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## Eurasian Integration and Ukraine<sup>[2]</sup>

### I. INTRODUCTION

The European Union is arguably the greatest example of supranational regional integration in modern times. It is a model that has served as an inspiration for other integration projects around the world, one of which is the Eurasian Economic Union (EAEU), it being acknowledged that it seeks, to a certain extent, to emulate the EU in the territories of the former Soviet Union. This article shall survey the background to the formation of the Eurasian Economic Union, and will also provide an overview of its institutional structure. In addition, Ukraine's relationship to Eurasian integration shall also be examined. Ukraine is a state which finds itself as a borderland between the EU's and EAEU's integration projects, both of which have respectively sought to engage and deepen relations with the country. Here there shall be a survey of Ukraine's relationship to various integration projects in the post-Soviet space since the end of the USSR, including up until Ukraine's signing the Association Agreement with the European Union in 2014.

### II. BACKGROUND TO THE EURASIAN ECONOMIC UNION'S FORMATION<sup>[3]</sup>

With the collapse of the Soviet Union, a single, deeply integrated economic, political and institutional legal space was separated into 16 different states.<sup>[4]</sup> Prior to the creation of the Eurasian Economic Union

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[3] A similar analysis by the author of the topic of the Eurasian Union shall appear in the *Collected Papers of the Faculty of Law Novi Sad*, Vol. 2, 2017, under the title *An Overview of the Eurasian Economic Union and its relationship with Serbia*.

[4] Atligan et al. 2014, [http://www.kas.de/wf/doc/kas\\_36785-544-2-30.pdf?140207134233](http://www.kas.de/wf/doc/kas_36785-544-2-30.pdf?140207134233), 8.

there had been various attempts at forming international organizations in order to reintegrate this post-Soviet space, the first being the Commonwealth of Independent States.<sup>[5]</sup> The CIS, though helping to maintain certain links between former Soviet territories, through such mechanisms as the mobility of labour and visa-free travel, was unable to put forward a clear project for an integrated political and economic community.<sup>[6]</sup> It is generally acknowledged that the modern thrust towards Eurasian<sup>[7]</sup> integration began with a speech made in 1994 by Kazakh President Nursultan Nazarbayev at the Lomonosov Moscow State University.<sup>[8]</sup> Following this, in 1995 the Russian Federation, Belarus and Kazakhstan signed an Agreement on the Customs Union, the aim of which was to remove trading barriers and encourage the economic integration of these states.<sup>[9]</sup> Later came the Eurasian Economic Community, formed in 2000 by Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan, the aim of which was promote the creation of a single economic space and customs union among these signatory states.<sup>[10]</sup> Next, the Eurasian Customs Union was formed in 2010, its original members being Belarus, Kazakhstan and Russia, with it at the time being seen as the foundation stone for a future “Eurasian Union.”<sup>[11]</sup> After, the Single Economic Space or Eurasian Economic space came into being in 2012.<sup>[12]</sup>

It is undeniable that Russia has provided the main impetus behind attempts to reintegrate the post-Soviet area.<sup>[13]</sup> Russian President Vladimir Putin himself has described the collapse of the Soviet Union as “the biggest geopolitical catastrophe of the century”.<sup>[14]</sup> In 2011, President Putin published an article in *Izvestia* where he set out his vision for a Eurasian Union. Drawing explicitly from the example of the European Union, he stated that “It took Europe 40 years to move from the European Coal and Steel Community to the full European Union. The establishment of the Customs Union and the Common Economic Space is proceeding at a much faster pace because we could draw on the experience of the EU and other regional associations. We see their strengths and weaknesses. And this is our obvious advantage since it means we are in a position to avoid mistakes and

[5] Ibid.

[6] Sakwa, 2015.

[7] The term “Eurasia” itself is open to different interpretations and definitions, based on different geopolitical preconceptions. Speaking in terms of purely physical geography, it may be defined as the landmass between the Atlantic and the Pacific oceans. In terms of geopolitics, it usually refers to the lands of the former Soviet Union, excluding the three Baltic states. See Liik, , 2014 [http://www.ecfr.eu/page/-/ECFR103\\_RUSSIA\\_COLLECTION\\_290514\\_AW.pdf](http://www.ecfr.eu/page/-/ECFR103_RUSSIA_COLLECTION_290514_AW.pdf).

