

## НАЦІОНАЛЬНА БЕЗПЕКА ТА ТРАНСКОРДОННІ ВІДНОСИНИ

УДК 327

**Yakovenko K.**  
Comenius University in Bratislava

### THE OFFICIAL POSITION OF UKRAINE TOWARDS THE EURASIAN CUSTOMS UNION 2010 - 2013: A FAILED ATTEMPT TO MOVE FROM THE OLD NEIGHBOURHOOD?

*The following article is summarizing and analysing the official position of Ukrainian president Victor Yanukovich and the top Ukrainian oligarchs regarding the possibility of membership in the Eurasian Customs Union, focusing on the timeframe of the years 2010-2013. The author claims that Ukraine's president in office and most successful entrepreneurs supported the eurointegration course; thus, just before the third Eastern Partnership Summit in Vilnius, the perspective of signing the Deep and Comprehensive Free Trade Agreement with the European Union prevailed over the opportunity to enter the Eurasian Customs Union with Russia, Belarus and Kazakhstan.*

**Keywords:** Ukraine, Russia, the European Union, the Eurasian Customs Union, Deep and Comprehensive Free Trade Agreement, president, oligarchs, membership, support.

**Яковенко К.**

### ОФІЦІЙНА ПОЗИЦІЯ УКРАЇНИ ВІДНОСНО ЄВРАЗІЙСЬКОГО МИТНОГО СОЮЗУ 2010 - 2013 : НЕВДАЛА СПРОБА ПРОДВИНУТИСЬ ВПЕРЕД?

*Підсумовується та аналізується офіційна позиція українського президента Віктора Януковича і головних українських олігархів відносно можливості членства в Євразійському Митному Союзі, зосереджуючись на періоді 2010-2013. Автор стверджує, що чинний президент України і найуспішніші підприємці країни підтримували курс євроінтеграції; отже, аж до третього Саміту Східного Партнерства у Вільнюсі, перспектива підписання Угоди з Євросоюзом про Зону Вільної Торгівлі переважала над можливістю приєднання України до Євразійського Митного Союзу з Росією, Білоруссю і Казахстаном.*

**Ключові слова:** Україна, Росія, Європейський Союз, Євразійський Митний Союз, Договір про Зону Вільної Торгівлі, президент, олігархи, членство, підтримка.

**Яковенко Е.**

### ОФИЦИАЛЬНАЯ ПОЗИЦИЯ УКРАИНЫ ОТНОСИТЕЛЬНО ЕВРАЗЙСКОГО ТАМОЖЕННОГО СОЮЗА 2010 - 2013 : НЕУДАВШАЯСЯ ПОПЫТКА ПРОДВИНУТЬСЯ ВПЕРЕД?

*Суммируется и анализируется официальная позиция украинского президента Виктора Януковича и главных украинских олигархов относительно возможности членства в Евразийском Таможенном Союзе, сосредоточиваясь на периоде 2010-2013 годов. Автор утверждает, что действующий президент Украины и самые успешные предприниматели страны поддерживали курс евроинтеграции, следовательно, вплоть до третьего Саммита Восточного Партнерства в Вильнюсе, перспектива подписания Соглашения с Евросоюзом о Зоне Свободной Торговли превалировала над возможностью присоединения Украины к Евразийскому Таможенному Союзу с Россией, Беларусью и Казахстаном.*

**Ключевые слова:** Украина, Россия, Европейский Союз, Евразийский Таможенный Союз, Договор о Зоне Свободной Торговли, президент, олигархи, членство, поддержка.

### **Introduction.**

Back in 1994 the Commonwealth of Independent States (CIS), following some three years after the break-up of the Soviet Union, agreed to create a free trade area (FTA) in order to boost trade and harmonize the existent regulations in the sphere. Originally, the 1994 agreement would have included all the twelve CIS members with the exception of Turkmenistan. However, for more than a decade no substantial steps in the direction of the FTA were made, until a new agreement to create a „working” FTA was taken in 2009, afterwards being signed by the eight CIS states, including Ukraine in 2011. The treaty was ratified by Ukraine, Russia, Belarus, Moldova and Armenia in 2013, yet no noticeable results taking up. The non-efficiency of the agreement was confirmed by Ukraine’s President in office Victor Yanukovich [1].

Since 16 May 2008 Ukraine became the member of the World Trade Organisation (WTO). Despite the fact that some WTO country-members view Ukraine as a troublemaker within the organization, the country ruling coterie firmly expresses its intention of remaining the WTO’s member and moving forward with no aim of directing elsewhere. The idea refers to the creation of the resonant Customs Union of Russia, Belarus and Kazakhstan (further referred to as the Eurasian Customs Union or the ECU). As the Customs Code of the Union went into effect in 2010, the Ukrainian president Viktor Yanukovich stated: „Ukraine’s entry into the Customs Union of Russia, Belarus and Kazakhstan is not possible today, since the economic principles and the laws of the WTO do not allow it, we develop our policy in accordance with WTO principles” [2]. Despite those claims, on 31 May 2013 in Minsk Ukraine was granted an observer status in the ECU. Technically, such a status does not contradict Ukraine’s WTO membership and the possible DCFTA agreement, however, it entitles Ukraine to attend meetings and join the preparation of documents. This appears to be quite a warning signal in the eyes of the EU and the United States of America. But as the Ukraine – America relations could not be drastically influenced by the former participating in the ECU, Ukraine-EU relations and the European future of the country are on trial. Moreover, this trial could be the decisive one. For years if not decades now Ukraine has been blamed by the European authorities for sending double signals concerning its desires: to move towards the new future in the EU or to

continue strengthening its relations with Russia. Entering the Customs Union with Russia will close „the door” to the free trade area with the European Union and put to question Ukraine’s membership in the World Trade Organisation. Roughly speaking, this moment is the great dilemma for Ukraine: East or West.

