

## PROBLEMS AND PROSPECTS OF DEEPENING EU-UKRAINIAN RELATIONS

Pavlo Latkovskiy<sup>1</sup>, Anna Marushchak<sup>2</sup>

**Abstract.** Three countries: Georgia, Moldova, and Ukraine have concluded European Union Association Agreements, under similar terms and conditions of European Partnership. Analytical review allowed determining that in their political integrative development, they have similar problems and ways to overcome them. They are distinguished by a relatively high level of democratic freedoms and political pluralism; however, none of them can be considered as a consolidated democracy, these countries have hybrid political regimes. Among the main obstacles occurring on the way of their integration processes, one can distinguish problems associated with ethical, regional, and cultural conflicts; specific features of the formation of constitutional systems; features of the formation of PR technologies of government and society; deep-rooted corruption and influence of oligarchs in party systems and, as a consequence, propensity to use non-constitutional means of political struggle and economic development. Despite these structural problems, favouring European values and norms demonstrated by societies of the three countries holds the promise of consolidating democratic institutions and overcoming problems. The purpose of the article is to determine problems and prospects of deepening relations of the EU with three countries: Ukraine, Moldova, and Georgia, and to substantiate theses stating that consistent and reinforced integration of the European Union in this region is crucial for further success and development of all actors of this process. Georgia, Moldova, and Ukraine do not compose a single region (both in a geographical and economic context); however, since 2014 they are developing according to the same scenarios. Their aspiration to integration has provoked problems in relations with Russia and intensified opposition to the policy of Europeanisation within the countries. In Ukraine, the most difficult and severe events took place: it passed through government overthrow, loss of territory, and military actions in Donbas caused by Russia, which continue to this day. For Moldova and Georgia, the choice of democratic imperatives also had grave consequences. In Georgia, they were identified as two long-term wars for the separation in Abkhazia and South Ossetia; ended with the defeat of central authorities and creation of two unrecognized states. Moldova has faced a similar problem in Transnistria in 1992. In all countries, Russian armed forces were important actors who played an important role in determining the results of these conflicts. According to the Democracy Index, Moldova is evaluated as “imperfect democracy”; Georgia – as “hybrid regime”; Ukraine has moved below, from the category of “imperfect democracy” to the lowest “hybrid regime”. Over the political pressure of Russia, the EU and Ukraine postpone the provisional application of the DCFTA (Deep and Comprehensive Free Trade Area) to January 1, 2019. There are marked positive consequences of Ukrainian export to the EU, which volume has increased by 30% in 2017. The structure of exports to the EU has shifted towards machines and equipment, fats and oils of vegetable or animal origin, ready-made meals, and products of animal origin. The EU share in Ukrainian exports and imports has also increased due to a significant reduction in trade with Russia. The application of the EU tariff quotas for agricultural production has increased over the 2014–2017 years because Ukrainian producers have gradually overcome the problems with food safety and weak demand for their production. European choice is an extremely important factor for continuous democratization of all these three countries. In spite of competition among European and Eurasian identities, each of them considers itself a European country. The choice to continue the path of association with Europe, made by these countries, despite obvious political risks (especially severe for Ukraine), is the best evidence of their real adherence to European development path.

**Key words:** European studies, Democracy Index, DCFTA, Ukrainian import, Ukrainian export, tariff quota, democratic choice.

**JEL Classification:** O19, F15, F42, R38, R50

*Corresponding author:*

<sup>1</sup> Chernivtsi Law Institute, National University “Odessa Law Academy”, Ukraine.

<sup>2</sup> Chernivtsi Law Institute, National University “Odessa Law Academy”, Ukraine.

## 1. Introduction

Georgia, Moldova, and Ukraine are three countries that decided to conclude Association Agreements with the European Union, under the terms and conditions of the European Partnership. In our opinion, they are quite similar according to the conditions of democratic development and strategy of political progression of events, so we will try to consider key events, bifurcation points, and possible ways of their further development in the context of comparative European regionalistics. In the post-Soviet space, they are distinguished by a relatively high level of democratic freedoms and political pluralism; however, none of them can be considered as a consolidated democracy, and the majority of analysts describe these countries as ambiguous or hybrid political regimes, which combine features of autocracy and democracy.

Among the main obstacles occurring on the way of their integration processes, one can distinguish problems associated with ethical, regional, and cultural conflicts; specific features of the formation of constitutional systems; peculiarities of the formation of PR technologies of government and society (including control over the most influential media organizations); deep-rooted corruption and influence of oligarchs; corrupt system of building political parties and party systems; scant confidence to institutions of electoral democracy and, as a consequence, propensity to use non-constitutional means of political struggle.