[8] Eurasian Economic Commission, *Eurasian Economic Integration: Facts and Figures*, 2015, 6, [http://www.eurasiancommission.org/en/Documents/broschura26\\_ENGL\\_2014.pdf](http://www.eurasiancommission.org/en/Documents/broschura26_ENGL_2014.pdf).

[9] Ibid.

[10] Vousinas, 2014, 951, <http://dx.doi.org/10.4236/me.2014.59088>.

[11] Dreyer - Popescu, 2014, 1, [http://www.iss.europa.eu/uploads/media/Brief\\_11\\_Eurasian\\_Union.pdf](http://www.iss.europa.eu/uploads/media/Brief_11_Eurasian_Union.pdf).

[12] Dragneva - Wolczuk, 2017, 4, <https://www.chathamhouse.org/sites/files/chathamhouse/publications/research/2017-05-02-eurasian-economic-union-dragneva-wolczuk.pdf>.

[13] Kembayev, 2016, 343.

[14] Bigg, 2005, <http://www.rferl.org/a/1058688.html>.

unnecessary bureaucratic superstructures.”<sup>[15]</sup> Furthermore, drawing again from the example of the EU, he stated that, “In fact, we are adapting the experience of the Schengen Agreement<sup>[16]</sup> that benefits Europeans as well as everyone who comes to work, study, or holiday in the EU.”<sup>[17]</sup> Furthermore, in Putin’s stated vision of Eurasian Union, the creation of such a union is seen as a stepping stone for a greater integration project with the European Union, “...take the two largest associations on our continent – the European Union and the Eurasian Union currently under construction. In building cooperation on the principles of free trade rules and compatible regulation systems they are in a position to disseminate these principles, including through third parties and regional institutions, all the way from the Atlantic to the Pacific Oceans. They will thus create an area that will be economically harmonised, but that still will remain diverse when it comes to specific mechanisms and management solutions.”<sup>[18]</sup> In fact, President Putin has argued that by joining the Eurasian Union, states would actually be aided in their broader push towards European integration, having said that “Soon the Customs Union, and later the Eurasian Union, will join the dialogue with the EU. As a result, apart from bringing direct economic benefits, accession to the Eurasian Union will also help countries integrate into Europe sooner and from a stronger position.”<sup>[19]</sup>

On May 29 2014 the Treaty on the Eurasian Economic Union was signed in Kazakhstan, and on January 1 2015 it came into force.<sup>[20]</sup> Upon the signing of the Treaty, President Putin declared that “Today we are creating a powerful, attractive center of economic development, a big regional market that unites more than 170 million people.”<sup>[21]</sup> The member states of the EAEU now include the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, the Kyrgyz Republic, and the Russian Federation.<sup>[22]</sup>

[15] Putin, 2011, [http://www.europarl.europa.eu/meetdocs/2009\\_2014/documents/d-ru/dv/dru\\_2013\\_0320\\_06\\_/dru\\_2013\\_0320\\_06\\_en.pdf](http://www.europarl.europa.eu/meetdocs/2009_2014/documents/d-ru/dv/dru_2013_0320_06_/dru_2013_0320_06_en.pdf).

[16] For details, see: O’Keeffe, 1991, 185-219, Bartha, 2014, 139-172.

[17] *Ibid.*

[18] *Ibid.*

[19] *Ibid.*

[20] Dragneva – Wolczuk, 2017, 4.

[21] Macfarquhar, 2014, [https://www.nytimes.com/2014/05/30/world/europe/putin-signs-economic-alliance-with-presidents-of-kazakhstan-and-belarus.html?\\_r=1](https://www.nytimes.com/2014/05/30/world/europe/putin-signs-economic-alliance-with-presidents-of-kazakhstan-and-belarus.html?_r=1).

[22] Eurasian Economic Union, *General Information*, <http://www.eaeunion.org/?lang=en#about>.

