

Terms of Ukraine's EU-Dependency - "Ukraine will not be a member of the European Union; not in the foreseeable future"

Wednesday 22 January 2014, by [BÖRÖCZ József](#) (Date first published: 2009).

The main provisions of the EU-Ukraine Association Agreement are available online [[1](#)]. (I find it amusing that, in the big hullabaloo about the drama of the refusal to sign and the protests, it does not seem to have occurred to anybody to actually look at it—at least I haven't found any analysis on the internet.) These truly are just the "main provisions"—the full version is apparently 1500 pages long (and, as far as I know, unavailable online). Here are a few basic features of the condensed version, just so that we see what it is that the protests and the diplomatic wrangling are all about.

A key aspect of the agreement is establishment of something called the "Deep and Comprehensive Free Trade Area" (DCFTA). Everything is pretty much secondary to this. So, what is DCFTA, how would it work?

Tariffs are key tools in the hands of poorer and weaker economies in their relations with richer and more powerful ones. (That Ukraine is considerably poorer and weaker than the EU should be obvious. How much poorer and weaker? Well, according to Angus Maddison's estimates, at the latest time point for which he offers data (2008), the weight of the Ukrainian economy was approximately *forty times less* in terms of economic weight than the European Union. [[2](#)])

As the EU's own publication suggests, the business linkages between the EU and Ukraine are quite skewed already. Ukraine exports EUR 14.6 billion worth of goods to the EU and imports EUR 23.8 billion, producing a 9.2 billion trade imbalance. In the area of investment, the imbalance is outright grotesque: EUR 2 billion from Ukraine, EUR 23.8 billion from the EU to Ukraine (resulting in a fairly breathtaking, EUR 21.9 billion, imbalance). Given those figures, even without the DCFTA, the economic linkage structure between the EU and Ukraine offers itself as a textbook study in external trade and investment dependence.

The draft agreement is absolutely adamant that the key purpose of this exercise is *removal of all remaining tariffs and other trade barriers* for EU capital:

"The DCFTA, linked to the broader process of legislative approximation will contribute to further economic integration with the European Union's Internal Market. This includes the elimination of almost all tariffs and barriers in the area of trade in goods, the provision of services, and the flow of investments (especially in the energy sector). Once Ukraine has taken over the relevant EU acquis, the EU will grant market access for example in areas such as public procurement or industrial goods" (p.3. [[3](#)])

The expected benefit of the removal of "almost all tariffs and barriers" is that "The DCFTA once in force will provide tariff cuts which will allow the economic operators of both sides to save around 750 millions euros per year in average (most of the customs duties being lifted)" (p.4. [[4](#)])

Given the disparities between the two would-be contracting entities (1.5 to 1 in trade, 11 to 1 in investment and 40 to 1 in economic power), it is not difficult to imagine what percentage of that EUR 750M, resulting from the lifting of trade barriers, would go to the EU and what part will go to Ukraine.

But that is, really, small change compared to the liberalization of investment. In addition to liberalizing trade, the DCFTA also envisages a significantly more open investment “climate.” This is so much so that the agreement not only emphasizes investment, but even specifies what it has in mind: “investments (especially in the energy sector)” (p.3.) Just in case this was not clear enough, the document repeats, “New trade and investment opportunities will be created and competition will be stimulated” (p. 4.). But it’s not over: “Through the Neighbourhood Investment Facility (NIF), to which Ukraine is eligible IFI investments could be leveraged. The NIF aims at mobilising additional funding to cover the investment needs of Ukraine for infrastructures in sectors such as transport, energy, the environment and social issues (e.g. construction of schools or hospitals).” This is all very nice, except there is absolutely no mention of the terms under which all this investment in human infrastructure would take place, who would do them, from what funds, etc. None of that.

The draft agreement also envisages that Ukraine will gradually “approximate” the *acquis communautaire*, i.e., the EU’s body of laws and regulations. This is an apparently completely neutral and technical provision. However, beyond the technical and the apparent neutrality, there are two key points to be remembered here.

First, clearly, the diplomatic frame of the draft agreement (two contracting parties come to an agreement) is highly deceptive: What is actually going on is the full adoption of a set of external legal materials by a smaller, economically weaker, actor, under political pressure by a bigger, economically stronger and politically superordinate party. I have analyzed the structure of such a grossly asymmetrical relationship in my paper, “The Fox and the Raven. . .”, [5] with respect to Hungary’s EU-accession negotiations 15 years ago. (The only caveat is that that paper focussed on a situation in which Hungary, a much smaller but considerably wealthier society than Ukraine, played the subordinate role; the case of Ukraine today is somewhat different than Hungary 15 years ago, for two additional reasons: Hungary had no other “suitor” while Ukraine is in the midst of a geopolitical tug-of-war between the EU and Russia; and, at the time when Hungary was negotiating its EU-membership, there were no previous east European entrants, today’s EU includes 11 former-state-socialist east European member states, offering an ample list of precedents and an entirely different political climate.)