Despite these structural problems, favouring European values and norms demonstrated by societies of the three countries bring hope that they will finally manage to consolidate their democratic institutions. The purpose of the article is to determine problems and prospect of deepening relations of the EU with such countries as Ukraine, Moldova, and Georgia, and to substantiate theses stating that consistent and reinforced integration of the European Union in this region is crucial for further success and development of all actors of this process.

## 2. The methodology of research

Georgia, Moldova, and Ukraine do not compose a single region (both in a geographical and economic context); however, since 2014 they are developing according to the same scenarios. In 2015, all three countries have signed Association Agreements with the European Union, which came into force in July 2016 for Georgia and Moldova and in September 2017 – for Ukraine. This choice has appeared a lot more complicated than the majority of Europeans believe (Emerson, Movchan, 2017; Expert-Group, 2017; Institute for Public Policy, 2018).

In Ukraine, the most difficult and severe events took place: it passed through government overthrow, loss of territory, and military actions in the Donbas caused

by Russia, which continue to this day. For Moldova and Georgia, the choice of such form of European integration also provoked problems in relations with Russia and intensified opposition to the policy of Europeanisation within the countries. Political scenarios in the countries, development of democratic imperatives, and the European choice distinguish these three countries among others in the EU partnership, as well as in the post-Soviet space.

It should be noted that the choice was made when the wave of Euroscepticism within the EU and Russia's aggressive attempts to undermine the EU from outside revealed vulnerable spots. Therefore, perhaps, it is sound to mark Georgia, Moldova, and Ukraine as "a region of Association Agreements" in the East of Europe (Cenușă, Denis, 2018; European Parliament, 2017).

Whereas Georgia, Moldova, and Ukraine demonstrated their "European choice" by signing Association Agreements with the EU, some of their neighbours, in particular, Belarus and Armenia, made an opposite choice and joined the Eurasian Economic Union headed by Russia.

In the mid-1990s, Georgia, Moldova, and Ukraine adopted their first post-communist constitutions: Moldova – in 1994, Georgia – in 1995, and Ukraine – in 1996. This was preceded by long-term debates among various political forces. Those forces advocating stability usually insisted upon strong presidential rule, greater centralization, and plurality voting systems, while reformatory forces usually (but not always consistently) called for strengthening parliaments, greater decentralization, and proportional representation elections. Moreover, first constitutions had to take into account real and potential ethnoterritorial conflicts threatening three newly created states. The results were based on a certain compromise between different political forces and were different in different countries.

Political systems also face a painful choice between efficiency and pluralism, peculiar to countries with weak democratic traditions. The period from 2004 to 2013 years in Georgia could be the single case in all three countries when formal constitutional provisions clearly provided for an excessive concentration of power in the executive branch. However, in this very period (especially in the first half), Georgia implemented the most successful public policy reforms when the level of corruption declined significantly and the government's ability to produce public goods (as well as the quality of these public goods) increased significantly. The same system created a real threat of autocratic consolidation of power. On the other hand, the constitutional environment that provides for a greater pluralism also can weaken the government's ability to implement necessary public policy reforms, which allows powerful plutocratic actors to manipulate the system.

Societies of countries entered into Association Agreement with the EU believe that the Association

Agreement should not be the ultimate point in relations with the EU. These countries insist on their European vocation and believe that it should be finally recognized by offering them the path to EU membership.

Also, there is no consensus among the EU member states in relation to issues of countries integration, though, the number of votes in favour of the European vocation of Georgia, Moldova, and Ukraine is constantly increasing.

However, it is also clear that both the association with the EU and the hope for future membership are closely linked to the acquisition of European values, norms, institutions, and practices. Values of liberal democracy are paramount. The selection of criteria for evaluating these three countries with which the Association Agreements have been concluded is an important scientific and applied problem. Except for the Baltics, they are the most democratic in comparison with other post-Soviet countries. Nevertheless, it is impossible to definitely determine them as a consolidated democratic state and they do not fully comply with the EU requirements (Cenușă, Denis, 2017).

Firstly, political and liberal requirements, weak political institutions, which are vulnerable to the capture by autocratic leaders, have a low level of confidence among the population. At the same time, they also have active political competition, are experiencing constant power shifts (sometimes constitutional, sometimes revolutionary), have relatively active independent media and civil society, as well as the majority of citizens who support democratic values. Nevertheless, political systems are threatened from the inside and open to external influences. However, two assumptions can be made: all three countries have a great chance of success and successful cooperation with the European Union can be a key factor of collaboration success (European Parliament, 2017; Emerson, Movchan, 2017).