Considering the facts mentioned above, the aim of the following article is to outline Ukraine’s position as to the Eurasian Customs Union by reviewing the official statements of the Ukrainian president and business elite in mass media, from the very creation of the ECU. Thus, it would be possible to come to one concrete answer, which would be what the official position of Ukraine is (regarding the ECU), despite various insinuations and speculations. Plus, the author shall try to draw a „historical line of Ukraine’s position towards the ECU”, making our conclusion more solid. To the researcher’s knowledge, there are no substantial studies that cover the following topic, assessing the actual formal declarations of the Ukrainian president (in a certain timeline) and oligarchs, not giving suppositions based on one declaration.

The methodology would include direct empirical observations (based on secondary data) and postliminary content analysis.

### **1. Brief historical and operating background: the Eurasian Customs Union.**

The first brick to create the new Customs Union was put in 2007 when Kazakhstan, Russia and Belarus shared the idea to join together for the sake of economics and trade developments. Officially, the Union was established on December 19, 2009, in Almaty, Kazakhstan, where the leaders of the three states – Dmitry Medvedev, Alexander Lukashenko, and Nursultan Nazarbayev – signed the Joint Statement on its founding. The first phase of the Customs Union’s functioning began on January 1, 2010, with the introduction of a uniform customs tariff [3]. The second phase was embodied in the building of the Customs Code, completed and signed in Astana, Kazakhstan, in July 2010. The final stage was a single economic zone which came into effect in the middle of 2011.

It is worth to mention that the ECU was formed within the Eurasian Economic Community – EurAsEc (Kazakhstan, Russia and Belarus are its members, along with Tajikistan and Kyrgyzstan). The grouping is one of the youngest and largest regional economic organizations; it covers 20,374 million sq. km of territory (15% of the land in

the world), it is the home of 181m people (2.7% of global population), produces 3.5% of the global gross domestic product and is an originating point for approximately 3% of the global exports. The member-countries hold the largest gas and coal reserves of up to 29.3% and 20.7% respectively [4].

In November 2011 the heads of the three states signed the Declaration of Eurasian economic integration and the Treaty on the Eurasian Economic Commission for Europe (ECE). This envisages the next stage of the integration of cooperation – the Common Economic Space, and declares the intention to establish the Eurasian Economic Union until 1 January 2015.

By 2015 Russia, Belarus and Kazakhstan would fulfil the five of them, leaving out only the creation of a single state. The author is inclined to think that, to a certain amount, this profound integration explains why the international key players are so concerned with the ECU functioning. Creation of the single state in between the post-soviet countries, with Russia at the helm, is a serious counterbalance for the European Union and the United States of America.

## **2. Ukraine's three vectors: the World Trade Organization, the Single Market of the European Union and the Eurasian Customs Union.**

### **2.1. The World Trade Organization, the Single Market of the European Union and the Eurasian Customs Union for Ukraine: facts.**

According to the opinion of the author, it is essential to know the up-to-date actual state of Ukraine's membership in the “three pillars”: the World Trade Organization, the Single Market of the European Union and the Eurasian Customs Union.

#### **2.1.1. Ukraine and the WTO.**

Ukraine has been a member of the WTO since 16 May 2008, becoming the 152<sup>nd</sup> country to enter the organization. It took Ukraine 13 years of negotiations and multiple preparation stages to finally join the WTO. All the terms of membership, consisting of the Working Party Report for Ukraine's Accession, the Protocol of Accession, and the Schedules of Ukraine's commitments on Market Access for Goods and Services, were successfully adopted by the WTO at the Organization General Council. To prove its determination, Ukraine established relatively low tariffs on most imported goods, including the Information Technology Agreement granting duty free access for electronics and telecommunications equipment.

#### **2.1.2 Ukraine and the Single Market of the European Union.**

The Single Market of the EU has been operating for two decades now, though the possibilities for Ukraine to join it were opened rather recently. The Deep and Comprehensive Free Trade Agreement (DCFTA) is a part of the Association Agreement to possibly be signed with Ukraine by the end of 2013 on the 6<sup>th</sup> Forum Europe-Ukraine. But, as of May 2011 there remained three outstanding issues to be resolved in the free trade deal: quotas on Ukrainian grain exports, access to the EU's services market and geographical names of Ukrainian commodities. Stating the official position of the European Union, the DCFTA is one of the most ambitious bilateral agreements that the EU has ever negotiated with a trading partner. But so far, the DCFTA was only initiated, not signed or ratified.