Second, keep in mind: In a fairly fundamental way, the main (some would probably say, the only) purpose of the EU’s community laws and regulations is removal of all the institutional mechanisms that the EU’s member states had developed over the centuries for the protection of their internal economies from exogenous crises, unfair competition and unforeseen fluctuations of all kinds. So, when we see a reference to adoption (or, as in the case of Ukraine, “approximation”) of the *acquis communautaire*, we need to remember that the *acquis* is, by definition, a neoliberal tool, designed to increase the global sway of transnational capital based in western Europe. That’s what it is, no less, no more.

Finally, there is the question of what EU-parlance calls (from a sociological perspective, quite imprecisely,) ‘mobility’ (i.e., the freedom of movement for not just goods, services and investment, but also of people, including the right to settle, to work, to study and to participate in democratic political life without exclusion or diminution). This is important for three reasons. First, it goes to showing the depth of the EU’s commitment to embracing Ukraine as a society, not just an economic area; second, it is a deeply emotional expectation, very much on the minds of all people, especially east Europeans outside the EU, and, third, it is at this point that the EU-Ukraine rapprochement

runs into the hard realities of west European quasi-racism vis-a-vis east Europeans, something I have called, in a paper entitled "Goodness Is Elsewhere. . .", the rule of European difference [6].

To put it bluntly, the draft agreement is **extremely vague** about movement of Ukrainians in Schengen-land. Savor this language: "The importance of the introduction of a visa free travel regime for the citizens of Ukraine in due course, provided that the conditions for well-managed and secure mobility are in place is recognised in the Agreement." (pp. 1-2.) And, again: "The EU and Ukraine commit through the Association Agreement to increase their dialogue and cooperation on migration, asylum and border management. The importance of the introduction of a visa free travel regime for the citizens of Ukraine in due course, provided that the conditions for well-managed and secure mobility are in place is recognised in the Agreement" (p. 3.)

In other words, there is absolutely no commitment on part of the European Union, or its Schengen common migration management system. Even the visa requirement, currently in place, will not be lifted for a while. When exactly? Well, "in due course." This is the absolutely vaguest diplomatic language. It binds the EU to nothing, not even to easing the visa requirement, let alone abolishing it (which would allow citizens of Ukraine to travel to Europe as they please) let alone the right to stay, study, or work there. Absolutely none of that is mentioned here.

People familiar with the EU-"enlargement" process will, no doubt, point out that that-i.e., free movement of persons, the right to settle, work, etc.-will come later, with (actually, usually seven or so **years after**) full membership. So, that brings us to the question, what about it? What does the agreement say about full membership?

Here it is: 0.

The word "membership" appears in the document once, referring to WTO membership. This should be absolutely clear: Ukraine will not be a member of the European Union; not in the foreseeable future.

So, when the people of Ukraine are animated by the ideas of democracy, citizenship, equality, etc., and demand that their government immediately accept the agreement-this is what they are demanding. Significantly increased exposure of their economy to capital from a forty times bigger and much richer economic area; demolition of the tariff barriers that might prevent the full siphoning-off of their resources, and absolutely no promise of equality, citizenship, democracy, or even an increased freedom of movement.

József Böröcz, 3 December 2013

P.S.

* <http://www.criticatac.ro/lefteast/ukraine-eu-dependency/>

* This ext was originally published in the authors's blog Global Social Change, dedicated to his book The European Union and Global Social Change: A Critical Geopolitical-Economic Analysis, Routledge 2009 , and was reprinted on Lefteast with the kind agreement of the author.

Footnotes

[1] http://eeas.europa.eu/images/top_stories/140912_eu-ukraine-associatin-agreement-quick_guide.pdf

[2] To see their trajectories between 1990 and 2008, along with Russia, click here:
http://2.bp.blogspot.com/-cpXv5i_caFc/UpjnQJgxXRI/AAAAAAAAAMQ/YNN4j5j1X-Y/s1600/ukrrueu.png

[3] http://eeas.europa.eu/images/top_stories/140912_eu-ukraine-associatin-agreement-quick_guide.pdf

[4] http://eeas.europa.eu/images/top_stories/140912_eu-ukraine-associatin-agreement-quick_guide.pdf

[5] available here:
https://www.academia.edu/172779/The_Fox_and_the_Raven_The_European_Union_and_Hungary_Renegotiate_the_Margins_of_Europe or here:
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1082370

[6] available here:
https://www.academia.edu/162846/Goodness_Is_Elsewhere_The_Rule_of_European_Difference or here: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1082435, see esp. pp. 125-134.