In the article, we will consider democratic reforms, conflicts, and distinctions in their European values (in the context of regional, ethnic, and cultural contradictions), as well as mechanisms for forming foreign trade policy.

### 3. Results and discussion. Politological aspect

Despite multidimensional differences between internal political strategy and development pathways of three countries with which the Association Agreements have been concluded, they also have common features. This is confirmed by international evaluations of democracy levels in different countries that politologists use for comparisons. Freedom House in research called *Freedom in the World* assigns them from 3 to 4 points (1 is for the most “free” or democratic countries, and 7 – for the most “non-liberal” or autocratic ones). This means that they are considered to be only “partially free” but they are also quite close to “free” – a rating of

2.5 points enables to achieve this. In fact, their indicators have been slowly improving over the last three years, the time when the association with Europe was an important point in their political programs (this does not mean that such relative progress will be sustainable in the coming years).

Table 1

#### The Democracy Index according to Freedom House's Freedom in the World, 1996–2016

| Country | For 1996–2014 | For 2014–2016 |
|---------|---------------|---------------|
| Georgia | 3,52          | 3             |
| Moldova | 3,26          | 3             |
| Ukraine | 2,36          | 3             |

Source: compiled by the author based on Cenușă, Denis, 2018; Analytical note, 2015; Emerson, Movchan, 2017; IRI Poll, 2017; Institute for Public Policy, 2018

The Democracy Index of the analytical section of *The Economist*, which uses a somewhat different methodology and terminology, gives the same countries higher or lower than 6 points, 8 – this is the distribution line between “hybrid regimes” and “imperfect democracies.” However, it also identified greater differences between these countries: since 2007, when the Democracy Index began to gather data, it evaluates Moldova as “imperfect democracy” (even more imperfect than most others); Georgia – as a “hybrid regime” (although it has been considered one of the most democratic “hybrid regimes” over the past four years); and Ukraine moved below from the category of “imperfect democracy” (2007–2010) to the “hybrid regime” (2011–2016) (Institute for Public Policy, 2018; Emerson, Movchan, 2017; Institute for Public Policy, 2018).

Ethno-territorial problems also distinguish these three countries into one analytical cluster. They appeared as for “objective” reasons (some ethnic minorities were not ready to accept new national states), so over mistakes made by nationalistic elites, and also Russia's readiness to manipulate internal problems of the newly formed countries. Events in Georgia were also very complex, they were determined by two long wars for the separation in Abkhazia and South Ossetia. They ended in the defeat of central authorities and the creation of two unrecognized states. Moldova has faced a similar problem in Transnistria in 1992, although the scale of violence was much lower. In both countries, Russian armed forces were important actors who played an important role in determining the results of these conflicts. In Ukraine, there is the largest “hybrid war”, provoked by ethnoterritorial problems, which lasts more than 4 years in the East of Ukraine and in the Crimea (Analytical note, 2015; European Parliament, 2009; Smagli, 2017; Corboy Denis, and Kenneth Yalowitz, 2012).

Despite the fact that the stability was supported after the period of turbulence, in practice, it was achieved

at the expense of high level of corruption, the capture of the state by oligarchic groups, the ineffectiveness of the government in terms of its ability to meet public interests, and slow economic development. All three countries faced a contradiction between the officially proclaimed principles of constitutional democracy, transparency, and meritocracy, as reflected in constitutions and legislation (which could have been developed in cooperation with consultants from Western democracies), and the reality of neo-patrimonial, informal clan management. This undermined the legitimacy of the entrenched elites (which originated from the former nomenclature, but “enriched” by new economic and political entrepreneurs), therefore, the demand for radical changes appeared. This manifested in “colour revolutions” in Georgia and Ukraine in 2003 and 2004. In Moldova, resistance to communist rule under the leadership of a chaotic coalition of pro-European political forces did not acquire such a dramatic form, but in 2009, they also managed to come to power after the April youth riots and subsequent political upheavals that took place that same year.

Such evaluations do not necessarily imply the similarity of the typology of problems or achievements between the three countries, which we will try to demonstrate below.