#### **2.1.3. Ukraine and the Eurasian Customs Union.**

The Customs Union of Belarus, Kazakhstan, and Russia started functioning on 1 January 2010. Ukraine, potentially an important member of the CU, is still aspiring to sign an Association Agreement with the European Union. Thus, entering the Eurasian Customs Union is officially incompatible with the EU requirements. For now, Ukraine was granted an „observer” status within the ECU on 31 May 2013. The observer status entitles Ukraine to attend open meetings of the Supreme Eurasian Economic Council, public meetings of the Council of the Eurasian Economic Commission (without the right to vote), the board meetings of the Eurasian Economic Commission (without the right to participate in decision-making). Plus to that, Ukraine has obtained access to the documents produced by the organization.

Still and all, this status does not contradict the possible signing of the DCFTA (and the Association Agreement) with Ukraine, as well as it does not contradict the obligations of Ukraine in the WTO.

## **2.2. The Eurasian Customs Union versus the World Trade Organization and the Single Market of the European Union.**

At the end of the previous section (Section 1) a very important characteristic of the ECU was mentioned, which is its interaction and co-existence with other important trade organisations in the world. In fact, this is a very interesting aspect of the new Union, as for the first time in modern history Russia has changed its attitude towards international integration processes. By claiming so we imply that the World Trade Organization rules shall prevail

over conflicting ECU provisions; such an approach has never been applied by the Russian Federation before. Actually, the interplay of the two regimes was addressed in the Treaty on the Functioning of the Customs Union in the Multilateral System (entered into force in November 2011). The document clearly states that the ECU member states are obliged to ensure that all the existing as well as future ECU international agreements and decisions comply with the WTO regime, even in case of non-WTO members. Being a new member of the World Trade Organization (since 22 August 2012) Russia is showing no intention of withdrawing its participation.

Definitely, some problems and contradictions in between the two organizations (the ECU and the WTO) exist. For example, some ambiguity comes as to the rules of determining customs valuations. In the Eurasian Customs Union, the rules of determining customs valuations are specified by the agreement on defining the valuation of moveable goods through the union's customs border. That contradicts the WTO customs assessment agreement. However, so far there have been no obvious conflicts as to the ECU-WTO co-existence, which could be a threat for Russia to be excluded.

However, when it comes to the European Union Single Market, or even the European Union as a whole, the atmosphere is more heated. The EU Single Market envisages the „four freedoms” – the free movement of people, goods, services and capital. These freedoms are ensured by the European Commission Treaty and form the basis of the single market framework. However, the policy covers only the EU member-states, not reaching the post-Soviet non-member states. Proceeding in that direction, the actual content of the EU's relations with its eastern neighbours is not necessarily easy to grasp, owing to the profoundly political and technocratic nature of these relations [5]. Basically, the European Neighbourhood policy works to a very limited extent, while the Eurasian Customs Union is actually fully operating on the post-Soviet space. „Territorially pointed” at the same targets, the ECU positive and negative conditionality seems to be much more real. Thus, roughly speaking, Russia seems to be winning the battle from the European Union on the Eastern area. In this respect, we could go as far as claiming that participation in the Eurasian Customs Union and the European Union (focusing on the EU Single market) is mutually exclusive due to political reasons and

ambitions, and not due to actual economic regulatory contradictions. According to Valeriy Muntiyani – Government Commissioner of Ukraine for Cooperation with the Russian Federation, the CIS states, the Eurasian Economic Community – „Ukrainian experts had conducted a thorough analysis, which showed that the basis of technical regulations of the European Union and the Customs Union is 90% compatible, although there are differences. (...) But I want to note that Ukraine primarily proceeds from the fact that its national regulations and standards should better ensure the safety of citizens and the environment, that is we're not looking at, so to speak, the 'political colouring' of technical regulations”[6].

Nonetheless, Europe is not going to lose ground to the Customs Union. According to Stefan Fule, European Commissioner for Enlargement and European Neighbourhood Policy, „it is true that the Customs Union membership is not compatible with the DCFTAs which we have negotiated with Ukraine, the Republic of Moldova, Georgia, and Armenia. This is not because of ideological differences; this is not about a clash of economic blocs, or a zero-sum game. This is due to legal impossibilities: for instance, you cannot at the same time lower your customs tariffs as per the DCFTA and increase them as a result of the Customs Union membership”[7]. At the same time, Ukraine is softly but persistently claiming the opposite. At the point of the possible signing of the Association Agreement with the EU, on 19 September 2013, Leonid Kozhara – the Minister of Foreign Affairs of Ukraine – stated that Ukraine could participate in the two free trade areas, the Western and the Eastern, seeing no economic or political contradictions [8]. He also reminded that Ukraine is holding negotiations to enter free trade areas with Israel and Turkey which does not cause any negative reaction on behalf of the European Union.

This research is not aimed at marking the discrepancies between the Single Market of the European Union and the Eurasian Customs Union. Participation in the two free trade areas the author considers mutually exclusive basing on the official position of the European Union. Even though, the researcher is inclined to think that those contradictions have a more ideological than practical nature.

### **3. Ukraine facing the Eurasian Customs Union: voicing the statements.**

#### **3.1. The Eurasian Customs Union and the official Ukraine: the dialogue 2010-2013.**

Ukraine has a semi-presidential system of government, the president being granted a rather wide range of powers, including the foreign policy regulation. That is why when examining Ukraine's position towards any foreign entity, the author finds it logical to follow the president's statements. They express the official position of Ukraine, especially considering the controversies among the political elite of the country, the limitation as to the president's position only will give us more clarity on the question raised.

