

REJECTING FTZ WILL CLOSE DOORS TO UKRAINE ENTERING THE EUROPEAN UNION – EXPERTS

Gorshenin Institute conducted a round table called “The relations between Ukraine and Russia after Ukraine signs the FTZ agreement with the EU”, where experts discussed the future of Ukrainian-Russian relations in the event of Ukraine signing the Free Trade Zone Agreement with Europe.

The President of expert consulting firm “NEOKON”, Mikhail Khazin, thinks that if Ukraine enters a Free Trade Zone with the EU it can lose the Russian market and a number of its industries. “Russia will replace Ukrainian goods with the help of the Customs Union. Ukraine will not receive access to the EU markets, because no one wants it there”, he said. He cited the example of Bulgaria, which reduced the volume of agricultural production within the framework of the EU, in particular, export of vegetables. “Ukraine is being converted into an agricultural appendage to the EU. If Ukraine joins the Customs Union it will have good possibilities to develop high technology industries”, the expert added. also believes that the issue of Ukraine integrating into the Customs Union or Free Trade Zone with the EU is primarily economic. “It is a political issue for the EU. For Ukraine - it is economic”, he said, suggesting that only countries integrated into global markets will be able to survive during future crises. “The Baltic States are an example of what will happen to those countries that do not join markets with sufficient numbers of consumers”, he stressed.

The Head of the Group for Economic policies of the Russian Embassy in Ukraine, Aleksei Urin noted, in his turn, that the results for the first quarter of 2011 show that Ukrainian exports to Russia accounted for 4.2 bn dollars, up 63% compared with the same period last year. “It is worth mentioning that 37% of all Ukrainian exports to Russia were machinery – equipment and vehicles. It should be noted that such structure of Ukrainian export is distinctive only for trade with Russia. The structure of export to other countries is completely different and does not have such an amount of high technology products”, Mr. Urin informed.

According to **the Administrator of Policy Department of the European Parliament (Brussels), Inna Kirsch**, if Ukraine refuses to sign the agreement on Free Trade Zone (FTZ) with the EU it will lose prospects of becoming a fully-fledged member of the EU. According to her, while discussing the pros and cons of joining the FTZ, it is often forgotten that such joining is part of the EU association agreement. “In the future it will allow Ukraine to count on full membership in the EU. Yes, this is not a matter of days or even years, but it will become more real if Ukraine signs the FTZ agreement”, the expert noted. At the same time, she emphasized that Ukraine entering Customs Union with Russia, Belarus and Kazakhstan “will close EU doors for Ukraine”. Mrs. Kirsch believes that membership of the FTZ will allow Ukraine to modernise its economy and industry. In her opinion, the agreement on FTZ can be signed before the summer of 2012. “All disputable issues concerning FTZ have to be solved before the Ukraine-EU summit scheduled for December this year”, she added.

Party of Regions MP Vasyl Gorbali is convinced that negotiations of Ukraine about integration to the FTZ with the EU and Customs Union should be deprived of a political component. “Post-crisis realities suggest separating politics from economy in negotiations”, he said. According to the MP such negotiations must be pragmatic.

According to **the Head of Konrad Adenauer Foundation office in Ukraine, Niko Lange**, Ukraine's course towards European integration suggests that Russia cannot intimidate it. "A FTZ does not imply Ukraine breaking off relations with Russia. Unfortunately, this myth exists and is supported in every possible way by politicians. But this is not true. Germany is a perfect example", he noted. According to the expert, Germany, a member of the EU and NATO, has friendly relations and economic cooperation with Russia. "We need to talk not about the myths but about the global sense of European integration. First of all, it is a tool to answer key questions. The main question for Ukraine is not whether it is a member of some club, but whether the country is competitive in global competition", he stressed. Mr. Lange is sure that the choice between FTZ and CU is not "status quo fixation". "It is a tool to modernize the economic standards of Ukraine", the expert thinks. In his opinion, there is no need to speculate on Ukraine losing some markets: either European or Russian. "There is positive balance in a third market. And Ukraine can take advantage of it", he thinks.

Our Ukraine-People's Self-Defence Bloc MP Irina Gerashchenko thinks that European integration should unite Ukrainian society in the same way it has already united the authorities and opposition. According to her, the issue of Ukrainian European integration, in particular the preparation to signing the FTZ agreement with the EU is a rare example of the continuity of Ukrainian official policy. "In this regard I would like to remind you that there is European Integration Committee in the Verkhovna Rada, working on bringing Ukrainian legislation into line with European standards. For many years this committee was one of the least popular in the Ukrainian Parliament compared with the Budget or Banking committees, where a lot of MPs wanted to work. The ruling party until the recent time was represented only by one MP, now there are 5 MPs from the Party of Regions in the committee and this indicates the reconsideration of the importance of European integration for our country", Mrs. Gerashchenko admitted and added: "It is essential that European integration unites Ukrainian society as well. Unfortunately, a lot of people in Ukraine do not realize now what the FTZ can give to Ukraine – the pros and cons of this integration for our country. There is no state information policy on this matter, and as a result people do not understand the initiatives of the authorities on European integration. It is a significant flaw on the part of the authorities". Summing up, the MP noted that 2011 will be decisive in terms of European integration processes and the fact that both opposition and the authorities express a single position on the issue allows a positive outcome for Ukraine to be expected.