### III. THE EURASIAN ECONOMIC UNION'S INSTITUTIONAL STRUCTURE

The Preamble of the Treaty on the Eurasian Economic Union sets out the guiding principles of the organization, and it is justified to quote it at length.<sup>[23]</sup> It states that, “guided by the principle of the sovereign equality of states, the need for unconditional respect for the rule of constitutional rights and freedoms of man and national, seeking to strengthen the solidarity and cooperation between their peoples while respecting their history, culture and traditions, convinced that further development of Eurasian economic integration shall serve the national interests of the Parties, driven by the urge to strengthen the economies of the Member States of the Eurasian Economic Union and to ensure their balanced development, convergence, steady growth in business activity, balanced trade and fair competition, ensuring economic progress through joint actions aimed at solving common problems faced by the Member States of the Eurasian Economic Union with regard to sustainable economic development, comprehensive modernisation and improving competitiveness of national economies within the framework of the global economy, confirming their commitment to further strengthen mutually beneficial and equal economic cooperation with other countries, international integration associations, and other international organisations, taking into account the regulations, rules and principles of the World Trade Organisation, confirming their commitment to the objectives and principles of the United Nations Charter and other universally recognised principles and regulations of international law...”

Furthermore, Part 1, Section 1, Article 1.1-2 of the Treaty states that “The Parties hereby establish the Eurasian Economic Union ... ensuring free movement of goods, services, capital and labour within its borders, as well as coordinated, agreed or common policy in the economic sectors determined under this Treaty and international treaties within the Union” and that “The Union shall be an international organisation of regional economic integration and shall have international legal personality”.

With regards to the Customs Union formed by the EAEU member states, Section VI sets out its “Principles of Functioning”. Article 25 states that “1. Within the Customs Union of the Member States: 1) an internal market for goods shall be in place; 2) the Common Customs Tariff of the Eurasian Economic Union and other common measures regulating foreign trade with third parties shall be applied; 3) a common trade regime shall be applied to relations with third parties; 4) Common customs regulations shall be applied; 5) free movement of goods between the territories of the Member States shall be ensured without the use of customs declarations and state control (transport, sanitary, veterinary-sanitary, phytosanitary quarantine), except as provided for by this Treaty.”

Section III, Article 8 of the Treaty sets out Bodies of the Union, which include the

[23] Treaty on the Eurasian Economic Union (Courtesy Translation), [http://www.un.org/en/ga/sixth/70/docs/treaty\\_on\\_eeu.pdf](http://www.un.org/en/ga/sixth/70/docs/treaty_on_eeu.pdf).

Supreme Eurasian Economic Council, the Eurasian Intergovernmental Council, the Eurasian Economic Commission and the Court of the Eurasian Economic Union.

Article 10.1-2 of the Treaty state that “The Supreme Council shall be the supreme Body of the Union” and that “The Supreme Council shall consist of the heads of the Member States.” According to Article 11.1, “Meetings of the Supreme Council shall be held at least once a year.” Article 12.1 states that “The Supreme Council shall consider the main issues of the Union’s activities, define the strategy, directions and prospects of the integration development and make decisions aimed at implementing the objectives of the Union.” According to Article 13.2, Decisions and dispositions of the Supreme Council shall be adopted by consensus.” This principle is said to be an acknowledgement of the sensibilities of certain member states, who wish to safeguard their national sovereignty.<sup>[24]</sup> This concern even extends to the choice of the name “Eurasian Economic Union”, which reflects the conception of the organization according to certain member states. Kazakhstan’s first deputy prime minister and chief negotiator Bakytzhan Sagintayev stated that “We are not creating a political organization; we are forming a purely economic union (...) It is a pragmatic means to get benefits. We don’t meddle into what Russia is doing politically, and they cannot tell us what foreign policy to pursue.”<sup>[25]</sup>

