Bulgarian equity and 67 representative offices of Bulgarian



companies are operating in Ukraine. 63 representative offices of Ukrainian enterprises are registered in Bulgaria, including Aerosvit and Ukrainian Danube Shipping Company. Also, there are 81 joint ventures with Ukrainian equity.

Ukraine and Bulgaria have little interest in mutual investments. Thus, as of July 1, 2011 the State Statistics Committee of Ukraine reported 18.8 million US dollars of Bulgarian investments, while Ukraine as of January 1, 2011 had invested 17.1 million euro in Bulgaria.

The modest rates of Bulgaria's investments are related primarily to the extremely low investment attractiveness of Ukraine, while the volume of Ukrainian investments are very difficult to assess, mainly because they are brought in to Bulgaria from offshore.

The countries do not pay sufficient attention to cooperation on attracting international companies to development of the hydrocarbon deposits in the Black Sea. At the same time, the Agreement on the exploration of the Khan Asparus block signed with a consortium of companies led by the French «Total» in August 2012 is promising. Under this document Bulgaria received 40 million euro as a bonus, along with the prospects for improving energy security by means of increasing domestic gas production. Bulgaria refused to exploit shale deposits, but is still interested in the explorations of gas hydrate deposits in the Black Sea, the development of which in the near future may become important for Ukraine.

In 2011-2012 military cooperation was not developing. This is partly due to the Ukraine's non-block status, which significantly limits the possibility of cooperation with NATO member countries. In addition, the negative effect on the development of cooperation is caused by the reformatting of the domestic military-industrial complex, which causes substantial difficulties in implementation of existing international contracts by Ukraine.

Major joint environmental projects have not been implemented yet. This sphere has not undergone major changes in recent years. At the same time, both countries have some interest in the environ-

mentally safe development of hydrocarbon deposits in the Black Sea, as well as the establishment of the mechanisms for monitoring and rapid response to man-made disasters in connection to future projects on hydrocarbons transportation through the Black Sea region.

Cultural and humanitarian cooperation between Ukraine and Bulgaria has been developing on the regional level. In recent years, the flow of Ukrainian tourists to Bulgaria has increased (176 thousand in 2011, up to 20 per cent more than in 2010), reducing the touristic interest to Odessa region and even the Crimea. If visas are cancelled, there may be a massive cross-flow of tourists, which, at the moment, halts the issue of getting necessary permits.

Ukraine and Bulgaria also cooperate within the development of the EU Danube Strategy and the Central European Initiative.

3. Controversial issues within bilateral relations

Bulgaria views the relations with Ukraine through the prism of relations with Russia. This somewhat complicates the establishment of pragmatic foreign policy of Ukraine with regard to Bulgaria.

In recent years the level of the political dialogue has decreased and resulted in less attention to economic and social relations. This has partly caused the lag of the south-western Ukraine (Odessa region), particularly, in terms of the road infrastructure.

There remains a significant difference in approaches of Ukraine and Bulgaria to the development of legal framework in areas such as energy, construction, environmental protection and energy saving technologies, the fight against organized crime and money laundering.

Many projects in the field of trade and investment have not been developing due to the unscrupulous behaviour of the Ukrainian customs service, tax authorities and companies.



The uncompleted process of joining the Schengen zone by Bulgaria leaves a negative impact on the development of the visa dialogue. Bulgaria is interested in attracting tourists, but does not risk offering overly loyal conditions for issuing visas to Ukrainian citizens, fearing the negative impact of such actions on discussions with Schengen zone members.

4. Prospects for the development of bilateral relations

In the future, cooperation between Bulgaria and Ukraine will largely depend on the line of Ukraine's foreign policy. Being in the wake of the large EU countries' policy and being interested in preserving inflows from the EU structural funds, Bulgaria will not take active steps to support relations with Ukraine and protect it in front of the other countries.

The most appropriate course of relations development would be based on convergence with the EU through the implementation of a free trade area and Association Agreement.

Ukraine is interested to deepen cooperation in sectoral areas, including food processing sector, agriculture, consumer goods industry and tourism.

Experience of productive cooperation within some spheres makes the participation of Ukrainian companies in modernization of Bulgarian energy sector, including nuclear, gas and power generation sectors, quite promising.

Strengthening cultural ties, development of the Bulgarian diaspora, extending people to people contacts are also important.

5. Recommendations on the improvement of bilateral relations

In the political sphere:

1) Currently, Bulgaria is more focused on getting the political and economic benefits from its mem-

bership in the EU and NATO, which reduces the interest in active dialogue with Ukraine. Other forms of cooperation between the states – the BSEC, UN, OSCE and the Eastern Partnership – have not become significant yet. However, Ukraine should pay more attention to the intensification of political dialogue with Bulgaria as an EU member and one of the most active formers of its policy in the Black Sea region. To do this, the Ukrainian Foreign Ministry should intensify dialogue with Bulgarian politicians from the central EU institutions, e.g., Sergei Stanishev, President of the Party of European Socialists in Bulgaria, via the Mission of Ukraine to the European Union in Brussels in order to bring it to a group of supporters promoting the provision of European integration prospects to Ukraine.

2) In order to optimize the political dialogue, the development of the institutional framework should be continued with a focus on sectoral cooperation, as well as the work of the Interstate Commission on the main areas of bilateral relations.

3) Ukraine should pay more attention to the Bulgarian minority and the protection of its interests in order to avoid dual citizenship, recorded among Romanian and Hungarian minority representatives. This issue has become even more relevant in the context of the adoption of the new Law of Ukraine «On the state language policy» on July 3, 2012.

4) Bulgaria is interested in the establishment of a consulate in Donetsk, which may have a positive impact on the dynamics of the tourism cooperation. In this context, at the levels of the Foreign Ministry and regional authorities the most favourable conditions for implementation of the project should be ensured.

In the economic sphere:

1) A great improvement of economic relations with Bulgaria may occur after the establishment of a comprehensive free trade area with the EU. The intergovernmental commission on economic cooperation has all the powers to ensure the expansion of bilateral cooperation, but it does not use them to the full. The better use of such powers will also depend on the commitment of Ukraine to improve



the climate for foreign businesses, particularly for Bulgarian. It should be noted that Bulgaria will be primarily interested in the development of cooperation at the level of small and medium business.

2) Moreover, Bulgaria is ready for a vivid dialogue on a better use of Illichivsk-Varna ferry potential and its connection with the Burgas-Poti ferry line. This requires an assessment of the trade flow and creation of an attractive business climate. This objective can be assigned to the appropriate shipping companies of the three countries in the format of a working group that provides for the participation of officials from the Ministry of Infrastructure of Ukraine, the Ministry of Regional Development and Infrastructure of Georgia and the Ministry of Transport of Bulgaria.

3) Cooperation in the field of pharmacology and medicine are promising. The Ministries of Healthcare of Ukraine and Bulgaria should intensify the dialogue on mutual recognition of drug trials by creating a special interagency committee and to develop and submit draft decisions to the Governments. Health research institutions of Ukraine and Bulgaria enjoy quite productive relations. Their in-depth cooperation could be promoted by the establishment of a special state fund for the development of new drugs within the joint research.

4) In the med-term perspective Bulgaria may turn into an important energy transit corridor, particularly, for natural gas supplied from the Caspian region and the Mediterranean. Along with the projects on gas extraction from the deep marine shelf and studies on methane hydrates, Ukraine should be more engaged into the development of the energy sector. The dialogue should be promoted by means of creating a bilateral working group, including the representatives of the Ministries of Energy, state energy companies and experts from non-Governmental sector, who could outline plans for further cooperation in this field. The subject of methane-hydrates is particularly interesting, as very few European countries have paid attention to this prospective sphere.

3) Ukraine and Bulgaria are competitors in the tourism industry with similar climatic conditions at the Black Sea coast. However, Bulgaria has successfully

restructured and developed the sector, while Ukraine needs to pay more attention to the issue, and, among other, to reopen a profile ministry, abolished in 2010.

Bilateral relations with Bulgaria, as with any other country that abides by democratic principles, will be possible and productive, if Ukrainian political leaders stop redistributing property and areas of interest, which severely harms the image of the state in the eyes of both its own population and foreign partners.

UKRAINE – HUNGARY

1. Retrospective of bilateral relations

The starting point for the development of relations was a visit of the Head of the Supreme Soviet of the USSR Leonid Kravchuk to Hungary on May 30 - June 1, 1991, when nine bilateral documents were signed becoming the basis for further cooperation (the Declaration on the Principles of Relations, the Consular Convention, the Declaration on the Principles of Cooperation regarding minority rights, etc.).

On December 6, 1991 the Treaty for Good-Neighbourliness and Cooperation was signed, and the Embassy of Hungary in Ukraine was established in Kiev being the first among the foreign missions. On March 24, 1992 the Embassy of Ukraine, the first Ukrainian diplomatic missions abroad, was opened in Budapest. For now, 65 international agreements on cooperation in such spheres as economy, education, environment, safety and others have been signed and enforced.

Ukraine shares a border with Hungary solely in the Transcarpathian region. The framework of transboundary cooperation is set forth in the Agreement on the status of the Ukrainian-Hungarian border, cooperation and mutual assistance on border issues, which entered into force on April 19, 1994. The Agreement provided for the establishment of Ukrainian-Hungarian border commission. As the result, a Ukrainian-Hungarian Intergovernmental Joint Commission on cross-border and frontier cooperation was established. Its fifth meeting was held on



March 28, 2012, where the simplification of the visa regime was one of the main issues discussed.

On February 26, 1993 the Governments of Ukraine and the Republic of Hungary signed the Agreement on border crossing points across the state border. It provided for opening of four points with a simplified border crossing procedure. The document entered into force on May 19, 1994. On November 11, 1997 the Governments signed the Agreement on water resources at the border, on the basis of which the quality of Tisa cross-border surface waters is controlled. On January 11, 2008 the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Hungary on the rules of local border traffic came into force. It granted those living along the border the right to enter the border area and stay there, if a special permission was obtained. The rest of the Ukrainian citizens need a visa to cross the border with Hungary.

The level of political contacts within bilateral cooperation is high. Meetings at the highest level, as well as consultations and events for businesses, are held regularly resulting in signing of agreements.

Since Hungary joined the EU (2004), the relations with Ukraine were focused on strengthening of Ukraine's European integration and the development of cross-border cooperation. However, long term good-neighbourly cooperation has not resulted into significant joint initiatives in the international arena. In particular, Hungary did not join the Commonwealth of Democratic Choice (CDC) created in Kyiv on December 2, 2005 by Georgia, Latvia, Lithuania, Macedonia, Moldova, Romania, Slovenia and Ukraine.

Ukraine and Hungary are the members of international organizations (United Nations, International Monetary Fund, World Bank and Council of Europe) and regional institutions (Stability Pact for South Eastern Europe and Central European Initiative). Also, the countries are involved into the initiatives on the management of asylum, migration and borders: the Budapest Process, the International Conference of border services (Shofoksky process) and Soderkoping process.

In 1993 Ukraine, Hungary, Poland, Slovakia and Romania signed the Agreement on the establishment of the Carpathians Euroregion, which included four Hungarian regions - Hajdu-Bihar, Szabolcs-Szatmar, Borsod-Abaúj-Zemplén, Vas-Nagykunszabolcs and four Ukrainian ones - Zakarpattia, Lviv, Ivano-Frankivsk and Chernivtsi oblasts. Ukraine, Hungary, Slovakia and Romania are parties to one of the programs under the European Neighbourhood Policy in the framework of cross-border cooperation for 2007-2013. Ukraine is represented by the Transcarpathian, Ivano-Frankivsk and partly Chernivtsi oblasts.

Since 1991 a significant number of agreements in the field of economy, transport, energy and cross-border cooperation has been signed. These are:

- on trade and economic ties and scientific and technical cooperation;
- on the railways;
- on the international road connection;
- on air connection;
- on promotion and mutual protection of investments;
- on cross-border cooperation;
- on cooperation in the field of energy, etc.

The foreign trade turnover of Ukraine and Hungary is presented in Table 1.

Ukraine traditionally exports commodities (energy sources, mineral raw materials and semi-products) and finished products (machinery, equipment, etc.). Hungary imports drugs, radio and telecommunication equipment, chemicals, electronic products and animal feedstuff.

The volume of direct investments from the Republic of Hungary to Ukraine as of January 01, 2012 was 686.1 million US dollars, which is 1.7 per cent of the total investments from the European Union and 1.4 per cent of the total foreign direct investments to Ukraine.



Table 1: Foreign trade turnover of Ukraine and Hungary, thousands of US dollars¹

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Товарооборот	640,6	714,1	1119,9	1170,0	1338,6	1748,4	2475,9	2649,8	1408,5	2074,7	2667,4
Экспорт	468,5	525,2	849,9	807,6	690,7	946,1	1235,1	1367,1	730,2	860,1	1340,7
Импорт	172,1	188,9	270,1	362,3	647,9	802,2	1240,9	1282,7	678,3	1214,6	1326,7
Сальдо	296,5	336,3	579,8	445,3	42,8	143,9	-5,8	84,4	51,9	-354,5	14,0

At the moment, 474 enterprises in Ukraine have Hungarian equity investments, 281 of which are joint ventures. The largest investors are the OTP Bank, the Gedeon Richter pharmaceutical factory, Babolna agricultural enterprise and Pannoplast chemical factory. Hungarian companies do not only carry out investment projects that have been launched earlier, but also elaborate new ones, in particular:

- development of wine houses in Crimea, costs about 100 million US dollars;
- construction of a plant for the Flextronics electrical equipment production (Mukachevo), costs 15 million US dollars;
- establishment of an animal industry agribusiness with small generators in the Kherson region, costs 53 million euro; and construction of a mini-power plant network, costs 150 million US dollars.

Investment activity of Ukraine is much lower. In recent years, the volume of Ukrainian investments in Hungary have been remaining small - about 100 thousand US dollars.

Ukrainian-Hungarian cooperation has also covered the spheres of defence and security, environmental protection, elimination of natural and man-made disasters, development of culture and people to people contacts. The contractual basis has already been elaborated:

- on cooperation between the defence ministries;
- on cooperation in the fight against organized crime;
- on measures to promote confidence and security, and on development of bilateral military relations;
- on early notification about nuclear accidents, the exchange of information and cooperation in nuclear safety and radiation resistance;
- on military and technical cooperation;
- on cooperation and mutual assistance in emergency prevention and response.

2. Current state of bilateral relations

At the moment, the statuses of the countries differ, as Hungary participates in the initiatives aimed at Ukraine as a beneficiary. First of all, it concerns the Visegrad Group and the European Union's Eastern Partnership Program.

Ukraine is officially invited to partnership in the Visegrad Group, which supports its European aspirations. In February 2011, a Summit of the Visegrad Four was held in the format V4+3 (with Germany, Austria and Ukraine). In May 2011, during a meeting of the heads of defence agencies in the format V4+Ukraine, the Agreement on the establishment of the Visegrad Four task group was signed and

1. According to the State Statistic Committee of Ukraine. <http://www.ukrstat.gov.ua/>



Ukraine military forces were also invited to join. Recently, the group has been directing its efforts to support the democratic forces in Ukraine. The Visegrad Four urged Kyiv to guarantee the former Prime Minister Yulia Tymoshenko fair judicial process. Participants of the V4 Summit opposed the boycott of EURO 2012 (Hungarian position was not made public, as the newly-elected President did not participate in the meeting.)

Hungary also declared support for the Eastern Partnership, created by the EU in order to establish closer relations with the six former Soviet Union countries: Ukraine, Moldova, Azerbaijan, Armenia, Georgia and Belarus. Some hopes were pinned on the Hungarian Presidency in the European Union, as it expressed the desire to use all possible means to help Ukraine to establish and strengthen closer relations with the EU. The Danube strategy was viewed as another opportunity for the development and implementation of the joint EU-Ukraine projects. Hungary expected to hold the Eastern Partnership Summit in Budapest in May 2011, but it only managed to set the stage for Poland in this matter. As a result, the first half of 2011 was not marked by any significant progress neither in bilateral relations, not in the Program implementation.

In this context, the launch of the Program on support of the Eastern Partnership by the Visegrad Group - Visegrad Four Eastern Partnership – announced on March 5, 2012 is considered as an achievement. This Program provides support to reforms in the Eastern Partnership countries on three levels: economic, political and human dialogue. These goals will be promoted by the International Visegrad Fund.

Due to geographical factors the cooperation between Ukraine and Hungary is mainly implemented in the Transcarpathian region, which is the home to 151.5 thousand Hungarians (12 per cent of the population in the region). Thus, the cross-border cooperation is the most successful due to the implementation of projects under the Hungary-Slovakia-Ukraine Neighbourhood Program INTERREG IIIA/TACIS CBC for 2004-2006 and the Program of the Hungary-Slovakia-Romania-Ukraine European Neighbourhood and Partnership Instrument 2007-2013.

On March 30, 2012 Transcarpathian regional council and the Ministry of Foreign Affairs of Hungary concluded the Agreement on cooperation in the framework of the Eastern Partnership. The intention declared in the document was to proportionally finance projects in the educational, social and cultural spheres. A successful example of a sectoral cooperation is the framework agreement on cooperation in the agricultural sector between the Association of Farmers and Private Landowners of Transcarpathian region and the Association of Hungarian agricultural producers of Pest.

The subjects of an ongoing dialogue are local border traffic, transport infrastructure, environment and cultural exchange. The status of cooperation within environmental protection, agriculture and tourism, and the interaction of frontier territories of Ukraine and Hungary with regard to social issues are being discussed. The cornerstone of the bilateral agenda is the procedure of Ukraine-Hungary border crossing, the operation of crossing points, as well as issuance of visas to Ukrainian citizens.

Hungary keeps the lead in the issuing of the long-term Schengen visas due to the liberal policy of consulates located in the Carpathian region (Uzhhorod and Beregovo). At the same time, the rate of visas issued by the Hungarian consulate in Kyiv is close to average. Hungary also provides Ukrainian citizens with biometric permissions to cross the border within the local border traffic. Monitoring of visa policy and practice in the Transcarpathian region shows that the Agreement on visa regime simplification between Ukraine and the EU is well implemented. However, today the simplified procedures for issuing free visas for all citizens of Ukraine are required.

3. Controversial issues within bilateral relations

The most sensitive sphere is cultural and humanitarian cooperation, people to people contacts, minority issues and support-oriented policies.