Results of government activity were a problem for all three countries, although the level of complexity of problems and its development dynamics differ. In the 1990s, it was Georgia that has suffered the country’s greatest collapse, caused both by protracted ethnoterritorial conflicts and by the crisis of legitimacy caused by the violent change of the first democratically elected government. Meanwhile, Georgia was a canonical example of an incapable state, where armed militiamen competed for control, lost by the government. Although the basic order was restored by the mid-1990s, the state was still very weak and corrupt, unable to collect taxes, pay salaries to civil servants, take care of public infrastructure, and so on.

In 2003, this country occupied the 124-128th place among 133 countries according to the Corruption Perceptions Index (Transparency International, 2016). Confidence to almost all state authorities was less than 20%. This general failure of the government has created a precedent for the emergence of the Rose Revolution in November 2003.

Georgia is also a country, which has achieved the best success in reforming the government after the Rose Revolution. Up to 2012, it has achieved the 51st place among 174 countries (Transparency International, 2016). It has also achieved a notable advance in the spheres of fiscal policy, provision of public services to citizens, and development of public infrastructure etc. Although this breakthrough was made during the tenure of the power of the UNM, the reforms were generally stable, even when the power changed: for example, by

2016, Georgia’s position in the Corruption Perceptions Index has further improved, with the country ranked 44th among 176 countries, outrunning many countries of the European Union, including Italy, Greece, the Czech Republic, Slovakia, Hungary, and Croatia (Transparency International, 2016).

Table 2

**Corruption level indicators**

|      | Georgia | Moldova | Ukraine |
|------|---------|---------|---------|
| 2002 | 24      | 21      | 24      |
| 2009 | 41      | 33      | 22      |
| 2016 | 67      | 30      | 29      |

Source: compiled by the author based on: Corruption Perception Index, Transparency International: <https://www.transparency.org/research/cpi/>

Today, 100 points are given to the least corrupt, and the result of 1 point – to the most corrupt countries. However, until 2012 Transparency International used a system according to which the least corrupt country receives 10 instead of 100 points. For example, in 2006, Georgia’s rate was expressed as 4.1 instead of 41, but for better visibility, we translated the old estimates into a new format.

However, this doesn’t mean much trust from a large part of citizens. In the period from April 2015 to June 2016, the number of Georgians who believed that the country moves in the right direction ranged within 20-30%, and up to April 2017 this indicator reached 33% (31% believed that Georgia moves in the wrong direction; another 31% believed that the situation did not change at all). When it came to the activities of the institutes, from 30% to 55% assessed the activity of civil servants, the army, and the police as “good” or “very good”, while the positive ratings of the prosecutor’s office, courts, and parliament were 10-13%. This does not mean that people are completely dissatisfied: from 40% to 50% evaluate the effectiveness of institutes as “average”.

All three countries have long experienced two types of external influences: European and Russian ones. This means not only the general geopolitical competition but also the influence of domestic political institutions on the development trajectory. The USA is also a powerful player, however, its general policy with regard to this region, including efforts to promote democracy, does not differ from the EU position, and countries of regional influence often bring them together in a general vision. Nevertheless, the institutional framework of the Eastern Partnership of the EU and Association Agreements make it the main propagandist of democracy in these countries (Cenușă, Denis, 2017; Emerson, Movchan, 2017; Linz, Stepan, 1996).

**4. Financial and economic aspect**

Expected from 01.09.2017 the entry into force of the Association Agreement between Ukraine and the EU stipulates the need to search and agree with partners the next steps of Ukraine towards its further integration

into the structures of the European Union. What form further integration (customs union, common market, full integration with the subsequent acquisition of membership or some combination of options) will get is unknown at this time, but the movement in this direction will obviously continue, which actualizes the issue of analysis of potential risks that will arise on the further way of Ukraine to the structures of the European Union.

Therefore, further deepening integration of Ukraine and the EU, in addition to unconditional advantages and additional opportunities in economic and financial spheres, has a set of specific risks that can become apparent in the midterm.

The Russo-Georgian War in 2008 and Russia's hostile actions against Ukraine in 2014–2017 after the Revolution of Dignity were the next steps by which Russia punished Georgia for attempting to join NATO and Ukraine for its choice to join Europe. Trade sanctions applied to Georgia, Moldova, and Ukraine in response to the signing and ratification of Association Agreements/DCFTA (Deep and Comprehensive Free Trade Areas) by these countries are also a mild form of punishments (Transparency International, 2016; Analytical note, 2015; Expert-Group, 2017; IRI Poll, 2017).