The dialogue between Kiev and Moscow as to Ukraine's joining the newly created Customs Union started on an „ambiguous” note. Following some three months after the ECU creation, the acting president of Ukraine Viktor Yanukovich stated that Ukraine will not join the Customs Union being formed by Russia, Belarus and Kazakhstan. He said that „Ukraine's entry into the Customs Union of Russia, Belarus and Kazakhstan is not possible today, since the economic principles and the laws of the WTO do not allow it” [9]. However, in November the same year Yanukovich confirmed that Ukraine may join the ECU, though it would require the Ukrainian Constitution to be changed [10]. Five months later, in April 2011, Viktor Yanukovich declared that actually, Ukraine was not invited by Russia to join the Customs Union. And when asked to clarify Ukraine's position towards the ECU, Yanukovich compared it to „reading the tea leaves since the talks with Russia had not started yet” [11]. Having taken a pause to think, in September 2011, Ukraine's official position towards the ECU membership yet not drastically, but changed. Viktor Yanukovich stated that „some (calculations) indicate that membership in the Customs Union will bring us advantages, while others show that it is of no use. We must watch the Customs Union operating in a couple of years' time and see how relations will be structured within it, when its members join the World Trade Organization. If this membership is advantageous, provided there is political will, we will give our consent” [12]. Yet again, we can trace a rather ambiguous line of statements, but we find an interesting coherence, where the Ukrainian president points out the fact, that the political will from the Russian side (for Ukraine to join the ECU) is not strong enough. Following that speech, in October 2011 then Russian President Dmitry Medvedev reiterated calls for Ukraine to join the Customs Union after the European Union postponed a meeting with Ukrainian leader Viktor Yanukovich to discuss closer ties

[13]. One month after, in December 2012, the president of Ukraine once again reviewed his position towards the Customs Union. He stated that Ukraine should join some provisions of the ECU otherwise it would lose much in economic terms. The President noted that Ukrainian trade with the Customs Union exceeds 60 billion dollars, „we have to think about it, and find a solution” [14]. The same pattern of arguments was announced in January 2012, as Victor Yanukovich mentioned that „if it (the ECU membership) meets our national interests, then we will consider this issue”. Nonetheless, the cooperation between Ukraine and the Eurasian customs Union was still considered fruitful one month later. Besides, the Ukrainian leader expressed his hope that that “the Commonwealth of Independent States will remain that common platform for us to effectively develop multilateral cooperation taking into account the interests of all the participating states and certain countries' membership in the Customs Union, the EurAsEC, and the Eurasian Economic Union” [15]. From now on, namely from summer 2012, we can trace a certain consistency in Ukraine's official position towards the ECU, voiced by the Ukrainian president. That will be Ukraine's determination to participate in and cooperate with the Eurasian Customs Union, but not to become the actual full member of the organization. President Viktor Yanukovich said that „the cooperation with the Customs Union at sectorial level is very promising. (...) We are presently trying to build a relationship that will be mutually beneficial” [16]. In autumn 2012 Ukraine's President once again confirmed his willingness to cooperate with the Eurasian Union. “We do not change our mind – we are confident that deepening cooperation with the Customs Union is beneficial for our producers”, said Yanukovich. Victor's Yanukovich speech in December 2012 confirmed and strengthened the country's ambition to benefit from the ECU: „we will gradually join the Customs Union rules, because it is a huge market for Ukrainian goods. We will do everything to ensure the countries of the Customs Union and Ukraine have harmonious relations not only in the economic but also in the humanitarian, scientific and social fields. We will use all the opportunities of international cooperation available to us today” [17]. Paying special attention to the last sentence cited, we could assume that the DCFTA (and the Association Agreement) signing became more and more distant for Ukraine. In fact it did, as during that time Ukraine received a lot of criticism on

behalf of the European Union about the degradation of democracy and rule of law in the country. In 2012 the EU-Ukraine summit was not held. Officially it was cancelled due to some technical reasons, but it was just a „polite” argumentation. The EU had already cancelled a meeting with Yanukovich in Brussels in October 2011, in May 2012 the EU officials had refused to meet the Ukrainian Prime Minister Mykola Azarov. The same month the EU leaders boycotted a regional summit in Yalta. Those events were mainly caused by the imprisonment of the former Ukrainian Prime Minister Yulia Tymoshenko. But for this research the important fact is that EU started to openly exclude Ukraine from the European arena. Such an alarming signal might have „persuaded” Yanukovich to elaborate a consistent cooperative attitude towards the Eurasian Union. Later in December 2012 Victor Yanukovich cancelled his trip to Moscow, which aroused a big interest in the international media, presuming Ukrainian’s president pointed the country’s vector towards the DCFTA. The aim of the trip was to develop a cooperation pattern between Ukraine and the Customs Union. However, Yanukovich explained this delay: „Ukraine should consider the possibility of adapting its national legislation to those provisions of the customs union that would not contradict our international obligations. Experts from both sides (Ukraine and Russia) are currently working on this issue [18]”. Apparently, they were simply late to deliver their conclusions for the date of the meeting. Once again, Ukraine affirmed its desire to cooperate with the ECU, though the willingness of actual joining the Union was not voiced.