On June 17, 2011 the Beregovo district council of Zakarpattia region (76.3 per cent of the population



are Hungarians) adopted a decision to start a session with the anthem of Hungary, along with the anthem of Ukraine. Beregovo Inter-district Prosecutor's Office appealed the decision, as it does not comply with the Constitution and is subject to cancellation.

In December 2011, the eighteenth session of the Joint Intergovernmental Commission of Hungary and Ukraine on ensuring the rights of national minorities and meeting cultural and other humanitarian needs of the Hungarian population residing in Ukrainian Carpathians was held in Budapest. For the first time the parties reached mutual understanding in this matter and signed a protocol on the rights of national minorities. Hungary demanded to create Prytysyans'ky administrative rayon in Transcarpathia for compact living of Hungarians, and also to ensure a representation of Hungarian minority in the Parliament of Ukraine.

This issue is positioned as an initiative of the Hungarian parties of Transcarpathia, while Hungary simply provides support having no claims against the territorial integrity of Ukraine. In particular, Carpathian community of Hungarian intellectuals (MEKK) calls on the Ukrainian authorities to ensure the constitutional rights of the local Hungarians, creation of the territorial and cultural autonomy, the rehabilitation of Hungarians repressed in 1944, as well as the reparation and restitution of confiscated property of the Hungarian Church.

On September 7, 2012 based on the Law of Ukraine «On State Language Policy» Beregovo city council granted the Hungarian the status of a regional language.

There are multiple cases, when Transcarpathian Hungarians have been granted Hungarian citizenship, which contradicts the Ukrainian legislation. In 2010, Hungary adopted amendments to the Law on citizenship, according to which Hungarians worldwide have the right to apply for Hungarian citizenship under simplified conditions. According to the Hungarian side, citizens of Ukraine do apply for the citizenship, but not on a mass-scale. Official statistics here is missing, as under the protection of personal data the Hungarian Government

has no right to publish such information. Whereby, in order to get Schengen visas representatives of the Hungarian minority should only provide a Hungarian-foreigner certificate and a letter of support from the Carpathian Hungarian Cultural Association (KMKSZ).

The Government of Hungary considers the Subcarpathian Hungarian Cultural Union (headed by Miklos Kovacs) as a legal representative of Transcarpathian Hungarians, which plays a key role in the Hungarian-Ukrainian relations and the implementation of the Eastern Partnership projects. In this regard, there is a conflict with the Hungarian Democratic Union of Ukrainian (UMDSZ), headed by Istvan Gaydosh (the Mayor of Beregovo). In 2012 parliamentary elections Gaydosh was included in the list of the ruling Party of Regions.

The cooperation in the economic sphere is marked by the recent statements that Hungarian enterprises are facing problems on the Ukrainian market. Business climate is estimated as poor; in particular, it refers to non-execution of court rulings, ulterior barriers and the need to create better conditions for foreign companies.

4. Prospects for the development of bilateral relations

Thus, when building its foreign policy in relation to Hungary in the med-term perspective, Ukraine's choices are reduced to three scenarios: the status quo, proactive or levelling positions.

1) Preservation of the status quo is the most likely option. In the short term perspective, there are no factors that could have significant impact, neither negative, not positive, on the dynamics of bilateral relations. However, the status quo is unacceptable with regard to the global progressive development, because non-resistance to exogenous transformations with time will lead to the damping of bilateral activity. Thereat, the retention of the current state of affairs is disadvantageous for Ukraine, as it does not allow influencing the dominance of the Hungary.



2) Ukraine's transition to a proactive policy is impeded by the neighbour's position, primarily of the European Union, rather than Hungary. In an attempt to enhance foreign policy, Ukraine should be ready for European institutions' possible engagement and provision of support to Hungary. While achieving a whole new level of bilateral economic relations directly depends on the signing of the Agreement on a free trade zone between Ukraine and the EU.

At the same time, there are no signs that the policy of Hungary on Ukraine will undergo significant changes. With the adoption of the Law of Ukraine «On State language policy», it may be contextually used as leverage for causing pressure and intensification of nationalistic processes, which, in turn, may result in increased confrontation, changing of diplomatic rhetoric and levelling of results achieved within good-neighbourly relations.

3) The focus on territorial matters will remain an integral part of the Hungarian foreign policy. Thus, the revitalization of pro-Hungarian unions in the Transcarpathian region will require an adequate response from Ukraine. On the other hand, the issue of foreign Ukrainians in Hungary is not particularly sensitive. That is why, first of all, it is necessary to define the permissible limits of expansion of Hungarian interests and to develop measures for reduction of their impact in the Transcarpathian region.

In this context, it is needed to refocus efforts within the structural part of the bilateral cooperation and to substitute regional issues by national initiatives with the emphasis on high-level dialogue concerning the prospects for economic, energy, transport and defence cooperation.

5. Recommendations on the improvement of bilateral relations

In the political sphere:

Ukrainian policy in the context of the development of good-neighbourly relations with the Republic of Hungary in med-term perspective should be based on the bifurcation of cooperation levels

onto national and regional. Given the more active cooperation of the Transcarpathian region with the neighbouring Hungarian territories, than of Ukraine and Hungary on the whole, Ukraine should concentrate its efforts on strengthening the intergovernmental dialogue.

1) The main formats for implementing pro-Ukrainian foreign policy (as no new formats are expected to be introduced in the nearest future) is the Program of Hungary-Slovakia-Romania-Ukraine cross-border cooperation, Eastern Partnership and cooperation with the Visegrad Group. External influences that should be considered are the completion of the budget cycle of the Eastern Partnership program and the said Cross-Border Cooperation Program in 2013.

Therefore, the Government of Ukraine and the relevant ministries should promptly take steps to change the level of political and economic cooperation with Hungary in the designated formats:

- expanding the geography of cooperation, modernizing priorities and increasing funding for Hungary-Slovakia-Romania-Ukraine cross-border cooperation for 2014-2020;

- initiating sectoral (economic, transport, environmental and defence) bilateral programs in the V4 framework integrated within the activities of the second («Economic integration and convergence with EU policies») and third («Energy Security») platforms of the Eastern Partnership.

If the bilateral agenda is expanded and filled out with new initiatives, the focus will be shifted away from the current controversial issues of cultural and humanitarian cooperation, national minority issues and support-oriented policies. However, these issues should be reflected and solved within the internal Ukrainian policy.

2) In order to minimize the possibility of territorial claims by nationalist political forces in Hungary and to prevent illegal purposeful activity of individual public organizations of ethnic Hungarians in Transcarpathia, who encroach on the territorial integrity of Ukraine, a statement regarding parties'



commitment to stick to the norms of the Treaty for Good-Neighbourliness and Cooperation should be prepared on the parliamentary level. It should also condemn activities of political and social actors, who are trying to speculate on the subject.

3) The institutional framework for cooperation requires further improvement. In order to enhance the dialogue, additional committees, commissions and working groups should be established to resolve the current issues, including the protection of minority rights, cross-border cooperation and investment activities. Here, the creation of a joint Ukrainian-Hungarian Public Monitoring Council may be initiated to ensure fair covering of both countries' policies on the issue of national minorities.

In the economic sphere:

1) Hungary should actively participate in the implementation of the leading Eastern Partnership initiatives:

- Integrated Border Management Program;
- The program for small and medium enterprises;
- Regional electricity markets, energy efficiency and increased use of renewable energy sources;
- Southern Energy Corridor;
- Prevention of natural and anthropogenic disasters and response to the consequences.

2) In order to provide focus study of the economic interests of the parties, as well as to specifically identify Ukrainian sites for Hungarian investments and issues undermining Ukraine's business attractiveness, Ukraine should hold a Ukrainian-Hungarian Business Forum. Representatives of the ministries responsible for the development of favourable investment and business climate in Ukraine should be invited to participation.

UKRAINE – GEORGIA

1. Retrospective of bilateral relations

Most of the cooperation agreements between Ukraine and Georgia were signed in the first years after the declaration of independence of the two states. From 1991 till 2012, 497 joint documents of different levels were signed, including 113 bilateral and 384 multilateral agreements, many of which are adopted in the CIS framework. It should be noted that most of the agreements between Ukraine and Georgia were signed in 1993. Activation of relations during the colour revolutions period was not reflected in the specific agreements and projects between the countries.

Today, virtually in all areas of cooperation there is no trend towards revision of agreements that may have lost their relevance or need updating. If such documents as the Consular Convention of 1997 do not require revision, the Agreement on economic cooperation for 1999-2008 has not been renewed yet.

Most of the agreements in the military sector remained at the level of the protocols of intent (1997); the Agreement on military and technical cooperation (1996) reflects neither the current state of affairs, nor the new features of the military-political development of the countries.

Cooperation between Ukraine and Georgia can be divided into several stages:

1991-1997 - establishment of diplomatic relations and development of a regulatory framework for bilateral relations. At that time, because of military actions in Georgia, there was a lack of real projects and a decrease in people to people contacts. Still, cordial relations between the countries were observed due to the past intensive contacts.

1998-2003/2004 - the period of stagnation of the bilateral relationship, a low level of contacts, despite the launching of GUAM; cooperation within the framework of international organizations such as the Organization of the Black Sea Economic Cooperation, the Commonwealth of Independent States and BLACKSEAFOR, etc.



2004-2008 - intensification of political contacts. The period is marked by numerous bilateral contacts at the highest level, joint initiatives and statements in the international arena. It was due to personal relationship between the Presidents and was observed mainly in the political sphere. In the mid-2000s Georgia considered Ukraine as not just the state, which pretended to regional leadership, but a «locomotive towards European institutions.» The visit of the President of Ukraine Viktor Yushchenko to Tbilisi during the Russian-Georgian conflict in 2008 and the non-recognition of the independence of Abkhazia and South Ossetia were highly appreciated by Georgia.

2009-2011 - a period of some estrangement between the countries, related to both the results of the Russian-Georgian conflict and cooling of personal relations of the Presidents Mikheil Saakashvili and Viktor Yushchenko, as well as the election of a new President of Ukraine. At the same time, since 2010 relations have become more pragmatic. Frequent study visits in 2011-2012 related to the increased interest in the success of Georgian reforms are rather formal and perfunctory, and do not contribute to an increase in the level of real cooperation.

It should be emphasized that Georgia is the only one among the Black Sea countries that has always supported the idea of Ukraine's regional leadership in the Black Sea region.

However, despite the apparent active dialogue in the political sphere, the last official visit at the presidential level was back in 2007.

From 2004 to 2008, Ukraine-Georgia tandem in security sphere was one of the most effective. Close cooperation between the two partners in all spheres, the initiation of projects in the framework of GUAM and CDC, the development of the project on oil transportation through the territory of Georgia and Ukraine to the EU (GUEU), the course towards European and Euro-Atlantic integration - all these made the states real strategic partners.

An important element was the cooperation within the regional organizations, in particular GUAM and

CDC. However, it is noteworthy that the surge of organizations' activity was mostly due to the post-revolutionary enthusiasm and did not involve any concrete projects. The CDC virtually ceased to exist at the end of 2006; GUAM was more successful gradually returning to the principles of economic cooperation.

This period was also marked by the joint efforts in the field of Euro-Atlantic integration. Not only the actions in this sphere were concerted, but there was the perception of the Ukraine-Georgia tandem by the international community as the one that should concurrently coordinate the procedures for the entry into the organization. However, the failure of the talks during the NATO Summit in Bucharest in 2008, the Russian-Georgian conflict in August 2008, and the move towards non-block status of Ukraine in 2010 halted this cooperation. Yet, Georgia has brought relations with NATO to a new level, having intensified both domestic and international work to become a full member of the Alliance.

Since 2001, Ukraine and Georgia have been the members of the naval task group BLACKSEAFOR, cooperation in the framework of which is important, but rather technical.

Many experts believe that the cooperation between the countries is not filled with real economic projects, and, thus, cannot be complete and effective. However, it is necessary to analyze the dynamics, which shows a steady increase in the turnover of goods and its most active growth in comparison to other post-Soviet countries.

Main goods are agricultural and pharmaceutical products, machinery, mineral and chemical fertilizers, etc. In terms of services, the transport sphere is dominant.

Dynamics of trade turnover between Ukraine and Georgia, 2006-2011, in millions of US dollars:

2006	2007	2008	2009	2010	2011
384	628	847,5	496	663,5	802

2. Geographic structure of foreign trade [electronic resource] // State Statistics Committee of Ukraine // . - URL: <http://www.ukrstat.gov.ua/>



At the same time, it is believed that Ukrainian business has not had much success in Georgia due to significant competition with the Russian equity, which, despite the difficult political relations between the two countries, actively penetrates into the Georgian economy. Up to the conflict of 2008, it was the Russian Federation that had been the most active in business contacts with Tbilisi. Large investments in metallurgy, transport, banking and energy spheres were often in direct competition with Ukrainian companies in tenders.

2. Current state of bilateral relations

The year 2011 was marked by the intensification of the dialogue between Ukraine and Georgia that have reflected on the dynamics of visits made by the representatives of the countries. Still, its peculiar feature is a higher activity of the Georgian side, as well as a lack of the long-term decisions.

During 2011-2012, there were several official visits at the level of the Ministers of Foreign Affairs and Deputy Prime Ministers, a significant number of contacts at the level of ministers, their deputies, directors of departments, businessmen and local authorities. Still, not a single official visit at the level of the Presidents or Prime Ministers was held. Georgian President Saakashvili visited Ukraine several times on unofficial visits that could not result in major agreements or signing of the documents necessary to strengthen cooperation.

Current active cooperation is observed in the customs and transport spheres and the work of law-enforcement agencies. Most recent agreements between the countries relate directly or indirectly to cooperation in these fields.

In 2011, a Memorandum of Understanding between the Ministry of Regional Development, Construction, Housing and Utilities of Ukraine and the Ministry of Regional Development and Infrastructure of Georgia was signed. It targets cooperation in the sphere of regional development. However, today, real cooperation between the regions is limited to visits of delegations from the twin-regions.

Similar positions of Ukraine and Georgia on European integration and deepening of strategic partnership determines their close cooperation in international organizations: the UN, Council of Europe, OSCE, BSEC, GUAM and BLACKSEAFOR.

Currently, Ukraine is the third in the list of the main external-economic partners of Georgia after Turkey and Azerbaijan. After a six year break, the work of the Intergovernmental Commission on Economic Cooperation was renewed in 2012, which is a positive step. The Commission can focus on the dialogue of the countries regarding specific cooperation projects

Georgia is interested in joining the Viking project. This is a combined transport train connecting the Illichivsk/Odessa (Ukraine) and Klaipeda (Lithuania) ports. Necessary procedures for Georgia and Moldova's accession to the Agreement on the development of freight are almost accomplished.

In addition, Georgia is interested in the joint construction of new hydro-power-generating facilities on the Georgian rivers that would allow exporting electricity to other countries. The country also has interest in restoring the telecommunication route linking Poti and Varna (Bulgaria) with an offset to Odessa. Ukraine is offered to take part in the construction of the new port city Lasik on the Georgian coast. It is expected that within four years 120 million US dollars will be invested in the construction. However, the project is unlikely to be carried out under the new Government in Georgia that stands against its implementation.

At present, Ukraine is building a terminal for the storage of Georgian agricultural products for exports of fruits and vegetables, both to Ukraine and other Eastern European markets.

As of 2012, more than 50 companies with Ukrainian equity have been established in Georgia. Today, only the «Privat» group is actively presented in Georgia, being involved into banking, tourism and metallurgical sectors. At the same time, Georgian companies are in no hurry to invest in Ukrainian economy. Not least, this is because of the differences in procedures and requirements for doing busi-



ness, the slow reaction of the Ukrainian business on investment opportunities in Georgia, unreadiness to participate in open tenders, as well as the complicated relations of business and the Government in Ukraine.

Despite the fact that Georgia is not a member of the CIS, the WTO membership of both countries, as well as agreements within GUAM, reduces the likelihood of conflict in mutual trade.

The transport sector is one of the key areas not only for the growth of trade turnover between Ukraine and Georgia, but the shipping from the Caucasus and Asia to Europe. Poti-Illichivsk ferry connection is the main unit of the EU project TRACECA. This route is efficient, because it does not cross the territories of the unrecognized republics, unlike the direct rail or road transport passing through Russia and Abkhazia.

Due to the favourable geopolitical position and its foreign policy orientation, Georgia is actively involved in the implementation of Caspian energy projects. In May 2012 it was announced that Ukraine and Georgia would cooperate in the supply of Azerbaijani liquefied gas to Ukraine through Georgian territory. However, here the parties may encounter the resistance from Turkey and the competition from Romania. Ukraine has actually missed its opportunities after the start of the AGRI project (Azerbaijan-Georgia-Romania Interconnector).

Cooperation in defence and security was partially reduced after the Russian-Georgian conflict in 2008 and accusations of Ukraine in the illegal arms trade with Georgia. Those allegations have not been formally confirmed, but the tension in relations between the Russian Federation and Georgia does not allow Ukraine to intensify bilateral cooperation in the military sphere.

Today, 20 Ukrainian NGOs conduct activities in Georgia. They are actively involved in the preservation of Ukrainian culture and traditions among ethnic Ukrainians. At the same time, their work is not supported by the Ukraine state, except for the limited assistance of the Ukrainian Embassy in Tbilisi.

During 2006-2010 in the framework of the State program of cooperation with foreign Ukrainians, 150 ethnic Ukrainians with Georgian citizenship were sent to get free education in higher educational institutions of Ukraine. Since 2011, such activities have been terminated.

3. Controversial issues within bilateral relations

Today, there are no irreconcilable problems in Ukrainian-Georgian relations that would block the development of bilateral dialogue. Still, there are a number of difficulties determined by objective and subjective factors, which do not allow realizing potential in full.

First of all, it is an obsolete regulatory framework that does not reflect the current state of bilateral relations. A number of cooperation opportunities remain at the level of intent (military-technical cooperation), or are based on the agreements signed in the mid-1990s (cooperation in the field of youth policy), not meeting the current trends in those spheres.

Differences in foreign policy priorities of the two countries should be noted separately. Georgia has clearly declared its course to European and Euro-Atlantic integration. In addition, one of the consequences of the 2008 Russian-Georgian conflict was the walkout of Georgia from the CIS. At the regional level, Tbilisi increasingly focuses its activities within the Georgia-Azerbaijan-Turkey triangle. Ukraine, in turn, has dropped the course towards Euro-Atlantic integration and advances its involvement in the Eurasian projects under the auspices of Russia, which reduces cooperation opportunities. In addition, there is a competition for attention of the third countries (Russia, Turkey, Azerbaijan and Romania), which prevents focusing on the Ukraine-Georgia tandem, efficient back in 2005-2007.