Provisional application of the DCFTA (Deep and Comprehensive Free Trade Areas) was initiated on January 1, 2016. However, even before this, in April 2014, the EU introduced autonomous trade preferences for Ukraine in order to support its economy during the crisis. Application of autonomous trade preferences provided for the EU's reducing the level of tariff shelter to the DCFTA first-year level and provision of certain tariff quotas to Ukrainian exporters.

Since the start of the provisional application of the DCFTA (Deep and Comprehensive Free Trade Areas), Ukraine has also begun to lower its duties for EU goods and has introduced certain tariff quotas. In addition to trade regime of the DCFTA, Ukrainian exporters have

also obtained a possibility to sell goods in the EU within the framework of the Generalized System of Preferences (GSP) for two more years (Analytical note, 2015; Cenușa, Denis, 2018).

According to data of the Ministry of Economic Development and Trade of Ukraine, GSP provided additional liberalization of access to the market for 547 Ukrainian goods in 2016 and 424 goods in 2017. In 2017, trade with the EU returned to the level of 2014 after it suffered over the economic and political crises in the country in 2014–2015. Although import growth recovered already in 2016 as a result of an increase in domestic investment demand, the resumption of exports was initially slower. But, in 2017, Ukrainian export to the EU considerably increased by 30%, from 13,5 billion to 17,5 billion dollars, which is the highest indicators since 2012 (see Table 3). As a result of this acceleration of growth of exports to the EU, it was twice as big as exports to the rest of world countries. Moreover, it was mainly due to "real" expansion of export volume but not a price increase.

Imports from the EU increased by 21% in 2017 and this is a bit less than the total import volume. The EU share was 42% of the total import volume in Ukraine and remains within the range of 39–44% after Ukraine switched to gas supplies from the EU in 2014.

In comparison with 2013, the EU role as a trade partner of Ukraine considerably increased, and the share of EU goods in Ukrainian exports grew by 14% as reflected by a decrease in the export share of Russia and other CIS countries. Structure of Ukrainian trade with various countries and regions is studied in Table 4.

In imports, the EU share grew slower – by 7%. Structure of trade also changed as comparing 2013 and 2017. The export structure has shifted from mineral commodities and non-ferrous metals towards machinery and equipment, fats and oils of vegetable or animal origin, ready-made food products, and products of animal origin.

Table 3

**Trade in commodities between Ukraine and the EU, 2010–2017, billion USD**

| Indicators                   | 2010  | 2011  | 2012  | 2013  | 2014  | 2015 | 2016 | 2017 |
|------------------------------|-------|-------|-------|-------|-------|------|------|------|
| Total volume                 | 112,1 | 151,0 | 153,5 | 140,3 | 108,3 | 75,5 | 75,5 | 92,9 |
| Volume of trade with the EU  | 32,2  | 43,8  | 43,4  | 43,8  | 38,1  | 28,3 | 30,6 | 38,3 |
| Share in total volume (%)    | 29    | 29    | 28    | 31    | 35    | 37   | 41   | 41   |
| Growth rate, %               | 29    | 36    | -1    | 1     | -13   | -26  | 8    | 25   |
| Total export volume          | 51,4  | 68,4  | 68,8  | 63,3  | 53,9  | 38,1 | 36,4 | 43,3 |
| Export to the EU             | 13,0  | 18,0  | 17,1  | 16,8  | 17,0  | 13,0 | 13,5 | 17,5 |
| Share in total volume (%)    | 25    | 26    | 25    | 26    | 32    | 34   | 37   | 41   |
| Growth rate, %               | 38    | 38    | -5    | -2    | 1     | -23  | 4    | 30   |
| Total import volume          | 60,7  | 82,6  | 84,7  | 77,0  | 54,4  | 37,5 | 39,2 | 49,6 |
| Import from the EU           | 19,2  | 25,8  | 26,2  | 27,0  | 21,1  | 15,3 | 17,1 | 20,8 |
| Share in total volume (%)    | 32    | 31    | 31    | 35    | 39    | 41   | 44   | 42   |
| Growth rate, %               | 24    | 35    | 2     | 3     | -22   | -27  | 12   | 21   |
| Balance of trade with the EU | -6,1  | -7,8  | -9,1  | -10,3 | -4,1  | -2,3 | -3,6 | -3,3 |

Source: compiled by the author based on data from the State Statistics Service of Ukraine

