

**Prospects for European Integration
of the Ukrainian Economy:
Views from the In- and Outside**

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**PROSPECTS FOR INTEGRATION
OF THE UKRAINIAN ECONOMY
INTO THE EU**

When our group entered Ukraine this year, this was the first time that no visa was required. And when we passed the customs control in Lviv, a large billboard – advertising for the EU industrial park in Lviv – caught our eye. This is all symbolic of the practical rapprochement between the Ukraine and the EU. The process has gathered momentum and is beginning to yield fruit.

In the common position of the EU Council of 28 November 1994¹, it was already stated that the European Union will pursue the following objectives and priorities in its relations with Ukraine:

1. Develop intense political relations with Ukraine and increase cooperation between Ukraine and the European Union. The European Union will also continue to support the independence, territorial integrity and sovereignty of Ukraine.

2. Support the democratic development in Ukraine by means of consultation while drawing up laws and by means of practical assistance in the establishment of democratic institutions as well as through contacts between Ukrain-

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¹ Common Position of 28 November 1994, determined by the Council on the basis of article J. 2 of the Treaty on the European Union, on the objectives and priorities of the European Union with respect to Ukraine. In: Official Journal No. L 313 from 06/12/1994 pp. 0001–0002.

ian and European officials, members of parliament and non-governmental organizations at different levels.

3. Support economic stabilization and economic reform, as the introduction of a market economy is a prerequisite for economic development and increases political and social stability. In this regard, it is important for partnership and co-operation agreements to come into force early.

4. Support the integration of Ukraine into the global economic order.

Nearly 10 years later, on 1 May 2004, the EU celebrated its most significant enlargement so far: Ten new members – eight of them from Central and Eastern Europe – became members of the Union after many years of accession negotiations. Fifteen years after the fall of the Berlin Wall, a unique, until then inconceivable, eastern expansion of the essentially western European community of states took place.

However, the process has yet to be terminated with this, even though the EU first must catch its breath. When we speak of a united Europe, we cannot exclude Ukraine. In terms of size, Ukraine is the second-largest country on the continent. Without Ukraine Europe remains incomplete.

Of course, the integration of Ukraine is a difficult process. But the path has been paved since the peaceful orange revolution of the past year. People demonstrated with the vision of participating in the construction of the common European home.

On 1 December 2005 the first EU-Ukraine summit since the «Revolution in Orange» was held in Kiev. At the summit, three agreements between the EU and Ukraine were signed: on co-operation in the energy sector, on the Galileo programme and on aviation.

Furthermore, it was determined at the meeting that Ukraine now fulfils the technical requirements to be granted the status of a market economy for purposes of trade protection. On 30 December 2005, the status of Ukraine as a country with a market economy came into effect. And the EU emphasised that it explicitly supports an early entry of Ukraine into the World Trade Organisation (WTO).

It was necessary to take a stand by offering Ukraine a prospect for European co-operation and thus support the process of change. The role which Ukraine can actually play in the EU in the future depends, on the one hand, on the reform progress in the country, but on the other hand, on further developments in the European integration process as well.

I had used the term «catch its breath» before. If Europe appears to be exhausted today, that is because several of the old member states have yet to cope with the opening of the Common Market to Eastern Europe. The accelerated Europeanization and globalization of their domestic economies has added additional competitive pressures. The tough competition over business locations

in the larger Europe with enormous differences in terms of prosperity and social benefits has tended to increase reservations towards further enlargement.

However, there is no alternative to developing a practicable construction plan for a «multi-level» Europe. In the future, it will be a matter of not endangering the EU's capacity to act with territorial overextension, on the one hand, and on the other hand, being able to ensure security and stability on the continent as well. While doing so, associations with different degrees of density as well as partial memberships in individual areas of European co-operation can be taken into consideration. The Schengen area and the Eurozone are already the examples of the fact that not all EU member states must work together in all areas of integration.

Europe finds itself in a decisive year: it will have to prove that the enlargement of the EU is a success, so that the possibility of further deepening integration remains and the EU has the potential of regaining its economic dynamics even in difficult times. Above all though, Europe must win back the support of its citizens. The reforms of the EU and its member states are a permanent process and policy-makers must convey this to citizens time and time again.

The co-operation between individual institutions and in particular between the people of both of our countries plays an important role in the process of growing together step-by-step. The promotion of mutual understanding, the acquisition of knowledge of the partner, the harmonization of European values – all this can only be done together at the «grassroots» on the basis of trust. Our common project is an important building block for doing so, which we are proud of.