Article 14 states that “The Intergovernmental Council shall be a Body of the Union consisting of the heads of governments of the Member States.” According to Article 15.1, “Meetings of the Intergovernmental Council shall be held as necessary, but at least twice year.” Its responsibilities include, among others, ensuring implementation and control of the Treaty, as well as “international treaties within the Union and decisions of the Supreme Council”.<sup>[26]</sup> Additionally, the Intergovernmental Council can “consider, on the proposal of the Council of the Commission, any issues for which no consensus was reached during decision-making in the Council of the Commission.”<sup>[27]</sup>

Articles 18.1-2 state that “The Commission shall be a permanent governing Body of the Union. The Commission shall consist of a Council and a Board” and that “The Commission shall issue decisions, dispositions and recommendations.” Annex I to the Treaty states that “The basic objectives of the Commission shall be to enable the functioning and development of the Union, as well as to develop proposals in the sphere of economic integration within the Union.”<sup>[28]</sup> According to the Treaty, the residence of the Commission is to be in Moscow.<sup>[29]</sup>

According to the Treaty, in the case of conflict between the various above mentioned institutions, the Supreme Economic Council decisions prevail over those

[24] Vicari, 2016, <https://interventionseconomiques.revues.org/2823>.

[25] Macfarquhar, 2014.

[26] Article 16.1.

[27] Article 16.2.

[28] Chapter 1.1.

[29] Article 18.4.

of the Intergovernmental Council and Economic Commission, while the Intergovernmental Council's decisions prevail over those of the Economic Commission.<sup>[30]</sup>

With regards to the Court of the Union, Article 19.1 declares that "The Court of the Union shall be a permanent judicial Body of the Union". According Chapter 1.2 of the Annex 2 to the Treaty on the Eurasian Economic Union, "The objective of the Court's activities shall be to ensure, in accordance with the provisions of this Statute, uniform application by the Member States and Bodies of the Union of the Treaty, international treaties within the Union, international treaties of the Union with a third party and decisions of the Bodies of the Union." Chapter 2.7-8 of the Annex 2 state the Court shall be composed of two judges from each of the respective Member States, each serving a term of 9 years. According to Chapter 2.10, "Judges shall be appointed by the Supreme Eurasian Economic Council on the proposal of the Member States." It began its operation on January 1 2015<sup>[31]</sup> and, in accordance with Article 19.3 of the Treaty, is located in Minsk, Belarus.

According to Article 110.1 of the Treaty, the "Russian language shall be the working language of the Bodies of the Union" and Article 110.2 states that "International treaties within the Union and decisions of the Commission that are binding on the Member States shall be adopted in Russian."

#### IV. UKRAINE AND EURASIAN INTEGRATION

The fall of the Soviet Union and the tearing of the Iron Curtain led to the creation of a new political reality on the European continent.<sup>[32]</sup> Old ideological conflicts and divisions seemingly came to an end and suddenly the European Community faced a plethora of countries on its borders which were no longer to be seen as hostile forces and threats to security, but rather as partners who in many cases were seeking a „return to Europe". This desire was essentially embodied in the quest to integrate in to European and Euro-Atlantic structures created in the post-war period. One such example is Ukraine, which in 1991 voted for its independence from the Soviet Union. Ukraine set about establishing bilateral relations with the European Community, with the latter recognizing Ukraine's sovereignty as a result of the referendum calling for independence from the Soviet Union.<sup>[33]</sup> The young Ukrainian state began to create a foreign policy which set out its aims and priorities in relation to the geopolitical environment which it inhabits. It quickly became the general

[30] Article 6.4.

[31] Eurasian Economic Union, Court of the Eurasian Economic Union, <http://courteurasian.org/en/>.

[32] Another analysis of the topic by the author of Ukraine's early attempts to have with a deeper relationship with the EU was published in 2017/2 edition of JURA under the title Early Steps from Kiev towards Europe: An overview of formative agreements between Ukraine and the European Union.