Special attention should be paid to the low level of mutual investments. Thus, as of July 7, 2012 the Ukrainian investments in Georgia amounted to only 33 million US dollars, or 0.5 per cent of the total Ukrainian investments in other countries. The State Statistics Service of Ukraine has no official records on



the volume of Georgian investments in Ukraine, as they are less than 1 per cent of the total investments and, thus, Georgia is not included in the list of 15 major investors.

Lack of awareness of potential business partners and the population of Georgia of the Ukrainian economic and tourism potential do not contribute to enhancing bilateral contacts.

In fact, there is no cooperation in the humanitarian sphere (low level of the academic exchange, almost no possibilities for student exchanges, including European mobility programs). In Georgia, there is only one Ukrainian school, which is unpopular because of the low level of education it provides. In both countries Sunday schools are open, but they focus only on diaspora members, e.g., those Georgian citizens, who wish to study the Ukrainian language, do not have that opportunity, as the Sunday school targets the younger age group, while the information about the school is available only in Ukrainian, etc.

At present there are no clear data on the number of Ukrainians living in Georgia. According to the 1989 census, more than 52 thousand Ukrainians (one per cent of the population) resided in Georgia. The 2002 census records seven thousand. According to the data of Ukrainian associations, 20 thousand ethnic Ukrainians are currently living in Georgia. Experts note that such data diverge is due to the two factors: the erroneous recording of ethnic Ukrainians as «Russian»; and a large number of mixed marriages, where children are automatically recorded as the Georgians. In addition, many Ukrainian citizens living in Georgia are not indicated in the consular register.

Existing cooperation agreements between universities remain on paper only, with no real interaction or joint projects due to the lack of funding, among other reasons. The only area of actual cooperation is training of aviation experts.

4. Prospects for the development of bilateral relations

Ukrainian-Georgian relations have good prospects

not only in the context of bilateral cooperation, but also in terms of ensuring the stability and development of the Black Sea region.

Possible scenarios of the development of bilateral relations:

1) Comprehensive intensification of political and economic cooperation. This option is the most advantageous for Ukraine. Its implementation is possible in case of democratic parliamentary and presidential elections in both countries and a clear course towards European integration. The implementation of a number of promising economic projects is impossible without active political dialogue, e.g., in the energy sector.

2) Enhancing economic cooperation at stagnation of a political dialogue. Currently, this is the most likely option due to the concentration of the countries on domestic issues, as well as different visions of foreign policy priorities. A certain political isolation of Ukraine and Georgia and counteraction of Russia may contribute to the development of relations under this scenario. At the same time, economic cooperation will be intensified, including through the resumption of the bilateral Commission on Economic Cooperation.

3) The current status quo, characterized by mutual positive attitude without any real content of cooperation. Multiple visits are more informational than practical. Given the active promotion of Georgia in Ukraine, in fact, there is no reciprocal work of the Ukrainian state. This scenario contains no threat to bilateral relations, but it does not provide the opportunity to realize the existing potential.

4) Freezing of the dialogue between the countries, except for people to people contacts, because of Georgia's active strategy of European integration and Ukraine's reorientation on Eurasian cooperation. This is the least preferred scenario, although, it is quite probable, if the current trends in the relations between Ukraine and the EU remain unchanged and the Eurasian integration processes continue.

Ukraine-Georgia tandem is promising, since it does



not claim to domination over other states in the region. This is a tandem of equal players, where the goal of each state is stable and democratic development of both their own states and the entire region.

Cooperation between Ukraine and Georgia implies the prospects of multilateral projects: first of all, in the framework of GUAM and BSEC; cooperation in the Ukraine-Georgia-Azerbaijan trilateral projects (in the transport and energy sectors); Ukraine-Moldova-Lithuania-Georgia (more efficient transportation between the Baltic and the Black Seas); Ukraine-Georgia-Moldova (within the European integration), etc. Cooperation within the European programs, especially the Eastern Partnership, contains a great potential, as well.

5. Recommendations on the improvement of bilateral relations

In order to enhance bilateral cooperation, inter alia, the following steps should be taken:

In the political sphere:

1) to consider the establishment of bilateral inter-governmental commissions on energy security and on European integration, as well as inter-agency commission on cooperation in the humanitarian and tourism areas;

2) to advance cooperation in the framework of GUAM that should become public and targeted. Despite the fact that it is designed to enhance both economic and political cooperation, today it is focused only on the cooperation in the field of transport, the fight against illegal migration and drug trafficking;

3) to strengthen the cooperation between the countries within the framework of the Eastern Partnership. The Ministry of Foreign Affairs should initiate the consideration of providing separate funding for the implementation of the Ukrainian-Georgian proj-

ects, following the example of the trilateral Romania-Ukraine-Moldova cooperation program. Within the Platform 1, the dialogue on the exchange of experience in the field of administrative and police reform, access to public information, electoral laws and others should be strengthened. Within the Platform 2, it should advance the sharing of experience in the preparation and signing of the Association Agreement, as well as the adaptation of the EU norms and regulations at the local level. Within the Platform 4, youth policy, student mobility and cooperation of non-governmental organizations deserve special attention.

In the economic sphere:

1) to adopt a program on economic bilateral cooperation for 2013-2018;

2) to create conditions for the renewal of passenger shipping between the Ukrainian and Georgian ports, this will interest both Ukrainian and European tourists;

3) to create conditions for reducing the cost and expanding the geography of flights between Ukraine and Georgia. Over the last few years the cost of a Kyiv-Tbilisi ticket has virtually doubled. With an increase in the mutual interest of Ukrainians and Georgians, the high cost reduces the opportunities, especially for the exchange of youth, academics and tourists;

4) to recommend to the Ministry of Infrastructure of Ukraine to analyze the possibilities for expanding shipping, which are currently limited to Illichivsk-Poti/Batumi ferries. Special tariff within GUAM free trade zone should be introduced;

5) to create trading houses in Georgia and Ukraine in order to promote the products of the countries;

6) to promptly update the information on the proposals of economic entities of the countries, as well as on exhibitions and seminars on the web-site of the Embassy of Ukraine in Georgia.

7) to intensify a work of the GUAM Business Council.

2. Географічна структура зовнішньої торгівлі товарами [Електронний ресурс] // Державний комітет статистики України. – URL: <http://www.ukrstat.gov.ua/>



In the security and defence sphere:

1) to consider the possibility of establishing a joint Ukrainian-Georgian peacekeeping battalion following the example of the Ukrainian-Polish battalion to participate in peace operations under the auspices of the UN and other international organizations;

2) to recommend to the Ministries of Defence of Ukraine and Georgia to discuss the possibility of joint initiative to unite BLACKSEAFOR and Black Sea Harmony, as such that duplicate some elements of navy cooperation in the region.

In the humanitarian sphere:

1) to organize press tours for journalists from Georgian media;

2) to recommend to the Ministry of Culture of Ukraine should consider holding the Ukrainian Film Festival in Tbilisi;

3) to recommend to the Embassy of Ukraine to consider fielding Sorochyntsi Fair in Tbilisi during the Days of Ukraine in Georgia in 2013;

4) to recommend to the Ministry of Education and Science, Youth and Sports of Ukraine to consider opening of the department or a centre for studying of the Georgian language at a university in Ukraine, after the Institute of Ukrainian Studies at Tbilisi State University.

5) to recommend to the Ministry of Education and Science, Youth and Sport to consider resuming the program for Georgian citizens of Ukrainian descent education in Ukrainian universities to be financed from the state budget;

6) to consider quotas for educating Georgian students in universities to train specialists in marine economic, military, metallurgy and oil spheres.

UKRAINE – MOLDOVA

1. Retrospective of bilateral relations

Several stages may be defined in the development of bilateral relations:

1991-1996 - laying the foundations for bilateral cooperation; signing of the Treaty for Friendship and Cooperation between Ukraine and the Republic of Moldova on October 23, 1992 ratified by the Parliaments in 1996. Procedures for identification of property units subjected to devolution were introduced. On August 11, 1994 the countries signed a bilateral agreement between the Governments on the mutual recognition of ownership rights and regulation of property relations. It should be noted that the process of identification of property units subjected to devolution was seriously complicated by multiple reselling of recreational facilities;

1999-2006 - partial settlement of state border issue. On August 29, 1999 the State Border Treaty was signed. The most controversial issue in terms of its consequences for Ukraine was the transfer of the ownership of more than 400 m along the Danube banks by Giurgiulesti village to Moldova. A port has been built there, which is now a competitor to the Danube ports of Ukraine. If the effects caused by the opening of passenger, freight and grain terminals can be mitigated through the infrastructure development, the opening of the oil terminal is a threat to the Danube Biosphere Reserve ecosystem;

2006-2010 - stagnation in relations at the highest level, not least, caused by the change of elites and constitutional crisis in Moldova. The achievement of that period was the Agreement on cooperation in the field of the rights of persons belonging to national minorities signed on December 17, 2009. It was ratified by the Parliament of Ukraine on October 5, 2010. The ratification by Moldova was needed for the document to enter into force. However, the Moldovan authorities tend to balance between the obligations owned to Ukraine and pro-Romanian sympathies, when it comes to this issue.

As for trade and economic cooperation, since 2003 the countries have been enjoying the benefits of a



free trade zone. The highest rate of exports from the Republic of Moldova to Ukraine was recorded in 2006-2007 due to Moldovan wine supplies to Ukrainian market, which was related to the introduction of Russian export ban. The highest rate of exports from Ukraine (1\5 of the imports to Moldova) was recorded in 2003-2005, when Ukraine was virtually the sole supplier of electricity to the country. In 2008-2009, the commodity turnover declined, but in 2011 it managed to reach the pre-crisis level. A current steady increase in trade is noted. According to the State Statistics Service of Ukraine, in the first half of 2012 the export of Ukrainian goods to Moldova amounted to 356,646.3 thousand US dollars (98.1 per cent of the same period in 2011), import totalled to 59,939.0 thousand US dollars (144.3 per cent compared to the first six months of 2011). The balance is in favour of Ukraine and amounts to 296,707.3 thousand US dollars.

According to the data for 2010-2011, Ukraine is the third in the rating of countries trading with the Republic of Moldova (after Russia and Romania). The low volume of investments and the fact that Moldova is investing more money in the economy of Ukraine, than Ukraine in the Moldovan economy, should be noted.

International and regional cooperation in 1991-2010 was carried out in several dimensions:

- the settlement of the Transnistrian conflict;
- participation in the Organization for Democracy and Economic Development (ODED-GUAM). In 2011 Moldova chaired GUAM, but no significant initiatives were put forward. Moreover, experts note the low efficiency of the organization;
- cross-border cooperation and participation in the Euroregion. Pursuant to the agreements reached at the meetings of the Presidents of Ukraine, Romania and Moldova in July 1997 in Izmail, the Agreement on the Lower Danube Euroregion establishment was signed on June 14, 1998. The territory covered by the Agreement included the Odessa region of Ukraine, the Moldovan region of Vulcanesti (currently not a part of the Euroregion), Cahul, Cantemir, Romanian Braila,

Galati and Tulcea. Romania benefited most from the project, as it managed to make rational use of the funds for technical assistance allocated by the EU institutions;

- in 2007-2009 Moldova and Ukraine, along with Georgia and Russia, took part in the EU Black Sea Synergy project, under which Moldova implemented the Water Framework Directive, the Directive on sewage and the Directive on nitrates, while Ukraine was to improve the Law on the coastline;
- within the project «Cross-border cooperation and sustainable management in the Dniester basin» in the context of the OSCE and UNECE Environment and Security (ENVSEC). As a result, the «Regulation on cooperation on sanitary-epidemiological control of water quality in the transboundary Moldovan-Ukrainian section of the Dniester River basin» was adopted.

No practical results were achieved within security and defence cooperation.

2. Current state of bilateral relations

In 2011 high-level contacts have intensified (visit of the Minister of Foreign Affairs of Ukraine Kostyantyn Gryshchenko to Chisinau in July 2011; the visits of the Speaker of Parliament Mariana Lupu to Kyiv in February 2012 and of the Prime Minister of Moldova Vlad Filat in March 2012; the visit of the President of Moldova Nicolae Timofti to Kyiv in May 2012). That was due to the resolution of the political crisis in Moldova and the election of the President.

In July 2011, the first in six years official visit of the Minister of Foreign Affairs of Ukraine to Chisinau was held. It resulted in the signing of a joint statement of the Foreign Ministers of Ukraine and the Republic of Moldova on cooperation in the field of European integration. Moldova presented Ukraine with an act of ownership of the 7.7 km land line along Odessa-Reni road near the village of Palanca, allowing not narrowing the Odessa-Reni road to by-



pass Palanca. This can be viewed as a step to defuse the political dialogue.

The visit of the Speaker of the Moldovan Parliament to the Crimea and the meeting with the President of Ukraine Viktor Yanukovych in July 2011 contributed to the resolution of a number of issues:

- the requirement to the citizens of Moldova to prove financial security for the period of stay in Ukraine has been suspended (according to the decree, the Republic of Moldova was in the list of «immigration risk» countries; crossing the border its citizens had to prove they possessed financial means in the amount of 12,600 UAH (about 1,600 US dollars);
- the bilateral intergovernmental Ukrainian-Moldovan general commission for trade and economic cooperation has resumed its work;
- negotiations on disputed property units have been launched;
- the northern section of the Ukrainian-Moldovan border (about 300 km out of 450 km) have been demarcated, half of the central border section has been conditioned.

In September 2011, the Speaker of the Moldovan Parliament Lupu and the President of Ukraine Yanukovych met at the Summit of the Heads of the Central European States in Warsaw. It allowed resuming negotiations on a number of strategic issues (border demarcation and recognition of ownership) and technical issues (environmental tax on disposable packaging raised by Ukraine and excise taxes, which are higher for Moldovan products than for similar products from other countries, raised by Moldova).

The visit of the Prime Minister of Moldova Filat to Kyiv was organized in February 2012. As a result, the mechanism of package settlement of demarcation issues and determination of property units was taken as a basis for negotiations.

The current cooperation tends to the implementation of joint initiatives within the Dniester Euroregion. Its establishment was initiated by Vinnitsa

region and the six districts of Moldova (Ocnytzia, Dondushen, Rezina, Soroka, Floresht and Soldanesti). Today, the Transnistrian Kamensky and Rybnitsa areas have an agreement in principle as economic Euroregion partners (such format allows dissociating the political and economic aspects and attract more investments in the economy of the area).

In 2012, the negotiations on the Transnistrian conflict settlement have been resumed in the 5+2 format. To a large extent that was caused by the change of elites in Transnistria, Moldova's commitment to the dialogue, gradual resolution of the constitutional crisis in Moldova with the election of a new President, as well as the constructive position of Ukraine as a guarantor country in creating and providing platforms for consultation of the parties. The position of Ukraine remains unchanged, which is the territorial integrity of Moldova with the special status of Transnistria.

Moldova has revised the idea of the EU integration on the «Balkan package» platform in favour of the Eastern Partnership, which, among other opportunities, allows carrying out joint Moldovan-Ukrainian initiatives to deepen economic cooperation with the EU, transport and energy, environmental protection, and visa regime liberalization. During the Kyiv meeting of the Presidents Timofti and Yanukovych in May 2012 an agreement on cooperation in the field of European integration was reached.

Today, it is too early to talk about the full settlement of controversial issues within Ukrainian-Moldovan relations. These are the technical issues that have been mostly resolved, which leaves open the question of the transition to a strategic partnership.

3. Controversial issues within bilateral relations

One of the most urgent problems is the deliberate delay of ratification of the Agreement on the recognition of the rights of persons belonging to national minorities by Moldova. The practical implementation of this Agreement is extremely important for both sides, given the fact that the Ukrainian na-



tional minority is the most numerous in the Republic of Moldova. According to the 2004 census, it numbered 282.4 thousand people (8.4 per cent of the population) and 178.2 thousand (28.8 per cent of the population) reside in the Transnistrian region. Only in 52 of the 1,500 secondary schools in Moldova curricula include the Ukrainian language as a special course, which is attended by 6,000 children (in 2006, there existed 57 schools of a kind, and Ukrainian was learnt by 8,000 kids). The Ukrainian press and television are not wide-spread enough in Moldova: twice a month a half-hour Ukrainian program «Svitanok» is broadcasted on Moldova 1 TV channel, while the Vidrodzhennya magazine is issued once a week. The Ukrainian TV channel Inter+ is broadcasted only on cable television network. According to the nationwide census conducted in 2001, 258.6 thousand representatives of the Moldovan minority, who identify themselves exclusively as Moldovans, reside in Ukraine. The vigorous activity of the Moldovan minority had begun long before the signing of the Agreement. In particular, National-Cultural Association «Luchaferul» in Odessa region was created in 1993. Later, in 1998 it initiated the establishment of the All-Ukrainian National-Cultural Association of Moldova. According to the conclusions of the Committee of Ministers at the Council of Europe, in the first round of monitoring of the compliance with the European Charter for Regional and Minority Languages (2010), the Moldovan language in Ukraine is quite well represented in the education system.

The determination of ownership on the Dniester HPP-2 dam and the operating conditions of the Dniester hydroelectric complex remain an issue. Given that instrumentation for checking the state of underground hydraulic structures, cables and electrical networks are located on the territory of Moldova, in 2007 the Moldovan side demanded that Ukraine pay for land or allocate a share in a newly built power plant. However, it is impossible to provide stockholding of a 100 per cent state-owned energy company. Today, the operation of the plant causes protests of Moldovan environmentalists and the public, who claim that hydropower seriously damages the ecosystem, reducing the capacity of the river to self-cleanse and, thus, destroying valuable fish species.

Given the magnitude of the possible environmental problems, in 2012 the Governments approved a draft Agreement on cooperation on protection and sustainable development of the Dniester River basin. The document provides for measures to ensure environmental safety, including in the area of the Dniester HPP. On July 26, 2012 a general protocol was signed providing for the final version of the text. The practical implementation of the Agreement remains of current interest.

Completion of the border demarcation near the Novodnestrovskaya HPP and Giurgiulesti port requires special attention. On June 12-14, 2012 the meeting of the General Ukrainian-Moldovan Demarcation Commission was held in Chisinau, which set out the main principles of demarcation in the area.