In the beginning of January 2013 Victor Yanukovich expressed his hopes for the EU-Ukraine association Agreement to be signed in the current year. However, when asked about the Customs Union with Russia, the Ukrainian leader again confirmed his will to cooperate with the organization: „our country will also develop close partnership with the Customs Union and other regional organizations” [19]. Though the format of Ukraine’s involvement in the ECU was not articulated, Yanukovich did not say anything about the actual entrance to the organization, following the line since summer 2012 (as we have mentioned above). Up till March 2013 the possible format was being discussed between Kiev and Moscow, when in May 2013 Ukraine obtained an observer status in the Eurasian Customs Union.

August 2013 may seem as yet another turning point in Ukraine’s official position

towards the ECU. When asked about the ECU and EU possible membership on one of the TV channels, Ukrainian President Victor Yanukovich said that „any decisions we take must be far-sighted. What the will of the people will be, will be shown in a referendum. When the referendum takes place, we don’t know yet” [20]. This answer was quickly picked up by the foreign press as a signal for Ukraine’s possible membership in the Eurasian Customs Union. But, if analysed and compared to the previous answers, we can’t actually observe any drastic change of the position. The answer was very general while the words „we might/want enter the Customs Union with Russia” were not voiced. For another thing, in the interview the day before Victor Yanukovich ensured Ukraine’s full preparation for the Association Agreement to possibly be signed in November 2013. Yanukovich’s confidence was supported by the European Commissioner for Enlargement and Neighbourhood Policy Stefan Fule, who stressed (in July 2013) that Ukraine had demonstrated positive trend while preparing for signing the Association Agreement with the EU.

In the sub-section 2.2. of the study the author’s reasoning of the Eurasian Customs Union and the European Union Single Market mutual exclusion was mentioned. That would be political and ideological reasons of the two key players – Russia and the European Union (it is an assumption, not the theme of the current research). Nevertheless, as well as the European Union, Russia does not consider Ukraine’s membership in the two organizations simultaneously. As the Association Agreement time for Ukraine is closer, Russia expresses itself more directly: „the conclusion at the present time is unequivocal. These norms (of the DCFTA and the ECU) do not coincide, and in the event an agreement between Ukraine and the EU is signed and takes force, then a number of obligations that are key and fundamental for the Customs Union cannot be undertaken by Ukraine. (...) I think everyone should understand this, including people who live in Ukraine, including Ukrainian citizens that this is a key political choice that the Ukrainian leadership is making today” stated Russian First Deputy Prime Minister Igor Shuvalov [21]. We came up with the following information in order to explain why the official Ukraine position may seem to be evasive. Bullied by Russia on the one side and having no „carrot” from the EU on the other, Ukraine is kind of balancing in between, waiting for one side to be more persuasive, meaning giving the country actual

perspectives. Yet, since the middle of 2012, the official Ukraine has not voiced its intention to actually join the Eurasian Customs Union on a full member status. At the same time, the intention to sign the Association Agreement and to enter the Deep and Comprehensive Free Trade Area was stated loud and clear. Thus, we may claim that according to the country's leader, officially Ukraine is moving towards the West, not the East. Withal, the Deep and Comprehensive Free Trade Area prevails against Ukraine's membership in the Eurasian Customs Union.

To fortify the conclusion, the author would like to notice that the vast majority of the Ukrainian political elite, including the opposition, support the eurointegration course. The Ukrainian Parliament – Verkhovna Rada – consists of 450 deputies, whereas the idea to join the Eurasian Customs Union instead of the European Free Trade Area is backed up only by the communists, who have 32 seats. Percentage-wise, pro-Eastern development of Ukraine is favoured by only 7% of the Parliament, while the other 93% are officially West-oriented.

Interestingly, the Ukrainian public shares the same views as the president and the Parliament on this issue. According to the research conducted by the Sociological group „Rating” in the beginning of October 2013, 53% of Ukrainian respondents support Ukraine's accession to the European Union, 35% do not support it and other 12% have not decided. Signing the Association Agreement with the European Union is more favourable to Ukraine (47%) than accession to the Customs Union of Russia, Belarus and Kazakhstan (34%), while 19% - have not decided. According to “Rating”, within the past 3 years the number of supporters of signing the Agreement with the European Union has increased from 39 to 47%.

### **3.2. The Eurasian Customs Union and Ukrainian business elite: in favour or against.**

The economy of Ukraine stands upon the export of steel, coal, fuel and petroleum products, chemical products and grains. Export of those goods is widely directed towards former Soviet republics, with Russia, Belarus and Kazakhstan being the most important. Obviously, Ukraine's membership in the Eurasian Customs Union would bring the country some benefits as there will be basically no limits for the Ukrainian goods' movement within the ECU with very low/zero customs duty. Generally speaking, the rules for regulating

trade between Ukraine and the ECU countries would be indeed much harmonized and simplified.

On the other hand, the DCFTA between the EU and Ukraine implies that about 95 per cent of goods circulation (between the EU and Ukraine) become subject to zero customs duty as well. It means those goods would appear freely on the territory of Ukraine, with the possible distribution to the market of the Eurasian Customs Union (in case of Ukraine's joining) which the leaders of the latter define as unacceptable. Debating about Ukraine's possible membership in the DCFTA, Prime Minister of Russia Dmitry Medvedev said: „I don't want there to be any illusions. Practically, for our Ukrainian partners, entry into the Customs Union will be closed. This is a key political decision that the leadership of Ukraine is making” [22].