[33] Kuzmin - Maksymenko, 2012, 14.

consensus that Ukraine should go down the path of European integration.<sup>[34]</sup>

On December 25 1990 the Verkhovna Rada of the USSR in its resolution „On the implementation of the Declaration of State Sovereignty of Ukraine in the sphere of foreign relations” stated that it was a goal of Ukrainian foreign policy „to ensure direct participation of Ukraine in the general European process and European structures”.<sup>[35]</sup> The 1993 Fundamental Guidelines in Ukrainian Foreign Policy also stated that „the prospective objective of Ukrainian foreign policy is Ukraine’s membership of the European Community...”<sup>[36]</sup> This desire and vision is rooted in a number of factors, part of which relates to the feeling that Ukraine geographically, historically and culturally is a European country, accompanied by the belief that it should thus seek integration with the European Union, with the view that this will reap economic and security benefits, the latter particularly relating to Ukraine’s geopolitical position.<sup>[37]</sup> It must be said that this declared goal has not always been pursued in a single-minded fashion, and commitment to it has varied from administration to administration, with often a multi-vector approach having been employed in order to manage its geopolitical position.<sup>[38]</sup>

This attempt at pursuing a multi-vector policy has manifested itself in different ways since the time that Ukraine attained independence. For example, the 1990 Declaration of State Sovereignty of Ukraine proclaimed that Ukraine would be „a permanently neutral state”,<sup>[39]</sup> and later the 1993 Fundamental Guidelines advocated the principle that the country have a multidimensional foreign policy.<sup>[40]</sup> This at times has involved developing connections to and, to a limited extent, participation in regional integration processes and projects in the post-Soviet space. For example, Ukraine was one of the founders of the Commonwealth of Independent States (CIS) in 1991, however it failed to become a full member of this organization as it did not subsequently agree to sign the CIS Charter, and instead affirmed in the 1993 foreign policy document its desire for European integration.<sup>[41]</sup> However, it still participated in the organization’s activities, such as sending observers and voting representatives to CIS institutions, participated in summits, and even led the CIS Council of the Heads of State on two occasions (2003 and 2014).<sup>[42]</sup> Yet Ukraine can be said to have attempted to limit its participation in the CIS to issues of a bilateral economic nature, opposing attempts to turn the organisation into a federation or confederation.<sup>[43]</sup> This is illustrated by the fact that Ukraine did not take part in the CIS Inter-Parliamentary

[34] Kuzio, 1999, 56.

[35] Quoted in Palagnyuk, 2013 Issue 4, 251-252.

[36] *Ibid.*, 252.

[37] Wolczuk, 2004, 6-7.

[38] Freire, 2008, 163.

[39] Article IX, [http://static.rada.gov.ua/site/postanova\\_eng/Declaration\\_of\\_State\\_Sovereignty\\_of\\_Ukraine\\_rev1.htm](http://static.rada.gov.ua/site/postanova_eng/Declaration_of_State_Sovereignty_of_Ukraine_rev1.htm)

[40] Lyubashenko, 2012, 90.

[41] Fesenko, 2015, 136.

[42] Molchanov, 2015, 139.

[43] Kuzio, 1999, 56.

Assembly which had been agreed on in March 1992, nor did it participate in the Economic Court of the CIS which was created some months later.<sup>[44]</sup>

In May 1993 the CIS issued a declaration which aimed to establish an economic union and subsequently signed an Economic Union Treaty in September of that same year which sought to bring into being a free trade area, which would have both reduced internal tariffs and created a system of common external tariffs, as well as a payments and settlements system.<sup>[45]</sup> Ukraine signed the joint declaration and even participated in the drafting of the framework treaty, committing itself to this union, though finally it agreed to only be an associated member.<sup>[46]</sup> However, in the end this project did not come to fruition, with the agreement signed between this union's founding member states failing to be ratified by most of the CIS member countries.<sup>[47]</sup> Later, in January 1995 a Customs Union was established by Belarus, Kazakhstan and Russia, which was joined by Kyrgyzstan in 1996 and Tajikistan in 1999.<sup>[48]</sup> Ukraine chose not to join due to a fear that such a move would compromise the country's sovereignty.<sup>[49]</sup>