Settlement of property disputes permanently remains on the agenda. According to the State Property Fund of Ukraine, 47 property units owned by Moldova are located in Ukraine, but the Moldovan side claims to 137 units (mostly recreation facilities located in Odessa, as well as in Odessa and Nikolaev regions and Truskavets). During the 20-year period, owners of such health centres have been changing several times, and now it is difficult to determine the initial owner.

Building trust between the two banks of the Dniester river is particularly relevant, given the high number of Ukrainian citizens living in Transnistria (according to the census of 2004, 178.2 thousand people or 28.8 per cent of the population), and 452 km of the Ukrainian-Moldovan border falling on the Transnistrian section.

The effectiveness of collaborative management of the Dniester River basin should be improved. The Agreement between the Government of Ukraine and the Government of the Republic of Moldova on the Joint Use and Protection of Border Waters (1994) provides for the management only by Water Resources Departments, while the sanitary-epidemiological supervision or environmental NGOs are excluded from the decision-making.

There are also technical issues, like the initiated by Moldova construction of the railway bypassing



Transnistria, which undermines confidence in the negotiation process. Moreover, Ukraine's participation in this project is obviously disadvantageous due to its high cost.

4. Prospects for the development of bilateral relations

There are several possible scenarios for the development of bilateral relations:

1) Routinisation of relations, deliberate delaying of negotiations on the determination of property units, the demarcation of the border and protracted agreeing on technical aspects of bilateral cooperation. Such situation is disadvantageous for both parties, as they are losing prospects in the Black Sea region. It will lead to the increased dependence on the Russian Federation (in matters of energy supply) and Romania (in humanitarian affairs and transportation); the decline in trade and mutual investment; stagnation in the settlement of the Transnistrian issue, or reintegration of Transnistria; lack of brand new approaches in the development of energy and environmental projects, as well as transport infrastructure. Ultimately, such scenario may result in deterioration in the life standards of the citizens residing at the border and ethnic minorities in both countries. In turn, that may result in a decrease of political elites legitimacy, which is as disadvantageous for Ukraine as for Moldova.

2) Use of leverage by the parties, when settling the issues of the border demarcation or determination of property units (bringing in environmental impacts of the Giurgiulesti port or Dniester HPP as arguments in negotiations). This is a "lose-lose" situation, as it increases the risk of rejecting the results of negotiations by political elites and public opinion, and entails deterioration in relations. That may increase energy dependence on Russia and humanitarian dependence on Romania.

3) Systematic approach to finding solution of existing problems. This approach should become a framework for attempts on concurrent solving of the issues of national minorities, the Ukrainian-Mol-

dovan border demarcation and the recognition of property units. Successful resolution of the issues may create conditions for the establishment of strategic partnerships and implementation of the European integration project.

In the med-term perspective, the resuscitation and content-orientation of the Lower Danube Euroregion, the use of its potential by means of the EU Danube Strategy tools, the implementation of transport and energy projects are to be expected. Implementation of the Dniester Euroregion project would enhance economic cooperation and contacts between the inhabitants of the border regions, and also provide incremental steps to solve the Transnistrian issue. Collaborative projects not only in the sphere of culture and education, but also in the field of environmental protection and energy (the implementation of measures on environmental safety in the Dniester Basin, minimization of risks generated by an oil terminal at the Giurgiulesti port, the development of joint projects on alternative energy) should be developed. The Eastern Partnership will be used as a platform for cooperation, strengthening of both parties' position in the Black Sea region and allowing implementation of specific projects with the EU funding (projects on alternative energy development with the use of TEN-E tools are of interest). This is the most preferable scenario.

5. Recommendations on the improvement of bilateral relations

In the political sphere:

Systematic relations relatively free from Russian or Romanian influence should be a priority policy option. In the med-term perspective the bilateral relations should be intensified and the opportunities offered by the EU programs in the region should be used. Thus:

1) the Ministry of Foreign Affairs of Ukraine should continue developing the European integration vector in cooperation with Moldova, with the focus on the need to complete the demarcation of the border;



2) in the context of Ukraine's chairmanship in the OSCE in 2013, negotiations on the settlement of the Transnistrian conflict (one of the main priorities for the period of the chairmanship), the definition of the Transnistria status and filling it with real content should be promoted;

3) the role of the third sector in negotiations should be enhanced. Non-government sector experts should be engaged to the development of solutions within bilateral relations. In order to overcome the shortage of comprehensive expert judgement of bilateral relations, exchange programs for young civil servants between the Foreign Ministries should be organized with the subsequent decision-making on issues of common interest (European integration, consular matters, the Transnistrian issue). In this regard, a platform for regular exchange of views among experts, including representatives of non-governmental organizations, should be established;

4) given the commitment of Romania to rebuild its image in the EU harmed because of the crisis in the political and economic sphere in 2009-2011 and high interest in the processes in Moldova and Ukraine, a tripartite permanent Ukraine-Romania-Moldova forum involving experts from the civil society should be established. This would create an opportunity to openly discuss the impact of some potentially conflict Romanian initiatives on both Moldova and Ukraine (mainly projects on rebuilding the Great Romania and the rights of national minorities). That would enhance confidence in the settlement of the Transnistrian issue.

In the economic sphere:

1) the format of cross-border cooperation should be used to the full that may bring the solution of bilateral issues to a new level. Implementation of joint initiatives within the Dniester and Lower Danube Euroregions (the potential of cooperation in the Euroregion was not used in full). Given energy dependence on foreign supplies, there is a need to develop alternative energy sources and advance energy efficiency. In particular, in the framework of the Joint Operational Program Ukraine-Romania-Moldova 2007-2013, which provides the EU funding, it is appropriate to carry out projects in spheres

such as: the development of local renewable energy options (biomass, bio-energy, solar and air energy); modernization of energy networks at the border areas (electricity and gas); interconnection of energy networks by simultaneous entry of Ukraine and Moldova to the Union for the Coordination of Transmission of Electricity (UCTE); and the environmental protection;

2) in order to determine the capacities and limitations of the trade and economic cooperation and to develop recommendations, a forum with business people from Chisinau, Kyiv, Odessa and Tiraspol should be initiated;

3) the bilateral Agreement on joint management of the Dniester river basin should be signed. It should be based on the «Regulation on cooperation on sanitary-epidemiological control of water quality in the transboundary Moldovan-Ukrainian section of the Dniester River basin», adopted as a result of the project «Cross-border cooperation and sustainable management in the Dniester basin»;

4) the Ministry of Foreign Affairs, the Ministry of Infrastructure, the Ministry of Energy and Mines, the Ministry of Ecology and Natural Resources of Ukraine should coordinate their work within these projects. Otherwise, opportunities offered by the EU Danube strategy to Ukraine will be lost. The mechanisms for modernization of transport corridors, as well as the TEN-E electricity supply network, should be used as part of the TEN-T project;

5) the tools of the Eastern Partnership should be used. Efforts should be undertaken to approximate the EU standards. Best practices in the implementation of the EU recommendations should be shared (in particular, Moldovan experience in liberalization of the visa regime with the EU).

In the field of humanitarian cooperation and people to people contacts:

1) during the bilateral consultations, the Ukrainian Foreign Ministry should attract attention of Moldova to the priority of the «human dimension» in the negotiation process; Ukraine's aspirations; immediate ratification of the Agreement on coopera-



tion in the field of the rights of persons belonging to national minorities by the Parliament of Moldova; and implementation of the document. As a result, the number of schools teaching Ukrainian in Moldova should increase. The expected result is a better knowledge of the Ukrainian language;

2) in the framework of negotiations, the Government of Ukraine should take steps to provide adequate cultural development of Ukrainians living in the Transnistrian region.

UKRAINE – POLAND

1. Retrospective of bilateral relations

Today, the contractual basis includes more than 120 international treaties and properly regulates most spheres of the Ukrainian-Polish cooperation. An important component of the legal framework is bilateral agreements between Ukrainian and Polish regions that outnumber 450 documents.

On July 16, 1990 the Verkhovna Rada of the Ukrainian SSR proclaimed the Declaration of State Sovereignty of Ukraine. In response, on July 28, 1990 the Sejm adopted a resolution, which recognized the right of Ukraine to independence and called the Declaration a turning point in the history of the neighbouring state. On December 2, 1991 Poland was the first country to recognize Ukraine's independence.

On January 4, 1992 diplomatic relations between the countries were established at the level of embassies. As a result of an intense collaboration, the countries signed the Treaty for Good-Neighbourliness, Friendship and Cooperation on May 18, 1992.

On March 21, 1994 in Warsaw, at the level of Foreign Ministers and for the first time at the international level, the strategic importance of the Ukrainian-Polish relations was proclaimed.

Later, on June 25-26, 1996 in Warsaw, the President of Ukraine Leonid Kuchma and the President

of Poland Alexander Kwasniewski reiterated the course of the countries towards the development of strategic partnership, which was stated in the Joint Declaration of the President of Ukraine and the President of the Republic of Poland of June 25, 1996.

The goal-oriented development of Ukrainian-Polish political relations allowed Ukraine to get support of Poland in establishing a dialogue with the United States and major European countries.

During Kuchma's second presidential term, political situation in Ukraine had somewhat complicated, and strategic partnership with Poland was replaced by good neighbourly relations.

Political crisis in Ukraine in 2000 complicated the implementation of the undertaken by Warsaw tacit obligations to advocate for Kyiv in relations with NATO and the European Union.

Since gaining the EU membership in 2004, Poland has been addressing the European institutions with a proposal to grant Ukraine a membership perspective.

The change of political elites in Ukraine as a result of the 2004 presidential elections was accepted with understanding in Poland, and some Polish politicians even took part in the protest on the Independence Square in Kyiv. The President Kwasniewski was one of the international mediators in a few rounds of the round table on resolution of the situation (November 26, December 1 and 6, 2004).

With the election of Lech Kaczynski to the post of the President of Poland in 2005, Warsaw remained an advocate of Ukraine in the international arena, including in the framework of the Eastern policy of the European Union and NATO.

In December 2006, Poland joined the initiative of Ukraine and Georgia on establishment of the Commonwealth of Democratic Choice, but the union was ineffective. In 2008, Poland, along with the United States, was a strong advocate of granting Ukraine and Georgia a Membership Action Plan for joining NATO.



Ukraine's position, not too favouring for joining the European Union and NATO, came amid Poland's new initiatives, which seemed drifting away from its former role of a regional leader in Central and Eastern Europe in favour of the EU Eastern policy mastermind. This priority of Polish foreign policy was implemented in 2008 within a joint Polish-Swedish Eastern Partnership initiative, which later received the status of the official EU policy.

In 2008, a new format of meetings between the Council of the MFA of Ukraine and the MFA of Poland was introduced. In order to identify priority actions in the short term perspective, road maps of the Ukrainian-Polish cooperation for the two-year period were put forward. In particular, an entirely new road map of the Ukrainian-Polish cooperation for 2009-2010 was drafted.

Interregional Ukrainian-Polish cooperation is very important. The main legal instrument here is the Agreement between the Governments of Ukraine and Poland on interregional cooperation, signed on May 24, 1993.

The key mechanism is the established in 1995 Intergovernmental Coordination Council for interregional cooperation. The last regular meeting of the Council was held on March 28-29, 2012.

After Poland's accession to the European Union and the launch of the new European Neighbourhood Policy, the Strategy of Ukrainian-Polish interregional and cross-border cooperation was signed (Yalta, June 25, 2004).

Practical mechanism for the development and implementation of interregional projects is the participation in the Bug Euroregion activities (established in 1995) and the Carpathian Euroregion Association (created in 1993).

In the early and mid-90's of the XX century Ukrainian-Polish economic relations were steadily improving. For the period of 1992-1997 the volume of the Ukrainian-Polish trade increased by six times. However, there was a significant slowdown in 1998-1999 was caused by several factors, including the financial and economic crisis in Russia, a market for

roughly 30 per cent of Ukrainian exports. Demand for Ukrainian imports was growing, as well as the prices for some of the goods, especially, for agricultural products. That resulted in the impairment of hryvna value and had a negative impact on Polish exports. During the abovementioned period, a 14 per cent decline in trade was noted, while imports from Poland decreased by 17 per cent. The obstacle to the development of economic relations in that period was a lack of agreements on the joint economic zone, the infrastructure for trade exchange and coordinated customs policy.

Some economic growth was observed in 2000. It was related to an increase in demand and production volumes. The trade rate grew and, as a result, the turnover of goods increased by 22.4 per cent compared to 1999.

One of the most promising among Ukrainian-Polish projects from the economic and geopolitical point of view is the extension of the Odessa-Brody pipeline to Gdansk in order to transport Caspian oil to Europe. This project is very important from the perspective of strategic partnership in energy security. As of today, the Odessa-Brody-Gdansk project has not been actually implemented. The Ukrainian part of the pipeline is used for the delivery of Caspian oil to Ukrainian refineries.

2. Current state of bilateral relations

Many of the events of 2010 influenced the bilateral relations. In early 2010, Viktor Yanukovich won the presidential race in Ukraine. And in less than six months, due to the tragic death of Lech Kaczynski and early elections, Bronislaw Komorowski became the new President of Poland. All of those factors contributed to the character and the development of the Ukrainian-Polish relations in 2010-2012.

After the 2010 presidential elections in Ukraine and Poland, the newly elected leaders confirmed their mutual interest in the development of relations. That was discussed during the visit of Bronislaw Komorowski on September 25, 2010 to Kharkov, and at the meeting of the Presidents at the Yalta Con-



ference in the Crimea in October 2010. Such commitment was confirmed at the level of the Heads of Governments. The priorities were the implementation of future joint projects and support of the Kyiv's European integration aspirations by Warsaw. At present, Interparliamentary relations are productive.

Throughout 2011, the foreign ministers of Ukraine (Kostyantyn Gryshchenko) and Poland (Radoslaw Sikorski) met several times in the framework of working visits and international events. During the Gryshchenko's working visit to Poland on February 25, 2011, the Declaration on the establishment of the Ukrainian-Polish Partnership Forum was signed.

From July 1, 2011 to January 1, 2012 the Republic of Poland had been presiding in the European Union. During its presidency, one of the Poland's priorities had been to complete negotiations between Ukraine and the European Union and initiate an Association Agreement with the EU and Ukraine on the establishment of a free trade zone. De facto, the talks had been concluded before the end of 2011, but the Agreement was not initiated on time. It was hampered by the detention of the former Prime Minister Yulia Tymoshenko and the following judgment in the gas case that drew sharp criticism of the Ukrainian authorities in the EU. In that situation, Poland tried to influence the resolution of the situation between the Government and the opposition, and it also refused to make sharp statements against Ukrainian authorities, unlike some EU countries, like Germany, and the European Parliament that expressed their critical position in resolutions.

Since August 2011, in total, ten meetings of Yanukovich and Komorowski were held, where the issue of political situation in Ukraine was addressed. During 2010-2012, the countries signed 10 regulations which, however, are not that significant for the development of bilateral relations.

The accomplishment of 2011-2012 was the establishment of cooperation during EURO 2012, especially, the collaboration of Ukrainian and Polish border and customs agencies. Still, the mere submission of a joint application form for hosting the Championship and its successful implementation may indicate the special status of these bilateral relations.

The economic cooperation in 2011 was developing rapidly. According to the State Statistics Committee of Ukraine, in 2011 the volume of foreign trade of goods amounted to 5,977.4 million US dollars. The level of Ukrainian exports to Poland valued 2,794.1 million US dollars and, compared to 2010, it increased by 56.3 per cent. The level of Polish imports to Ukraine amounted to 3,183.3 million US dollars and in comparison to 2010 increased by 14.1 per cent.

According to the State Statistics Committee of Ukraine, the volume of foreign trade in services grew by 19.6 per cent compared to 2010 and made 271.7 million US dollars. The level of Ukrainian exports of services to Poland in 2011 amounted to 133.6 million US dollars, while Polish imports of services totalled to 138.1 million US dollars.

It should be noted that the enhancement of trade and economic ties have greatly contributed to activities of permanent Ukrainian-Polish economic forums and seminars, organized mainly by Poland. An important contribution to the development of economic relations was made by the Ukrainian-Polish intergovernmental commission on trade-economic and scientific-technical cooperation.

A special attention within the economic cooperation is paid to investments. 1,244 companies with Polish investors' equity operate in Ukraine. In Poland, 9 companies with Ukrainian equity have been established for now. Traditionally, Polish investments are directed to the manufacturing sector (50 per cent), the financial sector (30 per cent), wholesale and retail trade (12 per cent).

Within the development of people to people contacts, a positive sign was the cancellation of the fee for national Polish visa and liberalization of the Polish law for Ukrainian citizens working in Poland.

3. Controversial issues within bilateral relations

Naturally, Ukraine and Poland, as the neighbours, have some issues that need to be addressed and resolved.



The most sensitive issue is historical reconciliation. It refers to the events of 1940s - Volyn tragedy and Operation Vistula. Both parties have not officially reached the final reconciliation, although the some bilateral agreements were signed. Those were the joint statement of Kuchma and Kwasniewski in 2003 and the declaration of the Polish Senate with respect to the Operation Vistula. According to the media, preparations for signing a joint document in 2011 were carried out, but the document was not signed.

Another problematic issue is the lack of infrastructure facilities at the boundary, which reduce the effectiveness of border and customs services. There are only 12 border crossing points on the Ukrainian-Polish border, which is 535 km long. Among them, 6 road and 6 rail crossing points; the distance between the points does not meet the EU standards. This, in turn, affects cooperation in trade and economic sphere and people to people contacts.

Also, attracting Polish investment into the Ukrainian economy is an acute problem. The following factors undermine credibility of Polish investors in Ukraine: corruption, weak legal environment for registering and doing business in Ukraine, non-transparent judicial system, technical obstacles in the process of customs clearance and VAT recovery issues.

In the field of energy security the issue of strategic extension of the Odessa-Brody oil pipeline to Gdansk remains unresolved. Completion and commissioning of the branch between Brody and Gdansk (Polish part of the project) would allow the reduction of energy dependence of both Ukraine and Poland on the monopoly supplies from one region.

Unfortunately, the initiative of the Ukrainian independent TV channel TVi on the establishment of a joint Polish-Ukrainian channel TVi-Europe was not implemented. The idea was supported by Polish authorities, and even got a TV license from the State Board of Radio and Television of Poland, but Ukraine did not support the initiative. The TVi-Europe project has not received a license from the National Council for Television and Radio Broadcasting.