In the section preceding we have analysed what decision the political leadership of Ukraine is making, now it would be essential to shed some light on what decision is preferable for the Ukrainian business elite. We are trying to mark the general line of the Ukrainian tycoons' attitude towards the Union with Russia.

Despite all the current economic and political problems, Ukraine is a home for some oligarchs, whose business is flourishing: their estate exceeds millions, and their names are being mentioned in „Forbes”. And, unbelievable as it may seem to the outsiders, the choice for the Ukrainian business elite to move towards the West was made a long time ago. It is vividly portrayed by the former Minister of Defence of Ukraine and the current member of the Parliament Anatoliy Gritsenko: “The richest people in the country who are at the highest level of the Ukrainian politics long ago had opted for Europe. They live there, they are keeping their money there, there they keep the airplanes and yachts. Their children go to universities in London, Paris, Rome, Berlin, and not in Astana and Minsk. All they want is for Ukraine to be independent. Because they are oligarchs in Ukraine. Once Ukraine unites with Russia, our oligarchs will be nobody” [23].

Boris Kolesnikov, a member of the Ukrainian ruling Party of Regions (headed by President Victor Yanukovich) and one of the fifty richest people in Ukraine (according to „Forbes”) in September 2013 stated: „We cannot have such groups that do not support European integration. The stronger the competition, the better it will develop Ukrainian enterprises, as competition breeds quality (...)

We have nothing to be afraid facing European competitors” [24].

Rinat Akhmetov (involved in metallurgy, media, banking, transport, conventional power engineering, insurance, retail trade) and Dmytro Firtash (involved in chemical industry, gas sector, banking, titanium industry) are the top Ukrainian entrepreneurs, who will not benefit much in case Ukraine signs the DCFTA with the European Union. The thing is that the goods they export and the market they are interested in is already under the regulations of the WTO. However, the entrance to the ECU might bring them „complications” as undemocratic Russian regime and Russian oligarchs themselves constitute a threat to the security of their tried-and-tested businesses. Following the so called trade war which Russia started against Ukraine (basically negative conditionality) in the second half of 2013, Akhmetov stated that other countries should be dependent on Ukraine and not Ukraine on other countries, hinting to the pressure of Russia [25].

Victor Pinchuk, another Ukrainian „top-10” oligarch would endure more obvious losses if Ukraine is to join the Eurasian Customs Union. His corporation „Interpipe” is one of the biggest suppliers of pipes to Europe, plus in 2012 the European Commission reduced the customs for the company’s goods by 13,8%. Joining the ECU would break the previous agreements.

Petro Poroshenko, who widely represents the food industry of Ukraine, has already suffered from the newly created Customs Union. The import of the confectionary products of his company „Roshen” was banned by Russia in summer 2013. According to Poroshenko, entrance to the ECU collides with the national interests of Ukraine, „the European Union is our future, and excuse me, but the Customs Union is our past” [26].

Serhiy Tihipko, who is a leader in the Ukrainian financial sector business and machine-building industry, combining those duties with being the Deputy Head of the Party of Regions, wants to cooperate with the Customs Union. Nevertheless, he stresses that Ukraine should strive for European Union despite that cooperation. He expressed his frustration when Russia started to actively apply negative conditionality towards Ukraine, saying that „I feel offended that Russia is pressing Ukraine so much (to enter the ECU). This pressure will not work. We will not be pushed into any union. [27]”

Valeriy Khoroshkovskiy, the media king of Ukraine, is „sharper” in voicing his attitude

towards the Customs Union with Russia. To his opinion, such a membership would be illegal for Ukraine as „the EU integration is now the only priority of Ukraine’s foreign policy that was enshrined at a legislative level [28]”.

It is important to notice that some of the Ukrainian tycoons are in favour of the Eurasian Customs Union, which includes those entrepreneurs who work or even share businesses with Russia. They might be family related, cooperating for decades and coming from the same Soviet nomenklatura. But we could refer them to the oligarchs of middle ranking, while the top oligarchs of Ukraine definitely support eurointegration, not „Russian integration” as proved above. Interestingly, according to some researchers, this fact is also explained in a way that „Ukrainian oligarchs see it (joining the EU) not only as protection against being swallowed by larger Russian businesses, but, more importantly, as protection against Mr Yanukovich himself” [29]. Anyhow, the majority of the Ukrainian oligarchs are West-oriented.

**Conclusions.** Ukraine as a country, precisely, the Ukrainian ruling elite is often being accused of attempting to „sit on the two chairs” simultaneously or to „milk the two cows”. These metaphors were created by the scholars to show Ukraine’s balancing position between the European Union and Russia. In fact, we may expound on the fact if Ukraine is forced to manoeuvre, or if the country is just trying to avoid negative consequences by taking sides. Yet, the aim of this article is to pinpoint the official position of Ukraine towards the Eurasian Customs Union as a counterbalance to the Free Trade Agreement with the European Union; or we can even go as far as claiming that in this case the membership in the ECU is a counterbalance for the if-ever-possible membership of Ukraine in the European Union itself. Despite the discords within Ukraine’s political life, the sitting president of Ukraine is Victor Yanukovich who is in charge of the Ukrainian foreign policy vectors. Thus, we have studied his official statements regarding the Eurasian Customs Union since 2010 to be able to generally voice the official position of Ukraine towards the ECU. By saying „the position of Ukraine towards the ECU” we imply if Ukraine considers the membership in the Union in the light of the brinkmanship of the latter with the European Union Single Market and the EU as a whole Union.