Table 4

**Trade export-import structure of Ukraine (2013 and 2017)**

|                          | 2013                    |               |                         |               | 2017                    |               |                         |               |
|--------------------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|-------------------------|---------------|
|                          | Export<br>(million USD) | Export<br>(%) | Import<br>(million USD) | Import<br>(%) | Export<br>(million USD) | Export<br>(%) | Import<br>(million USD) | Import<br>(%) |
| EU                       | 16758                   | 26,5          | 27046                   | 35,1          | 17535                   | 40,5          | 20796                   | 41,9          |
| Russia                   | 15065                   | 23,8          | 23234                   | 30,2          | 3937                    | 9,1           | 7202                    | 14,5          |
| Other CIS countries      | 6998                    | 11,1          | 4697                    | 6,1           | 2974                    | 7,8           | 2988                    | 8,0           |
| Other European countries | 467                     | 0,7           | 1582                    | 2,1           | 446                     | 1,0           | 2139                    | 4,3           |
| USA                      | 888                     | 1,4           | 2759                    | 3,6           | 828                     | 1,9           | 2525                    | 5,1           |
| China                    | 2726                    | 4,3           | 7900                    | 10,3          | 2039                    | 4,7           | 5647                    | 11,4          |
| Other world countries    | 20407                   | 32,2          | 9743                    | 12,7          | 15508                   | 35,8          | 7035                    | 14,2          |
| Total                    | 63312                   | 100,0         | 76964                   | 100,0         | 43267                   | 100,0         | 49599                   | 100,0         |

Source: compiled by the author according to data from the State Statistics Service of Ukraine

The structure of imports from the EU was stable with a certain shift to mineral commodities, machinery and equipment at the expense of agricultural products, chemical industry production, and also cellulose and paper, see Table 5.

The experience of Ukraine in using tariff quotas during 2014–2017 indicates that although the country still has not been able to fully utilize their potential, the use of tariff quotas has increased significantly. In 2014, Ukraine used only six of the 36 (natural honey, cereals, processed tomatoes, grape and apple juice, wheat, corn), while 12 other tariff quotas were used only partially.

In 2017, the number of fully used quotas increased to 10 out of 36 (to the quotas that were fully used in 2014, quotas for butter, sugar, poultry, and wheat and barley flour and granules were added), while the number of quotas used partially increased to 16, and only 10 tariff quotas remained unused.

In 2017, Ukraine completed ratification procedures for joining the Regional Convention on pan-Euro-Mediterranean preferential rules of origin (PEM Convention). As the Convention is established on the basis of a network of free trade areas with common rules for determining the origin of goods, accession to the Convention allows its parties to apply the principle

Table 5

**Commodity structure of Ukrainian trade with the EU (2013, 2017)**

|   | 2013       |            | 2017       |            |
|---|------------|------------|------------|------------|
|   | Export (%) | Import (%) | Export (%) | Import (%) |
| Total:  | 100        | 100        | 100        | 100        |
| Products of animal origin                     | 0,3        | 2,5        | 1,6        | 1,6        |
| Products of vegetable origin                  | 18,8       | 3,3        | 17,3       | 2,3        |
| Fats and oils                                 | 3,0        | 0,4        | 8,4        | 0,3        |
| Ready-made meals                              | 4,7        | 5,3        | 4,9        | 5,6        |
| Mineral commodities                           | 17,5       | 11,5       | 13,0       | 15,0       |
| Chemical industry production                  | 4,1        | 18,4       | 2,5        | 17,2       |
| Plastic products, rubber                      | 0,6        | 7,9        | 0,8        | 7,5        |
| Fur and skins                                 | 0,8        | 0,4        | 0,8        | 0,7        |
| Wood  | 3,7        | 1,1        | 4,8        | 0,6        |
| Cellulose, paper                              | 0,5        | 4,6        | 0,6        | 3,0        |
| Textile products                              | 3,3        | 2,6        | 3,5        | 3,4        |
| Shoes, hats                                   | 0,8        | 0,2        | 0,8        | 0,2        |
| Works of stonemasonry                         | 0,4        | 1,9        | 0,9        | 1,2        |
| Precious gemstones and metals                 | 0,2        | 0,9        | 0,1        | 0,1        |
| Non-precious metals                           | 27,3       | 5,9        | 21,4       | 5,0        |
| Mechanical equipment, machines and mechanisms | 11,5       | 19,7       | 14,2       | 21,8       |
| Vehicles                                      | 1,1        | 10,7       | 0,9        | 10,8       |
| Devices and apparatus                         | 0,3        | 1,6        | 0,2        | 1,7        |
| Various goods and wares                       | 1,2        | 1,1        | 3,1        | 1,3        |
| Other goods                                   | 0,0        | 0,1        | 0,1        | 0,6        |

Source: compiled by the author based on data from the State Statistics of Ukraine

of diagonal cumulation in determining the country of origin of goods. Today, the parties of the Convention are: the EU, the EFTA States, Moldova, Georgia, Ukraine, the participants in the Barcelona Process (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia and Turkey), as well as the participants in the EU's Stabilisation and Association Process (Albania, Bosnia and Herzegovina, the Republic of North Macedonia, Montenegro, Serbia, and Kosovo).