The inter-sector dialogue was notably reduced,

because the traditional Europe-Ukraine Forum inspired by the Polish non-governmental organization «Institute of East European Studies» was not held in 2012. The reason is not known, but it can be assumed that it is the internal political situation in Ukraine.

Poland is one of the most active lobbyists for abolishment of the visa regime between the EU and Ukraine, as well as one of the countries with a liberal national visa policy. However, there remain some technical issues, which can be solved in the process of further liberalization. Despite the fact that in 2012 Poland has waived the fee for its national visa, and at the level of foreign ministers relevant agreements have been signed, the question remains quite important. National visas are mainly short-term ones and are issued primarily to Ukrainians travelling to Poland for work or studies. In addition, in 2012, the inefficiency of the e-registration system for obtaining Polish visas by Ukrainians has become another problem.

4. Prospects for the development of bilateral relations

These are the changes in the foreign policy of Ukraine that would define possible scenarios. And for the Ukrainian foreign policy an important determining factor will be the outcome of the 2012 parliamentary elections.

At the moment, the following scenarios of bilateral relations development are possible:

1) maintaining the status quo. On the level of declarations Kyiv sticks to the orientation towards the European integration. At the same time, the completion of a free trade area with the EU and the signing of the Association Agreement are being postponed indefinitely. Ukrainian-Polish dialogue does not go beyond the traditional solutions of current problems, but the level of decision making decreases. Warsaw cannot offer specific help in the further promotion of the EU visa liberalization for Ukraine, as well as in other areas of the EU-Ukraine relations, as most Polish initiatives are resisted in the



EU. The trade and economic cooperation develops as in previous years;

2) due to the changes occurring in the region and the peculiarities of the political situation, Ukraine denies the current EU integration process. A pause in the signing of the Association Agreement and the establishment of a free trade area with the EU is taken. Kyiv undertakes obligations within the Customs Union, which further complicates the implementation of the early declared agenda of relations between the EU and Ukraine. In this case, Poland limits the level of political contacts and drives relations with Ukraine to the implementation of previously launched trade and economic projects and traditional forms of cooperation. The Eastern Partnership policy is not an effective tool in such a case;

3) Kyiv manages to resolve the domestic political situation and to hold elections in a democratic manner. European integration remains a priority. Warsaw continues advocating for Ukraine at the European level. Poland's support contributes to filling the Eastern Partnership policy with a real meaning and Ukraine regains the leadership position among the EU-partner countries. Projects implemented at the bilateral level with the European funds within the creation of the necessary transport infrastructure and cross-border cooperation and energy security may add new colours to relations and enable them to gain a foothold on the strategic level. Cross-border cooperation could be an engine for the development of joint initiatives in small and medium businesses.

This scenario is the most favourable, as it provides for the implementation of mutually beneficial projects with regard to the national and geopolitical interests of each party.

5. Recommendations on the improvement of bilateral relations

At the moment, the political dialogue between Ukraine and Poland at all levels is one of the most active. Experts repeatedly stress that, if Ukraine pays more attention to the dialogue, a new geopolitical

tandem in Europe may be formed, which by its influence over time may compete with the French and German one. At the same time, in order to implement this scenario, Kyiv should conduct a proactive policy, both regarding Warsaw and Brussels. Here are the steps needed to optimize the bilateral dialogue.

In the political sphere:

1) one of the most extensive institutional and organizational cooperation platforms between Ukraine and Poland on the level of commissions, committees and working groups have been created. However, they do not fully involve themselves in finding solutions of the bilateral issues on the agenda. It seems appropriate to speed up the work on the level of relevant intergovernmental committees and commissions for ensuring high dynamics of the Ukrainian-Polish political dialogue and economic cooperation;

2) signing of the road maps for 2009-2010 and 2011-2012 by the Presidents proved itself to be a positive practice. This format of the med-term dialogue planning should be continued, but when designing the next period (2013-2014), relevant ministries and agencies should pay more attention to detalization of road maps, both in the political and economic spheres;

3) as the declared foreign policy of Ukraine is targeted towards the European integration, and in this respect the interests of Ukraine and Poland match, Ukraine should use aid of the western neighbour for reaching the final goal. This can be implemented by enhancing cooperation in the framework of the Eastern Partnership policy and the development of the dialogue between different agencies to share experience on Polish reforms and approximation of Ukrainian legislation to the European standards;

4) the dialogue on historical reconciliation should be continued. One solution is the conduct of a broad discussion of historians-scientists to determine the criteria for assessing the events, which took place in 1940s in Ukraine and Poland. Using these criteria the degree of the peoples' fault should be determined in order to officially apologize for the crimes committed.



In the economic sphere:

1) to advance the economic and trade cooperation, the cross-border infrastructure should be improved. Thus, appropriate agencies and ministries should take steps to optimize the work of border crossing points and provide for the establishment of the new ones in accordance with the standards of the European Union (crossing points must be located 30-40 km away from each other);

2) to ensure the efficient work of border crossings, collaboration of border and customs services of Ukraine and Poland should be continued. Such joint work has been already carried out during EURO 2012. Thus, the simplified order of border crossing should be specified in the relevant bilateral regulatory acts;

3) the common approach to working with third parties should be introduced. Poland and Ukraine are currently paying much attention to the development of economic cooperation with China and other Asian countries. Trilateral format will be very useful for Ukraine, if it uses its geopolitical position as a transit country. To this end, Ukraine needs to improve transit transport routes and logistics infrastructure;

4) given the launch of the Odessa-Brody pipeline in direct mode and established mechanisms for the supply of oil from Azerbaijan to Ukraine, the work of JV «Sarmatia» should be promoted to extend the pipeline to Poland. This project is economically beneficial for both countries and is invaluable in terms of energy security of Poland and Ukraine;

5) in order to obtain objective data on bilateral trade turnover, the alignment of statistical methods in Ukraine on the basis of the EU standards should be ensured.

In the humanitarian sphere and people to people contacts:

1) in 2012, due to the efforts of the Ministries of Foreign Affairs the visa regime between the countries has been significantly simplified. Still, the talks on further steps for the visa issue settlement should

be continued stressing the need to pass a provision on issuing long-term visas (from 1 to 5 years) for the citizens of Ukraine, who have repeated experience of being in Poland;

2) in order to promote cross-sectoral collaboration between the Government agencies, business and civil society of the two countries, and given the positive experience of the past years, steps to revive the Europe-Ukraine Forum in Kyiv should be taken at the level of bilateral consultations.

UKRAINE – RUSSIA

1. Retrospective of bilateral relations

According to the Ministry of Foreign Affairs of Ukraine, the contractual base of Ukrainian-Russian bilateral relations includes more than 380 international documents signed at the interstate, intergovernmental and interdepartmental levels. The key document is the Big Treaty of 1997 (entered into force on April 1, 1999), which was signed for a period of ten years, and in October 2008 automatically prolonged for the next ten years.

On January 16, 1996 in Moscow, the Presidents reached an agreement on the establishment of the joint Ukrainian-Russian commission on cooperation. In 2005 the Ukrainian-Russian Interstate Commission under chairmanship of the Presidents was established. It is composed of the Committee on Economic Cooperation, the Subcommittee on Security, the Subcommittee on International Cooperation, the Sub-commission on the Russian Black Sea Fleet and its presence on Ukrainian territory, and the Subcommittee on humanitarian cooperation.

In 1994-1995, the Agreement between the Russian Federation and Ukraine about cooperation and interaction on boundary questions (August 3, 1994) the Agreement between the Government of the Russian Federation and the Government of Ukraine about cooperation of frontier regions of the Russian Federation and Ukraine (January 27, 1995) were signed. In 2003, the two parties concluded the



Agreement on the State Border and the Agreement on cooperation in the use of the Sea of Azov and the Kerch Strait. However, those documents have not completely settled the issue of delimitation of the Azov Sea and the Kerch Strait.

In the period from 1991 to 1997, the political dialogue was aimed at resolving the issues hindering the development of bilateral relations. Diplomatic relations were established on February 14, 1992 (in accordance with the Protocol on the Establishment of Diplomatic Relations between Ukraine and the Russian Federation of February 14, 1992).

In the period from 1998 to 2004, the relations were developing on a pragmatic basis with the focus on economic cooperation and a number of key unresolved issues.

The period of 2005-2009 was a crisis stage in relations. Parties could not overcome the distrust during the whole Yushenko's presidency term. The relations came to a deadlock due to the activation of Ukraine's course towards NATO and the aggravated contradictions in the political, energy, cultural and humanitarian spheres. During that period only two meetings of the Commission on the presidential level were held in December 2006 and February 2008.

In 2010-2011, when Victor Yanukovich became the President of Ukraine, the tone of the dialogue with Russia greatly improved and became constructive due to Ukraine's concessions on a number of fundamental issues. Thus, in April 2010 Kharkiv Agreements were signed prolonging the term of the stationing of the Black Sea Fleet of the Russian Federation on the territory of Ukraine for 25 years, i.e. up to 2042. In July 2010, the Law «On the Foundations of Domestic and Foreign Policy» was adopted. According to the Law Ukraine declared its non-block status backing away from the NATO membership. In addition, Ukraine revised its policy in the humanitarian sector with respect to the most sensitive issues for Moscow.

Despite the joint membership in many international organizations (the UN, OSCE, Council of Europe, BSEC, etc.), cooperation between Ukraine and Russia on the global level is rather limited because of

the differences in their political weight in the international arena and agenda. Cooperation at the regional level is reduced to the participation of Ukraine (mostly as an observer) in the integration organizations in the former Soviet space, where Russia is a leader. Even as the state-founder of the Commonwealth of Independent States (CIS), Ukraine has not ratified its Statute.

The Russian Federation is the main trading partner of Ukraine, while Ukraine is Russia's leading partner within the CIS. According to the Ministry of Economic Development and Trade of Ukraine, for the period of 1998-2009 the share of Russia in the Ukraine's foreign trade turnover decreased from 38.5 per cent to 25.9 per cent. However, despite that, the volume of trade between the parties continued to increase: from 12.5 billion US dollars in 1998 to 37 billion US dollars in 2010 (the recession drop to 23 billion US dollars was only observed in 2009).

Positive dynamics in the matters of interregional and cross-border cooperation should be noted. The main instruments of cooperation are: cross-border cooperation in the format of European regions; the bilateral cooperation in the framework of the Sub-commission on interregional and cross-border cooperation of the Committee for Economic Cooperation of the URIC; between administrative and territorial entities of the Russian Federation and Ukraine; as well as public international events.

Until 1995, the bilateral relations had been complicated by the uncertain status of the Black Sea Fleet of the Russian Federation in Ukraine. In January 1995, the first working visit of the President of Ukraine Kuchma to Moscow was held, and in 1995-1997 a number of agreements regulating the Black Sea Fleet division parameters were signed, as well as the status and conditions of the Russian Black Sea Fleet stationing on the territory of Ukraine. Basic agreement on the Black Sea Fleet came into force on July 6, 1999.

The bilateral cooperation in the field of environment and prevention of environmental and man-made disasters is non-systemic and generally limited to the mutual provision of humanitarian aid.



Additional conflict-factor in the bilateral relations is Russia's influence on the Ukrainian internal political situation with exploiting the close cultural and historical ties between the two peoples and a significant number of ethnic Russians living on the territory of Ukraine (according to the census conducted in 2001, 8.3 million Russians resided in Ukraine, 17.2 per cent of the total population of the country).

2. Current state of bilateral relations

The current stage of the political dialogue development is marked by an increased pressure from Moscow. Additional effects on the interstate dialogue are caused by the complications in relations between Ukraine and the EU due to the increased domestic undemocratic tendencies, and by the integration policy fostered by Moscow, as it was declared the key component of Russian foreign policy by the President Vladimir Putin.

The fifth meeting of the Ukrainian-Russian Interstate Commission held in Yalta on July 12, 2012 with the participation of the Presidents resulted in the Declaration on the Content of the Russian-Ukrainian Strategic Partnership. Also, the Governments signed a series of cooperation agreements in the field of aviation; on the activities to ensure parallel operation of energy systems; a Memorandum of Cooperation in the fight against terrorism, etc.

In July 2010 the Agreement on the demarcation of the Russian-Ukrainian border was ratified. Then, negotiations on the delimitation of the maritime spaces in the Azov and Black Seas, as well as in the Kerch Strait, were resumed. On July 12, 2012 the Presidents signed the Joint Statement on Maritime Delimitation in the Black and Azov Seas, and the Kerch Strait.

Currently Russia offers to establish a joint Ukrainian-Russian corporation on sharing Kerch-Yenikalsky channel and to delimitate the Azov and Black Seas and the Kerch Strait in such a way, which would significantly shift the border towards the Ukrainian coast. This will allow the Russian Federation to obtain control over entry and exit of almost all the

vessels in the Kerch Strait, as well as over the gas-bearing area of Pallas offshore.

Since 2010, Russia has undertaken many efforts to engage Ukraine into participation in Eurasia economic integration projects. However, Ukraine is interested in such projects only to the extent consistent with its intentions to create a comprehensive free trade area with the EU, i.e. in the free trade zone format.

On July 30, 2012 Ukraine ratified the Agreement on a free trade zone in the CIS. Ukraine sees a mechanism of seizures (i.e. energy, metals, sugar, etc.) as the key problems hindering the effective implementation of this Agreement.

In 2011, the rate of trade between Ukraine and Russia continued to grow and reached 55 billion US dollars by the end of the year. As of September 1, 2011 the Russian Federation invested more than 1 billion US dollars in the Ukrainian economy and the Ukraine's accumulated investments to Russia amounted to 226.5 million US dollars.

In 2010-2011 the First (Gelendzhik, Russia) and Second (Donetsk, Ukraine) Ukrainian-Russian Interregional Economic Forums were held under the patronage of the Presidents. The programs on the cross-border cooperation for 2011-2016 and a number of intergovernmental agreements aimed at strengthening cross-border cooperation were signed.

A significant issue hindering the economic cooperation is the need to revise the pricing formula and the conditions of Russian energy supplies to Ukraine. In 2011, the price of imported Russian gas increased to 400 US dollars, which caused a significant negative impact on the financial condition of Naftogaz of Ukraine, the industry and the economy of Ukraine, as a whole.

As the results of the Ukrainian-Russian Interstate Commission meeting, the Agreement between the Government of the Russian Federation and the Cabinet of Ministers of Ukraine on cooperation in the prevention of emergency situations and fires and on the work to deal with the aftermath in places where



the Russian Black Sea Fleet is based in Ukraine was concluded on July 12, 2012.

The proclaimed in 2010 non-block status has not solved the issue of Ukraine's security guarantees given the weak defence capacities and inefficient institutions of the European security system. In August 2012 the President Yanukovich declared Ukraine's intention to get an observer status in the Shanghai Cooperation Organization, where Russia, China and Central Asia are participating.

Despite the prolongation of the Russian Black Sea Fleet (RBSF) stationing on the territory of Ukraine until 2042, a whole series of issues still need to be settled:

- the order of state border crossing and movement on the territory of Ukraine for the RBSF military personnel and equipment;
- providing information on the number of troops and weapons of the RBSF;
- inventory of property and land, provided for use to the RBSF;
- legal status of military personnel and their families, including the issue of citizenship;
- navigation and hydrographic support of maritime traffic in the Black and Azov Seas.

The current state of cultural and humanitarian cooperation includes a number of sensitive issues concerning the interpretations of common history, cultural heritage, the status of the Russian language in Ukraine and others. The situation is further complicated by the fragile inter-cultural and inter-ethnic balance in Ukraine. In order to support it, the politicization should be avoided, e.g. in the settlement of the language issue.

3. Controversial issues within bilateral relations

Despite the resumption of the Ukrainian-Russian In-

terstate Commission, the bilateral relations are still largely dependent on the ability of the Presidents to achieve personal agreements on key issues. In this respect, in many cases Ukrainian participants note formal attitude of their Russian counterparts to the work of relevant subcommittees and overdependence on a political factor in reaching agreements. Sometimes, the Foreign Ministry or representatives of other relevant ministries fail to participate in negotiations on the most sensitive issues.

The unsettled issue of the delimitation of the Black and Azov Seas and the Kerch Strait and the state border demarcation hamper the development of border infrastructure, provision of the legal basis for border crossing and effective resistance to the transnational threats.

The issue of the dependence on Russian energy becomes particularly acute due to the high energy intensity of Ukraine's economy, an insufficient energy security because of the slow introduction of the latest technologies, excessive dependence on energy imports and the need to diversify energy sources and routes of delivery.

Russia considers the Eurasian integration as the main direction of its policy in the former Soviet Union space, and Ukraine - as its key players. The problem here is that the European integration course of Ukraine and the formation of a comprehensive free trade area with the EU limit Ukraine's participation in the projects within the Eurasian economic integration that does not suit Moscow.

The unresolved issue of Ukraine's security assurance, despite the proclaimed non-block status, poses a threat of falling into a «gray zone of security» and requires a search for opportunities to get guarantees concerning international security and participation in the formation of a pan-European security system in close cooperation with the Russian Federation.

There exist many unresolved political, military, economic and social issues associated with the stationing of the Black Sea Fleet of the Russian Federation on the territory of Ukraine and the gaps in the legal framework.



Cultural and humanitarian cooperation is greatly politicized in the matters of the language policy, historiography, interfaith dialogue, cultural policy, etc. There is a serious problem of Russian cultural and informational influence on intercultural and inter-ethnic situation in Ukraine for political purposes.

4. Prospects for the development of bilateral relations

There are several possible scenarios for the development of bilateral relations:

1) strategic partnership along with the Ukraine's course towards European integration. Formation of strategic partnership is held on the basis of mutual benefit and with regard to the strategic course of Ukraine towards the EU membership in the mid-term perspective. Relations with Russia are based on the principle of partnership with due account for the updated agenda of Europe, including the new challenges in the spheres of economy, energy and security. The parties are open to cooperation and the depolitization of the dialogue that allows finding compromises on the key issues on bilateral agenda;

2) stagnation and consolidation of Ukraine in a «gray zone.» Aggravation of undemocratic tendencies may block the development of relations with the West. The pressure from the Russian Federation with regard to the key issues of concern may even increase. Not accepting solutions proposed by Moscow, Ukraine would seek to further balance between the EU and Russia not having regulated basic issues of cooperation with the Russian Federation. Such a scenario will have negative consequences for both sides, depriving them of the benefits of possible cooperation;

3) Eurasian integration under the influence of the international isolation of Ukraine. Aggravation of undemocratic tendencies in Ukraine and the subsequent denial of the European integration policy would reinforce isolationist tendencies in the relations with the West. Such situation would limit the manoeuvrability of Ukraine's foreign policy with the

Eurasian vector. Ukraine would join the Customs Union, and then the Eurasian Union. This scenario will significantly weaken Ukraine's sovereignty in domestic and foreign affairs, which contradicts its national interests.