By analysing the speeches of Victor Yanukovich since the year of the ECU creation



(2010), the author has come to the conclusion that since the third trimester of 2012 the official Ukraine does not state its intention to enter the Eurasian Customs Union, consequently the country continues to take a tough line towards eurointegration. It could be stressed out that Ukraine does not refuse from the benefits to cooperate with the ECU, however, in this study we are discussing the very membership of Ukraine in the Eurasian Customs Union which would close the door to Europe for good. In the situation when Ukraine is constrained to make a choice either or, the official answer is integrating into the European Union, not Russia. The statements of Ukraine's president are enhanced by the European aspirations of 93% of Verkhovna Rada members.

Further in the article the author has examined the position of Ukrainian oligarchs towards the membership in the Eurasian Customs Union opposed to the integration into the European Union. Having referred to the opinions of the Ukrainian top oligarchs, I have concluded that the majority of the Ukrainian richest businessmen are against the country's membership in the Customs Union with Russia. Instead, they support Ukraine's integration into the European market and European Union as it is. Though the top entrepreneurs do not represent the country officially, due to obvious reasons, the officials in power need to heed those considerations.

Summarizing the conclusions of the article, the author determines that both the „official Ukraine” (in the face of the president Viktor Yanukovich) and the “business” Ukraine (in the face of the Ukrainian top oligarchs) were not inclined to enter the Eurasian Customs Union with Russia, Belarus and Kazakhstan before the Vilnius Summit 2013. This was the statement voiced.

## REFERENCES

1. Yanukovich: Agreement on CIS free trade area does not fully match Ukraine's aspirations. Interfax-Ukraine [Електронний ресурс]. – 18 June 2013. – Режим доступу: <http://www.kyivpost.com/content/politics/yanukovich-agreement-on-cis-free-trade-area-does-not-fully-match-ukraines-aspirations-325832.html>
2. Delegation of the European Union to Ukraine. Trade and economic relations [Електронний ресурс]. – Режим доступу: [http://eeas.europa.eu/delegations/ukraine/eu\\_ukraine/trade\\_relation/index\\_en.htm](http://eeas.europa.eu/delegations/ukraine/eu_ukraine/trade_relation/index_en.htm)
3. Simon G. On the Customs Union of Russia, Kazakhstan and Belarus. Economic Annals [Електронний ресурс]. – Jan.-Mar. 2010. – Vol.15. – No.184. – p.11
4. Customs Union between Russia, Belarus, and Kazakhstan [Електронний ресурс]. – Режим доступу: <http://eng.kremlin.ru/terms/C>
5. Balassa V. The Theory of Economic Integration / V. Balassa. – Homewood, IL. 1961
6. Eurasian Economic Integration [Електронний ресурс]. – Режим доступу: <http://www.mid.ru/bdomp/nrsng.nsf/559a6afd63b0fb02432569ee0048fe70/229a0f397bf687fc44257a52004a3889!OpenDocument>
7. Accession of the Republic of Ukraine to the World Trade Organization. Office of the United States Trade Representative [Електронний ресурс]. – Режим доступу: <http://www.ustr.gov/trade-agreements/wto-multilateral-affairs/wto-accessions/accession-republic-ukraine-world-trade-orga>
8. Dragneva R. Russia, the Eurasian Customs Union and the EU: Cooperation, Stagnation or Rivalry? / R. Dragneva. – Russia and Eurasia Programme. Briefing paper. Chatam House. – August 2012.
9. Противоречий в сотрудничестве Украины с Европейским и Таможенными союзами нет – Кожара [Електронний ресурс] // Голос Столицы. – 18 September 2013. – Режим доступу: [http://newsradio.com.ua/rus/2013\\_09\\_18/Protivorechij-v-sotrudnichestve-Ukraini-s-Evropejskim-i-Tamozhennim-sojuzami-net-MID/](http://newsradio.com.ua/rus/2013_09_18/Protivorechij-v-sotrudnichestve-Ukraini-s-Evropejskim-i-Tamozhennim-sojuzami-net-MID/)
10. Yanukovich: Ukraine won't join Customs Union. KyivPost [Електронний ресурс]. – 27 April 2010. – Режим доступу: <http://www.kyivpost.com/content/ukraine/yanukovich-ukraine-wont-join-customs-union-65139.html>
11. Yanukovich denies Ukraine was invited by Russia to join Customs Union [Електронний ресурс] // Zik. – 26 April 2011. – Режим доступу: <http://zik.ua/en/news/2011/04/26/284581>
12. Ukraine could join Customs Union if this brings advantages – president [Електронний ресурс]. – Interfax-Ukraine. – 6 September 2011. – Режим доступу: <http://en.interfax.com.ua/news/general/78547.html>
13. Pronina L. Russia Urges Ukraine to Join Customs Union after EU Snub [Електронний ресурс] // Bloomberg Businessweek. – 18 October 2011. Режим доступу: <http://www.businessweek.com/news/2011-10-18/russia-urges-ukraine-to-join-customs-union-after-eu-snub.html>
14. Yanukovich explained why Ukraine should join some provisions of the Customs Union [Електронний ресурс] // Newspaper. – 5 December 2012. – Режим доступу: <http://newspaper.net/en/article/region/3/theme/?id=1699070&date=2012-12-05>
15. Yanukovich: Ukraine's Constitution does not allow entry into Customs Union [Електронний ресурс] // Union. Kyiv Post. – 21 March 2012. – Режим доступу: <http://www.kyivpost.com/content/ukraine/yanukovich-ukraines-constitution-does-not-allow-en-124683.html>
16. Yanukovich calls for integration with Customs Union at sectoral level [Електронний ресурс] // The voice of Russia. – 13 July 2012. – Режим доступу: [http://voiceofrussia.com/2012\\_07\\_13/Yanukovich-calls-for-integration-with-Customs-Union-at-sectoral-level/](http://voiceofrussia.com/2012_07_13/Yanukovich-calls-for-integration-with-Customs-Union-at-sectoral-level/)