In 2002 Ukraine attained observer status to the Eurasian Economic Community,<sup>[50]</sup> which, as mentioned above, came into being in 2000. In September 2004 Ukrainian President Leonid Kuchma signed, along with Russia, Belarus and Kazakhstan, various agreements which were seen as laying the foundation for the creation of a Single Economic Space.<sup>[51]</sup> However, their views as to what the SES would entail were at odds, with Russia aiming at the creation of a customs union and single currency, whereas Ukraine rather preferred the creation of a free trade zone, which would have been a looser form of integration than a customs union, and did not support the idea of a monetary union, which would have posed problems for Ukraine's European integration.<sup>[52]</sup>

The coming to power of Viktor Yushchenko in 2005 in the wake of the Orange Revolution saw a strongly pro-Western policy being pursued by Ukraine, and during his tenure Ukraine began negotiating the details of a future Association Agreement and Deep and Comprehensive Free Trade Area (DCFTA).<sup>[53]</sup> Later, Viktor Yanukovich was elected president of Ukraine in 2010 on a platform of balancing relations between both Russia and the West.<sup>[54]</sup> He made it clear that

[44] Dragneva - Wolczuk, 2016, 683.

[45] Zhalimbetova - Gleason, 2001, <https://www.cacianalyst.org/publications/analytical-articles/item/7113-analytical-articles-caci-analyst-2001-6-20-art-7113.html?tmpl=component&print=1>.

[46] Dragneva - Wolczuk, 2016, 684.

[47] *Ibid.*

[48] Borodin - Stokov, 2015, 339.

[49] Brzezinski - Sullivan, 1997, x.

[50] Zadorozhnii, 2016, 130.

[51] Hancock, 2009, 131.

[52] *Ibid.*, 131-132.

[53] Dragneva - Wolczuk, 2016, 689.

[54] Peisakhin, 2015, <https://www.wilsoncenter.org/sites/default/files/5-kennan%20cable-Peisakhin.pdf>, 2.



while he planned to sign the Association Agreement with the European Union in 2013, he also wished to develop Ukraine's relations with the Customs Union.<sup>[55]</sup> After months of negotiations over various details,<sup>[56]</sup> finally Viktor Yanukovich did not sign the Association Agreement at the Eastern Partnership's Vilnius summit in November 2013<sup>[57]</sup> and accepted a \$15 billion aid package from Russia, with a promise of a reduction of gas prices, which it was said would have aided the country in returning the economy to growth and to modernize.<sup>[58]</sup> In response to this announcement, a protest movement began in Kiev's Maidan Square which saw the ouster of Yanukovich and the coming to power of a strongly pro-Western government with an unambiguous Euro-Atlantic orientation. This led to the signing of the Association Agreement between the European Union and Ukraine in 2014.

In response to this development, President Putin eventually signed Federal Law On Suspension by the Russian Federation of the Agreement on the Free Trade Zone with Regard to Ukraine which suspended from January 1 2016 the Agreement on the Free Trade Zone signed on October 18 2011 between Russia and Ukraine.<sup>[59]</sup> According to the president's official website, "The new Federal Law was brought about by the coming into effect as of January 1, 2016, of the trade and economic section of the Association Agreement between Ukraine and the European Union without any legally binding agreement that would meet Russia's interests. This fundamentally changed the circumstances that were of special significance to Russia at the time the Free Trade Zone Agreement was signed."<sup>[60]</sup>

There have been different points of view as to how Ukraine could have and should handle and engage with the different integration projects that it has found itself having to choose from. According to Article 39 of the Association Agreement signed between the European Union and Ukraine, "This Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade except in so far as they alter the trade arrangements provided for in this Agreement." According to this, then, some may argue that, in theory, Ukraine could have adapted the terms and conditions of the Association Agreement to Customs Union.<sup>[61]</sup> However, in reality, it was not possible to reconcile the two different trade regimes represented by the European Union and the Eurasian Customs Union,<sup>[62]</sup> there being very deep and significant differ-

[55] Euractiv, *Ukraine wants trade agreements with EU and Russia, January 4 2013*, <http://www.euractiv.com/section/europe-s-east/news/ukraine-wants-trade-agreements-with-eu-and-russia/>.

[56] Deutsche Welle, *Ukraine scraps plan to sign historic pact with European Union*, 21 November 2013, <http://www.dw.com/en/ukraine-scraps-plan-to-sign-historic-pact-with-european-union/a-17244405>.