5. Recommendations on the improvement of bilateral relations

In the political sphere:

1) To prevent the monopolization of the interstate dialogue at exclusively presidential/premiership level, the Governments of Ukraine and Russia should ensure regular meetings of bilateral subcommittees with representatives of the Ministry of Foreign Affairs of Ukraine and other ministries, strictly following the outlined agenda of such meetings.

The Government of Ukraine should increase the participation of the Foreign Ministry and the Embassy of Ukraine in the Russian Federation in negotiations on the key issues of cooperation. The Ministry of Foreign Affairs of Ukraine should optimize staffing of the Ukrainian Embassy in the Russian Federation with regard to the priority issues on bilateral agenda.

2) The Ministry of Foreign Affairs of Ukraine should intensify the process of delimitation and demarcation of the Ukrainian-Russian border territory, as well as the maritime delimitation of the Black Sea and the Sea of Azov.

Joint use of the economic potential of the disputed waters of the Kerch Strait requires precise coordination of parties' responsibilities on issues such as safety of navigation, environmental protection, joint efforts on the mitigation of environmental disasters, and others.

In addition, today, package issue settlement on the terms of signing the Agreement on the delimitation in exchange for upgrading the RBSF (with the possible binding of this matter to the gas negotiations) is discussed. This option should be considered at the meeting of the National Security and Defence



Council under strict compliance with international law and strategic national interests, avoiding back-room agreements.

3) The Ministry of Foreign Affairs should continue the dialogue with the Russian Federation on the improvement of the legal framework related to the presence of the RBSF on the territory of Ukraine. Legal mechanisms of control over operational activities of the RBSF in Crimea should be agreed, including the issue of stay of the Russian Federal Security Service representatives in Ukraine.

4) The Government of Ukraine should continue negotiations with the Russian Federation on the review of the pricing formula and supply conditions of natural gas and oil to Ukraine (i.e. revision of 2009 contracts). Professional international PR-support of the position of Ukraine in the gas issue should be also considered in order to prevent the formation in the international media of the warped image of Ukraine as an unreliable partner on the Russian gas transit.

In the economic sphere:

1) The Ministry of Economic Development and Trade (MEDT) of Ukraine should prepare a few economically feasible options for interaction with the Customs Union (RBK CU) and, potentially, the Eurasian Union. Possible format for sectoral cooperation with the RBK CU should be specified according to the calculated gains and losses; free export zones should be outlined, as well as the projects for the development of the infrastructure and transit corridors between Ukraine and the Customs Union states.

2) The Government of Ukraine should use new opportunities for cooperation opened with the Russia's accession to the WTO (August 22, 2012). In particular, the Memoranda of trade and economic cooperation and cooperation in the field of technical regulation between the Eurasian Economic Commission and the Government of Ukraine signed on September 10, 2012 should be implemented based on the standards and rules of the WTO.

In the field of security:

1) The National Security and Defence Council of Ukraine should coordinate the position of the state on regional security issues, namely, the degree of support for initiatives proposed by Russia under the European Security Treaty (EST) and in the framework of the Corfu Process (OSCE reform). The possibility of cooperation with the Russian Federation on issues of regional security should be considered. In particular, given the plans to obtain a status of observer in the Shanghai Cooperation Organization, Ukraine could consider the cooperation against drug trafficking from Afghanistan through its territory.

2) Within preparations for the presidency of Ukraine in the OSCE in 2013, the Ministry of Foreign Affairs of Ukraine should consult with Russia on the possible settlement of the «frozen conflict» in Transnistria and cooperation on replacing the Russian peacekeeping contingent with the multilateral contingent under the EU or OSCE mandate; and discuss the proposals of the Russian Federation within the framework of the Corfu Process.

In the humanitarian cooperation sphere:

1) The Government of Ukraine should create the Interagency working group on the development of a comprehensive program of cooperation with Russia in the cultural sphere. The working group should include representatives of relevant ministries, as well as independent experts and representatives of Ukrainian community in Russia.

UKRAINE – ROMANIA

1. Retrospective of bilateral relations

The legal basis of bilateral relations can be divided into international instruments, which Ukraine inherited historically, and those laws, which were adopted in the period of its independence. Most of the inherited acts are multilateral conventions. A fundamental element of the inherited legislation is the Treaty of Peace with Romania, which established both the current borders with Romania and



the Soviet-Romanian (in particular the Ukrainian-Romanian) border in accordance with the Soviet-Romanian Agreement of July 28, 1940.

The second part of the legislative framework governing the Ukrainian-Romanian relations was created on the post-socialist stage: Communiqué on the Establishment of Diplomatic Relations between Ukraine and the Republic of Romania, Protocol on the relations between the Verkhovna Rada of Ukraine and the Parliament of the Republic of Romania, Consular Convention between Ukraine and Romania and others. The first phase was marked by the establishment of «a new agenda» and a system of agreements on cooperation at the ministerial and departmental levels.

Multilateral format of cooperation is regulated by the treaties: Convention on the Protection of the Black Sea against Pollution, Agreement on Cooperation of the Danube shipping companies participating in Bratislava Agreements, Black Sea Convention on Cooperation in the field of culture, education, science and information and others.

The institutional framework has been developing on the basis of the established legal framework of international cooperation. At this stage its key element is the Ukrainian-Romanian Joint Presidential Commission. There are three working bodies within the Commission: the Committee on Security, European, Euro-Atlantic and Regional Cooperation, the Cooperation Committee for Culture, Education, Ethnic Minorities and Civil Information; and the Committee for the Protection of the Environment and Sustainable Development. Simultaneously, other Commissions have been functioning: the Mixed Ukrainian-Romanian Border Commission and the Joint Ukrainian-Romanian Intergovernmental Commission on the rights of persons belonging to national minorities. The Ukrainian-Romanian Joint Commission for Economic, Industrial, Scientific and Technical Cooperation has also been established.

Different multilateral bodies, such as the Ukraine-NATO Interparliamentary Council (UNIC), the International Commission for the Protection of the Danube River (ICPDR) and others make an important institutional platform for cooperation. Its significant

element is the Parliamentary group of the Verkhovna Rada of Ukraine on the Interparliamentary Relations with Romania.

2. Current state of bilateral relations

Currently, with a well-developed legal framework for bilateral cooperation, it is possible to speak of a slowdown in the dynamics of its expansion. At the same time, the institutional framework has been developing intensively: mutual visits at the level of the Ministers of Foreign Affairs in 2011, sustained cooperation in the framework of international and regional organizations (the UN, OSCE, CEI, etc.), institutional initiatives of the European Union (Black Sea Synergy) and other mechanisms of cooperation (BSEC, EU Neighbourhood Info Centre, etc.)

An important institutional aspect is the cross-border cooperation. First of all, it is the most successful format of cooperation project within the Joint Operational Program Romania-Ukraine-Republic of Moldova 2007-2013. No less important is the cooperation between the regions, the twin cities of Ukraine and Romania in the framework of the JOP Romania-Ukraine-Moldova and within the Upper Prut, Lower Danube and Carpathian Euroregions.

Over the last year there have been many events within the Ukrainian-Romanian Humanitarian Dialogue (thematic photo exhibitions, presentation of the history and the present stage of the Ukrainian-Romanian relations). One of them was the 20th anniversary of the establishment of diplomatic relations between Ukraine and Romania. The event was attended by officials, representatives of public, academic, business and art circles. The events were widely covered in the regional and national media.

A notable event in 2012 was the first meeting of the Ukrainian-Romanian Joint Commission for Economic, Industrial, Scientific and Technical Cooperation (Kyiv, April 10-11). As part of the Commission's work a wide range of issues within bilat-



eral trade and economic relations were raised and the areas for further cooperation in this field were identified. One of the results of the meeting was the Ukrainian-Romanian Economic Forum «Energy - Regional Interest Field» (Bucharest, May 24).

According to the State Statistics Service of Ukraine, in January-April 2012 the total volume of trade amounted to 490.6 million US dollars, including exports - 169.28 million US dollars and imports - 321.32 million US dollars. In comparison with the corresponding period of 2011 the trade turnover decreased by 22.7 per cent (exports decreased by 47.5 per cent, while imports grew by 41 per cent). The trade surplus for the first quarter amounted to 152.03 million US dollars in favour of Romania (the trade balance of the first quarter of 2011 was 13.7 million US dollars in favour of Ukraine). The decisive reason for the significant reduction of Ukrainian exports to Romania was a precipitous decline in the supply of ferrous metals (from 185.6 million US dollars in January-April 2011 to 43.2 million US dollars in the corresponding period of 2012) as a result of the deteriorating external environment. In January-April 2012 the volume of bilateral trade in services amounted to eight million US dollars (exports of Ukrainian services to Romania amounted to 6.15 million US dollars, while imports of Romanian services totalled to 1.85 million US dollars). The balance of trade in services amounted to 4.31 million US dollars in favour of Ukraine.

This year is a milestone for enhancing bilateral cooperation in the field of transport: for the first time in seven years, a meeting of the Ukrainian-Romanian Commission for Economic, Industrial, Scientific and Technical Cooperation (Kyiv, April 11) was held. During the meeting, the Commission identified the prospects of cooperation in the development of freight traffic using advantages of ferries within TRACECA corridor and combined cargos transportation to the Baltic Sea by the trains of combined transport. According to the results of the agreements reached by the parties, three working groups will permanently solve the issues in the fields of transport and infrastructure, geospatial information and tourism.

3. Controversial issues within bilateral relations

One of the problems is the non-sufficient securing of the Ukrainian minority rights in Romania. 61.4 thousand ethnic Ukrainians residing in Romania (57.7 thousand of them consider Ukrainian as their native language) do not exercise the guaranteed right to education in their native language and to the development of their own national and cultural identity. Ukrainian is not used at any of the kindergartens, elementary or secondary schools, art schools etc. There are no Ukrainian cultural centres or libraries with Ukrainian books, no publishers issuing textbooks or fiction in Ukrainian. Neither there are periodicals funded from the state budget, or Ukrainian TV programs, while Ukrainian radio programs are broadcasted only by several regional radio studios.

The Romanian policy on restoring citizenship may be considered as another extreme. It might have caused conflicts in the future. The policy provides for granting citizenship to the non-residents of Romania, who consider themselves ethnic Romanians. During 2009-2010 Romanian legislation was amended to simplify the process of obtaining the Romanian citizenship, while the entry into force of the regulations on the protection of personal data resulted into the denial of Romanian Government to share the names of the «new citizens». Thus, according to experts, more than 50 thousand citizens of Ukraine received Romanian citizenship preserving the Ukrainian one. The process of artificial enlargement of the Romanian community in Ukraine may destabilize bilateral relations and lead to the destruction of an existing dialogue.

Special attention should be paid to the controversial issues of economic cooperation. The adverse business climate in Ukraine for Romanian entrepreneurs impacts the overall dynamics of cooperation. Among the main problems pointed to by the representatives of the Romanian business community are the following: 1) the existing in Ukraine system of mediation, which hinders mechanisms of direct cooperation of Romanian companies with Ukrainian producers, and 2) poor use of modern mechanisms of payments for delivered products, as well as bank



instruments for guaranteeing payments or their respective delay.

Another block of issues relates to the Danube shipping transit. One of the most difficult questions within bilateral cooperation at the newest historical stage is the resuming of the Danube – Black Sea Canal by Ukraine. In 2005-2009, the competition between Ukraine and Romania for access to transit channels on the Danube escalated. However, the issue is important not from the economic, but also from the political perspective associated with the balance of regional and political influence. Being more involved into the European and Euro-Atlantic structures and speculating on the environmental effects of the resumption of the Danube – Black Sea Canal in the Bystroye mouth, Romania has been actively engaging the EU institutions, international environmental organizations and instruments (ESPOO Convention, Environmental Impact Assessment in a Cross-border Context) to supporting its position and putting pressure on Ukraine to not implement the project. Romania's non-constructive position on this issue actually blocks cooperation in the environmental sphere.

Certain problems in the bilateral dialogue are also caused by the unsettled debts of economic entities. A remaining issue within economic cooperation is the completion of the Kryvyi Rih oxidized ore-dressing and processing enterprise. The main difficulty here is the requirement of Romania to include in its share the cost of construction of the plant and social infrastructure, as well as the cost of the equipment, which was delivered by the metallurgical enterprises of the former Ministry of Metallurgy of the USSR, in transferable rubles for the time of transfer plus the credit resource interest, which at the time of construction and installation works and equipment manufacturing was used by Romanian contractors. The repeated demands of Romania to repay existing debt of Ukrainian business entities to Romanian counterparts are also an issue.

Despite the adoption of a special resolution by the European Parliament to ban the use of cyanide in industrial processes on the EU territory since 2011, some Romanian gold mining companies are seeking the opportunity to resume works on the terri-

tories at the border with Ukraine (Baia Mare and Rosia Montana areas). Although, it is a broader environmental issue, these projects may have negative environmental impact, including on the border regions of Ukraine.

Unfortunately, at the level of political parties Romania continues to directly or indirectly advance claims to Ukraine, including the territorial ones. An aggressive position concerning the revision of the border line (Maikan island issue) should be noted, as well as other claims related to several islands in the delta of the Danube River (Maly Tataru and Maly Daler islands, etc.).

4. Prospects for the development of bilateral relations

Assessment of the prospects should be made with the account of the parties' commitment to improving of bilateral relations. So far, both Kyiv and Bucharest did not consider them as a priority, which has determined a specific nature of these relations. In fact, it is one of the strategic gaps in the formation of foreign policies of both Ukraine and Romania. In assessing the ways and paths of development, the countries learned how to handle issues not relying on each other, having defined closer partners and prioritising cooperation with them. However, remaining in the Eastern and the Black Sea policy arena, the countries that in 2009 almost settled the most controversial issue (delimitation of the continental shelf and the exclusive economic zones of Romania and Ukraine in the Black Sea) are compelled to building strategic bilateral relations.

The process of building (stabilization) of such relations may be developing under two scenarios given the undoubted desire of the parties to reach solutions of existing problems on the basis of trust and constructive cooperation.

1) The optimistic scenario suggests Ukraine's accession to the EU in the med-term perspective due to the normalization of the internal political process; the re-built of the EU agencies' confidence in the Government, the ratification of the Association



Agreement between Ukraine and the EU, including provisions on the establishment of a comprehensive free trade area, as well as a possible implementation of the road map on the introduction of a visa-free regime with the EU in a short-term perspective (up to 2014-2015); and, as a result, the re-establishment of Ukraine's status of the country-donor of democracy in the post-Soviet area under the Copenhagen criteria.

The overall strengthening of the EU-Ukraine communication will also be carried out through the South-West Channel, namely, through Moldova and Romania. Being members of one supranational institutional and political unity, Ukraine and Romania will participate in the processes of regional integration, formulating priorities of bilateral cooperation depending on the opportunities and drivers of development that will arise due to the implementation of joint political-economic and socio-cultural projects (including the multi-party ones). This scenario assumes a solution of the Moldova territorial integrity issue (reintegration of the unrecognized Transnistrian Moldavian Republic into the Republic of Moldova), which will significantly balance the regional leadership ambitions of other states.

2) The worst-case scenario does not involve the entry of Ukraine into the EU even in the med-term perspective due to: the destabilization of the democratization policy; the loss of confidence on the part of the countries and the key institutions of the EU and NATO; the marginalization of the role and position of Ukraine in the European political integration process; Ukraine's lagging in political and economic development from the neighbouring states; solution of the Transnistrian issue without Ukraine's participation; the loss of both the interest on the part of the EU and the prospects for cooperation; and the transformation of Ukraine into the state – "consumer of democratic norms.»

In such a case, the bilateral relations will become a complex of hard to solve political, economic and socio-cultural conflicts and complaints. Thus, Romania supported by the EU and NATO institutional infrastructure will secure a monopoly in regional leadership with no regard to the ambitions of Ukraine in the Black Sea region or the claims being made in

the framework of bilateral cooperation. Romanian influence will be balanced due to the fading of geopolitical resources in the regional interests of third countries, such as Russia or China. The loss of initiative in shaping regional policy may lead to a general decline in the authority and status of Ukraine. The probability of such a scenario is quite high.

If the current situation remains unchanged, a number of unresolved issues, as well as a lack of awareness of threats within the political sphere on the Romanian part, may cause significant economic losses, forfeit of the potential deposits of energy and biological resources in the Black Sea, and create preconditions for territorial conflicts.

5. Recommendations on the improvement of bilateral relations

Further development of the Ukrainian-Romanian relations will largely depend on both the nature of the solutions of the above-mentioned problems and the active position of Ukraine in relations with Romania, as well as on political developments in the EU and in the Black Sea region. Bucharest's willingness to reach compromises within the bilateral format is also crucial for the dialogue optimization. The following policies should be implemented:

In the political sphere:

1) political process should be stabilized. The democratic agenda should be developed, which involves the establishment of bilateral relations with bordering countries, especially the EU member states (including Romania). Maturity of the political process is one of the key factors that contribute to the context of development, mainly due to the infrastructural support from the EU (both the institutions and states) and other partner countries;

2) the most important task for the stabilization of relations is finding balance within the Ukraine-Moldova-Romania triangle, which depends on the dynamics of the Moldovan reintegration issue settlement. Successful cooperation of Ukraine and Romania to a large extent predetermines the possibil-



ity to de-secure territorial integrity issue of Moldova. One of the means may be Romania's entry into the peace process as an observer, along with Russia and Ukraine, which would help to stabilize negotiations and contribute to constructive solutions;

3) a new regional "win-win" initiative, which would include Romania, Moldova (+TMR) and Ukraine, may serve as an effective tool, as well. The interstate regional initiative may shape advisory platforms on issues of regional development: the intensification of economic relations, environmental monitoring, security cooperation (both within NATO and regional cooperation on security), etc;

4) unblocking of the bilateral cooperation mechanisms within problem areas through the resumption of contacts at the level of the Heads of Governments, the resumption of the Joint Ukrainian-Romanian Intergovernmental Commission on the rights of persons belonging to national minorities, support of the Ukrainian-Romanian monitoring of the implementation of the national minorities' rights, completion of the Ukrainian-Romanian Joint Commission on economic, industrial, scientific and technical cooperation; collaboration in matters of citizenship and legal acts regulating the denizing;

5) the need to strengthen inter-agency coordination of ministries in Ukraine in order to develop coordinated proactive policy regarding Romania in all the spheres should be noted;

6) at this point the media support of the Ukrainian-Romanian relations should be optimized in order to prevent the formation of a negative image of Ukraine' position.