17. Viktor Yanukovich: Deepening cooperation with Customs Union is beneficial for Ukrainian economy [Електронний ресурс] // Official webpage of the Party of Regions of Ukraine. – 22 October 2012. – Режим доступу: <http://partyofregions.ua/en/news/50854b07c4ca42bb1d000c4a>
18. Yanukovich decides to gradually go to Customs Union. European Centre for a modern Ukraine [Електронний ресурс]. – 14 December 2012. – Режим доступу: <http://www.modernukraine.eu/yanukovich-decides-to-gradually-go-to-customs-union/>
19. Ukraine leader cautious on Russian customs union plans [Електронний ресурс] // BBC new Europe. – 4 January 2013. – Режим доступу: <http://www.bbc.co.uk/news/world-europe-20909041>
20. Yanukovich: Ukrainians to say in referendum where they wish to be – in EU or Customs Union [Електронний ресурс] // Zik. – 30 August 2013. – Режим доступу: <http://zik.ua/en/news/2013/08/30/426891>
21. Yanukovich: Kyiv to find effective model of cooperation with Customs Union [Електронний ресурс] // Interfax–Ukraine. – 20 September 2013. – Режим доступу: <http://www.interfax.co.uk/ukraine-news/yanukovich-kyiv-to-find-effective-model-of-cooperation-with-customs-union/>
22. Ukraine's EU membership will not hamper cooperation with Customs Union – Yanukovich [Електронний ресурс] // Newspaper. – 3 October 2013. – Режим доступу: <http://newspaper.net/en/article/region/3/theme/7?id=3759588&date=2013-10-03>
23. Medvedev warns Ukraine. The Moscow Times [Електронний ресурс]. – 10 September 2013. – Режим доступу: <http://www.themoscowtimes.com/business/article/medvedev-warns-ukraine/485798.html>
24. Даже украинские олигархи не хотят Таможенного союза – Грищенко [Електронний ресурс] // NB News. – 28 June 2011. – Режим доступу: <http://nbnews.com.ua/news/4327/>
25. Большинство украинских олигархов хотят в Европу [Електронний ресурс] // Newsru. – 6 September 2013. – Режим доступу: <http://rus.newsru.ua/ukraine/06sep2013/oligarh.html>
26. Ахметов поделился впечатлениями от торговой войны с Россией [Електронний ресурс] // Odessa Daily. – 4 September 2013. – Режим доступу: <http://odessa-daily.com.ua/news/ahmetov-podelilsya-vpechatleniyami-ot-torgovoj-vojny-s-rossiej.html>
27. Порошенко уверен, что в Таможенном союзе прошлое страны, а в ЕС – будущее Украины [Електронний ресурс] // Lenta-UA. 22 September 2013. – Режим доступу: <http://lenta-ua.net/novosti/politika/32179-petr-poroshenko-znachit-es-nashe-budushee-a-ts-izvinite-nashe-proshloe.html>
28. Россияне „загоняют” Украину в Таможенный союз – Тигипко [Електронний ресурс] // РИА Новый Регион . – Киев. – 27 April 2013. – Режим доступу: <http://www.nr2.ru/kyiv/436557.html>
29. Khoroshkovsky: Ukraine's accession to Customs Union now illegal [Електронний ресурс] // Ukrinform. – 21 November 2011. – Режим доступу: [http://www.ukrinform.ua/eng/news/khoroshkovsky\\_ukraines\\_accession\\_to\\_customs\\_union\\_now\\_illegal\\_293609](http://www.ukrinform.ua/eng/news/khoroshkovsky_ukraines_accession_to_customs_union_now_illegal_293609)

УДК: 321+327

**Костира І.О.**

Київський національний університет  
культури і мистецтв

### **„М’ЯКА СИЛА” УКРАЇНИ В ГЕОКУЛЬТУРІ ТА ГЛОБАЛЬНОМУ ОСВІТНЬОМУ ІНФОРМАЦІЙНОМУ ПРОСТОРИ**

*В основі геокультурних процесів закладено розвиток загальнолюдських норм і цінностей, що закріплені у відповідних символічних системах. Носіями геокультурних тенденцій перш за все є наука і освіта. Розглянуто шляхи ефективного використання накопиченого науково-освітнього потенціалу як умови соціальної стабільності суспільства, іміджу країни в зовнішній політиці і рівня національної безпеки. Стверджується, що від рівня технологічно-інформаційного розвитку освіти в країні залежать не тільки економічний розвиток і рівень життя населення, а також імідж держави.*

**Ключові слова:** геокультурні цінності, м’яка сила, освіта, геополітика, модернізація, розвиток