[57] Safranchuk, 2016, 19.

[58] Walker, 2013, <https://www.theguardian.com/world/2013/dec/17/ukraine-russia-leaders-talks-kremlin-loan-deal>.

[59] President of Russia, *Law on suspending free trade agreement with Ukraine*, December 30 2015, <http://en.kremlin.ru/events/president/news/51131>.

[60] Ibid.

[61] Brose, 2016, <https://jamestown.org/serbia-maneuvers-eu-eeu/>.

[62] Ibid.

ences between the two<sup>[63]</sup> that could not be solved simply by terminology adaptation. The obvious reason for this is that it is not possible to abolish tariffs with the European Union under the terms of the AA/DCFTA while maintaining them against the same organization, as the Eurasian Economic Union does.<sup>[64]</sup> The then European Commission President, Jose Manuel Barroso even made the statement with regards to this issue that “Agreements on the establishment of a deep and comprehensive free trade area between the EU and Ukraine contain obligations that need to be fulfilled...Our positions were clearly defined... One country cannot at the same time be a member of a customs union and be in a deep common free-trade area with the European Union. This is not possible...”<sup>[65]</sup>

However, there have been those that have attempted to find some arrangement or solution to balance these various factors, perhaps adopting what some might describe as a more nuanced approach. For example, Johannes Hahn, European Commissioner for European Neighbourhood Policy and Enlargement Policy made the statement, with regards to a study exploring Ukraine’s relations with both Russia and the European Union, that “The study rightly recognises that integration [for Ukraine] with Russia and EU are not in principle mutually exclusive. The study goes on to suggest that at least partial restoration of links with Russia, and the so-called Eurasian Economic Union will be important to Ukraine’s economic recovery, and that Ukraine should diversify its export markets and develop trade relations in many directions...Ukraine already has preferential trade relations with the members of the Eurasian economic union within the framework of the Community of Independent States free trade area. These are perfectly compatible with the Deep and Comprehensive Free Trade Area, and there is no reason why they should not be maintained. So the EU-Ukraine bilateral DCFTA does not impose a false choice on Kyiv. Those who say so are wrong or may have their own agenda...”<sup>[66]</sup>

It has been suggested that trilateral negotiations in this area would be the ultimate solution to the dilemma of Ukraine having to choose between regional integration projects.<sup>[67]</sup> It has also been argued that in fact the only way to truly reconcile these differences is in the context of a broader agreement between the European Union and the Eurasian Economic Union, which would establish a common free trade area from “Lisbon to Vladivostok”.<sup>[68]</sup> As mentioned above, the Eurasian integration project has been seen by some as part of a broader aim of creating a common great

[63] Sushko, 2013, [http://www.ponarseurasia.org/memo/fork-road-ukraine-between-eu-association-and-eurasian-customs-union#\\_ftn9](http://www.ponarseurasia.org/memo/fork-road-ukraine-between-eu-association-and-eurasian-customs-union#_ftn9).

[64] Adarov et al., 2015, 46, <https://wiiw.ac.at/how-to-stabilise-the-economy-of-ukraine-dlp-3562.pdf>

[65] Ukrainform, *Barroso reminds Ukraine that Customs Union and free trade with EU are incompatible*, 25 February 2013, [https://www.ukrinform.net/rubric-economy/1461921-barroso\\_reminds\\_ukraine\\_that\\_customs\\_union\\_and\\_free\\_trade\\_with\\_eu\\_are\\_incompatible\\_299321.html](https://www.ukrinform.net/rubric-economy/1461921-barroso_reminds_ukraine_that_customs_union_and_free_trade_with_eu_are_incompatible_299321.html).