In the economic sphere:

1) inclusion of the issue of competition for the Danube Transit into the cooperation on environmental security; development of coordination between the organizations conducting parallel environmental monitoring in the Danube region; use of the tools incorporated in the EU Strategy for the Danube Region for the implementation of the cross-border projects aimed at improvement of the environmental situation in the Danube Delta;

2) strengthening of the cross-border and cross-regional cooperation in the framework of the existing Euroregions (Carpathian, Upper Prut and Lower Danube); increased use of communication platforms (to work out a joint agenda for regional cooperation) in the framework of the BSEC, the Black Sea NGO's Forum, BSS Environment Partnership projects, and the European Neighbourhood Policy, etc.;

3) one of the most important factors determining the stagnation of the Ukrainian-Romanian relations is the lack of stability in the mutual business interest. Accordingly, promotion of mutual business attractiveness should become one of the most urgent steps in formation of a new agenda. Institutional support for this policy can be implemented through a variety of proven instruments, like the determination of the priority development zones at the border, establishment of permanent business forums, etc.

In the security sphere:

1) the Ukrainian-Romanian partnership and coordination in the field of security should be filled with a new content. The most important in this regard is the need to build regional security in the Black Sea region, coordination and development of cooperation in the framework of anti-terrorism initiatives in the region, strengthening of the cooperation within Partnership for Peace, as well as exchange of experience in the reformation and modernization of the army.

In the human contact sphere:

1) development of civil dialogue and public diplomacy in all sectors and at all levels. The main factor hampering the development of relations is a lack of trust. A permanent Ukrainian-Romanian Civic Forum, which may significantly strengthen people to people contacts through greater communication of corporate and professional communities, should be created. Such intensification of intersocietal relations will not only contribute to a more positive image of Romanians and the Romanian state, but also help to overcome stereotypes against Ukrainians in Romania, and will generate a single construc-



tive position of Romanian political establishment towards Ukraine.

UKRAINE – SLOVAKIA

1. Retrospective of bilateral relations

The bilateral relations began with the recognition of Slovakia by Ukraine on January 1, 1993. Diplomatic relations were established on January 30, 1993. The contractual and legal framework consists of about 100 active international and bilateral treaties and agreements. The key documents are the Treaty for Good-neighbourliness, Friendship and Cooperation, the Agreement on local border traffic and others.

In the history of the Ukrainian-Slovak relations several stages may be outlined:

The first stage (1993-1999) was marked by the lack of a clear strategy on relations development, non-systematic activities in establishing the format of cooperation and insufficient dynamics and determination of the parties. However, meetings and negotiations of intergovernmental delegations were held; official contacts between the Presidents were established, as well as bilateral Interparliamentary and inter-party cooperation.

The negatives of that period were the rivalry in the elections of the 52 President of the United Nations General Assembly in 1998 and a non-permanent member of the UN Security Council in 1999, the introduction of the visa regime by the Slovak Republic in 2000, the denunciation by Ukraine of the Interstate Agreement on the cross-border transfer-reception of persons, and the conflict over Yamal II energy project.

The positive aspects were the following: Ukraine was one of the initiators of the Resolution on the accession of the Slovak Republic to the UN. Slovakia, in turn, actively supported Ukraine in regional and European integration. In particular, in 1996 it advocated for the accession of Ukraine to the Central European Initiative, invited Ukraine to become a member of the Central European Free Trade Asso-

ciation, and expressed the desire to create a Ukrainian-Slovakian free trade zone.

The second stage (1999-2004) was the period of bilateral relations strengthening. The cause was the adoption of the new foreign policy strategy by the Slovak Government - from the «gateway to Russia» Ukraine had turned into a fully valid neighbour that Slovakia needed to establish friendly relations with. The leadership of the Slovak Republic adhered to the Strategy for the development of relations with Ukraine (2001), which declared that Ukraine's integration into NATO and the EU is in the national interest of Slovakia.

The positive dynamics in the development of relations remained unchanged in the later period: a series of meetings of the Presidents was held in 2003-2004; Slovakia initiated the participation of Ukraine in a meeting of the Prime Ministers of the Visegrad Group in Thale (Slovakia) on June 25, 2003. During those meetings, the support of a constructive partnership for the implementation of the European integration and Euro-Atlantic intentions, as well as close positions on the fundamental aspects of international politics, were discussed.

The third stage of relations (2005-2009) started in late 2004, when after the Orange Revolution and accession of the Slovak Republic to the EU Slovakia supported the European aspirations of Ukraine. In the framework of assistance on the EU-Ukraine Action Plan implementation Slovakia used its own Plan of the Slovak Republic assistance to Ukraine (2005). At the initiative of the Embassy of the Slovak Republic in Ukraine, after consultation with representatives of Ukrainian authorities, the Action Plan for the year 2006 was developed.

A new promising direction was the implementation of the Eastern Partnership policy (May 2009). In October 2009, the Ministry of Foreign Affairs of the Slovak Republic provided Ukraine with a document «Contribution of Slovakia to the Eastern Partnership», which suggested specific areas of cooperation.

It should be noted that the gas conflicts of 2005-2006 and 2008-2009 between Ukraine and Russia have had a negative impact on the Ukrainian-Slovak relations.



As for trade and economic cooperation, up to 2009 a stable increase of bilateral trade was noted. In 2009, due to the global financial crisis, that trend was broken. In the crisis year of 2009, the total two-way trade turnover of goods decreased by 55.6 per cent compared to the previous year and amounted to 739.7 million US dollars. Positive shifts were observed in a later period.

Ukraine's main exports are iron ore and concentrates, coal, raw aluminium and unprocessed or partially-processed timber. The major imports are vehicles, electrical equipment, products of the chemical industry, construction materials and live-stock products.

Investments of Slovakia in the economy of Ukraine as of July 1, 2009 amounted to 106.7 million US dollars (about 0.3 per cent of the total foreign direct investments). The biggest share (80 per cent) of investment from Slovakia to Ukraine is directed to the industrial sector. 249 companies with the Slovak equity operated in Ukraine in 2009. The main office of the Ukrainian Danube Shipping Company and the representative office of Ukrtransnafta were opened in the Slovak Republic.

Tourism potential of the countries is high, as they have favourable geographical location and climate. In addition, Slovakian tourism infrastructure is well developed. The increase in the flow of tourists from Ukraine to Slovakia is hindered by visa difficulties. Thus, Ukrainian tourists make only about 2 per cent of the total number of tourists.

The cultural cooperation covers a wide range of issues: educational and scientific collaboration, respect for minority rights, the Days of Culture (in 2006 - the Days of Culture of Ukraine in the Slovak Republic, in 2008 - the Days of Culture of Slovakia in Ukraine), and cultural exchanges.

2. Current state of bilateral relations

The fourth stage of the Ukrainian-Slovak relations started in 2010. It is marked by the advancement of cooperation. The development of relations with

Ukraine was identified as one of the priorities by the Slovak Government. Its Program of activities for 2010-2014 determines the Slovakia's continued support of the integration and modernization of Ukraine. In accordance with this Program the state confirmed its willingness to support the development of cooperation with Ukraine in the framework of the Eastern Partnership and to provide specific assistance for its European integration.

The political dialogue was especially vivid in 2010: bilateral meetings of the ministers of Foreign Affairs, visits of Prime Minister and the President of the Slovak Republic to Ukraine. The dialogue resulted in the exchange of the Slovakia's experience on gaining the EU membership at the Ukrainian-Slovak Economic Forum and other events. The Forum was held in the framework of the visit of the Slovak President Ivan Gasparovic in October 2010 and attended by the Presidents of both countries. The international project «National Convention on the EU in Ukraine: the Dialogue of Civil Society, Government and Business» planned for 2010 in Kyiv was presented there, as well.

Chairmanship of the Slovak Republic in the Visegrad Group (2010-2011) has provided new opportunities and instruments for Ukraine's European vector within the foreign policy. According to the program of Slovak Presidency in the Visegrad Group, Ukraine was involved into the Visegrad Cooperation in the format V4+, as well as into the Eastern Partnership in both the bilateral and multilateral formats.

In 2011, the development of the political dialogue continued. A number of official and working visits of the Heads of the Governments, heads of ministries and departments, delegations of members of the Ukraine-Slovakia Interparliamentary Friendship Group were held. An important step towards strengthening of bilateral relations was the official visit of the President Yanukovich to Slovakia on June 17, 2011.

In March 2012, after the next elections in Slovakia, the new Government continued supporting the cooperation between the countries, especially in the context of Ukraine's European integration. Thus, the final plenary session of the project «National



Convention on the EU in Ukraine» was conducted on July 11-12, 2012.

Political consent has a positive effect on the economic and trade cooperation. From the very beginning of searching for solution to the 2010 crisis, bilateral foreign trade activity was increasing due to the resumption of industrial production and export potential of both countries. According to the State Statistics Committee of Ukraine in 2010 bilateral trade increased by 36 per cent compared to the previous year. The volume of Ukrainian exports to Slovakia increased by 31 per cent. The volume of Slovakian imports to Ukraine increased by 44 per cent.

In 2011, bilateral trade figures continued to grow. Imports from Slovakia reached almost 608 million euro (up by 36 per cent compared to 2010), exports from Ukraine totalled to 149 million euro, an increase of roughly 28 per cent over the previous year.

To the end of 2011, the total sum of Slovak investment in Ukraine amounted to 62.7 million US dollars, which was about 0.18 per cent of foreign direct investments received by the Ukrainian economy from the EU countries. There were no records on direct Ukrainian investments to Slovakia. In late 2010, 246 companies with the Slovak equity were working in Ukraine, 137 of which were Ukrainian-Slovakian joint ventures.

Economic cooperation is an important component of bilateral relations, which includes a cross-border cooperation aimed at the economic development of border regions and strengthening of ties in other spheres. Cross-border cooperation is implemented through the Carpathian Euroregion format, the ENPI neighbourhood programs and the interregional cross-border cooperation. Zakarpattia is the key participating area being also included in the Ukraine-Hungary-Slovakia-Romania and Ukraine-Poland-Belarus Programs. Cross-border cooperation resulted in more than 30 interregional documents. Ukrainian territories were included into the Slovak-Ukrainian projects implemented with the support of Norwegian financial mechanisms. Thus, the New Areas of Cooperation Program was launched and

became a framework for three contests, the total cost of which amounted to two million euro, and 25 Ukrainian-Slovak projects.

Both countries are interested in deepening cooperation in the field of agriculture, standardization, metrology, conformity assessment and consumer protection, as well as in science and technology and civil society development.

Cooperation in the energy sector remains essential, as well. The existing corridor through Ukraine and Slovakia for the transit of natural gas and oil is extremely important for the markets of both countries and the EU. The constructive and concordant work of Ukrainian and Slovakian enterprises engaged within the Druzhba pipeline system should be noted.

An important area of mutual interest is the cooperation in the field of transport. Significant volumes of goods (including transit) are transported by rail and road. Smuggling is an important and often sensitive issue in this sphere. The Slovakia's greatest concern is smuggling of tobacco products. Border and customs services of the Slovak Republic are trying to increase the capacity of border crossing points in order to prevent it.

Both countries pay attention to the Carpathian Mountains ecosystem. Here, the first-ever trilateral Ukrainian-Polish-Slovak International Biosphere Reserve «Eastern Carpathians», which is included in the World Network of UNESCO Biosphere Reserves, has been established. Nature preservation is an important part of both parties' activities.

The total number of Ukrainians residing in Slovakia is about 7.4 thousand people, or 0.1 per cent of the population of the Slovak Republic (according to the last census of 2011). Ukrainians have several national organizations and cultural centres, e.g. Ukrainian Shevchenko Gymnasium in Pryasho Meager finances is the main problem for the cultural life of the diaspora.

Slovak diaspora in Ukraine accounts seven thousand people. They mainly reside in several districts of Zakarpattia and in Uzhgorod, where the Slovak



Cultural centre is open. There is a school with the Slovak language course. In some schools the Slovak language is studied optionally.

It is necessary to highlight the issue of “neoruthenian’s movement”. 33,482 people (0.6 per cent of the population) in Slovakia consider themselves as Ruthenians, though the Ruthenian language is recognized as native by 55,469 citizens of the Slovak Republic (one per cent of the population). Many of the Ruthenians do not associate themselves with Ukraine.

3. Controversial issues within bilateral relations

Despite the generally positive development of bilateral political, trade and economic relations, some issues remain unresolved.

The asymmetry in relations in political sphere is reflected in the passiveness of the Ukrainian diplomacy in comparison to the active stand of the Slovak republic. Slovakia (even as the EU member) views Ukraine as a strategic partner and offers specific tools and programs to deepen European integration. Ukraine, in turn, does not use the benefits of such partnership, continuing to only officially proclaim its European aspirations.

Despite the noticeable progress in dealing with visa issues, the rate of refusals to grant visas to Ukrainians by the Slovak diplomatic missions (including through the fault of Ukrainians) still remains high. Significant confusion was caused by the permissions on the local border traffic, and the reception of permit applications has been suspended since September 2011 due to technical reasons.

There are some issues in the economic sphere, such as a lack of economic and investment activity of Ukraine in Slovakia, despite the fact that the country has some of the best business environment in Europe. Opportunities for cooperation in the field of mechanical engineering, aircraft, wood and furniture industry, and agriculture have not been used appropriately.

The issue of financial compensation for Slovakia’s participation in the construction of Kryvyi Rih oxidized ore dressing plant remains unresolved.

Dependence on Russian energy supplies and the lack of alternative sources of energy also impact the bilateral relations. There are no guarantees of an uninterrupted supply of gas to the EU, and since 90 per cent of energy supplies to Slovakia are transited through Ukraine, disruptions in transits (even through no fault of Ukraine) have a negative influence on relations.

A low number of quotas for freight (both transit and bilateral) is an issue within the transport sector. The logistics infrastructure should be improved.

The impact of technological and human factors on the environment is a serious issue. The floods in Transcarpathia may significantly impact the surrounding areas.

Difficult situation of the Ukrainian national minority in Slovakia is caused by scarce financial resources for ensuring educational and cultural interests, e.g., the indefiniteness of funding sources of the Ukrainian Culture centre in Presov remains an unresolved issue. A considerable part of Ukrainians in the Slovak Republic are not interested in Ukraine and considered their national identity as not prestigious. They are passive in term of the cultural life of the diaspora. There exist Ruthenians’ organizations with anti-Ukrainian views, whose activities are ignored by the Ukrainian state policy.

4. Prospects for the development of bilateral relations

No major changes in the Ukrainian-Slovak relations in the short and med-term perspectives are expected. There might be only minor changes for better or worse, but only due to the influence of external factors on the policies of the countries.

Thus, in the case of a comprehensive free trade area establishment between Ukraine and the EU, the cooperation between Ukraine and the Slovak Repub-



lic may be significantly strengthened, as there is a great unemployed potential of the investment and economic cooperation.

Strengthening of Ukraine's European integration may result in a visa-free regime with the EU, which would eliminate the problems with the issuance of Schengen visas and increase the number of business and touristic trips. That would contribute to a greater development of the transport and tourism sectors.

In case of successful implementation of the Euro-Asian Oil Transportation Corridor (EOTC) included in the EU energy security strategy, Ukraine and Slovakia might more efficiently use their oil transport capacities.

The deterioration of relations may bring back the issue of the transportation of energy resources. The dependence of the countries on Russia in this regard does not allow providing a positive outlook of the situation, given the Naftogaz of Ukraine debts and the desire of Gazprom to use such situation for the benefit of the Russian political aspirations. The establishment of a tripartite consortium might smooth out the tension in this matter.

5. Recommendations on the improvement of bilateral relations

Experience of Slovakia in conducting internal reforms aimed at European integration and economic development can serve as an example for Ukraine. To improve the efficiency of bilateral relations the following steps should be taken.

In the political sphere:

1) to establish and maintain balanced relations through regular consultations at all political levels, especially given the fact that the basic tools are already created. Ukraine should use the existing tools promptly and to the best extent possible in the context of its European integration strategy, particularly through the Visegrad Group and the Eastern Partnership policy;

2) to strengthen the bilateral dialogue for further liberalization of the visa regime between Ukraine and the EU. The local border traffic should be resumed;

3) to use regional cooperation in order to ensure the supply of natural gas and initiate the development of unified approaches to prevent energy crises;

4) to strengthen interregional and cross-border relations, especially to support active cooperation of the western regions of Ukraine in the framework of the Carpathian Euroregion; to provide state support for the development of regional infrastructure of economic and foreign trade activities; together with Slovakia to work out a concept for the development of border areas with the EU funding.

In the economic sphere:

1) to search for new opportunities for deepening investment and industrial cooperation. To identify common trade interests of Slovakia and Ukraine in the framework of the Agreement on a free trade zone between the EU and Ukraine;

2) to promote solving the Kryvyi Rih oxidized ore dressing plant issue;

3) to create conditions for the development of cooperation in the field of engineering (supply of energy, oil and gas and chemical equipment); in the automotive industry (the cooperation of Ukrainian and Slovak enterprises on the production of spare parts for autos in case of a shortage of production resources in Slovakia; the inclusion of Ukrainian enterprises into logistics solutions of automotive companies); in the field of aircraft manufacturing (delivery, repair and modernization of aircrafts, aviation engines and other aviation equipment); in metallurgy (replacement of the exports of Ukrainian steel products and raw materials by the exports of metal, semi-finished and finished products); in the furniture and wood industry; in the field of agriculture (trade of agricultural products and foodstuffs, the production and supply of biofuels);

4) to facilitate the additional permissions to perform transit and bilateral traffic between Ukraine and



Slovakia according to the needs of each party; to increase capacities of border crossing points for truck traffic; to create conditions for container traffic development; to improve rail freight traffic through the border crossing point in Matevtse; and to advance transportation by means of logistics centres development, which would provide a wide range of services.