Among all members of the PEM Convention, Ukraine has free trade agreements with 36 countries – the EU, the EFTA States, Macedonia, Montenegro, Georgia, and Moldova – and is negotiating with Turkey and Israel. However, further development of Pan-Euro-Med requires changing the protocols governing the rules of origin in each country.

## 5. Conclusions

Summing up the above, it can be determined that despite the fact that there is a request for democracy in all three countries, there are differences in the formation of the political elite, the course of political reforms, and scenarios of the future. In all these three countries, political parties are one of the political institutions with the slightest confidence. There were several power shifts by revolutionary or constitutional means (each time they gave hope for a real democratic breakthrough), though they ended with the disappointment of both citizens and the political institutions themselves. On the other hand, the countries were supported by relatively dynamic and competitive political landscapes, open space for political debates, and a healthy level of social activity.

Ukraine is also a multinational and multiconfessional country but all its differences in identity are obscured by the split of its south-eastern part. However, although this split was strongly expressed in voting models when the East voted for candidates considered to be “pro-Russian” while in the West those forces were supported aimed at independence and European choice, Ukraine had long been able to avoid political confrontation through the cultural identity. It seemed that the creation of an autonomous region in the Crimea (the most pro-Russian region in Ukraine) in 1991 have eliminated the danger of such territorial conflict as in Georgia and Moldova. Nevertheless, in 2014, Russia used the occasion of the change of the Ukrainian government to join the Crimea and stir up separatist rebellions in the south-eastern regions. This rebellion ended with the creation of two unrecognized “states” in the Donbas. After eight months of the hot war of 2014–2015, the front stabilized and slowly turned into a quasi-border with the separatist region. As a consequence, the situation in Ukraine became similar to the

situation in Georgia and Moldova: Russia annexed the Crimea, and the Donbas turned into a region of “semi-frozen conflict”.

Summing up, official Constitutions of all the three countries, as a rule, favour a competitive political process that envisages the creation of a responsible government. They also include all the basic guarantees of the protection of human rights and political freedoms (Paweł Dziekański, 2017). This does not mean that there is no room for improvement of official constitutional systems (for example, strengthening local self-government) but these disadvantages do not prevent these countries from consolidating their democratic political systems. In practice, however, these systems are vulnerable to the negative impact of non-constitutional factors such as charming personalities and parties headed by them, which are focused on the leader's personality, as well as business structures and oligarchs.

All the three countries still have to find a proper balance between a strong and effective state, on the one hand, and strong democratic institutions capable of ensuring the true responsibility of their rulers, on the other. They also have to recognize that only inclusive constitutional process that is based on consensus will lead to the adoption of legal, working, formal constitutional rules but not non-constitutional powers that direct the behaviour of political players.

Over the political pressure of Russia, the EU and Ukraine postpone the provisional application of the DCFTA (Deep and Comprehensive Free Trade Area) to January 1, 2019. There are marked positive consequences of Ukrainian exports to the EU, which volume has increased by 30% in 2017. The structure of exports to the EU has shifted towards machines and equipment, fats and oils of vegetable or animal origin, ready-made meals, and products of animal origin.

The EU share in Ukrainian exports and imports has also increased due to a significant reduction in trade with Russia. The application of the EU tariff quotas for agricultural production has increased over the 2014–2017 years because Ukrainian producers have gradually overcome the problems with food safety and weak demand for their production.

In 2017, Ukraine completed procedures for joining the pan-Euro-Mediterranean system of rules of origin, which allows for diagonal cumulation.

European choice is an extremely important factor for continuous democratization of all these three countries. In spite of competition among European and Eurasian identities, each of them considers itself a European country. The choice to continue the path of association with Europe, made by these countries, despite obvious political risks (especially severe for Ukraine), is the best evidence of their real adherence to European development path.