[66] Gotev, 2015, <http://www.euractiv.com/section/economy-jobs/news/eu-pushing-ukraine-towards-trilateral-free-trade-with-russia/>

[67] Adarov et al., 2015, 46, <https://wiiw.ac.at/how-to-stabilise-the-economy-of-ukraine-dlp-3562.pdf>

[68] Ibid.

space with the European Union.<sup>[69]</sup> It must be said that this seems very unlikely at this present moment in time due to the state of relations between Russia and the West.<sup>[70]</sup> Of course, one of the major sources of these tensions relates to Ukraine, and the events that have taken place there since 2014. The subsequent sanctions put in place against Russia has led to an erosion in economic connections, leading to a lessening in interaction and an increase in the costs of engaging in transactions.<sup>[71]</sup> According to a European Parliament requested study by the Austrian Institute of Economic Research (WIFO), this has led to an annual decrease in exports from the European Union to Russia by 15.7 percent since 2014, with around 40 percent of this being attributable to the sanctions.<sup>[72]</sup> Additionally, Russia has dropped from the being the EU's fourth largest trading partner to fifth place.<sup>[73]</sup>

Despite the tensions and conflicts in recent years, the idea of a common great integrated space is still attractive to certain leaders. For example, in 2016 President Putin stated that "Along with our Chinese colleagues, we are planning to start official talks on the formation of comprehensive trade and economic partnership in Eurasia with the participation of the European Union states and China." He went on to add that "I expect that this will become one of the first steps toward the formation of a major Eurasian partnership, [...] the "greater Eurasia".<sup>[74]</sup> Important voices from within the European Union have also continued to express support for such a project. German Chancellor Angela Merkel in 2016 said that "I hope that Russia would increasingly develop ties with the European economic area, finally resulting in a common economic area from Lisbon to Vladivostok."<sup>[75]</sup> European Commission President Jean-Claude Juncker had also said "I have always found the idea of an integrated trade area linking Lisbon to Vladivostok to be an important and valuable objective."<sup>[76]</sup> Also, in October 2017 in Verona the Eurasian Economic Forum was held, which brought together various politicians and business leaders from Russia, Italy and around the world,<sup>[77]</sup> which sought to discuss, according to President Putin, "prospects for cooperation between the leading integration associations, namely the European Union and the Eurasian Economic Union."<sup>[78]</sup>

[69] Ivanchenko, 2016, <http://www.russia-direct.org/opinion/debunking-myths-about-eurasian-economic-union>.

[70] Ibid.

[71] Timofeev, 2014, <http://www.russia-direct.org/opinion/lisbon-vladivostok-risk>.

[72] RT, Sanctions Against Russia have cost European Union 30 bn, October 6 2017, <https://www.rt.com/business/405905-eu-russia-sanctions-cost/>.

[73] Ibid.

[74] Elia, 2016, <http://eastwest.eu/en/opinions/riding-the-russian-rollercoaster/the-greater-eurasia-putin-s-idea-of-europe-after-brexite>.

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[76] The Baltic Course, Lithuanian MFA: Juncker's words on EU-Russia ties his personal opinion, not EU's, 20 November 2015, [http://www.baltic-course.com/eng/baltic\\_states/?doc=113180](http://www.baltic-course.com/eng/baltic_states/?doc=113180).

[77] Russian News Agency TASS, Verona opens 10<sup>th</sup> Eurasian Economic Forum, October 19 2017, <http://tass.com/economy/971433>.

[78] Belarusian Telegraph Agency, Putin: Eurasian forum in Verona enjoys well-deserved international

## V. CONCLUSION

Ukraine has found it extremely difficult to pursue a multi-vector policy with regards to the two neighbouring integration projects on its borders. Since gaining independence it had attempted to do this with varying degrees of intensity at different stages of its existence. However, the differing rules and requirements of the respective European and Eurasian projects have made it difficult to achieve this in practice, and with the signing of the Association Agreement with the European Union in 2014, the country has made an unambiguous and firm choice in the direction of European integration. It can be said that in the long term, for countries who may wish to pursue a multi-vector policy with the regards to the EU and EAEU, the only viable solution may be the EU as a whole actually coming to a comprehensive understanding and agreement with the EAEU. However, despite the above statements made by those within both the EU and EAEU that seem to indicate a desire to eventually move in this direction, such a development is doubtful in the near future, lacking a realistic path of implementation due to the tense and complex state of relations that exist at the present time.

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