

**EUROPEAN UNION-UKRAINE RELATIONS IN THE CONTEXT OF EUROPEAN  
NEIGHBOURHOOD POLICY<sup>1</sup>****Bahar MARAL SARIBAY (Ph.D.)\*** **Prof. (Ph.D.) Seyhun DOĐAN\*\*** **ABSTRACT**

*As a result of the enlargement policy of the European Union, the European Neighbourhood Policy was established in order to secure the borders and entered into force in 2004. However, changes were made in the European Neighbourhood Policy due to the failure to achieve the expected results over time. In this context, the policy was divided into two parts, known as the Union for the Mediterranean (2008) and the Eastern Partnership (2009). Thus, a step was taken toward regionalizing the European Neighbourhood Policy to make it more effective. The aim of this study is to analyze the function of the European Neighbourhood Policy, one of the foreign policy instruments of the European Union, within the framework of European Union-Ukraine relations. In this context, the European Neighbourhood Policy and the Eastern Partnership are primarily discussed, then the European Union-Ukraine relations are analyzed. The study concludes that the European Neighbourhood Policy's contribution to relations between European Union and Ukraine is insufficient and the policy should be revised urgently to increase this contribution over time.*

**Keywords:** European Neighbourhood Policy, Eastern Partnership, European Union, Ukraine.

**JEL Codes:** F50, F53, F59.

**AVRUPA KOMŞULUK POLİTİKASI KAPSAMINDA AVRUPA BİRLİĐİ-UKRAYNA  
İLİŞKİLERİ****ÖZET**

*Avrupa Birliđi'nin genişleme politikasının sonucu olarak, sınırları güvence altına alabilmek amacıyla Avrupa Komşuluk Politikası oluşturulmuş ve 2004 yılında yürürlüğe girmiştir. Ancak, zaman içerisinde beklenen sonuçların elde edilememesi dolayısıyla Avrupa Komşuluk Politikası'nda deđişiklikler yapılmıştır. Bu kapsamda, Akdeniz İçin Birlik (2008) ve Dođu Ortaklıđı (2009) olarak*

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*politika ikiye ayrılmıştır. Böylece daha etkin olması için Avrupa Komşuluk Politikası'nın bölgeselleştirilmesi yönünde adım atılmıştır. Bu çalışmanın amacı, Avrupa Birliği'nin dış politika araçlarından Avrupa Komşuluk Politikası'nın işlevini, Avrupa Birliği ile Ukrayna ilişkileri çerçevesinde analiz etmektir. Bu kapsamda, Avrupa Komşuluk Politikası ve Doğu Ortaklığı konusu öncelikle ele alınarak Avrupa Birliği ile Ukrayna ilişkileri incelenmiştir. Çalışmada, Avrupa Birliği ile Ukrayna ilişkilerinde Avrupa Komşuluk Politikası'nın katkısının yetersiz olduğu ve söz konusu katkının zamanla arttırılabilmesi için politikanın ivedilikle revize edilmesi gerektiği sonucuna ulaşılmıştır.*

**Anahtar Kelimeler:** *Avrupa Komşuluk Politikası, Doğu Ortaklığı, Avrupa Birliği, Ukrayna.*

**JEL Kodları:** *F50, F53, F59.*

## 1. INTRODUCTION

The European Union (EU), with its twenty-seven member states, is an essential actor in the international arena. Dure to the EU's fifth wave of enlargement in 2004, its borders have extended to Russia in the East and North Africa in the South. Consequently, it has felt the need to secure its borders because it has faced different problems (migration, terrorism, cross-border smuggling, etc.), resulting in a new policy arrangement (Delcour and Tulmets, 2007: 3,4). To that end, it has launched the European Neighbourhood Policy (ENP) as a new instrument (EC, 2018a).

As a result of its enlargement policies, the EU launched the European Neighbourhood Policy (ENP) in 2004 to secure its borders. The ENP is a policy for countries that are unlikely to join the EU because they have not yet fulfilled the membership criteria. The ENP aims to share the EU's values with its neighbours and contribute to their stability. However, the EU has changed its neighbourhood policies because the ENP failed to deliver expected outcomes. The EU has divided the ENP into two regional flanks [the Union for the Mediterranean (UfM, 2008) and the Eastern Partnership (EaP, 2009)] to regionalize it to achieve more effective results.

Ukraine occupies a crucial place in Eastern Europe. It has long been a center of attraction because of its location and being one of the core links in the factionalization between the West and Russia. Therefore, it maintains its popularity in the international arena. According to the political scientist Huntington, Ukraine is a divided country (Huntington, 1993: 22-49). Ukraine is under the influence of both Slavic and European cultures, making it almost impossible for the country to reach a consensus on policies even today.