## References:

- Analytical note (2015). The Verkhovna Rada 06/2015, Berlin/Kyiv, June. Retrieved from: [www.beratergruppe-ukraine.de/wordpress/wp-content/uploads/2014/06/PB\\_06\\_2015\\_en.pdf](http://www.beratergruppe-ukraine.de/wordpress/wp-content/uploads/2014/06/PB_06_2015_en.pdf)
- Cenușă, Denis (2018). Geopolitical Games Expected Ahead of Moldova's 2018 Elections, 10 October. Retrieved from: <https://www.fpri.org/article/2017/10/geopolitical-games-expected-ahead-moldovas-2018-elections>
- Cenușă, Denis (2017). European values versus traditional values and geopolitical subtext in Moldova. IPN, 29 May. Retrieved from: <http://www.ipn.md/en/integrare-europeana/84125#>
- Corboy Denis, William Courtney and Kenneth Yalowitz (2012). Justice or Vengeance? International Herald Tribune, 26 November.
- Paweł Dziekański (2017). Diversification synthetic indicator for evaluating the financial capacity of local government. The case of Polish Voivodeships. *Acta universitatis agriculturae et silviculturae mendelianae brunensis*. Retrieved from: <https://doi.org/10.11118/actaun201765020611>
- State Statistics Service of Ukraine. Retrieved from: [https://ukrstat.org/uk/operativ/oper\\_new.html](https://ukrstat.org/uk/operativ/oper_new.html)
- Emerson, M., Movchan, V. (2017). Deepening EU-Ukrainian Relations: What, Why and How? Retrieved from: <http://www.3dcftas.eu/uk/publications/key/>
- European Parliament (2009). Resolution of the European Parliament of 30 April 2009 regarding the situation in Moldova. Retrieved from: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+B6-2009-0264+0+DOC+XML+V0//EN&language=en>
- European Parliament (2017). Recommendation of 15 November 2017 to the Council, the Commission and the EEAS on the Eastern Partnership, in the run-up to the November 2017 Summit. Retrieved from: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2017-0440+0+DOC+XML+V0//EN&language=EN>
- Expert-Group (2017). State of the Country Report 2017. Retrieved from: <http://expert-grup.org/en/biblioteca/item/1482-raport-de-stare-a-tarii-2017>
- Goble, Paul (2017). Ukrainian Legislation about Religion Will Finalize Divorce between Kyiv and Moscow. Euromaidan Press, 19 May 2017. Retrieved from: <http://euromaidanpress.com/2017/05/19/ukrainian-legislation-about-religion-will-finalize-divorce-between-kyiv-and-moscow-euromaidan-press/>
- Hanf, Theodor and Ghia Nodia (2000). Lurching to Democracy. From agnostic tolerance to pious Jacobinism: Societal change and people's reactions, Baden-Baden: Nomos Verlagsgesellschaft.
- Institute for Public Policy (2018). Barometer of Public Opinion, April. Retrieved from: <http://www.ipp.md>
- IRI Poll (2017). Social and Political Moods of Ukrainians, 8 June 2017. Retrieved from: [http://ratinggroup.ua/en/research/ukraine/poll\\_iri\\_dinamika\\_obschestvenno-politicheskikh\\_vzglyadov\\_v\\_ukraine.html](http://ratinggroup.ua/en/research/ukraine/poll_iri_dinamika_obschestvenno-politicheskikh_vzglyadov_v_ukraine.html)
- Kiev International Institute of Sociology (2016). Trust to Social Institutions. Retrieved from: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016)
- Konończuk, Wojciech, Denis Cenușă and Kornely Kakachia (2017). Oligarchs in Ukraine, Moldova and Georgia as key obstacles to reforms, June. Retrieved from: <http://3dcftas.eu/publications/other/oligarchs-ukraine-moldova-and-georgia-key-obstacles-reforms>
- Levitsky, S. and Way, L. (2015). The Myth of Democratic Recession. *Journal of Democracy*, vol. 26, no 1, January.
- Linz, J. J. and Stepan, A. (1996). Problems of Democratic Transition and Consolidation: Southern Europe, Latin America and post-communist Europe, Baltimore: Johns Hopkins University Press.
- Razumkov Center (2017). Stavlenia hromadyan Ukrainy do suspilnykh instytutiv, elektoralni orientatsii. 11 October. Retrieved from: <http://razumkov.org.ua/uploads/socio/Press1017.pdf>
- Smaglyi, K. (2017). A Wake Up Call for Ukraine's Civil Society. Kennan Cable, no. 25. Retrieved from: <https://www.wilsoncenter.org/publication/kennan-cable-no25-wake-call-for-ukraines-civil-society>
- Transparency International (2016). Corruption Perception Index 2016. Retrieved from: [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](https://www.transparency.org/news/feature/corruption_perceptions_index_2016)