In the energy sector:

1) the existing corridor (Ukraine and Slovakia) for the natural gas and oil transit is very important for both countries and the EU. The reliability of the transit of gas and oil should be ensured. Thus, it is necessary to use it in direct and reverse modes, as well as to use the opportunity to store natural gas for the EU consumers in the Ukrainian underground storage tanks;

2) implementation of the Euro-Asian Oil Transportation Corridor (EAOTC) project and the development of the Southern Energy Corridor initiative may contribute to ensuring the accession of Ukraine to the ENTSO-E, establishing of cooperation in the field of energy efficiency, renewable energy and alternative fuels (particularly, biomass), as well as to exchanging information and experience on energy efficiency of industries, housing and communal services.

In the field of environmental protection:

1) it is necessary to strengthen cooperation on prevention of flooding and to maintain initiatives to promptly warn the people residing in both Ukraine and Slovakia about a threat. Thus, the effective mechanism for counteracting natural disasters should be created. The exchange of Slovak experience in building anti-flood constructions is also useful for the mountainous regions of Ukraine.

In the humanitarian sphere:

1) it is necessary to develop a state program on assistance to Ukrainian diaspora in Slovakia, which should provide for information and educational activities about Ukraine. Partially, the resources to fund the program objectives could be obtained

within the People to People Contacts Platform in the framework of the Eastern Partnership policy.

UKRAINE – TURKEY

1. Retrospective of the bilateral relations

Bilateral relations were established on February 3, 1992 and since then they have been permanently and intensively developing. Considering no serious disputes between the countries, they define relations as strategic. Being important regional actors, Ukraine and Turkey accumulated significant “assets” for bilateral cooperation development, but cannot deny the fact that a great potential of cooperation remains unemployed. More efficient use of this potential is the most important issue in the bilateral agenda.

Over the last two decades 80 documents, formalizing relations in most areas of bilateral cooperation have been drafted and ratified. Cooperation has been rather well institutionalized. In 2011 the sides launched the Strategic Council, as a symbol of high priority of bilateral relations in a system of regional communications.

Orientation to the European integration has always been an important issue. Euro-Atlantic cooperation had been the next in the list up to 2011, when Ukraine officially announced its non-block status. Despite being on different levels of integration with the EU (Turkey has been an associated member since 1963, and the member of the Customs Union since 1966), the processes of Europeanization are a common denominator of social transformations in both countries. While Ukraine and the EU are actively conducting the dialogue on liberalization of the visa regime, Turkey has only recently made an important step having initiated the EU-Turkey Readmission Agreement in June 2012. Preparations to signing of the document have provided a possibility to intensify the Ukraine-Turkey relations on visa-free regime. Countries have been supporting each other multiple times, acting in tandem in different international organizations, during the elections to



steering bodies, etc. Meanwhile, that does not provide for the synchronization of actions at the multi-lateral platforms.

Since the establishment of diplomatic relations economic component has been highly important and there have been substantial reasons to speak about the total “economization” of cooperation. Both sides consider following areas as the most promising ones: metallurgy, machine building, chemical, food, textile industry, automobile manufacturing, and production of the construction supplies.

According to the data of the State Statistics Committee of Ukraine, the trade turnout in 2011 reached 5,350 million US dollars (6,540 million US dollars according to Turkey), which demonstrates positive dynamic of growth after the financial crisis, but the record figures of the year 2008 (6,583 million US dollars) have not been achieved yet. In Ukraine, there are about 600 enterprises with Turkish assets, while in Turkey there are 327 registered companies with Ukrainian equity. The number of Turkish investments in Ukraine reached 140 million US dollars (according to Turkish data, 179.2 million US dollars).

Cooperation in the energy sector is one of the central aspects of bilateral relations. The countries have similar interests in the energy sector: a need to diversify energy sources, secure energy supply, more efficient use of transit potential, investigation and extraction of their own resources etc.

Many times Ukraine has expressed its readiness to participate in the projects on construction of the oil and gas pipelines in Turkey, and on joint extraction of hydrocarbons on the Black Sea shelf. Thus, Ukraine’s participation in Nabucco and Samsun-Ceyhan Projects have been considered very promising; at the moment, the state declares its willingness to participate in building and exploitation of the Trans-Anatolian pipeline (TANAP), launched in May of 2012. But Ukrainian and foreign experts consider Ukraine’s potential of participation in such projects as limited by objective and subjective factors.

One of the most realistic projects on the agenda is Ukraine’s leasing its underground gas storage

facilities to meet Turkish energy needs and ensuring joint usage of tanks. Within the framework of TANAP project Ukrainian side considers a possibility of reverse use of the gas pipeline that supplies gas from Ukraine to Turkey, and also gas storage in Ukrainian gas facilities, with either following re-export to Europe, or for using it for Turkey’s gas sector own needs. Besides, Ukraine considers possible participation of the Ukrainian companies in modernization of oil and gas pipelines located on the territory of Turkey.

It is important for Ukraine to engage Turkey into implementation of the projects identified by the State Agency for Investments and National Projects of Ukraine as the ones of high priority. Ukraine is interested in engaging Turkish companies into consortium for construction of the LNG-Terminal on the Black Sea coast and transit of the natural gas there. In the field of transport, both sides consider the following areas as important: development of the ferry service lines, intermodal passenger operations, modernization of sea ports, and development of the logistics infrastructure. Railway-ferry crossing Odessa-Istanbul, ferry lines Illichivsk-Derindzhe, Illichivsk-Istanbul, Skadovsk-Istanbul and Yevpatoriya-Zonguldak are operating between Ukraine and Turkey. The possibility for Turkey to join the Viking project (combined carriage train, which goes through Ukraine, Belarus and Lithuania and unites transportation lines of the Baltic region with the Black, Mediterranean and Caspian Seas) is being considered. The possibility of launching of the Ukraine-Turkey-Egypt transportation corridor from Baltic (Lithuania) to the Red Sea (Jordan) is also being discussed.

In security sector, for already a while the countries are demonstrating positive example of cooperation within the framework of the BLACKSEAFOR and Black Sea Harmony naval operations. Recently the legal framework in security area between the countries has been extended with the Agreements on cooperation between the law enforcement entities, data exchange on air situation, etc. Turkey is one of the donor countries funding the implementation the Partnership for Peace Trust Fund Project within the NATO Program in Ukraine. It covers the utilization of ammunition and light armaments. It should



be also noted that Turkey is also funding the implementation of projects and programs of the international technical assistance in Ukraine (for instance, according to the Ministry of Economic Development and Trade of the Autonomous Republic of Crimea, the funding amounted to 8.1 million UAH).

There are also numerous examples of successful project implementation in the area of science and technology, education, culture, sports, cooperation on the level of regions and cities, etc. Unlike the economic sphere, the development of projects in the abovementioned spheres does not always get necessary attention.

2. Current state of bilateral relations

In 2011–2012 the dialogue between Ukraine and Turkey has been rather intensive marked by an active exchange of visits. The President of Ukraine Viktor Yanukovich (December 22, 2011 and June 5, 2012), the Speaker of the Parliament Volodymyr Lytvyn (January 16-18, 2012), Prime Minister Mykola Azarov (March 13-14, 2012), Foreign Minister Kostiantyn Gryshchenko (May 10-11, July 13-14, December 22-23, 2011) came with official visits to Turkey. Prime-Minister of Turkey Recep Erdogan paid a return visit (January 24-25, 2012), and besides, Ukraine was frequently visited by Turkish parliamentarians. The most important political-institutional achievement of this period is launching the High Level Strategic Council. The Council convened for the first time on December 22, 2011, and for the second time on September 13, 2012. It is headed by the President of Ukraine and the Prime-Minister of Turkey.

The Agreement on conditions of mutual trips of citizens, signed simultaneously with other conventions, became a real break-through in bilateral relationship. The Agreement was signed on December 22, 2011 and came into force on August 1, 2012. It stipulates visa-free regime for entering, exiting, transit and staying of the citizens of one country on the territory of another over the 30 days period.

One of the most important issues on the agenda

regarding Ukraine-Turkey relations is the establishment of a free trade area (FTA), as well as its format. This issue is being discussed during the meetings of Ukraine-Turkey Cross-Governmental Commission on Cooperation in Trade and Economy. Three rounds of negotiations have been held since December 2011 until now, and preliminary consultations have been conducted since 2007.

Despite an active political dialogue and recent deepening of economic contacts between Ukraine and Turkey, activities in the international arena are not entirely coordinated and could be defined as one-way. Ability to avoid aggravation of the conflict issues have not yet been automatically applied to the declared strategic partnership. There is some huge unemployed potential in each area of bilateral cooperation. Thus, a very important issue on the agenda is to define and deepen promising aspects of cooperation.

3. Controversial issues within bilateral relations

The Ukraine-Turkey relations are traditionally defined as non-conflict ones with no pronounced contradictions. In diplomatic discourse these relations are quite often referred to as a "model". Indeed, political dialogue between the countries is rather sustainable and intense. The history of relations is full of the good will gestures, which have been highly appreciated by a partner country, e.g. Turkey provided its assistance in evacuating Ukrainian citizens from Libya after the start of a military operation there in 2011, or Ukraine's readiness to provide Turkey with additional gas during extremely cold winter of 2011-2012.

Nevertheless, among political issues, which worried Turkey for some period of time, was the frozen issue of visa-free regime between the countries. The practice, when Ukrainian citizens were issued visas in the airport, while Turkish citizens had to approach Ukrainian consulates in Turkey, was often identified by the latter as discriminatory. The above-mentioned agreement on visa free regime for short trips excluded the potentially confrontational situation from the agenda.



Another important question to be regulated and agreed upon by both sides within the framework of negotiation process on FTA is the question of mutually acceptable format of the agreement. It is important to mention that, according to the research conducted by the Economic Research Institute of the Ministry of Economy of Ukraine in order to explore a potential of launching FTA with Turkey, signing of the Agreement in its basic form will harm the Ukrainian economy. Findings were presented in March 2010. At the moment the biggest difference in each side's position is the contradiction about the list of goods and products to be under the FTA regime. Ukraine has claimed that it disagrees with the offer of Turkey to exclude agricultural goods.

Other issues that are being often raised in the framework of Ukraine-Turkey relations are mostly technical: bureaucracy that Ukrainian entrepreneurs are facing on Turkish border; increasing import fees for Ukrainian metallurgy for more than 2.5 times in 2009; recurrent ban on import of Turkish foodstuffs due to the quarantine in 2010 and 2011, etc.

The following issues within trade and economic relations should be noted. Firstly, disproportional trade balance in Ukraine's favour, which disturbs Turkey and, thus, should be corrected for efficient FTA functioning between the countries. Secondly, the structure of Ukrainian exports to Turkey demonstrates that high-tech products make less than one per cent. Goods with low additional value dominate. Ukrainian exports mostly raw materials. Besides, while Turkish companies have occupied an important niche in Ukrainian economy (Enka, Dogus, Cukurova, Turkcell, etc.), Ukrainian enterprises are not represented well enough on the Turkish market.

According to information by the Embassy of the Republic of Turkey in Ukraine, the most widespread issues creating challenges for Turkish enterprises on the Ukrainian market are the problems with standardization, delays with step-by-step payments for Turkish contracted enterprises, bureaucracy, inter alia, at the customs, frequent contradictions in Ukrainian legislation, shadow economy and non-transparent business practices. Of course, these problems reflect the entire current state of Ukrainian economy.

It is important to note that economic and humanitarian activities of Turkish companies, NGOs, representatives of the Turkish Governmental organization (Turkish International Cooperation and Development Agency) in Ukraine and in Crimea, in particular, has often been overly politicized, on both public and expert levels. Unfortunately, the State Program on Integration of Turkish Tatars into Ukrainian society has not been efficient enough. At the same time, the settlement of the Crimean Tatars, who have been called a "friendship bridge" between the countries, as well as of ethnic Turks, always have remained among the main issues within bilateral relations. Turkey has been implementing wide-scale programs aimed at the improvement of the Crimean Tatars' life in the ARC financing construction of housing, implementing projects on drinking water supply for areas with limited recourses, delivering technical assistance for Crimean Tatar NGOs and schools, implementing educational project on Turkology, etc. In our opinion, assessing such activities as Turkish economic and civilizational expansion, which may lead to escalation of separatist trends in Crimea, is unacceptable, as it does not take into account the increasing implementation of the "soft power policy" as Turkey's foreign policy tool and may harm Ukraine-Turkey cooperation.

Obviously, the abovementioned issues in Ukraine-Turkey relations partially reflect internal processes, related to serious structural problems of political, institutional, socio-cultural spheres of both countries. However, such often subjective contradictions are becoming a significant obstacle on a way to developing partner relations, and, thus, they should be adequately solved.

4. Prospects for the development of bilateral relations

Speaking of the future of the Ukraine-Turkey relations, it should be considered that internal situation in Ukraine and Turkey will remain the main factor influencing the dynamics of bilateral cooperation. It should be noted that the reverse in Ukraine's democratic transit, lack of transparency in state



decision making and business may hinder Ukraine from strengthening itself as a regional player and developing system of relations with neighbouring countries.

It is important to consider significant transformations within the internal political situation and foreign policy of Turkey. Turkish national security and defence policy today has been reformatted into a more offensive and active strategy with stronger Islamic component of Turkish identity, which may escalate Islamisation and re-orient the transitions in the country from the western to a wider geographical scale. In this case, some stagnation in Ukraine-Turkey relations can be expected, as that has always been the desire to claim its "Europeanness" that promoted deepening of political cooperation between the countries.

The most likely scenario is the following: one-sided Turkish ambitions will be balanced by objectively difficult conditions in its surroundings, which is happening now with the conflict around Syria. This will help reserving strategic alliance of Turkey and the West. In this scenario, Turkey will keep the role of a stable, predictable partner in the Black Sea region with the vision of its mission of civilizing, who associates itself with Europe.

When making forecasts, it is also important to consider the Russian factor, which has always been determining in the Ukraine-Turkey cooperation. Despite existing contradictions between Russia and Turkey on a range of issues, over the last several years these states have been demonstrating sustainable cooperation in a tandem, focusing on the issues, where their interests coincide. Given such conditions, when developing its activity on the Ukrainian track, Turkey will be considering Russian interests. This, in its turn, will prevent transformation of Ukraine-Turkey partnership into a self-sufficient element of international relations system in the region, making it too focused on traditional economic component. Such pragmatic approach, not being negative by itself, does not foresee coordination of states' regional policies or searching for the "win-win" approaches.

5. Recommendations on the improvement of bilateral relations

To implement the most desirable scenario for the development of bilateral relations, Ukraine and Turkey being important regional players should coordinate their efforts in order to use their potential to the full.

In the political sphere:

1) Ukraine should take into account the transformational nature of Turkish foreign and security policies. Namely, the changes in the conceptual basics of Turkish foreign policy, in particular, expanding Turkey's "area of responsibility" and the willingness to not only ensure its security, but also to project it, as well as its self-perception as a "global power" – all that creates a completely new format of security system in the region, and Ukraine should adjust its interest and policy. This includes, first of all, the possible engagement of Turkey into the development of the new Black sea region strategy and joint stability maintenance.

2) Declared strategic partnership between the countries should receive necessary conceptual and institutional base. Traditional diplomatic rhetoric on the objectivity and sustainability of the Ukraine-Turkey strategic cooperation looks very problematic in this regard. In reality, when interests of the state are being constantly redefined, the geographic maxim "the Black sea unites us, not divides" does not provide satisfactory explanation of the nature and development of relations.

Creating an expert body, which would monitor the situation within bilateral relations and coordinate activities of existing institutions, may become a significant progress in the dialogue. Such institution should include representatives of the Presidential Secretariat, Ministry of Internal Affairs, Ministry of economic development and trade and other ministries, the existing Ukraine-Turkey structures, along with representatives of expert community. Also, some sensitive topics should be depoliticized, e.g. the issue of ethnic Turks in Ukraine.



In the economic sphere:

1) To ensure better implementation of the potential in the economic sphere, it is necessary to eliminate technical problems, to intensify the process of FTA launching on mutually acceptable conditions, to ensure more active lobbying of the Ukrainian interests within energy projects in the Black Sea and Caspian region. Joint Ukraine-Turkey FTA should be created with regard to all possible negative consequences and their minimization should be ensured. When developing the agreement on a free trade area, interests of all the fields of Ukrainian economy should be considered, on the basis of a preliminary scientific research. Given the interest of Ukraine in signing the Agreement on deep and comprehensive FTA with the EU, both processes should be mutually reconciled.

2) Given the existing intensive collaboration between the countries on a range of economical projects, a very important factor is the state support and engagement of business into the implementation of joint projects, from opening of new ferry routes to high-tech production. Cooperation of the Ministry of foreign affairs, Ministry of economic development and trade, State Agency for Investments and National Projects of Ukraine on the matter should be intensified. Deepening the cooperation between the Ministry of Infrastructure of Ukraine and the relevant institution in Turkey on expanding legal framework for transport connection between the countries is viable.

3) Considering Ukraine's participation in the European Economic Community since February 2011 and obligations undertaken by the country in this regard, cooperation with Turkey provides an opportunity to reform the energy sector. Creating an integrated energy sector is an important priority. So, the central issue for Ukraine is to create necessary infrastructure for gas transportation – liquid gas terminals and gas depositories.

In the security sector:

1) Coordination of actions on security should be a cornerstone of strategic partnership. Some progress in the area of military-technological cooperation

has been already achieved; the countries are paying attention to non-military security issues, exchanging data on developing atomic energy etc. The Ministry of Defence of Ukraine should intensify cooperation with Turkey on joint military exercises, sharing experience between the experts from both countries, holding joint consultations, trainings and seminars.

2) In this regard, cooperation between the armed forces to study Turkey's experience in security sector reform and army modernization is of great importance. Security sector reform and relevant management are on the Ukraine's agenda. Turkish experience is especially useful from the perspective of the efforts to reform security sector according to the European vision – as a transparent, multi-level structure with different security actors collaborating with each other.

In the humanitarian cooperation:

1) Cross-cultural and humanitarian cooperation requires more attention, as it should be brought to a new level. The Ministry of Culture, Ministry of Education and Science, Youth and Sports of Ukraine should pay special attention to the contacts between Ukrainian and Turkish mass-media in order to promote the cultures of both countries and coordinate actions on possible implementation of joint projects. Contacts between scientific and educational institutions, libraries, archives, museums and others should be encouraged.



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