Ukraine broke from the Soviet Union and gained independence in 1991. Since then, it has mostly wanted to be close to the EU, even though it has relations with Russia. There are critical turning points in Ukrainian history. In 2004, after Viktor Yanukovich, a pro-Russian, won the first round of presidential elections, anti-government protests broke out, resulting in the Orange Revolution. It is no coincidence that the events unfolded in 2004 because the European Neighbourhood Policy (ENP) came

into force in the same year. Some Ukrainians wanted relations to move forward within the framework of the ENP. However, the idea of breaking away from the EU with Yanukovich's victory was one of the factors that led to the Orange Revolution. Ukraine joined the ENP in 2004, which gave rise to hopes of close ties with the EU in the short term and the prospect of becoming a member in the long term. However, EU-Ukraine relations were not as close as anticipated because the political cadre in Ukraine was divided into fractions. In fact, EU-Ukraine relations sometimes reached a deadlock due to the EU's energy dependence on Russia, the influence of Ukraine's oligarchs, and high levels of corruption in Ukraine.

Russia has been disturbed both by the EU's eastward expansion and Ukraine's close relations with the EU. Following the Orange Revolution, Russia played its energy card against the EU and Ukraine, causing energy crises in 2006 and 2009. The energy crises affected the catalyst countries (Germany, France, etc.) and other countries that receive around 80 percent of their natural gas from Russia. On the other hand, President Viktor Yanukovich ordered the suspension of the Joint Cooperation Agreement planned to be signed with the EU in 2014, leading to the "Euromaidan" crisis. These two crises show that the possibility of moving away from the EU caused social unrest. They also uncover the divided nature of Ukraine. Besides, the Ukrainian problem has become much more complicated due to Russia's annexation of Crimea following the Euromaidan crisis.

Although relations with the EU improved after the Deep and Comprehensive Free Trade Agreement (DCFTA), part of the ENP, entered into force in 2016, the problems persisted by the separatist movements in eastern Ukraine and the Kerch Strait incident that erupted in 2018. Russia has pursued an aggressive policy, which is called realist in the discipline of international relations, to deepen Ukraine's division. On the other hand, EU-Ukraine relations have not lived up to their potential for the reasons above and due to the limited nature of the ENP. The members of the EU are also unable to take a uniform stance on solving the problem. Energy dependence on Russia caused differences of opinion among EU countries. In early 2021, Russia declared NATO's post-1997 enlargement a threat to its security and demanded a legal ban on Ukraine's membership in NATO. Russia launched an invasion of Ukraine on February 24, 2022.

This paper analyzes EU-Ukraine relations in the context of the ENP. The study focuses on Ukraine, one of the most important countries in Eastern Europe, to determine whether the ENP was an effective instrument for solving problems. The selection of Ukraine is based on multiple reasons. First, Ukraine is a geopolitically important country. Moreover, it is located on critical energy transmission lines. And lastly, it used to be a part of the Soviet Union.

## **2. EUROPEAN NEIGHBOURHOOD POLICY AND EASTERN PARTNERSHIP**

The EU's fifth wave of enlargement is crucial. In May 2004, the Czech Republic, Poland, Hungary, Slovakia, Slovenia, Estonia, Latvia, Lithuania, the Greek Administration of Southern Cyprus, and Malta joined the EU. In January 2007, Bulgaria and Romania became members of the EU (Landaburu, 2002: 5). This enlargement has made the EU neighbours with totalitarian-authoritarian regimes. Since the EU has expanded from North Africa to Russia, it has felt the need to secure its borders because it has faced various problems (migration, smuggling across borders, terrorism, etc.). Besides, digital age has changed how we perceive security. The EU has been on high alert to prevent security problems that manifest themselves in different ways, from cyber-attacks to pandemics (Cianciara, 2016: 49-62). There are too many security problems. Therefore, neighbourhood policy has become a necessity for the EU in response to security threats due to the expansion policy. The ENP covers 16 countries: Israel, Lebanon, Libya, Egypt, Palestine (the ENP is not operational in Palestine due to its de-facto status under international law and its fragile state); Algeria, Morocco, Tunisia, Jordan, and Syria (the ENP is suspended in Syria due to the ongoing conflict) in the south; Ukraine, Moldova, Georgia, Armenia, Belarus, and Azerbaijan in the east.

Romano Prodi, President of the European Commission, is an important figure for the ENP. According to Prodi, the EU should create a "circle of friends" with the neighbouring countries, from Russia to the Black Sea and South of the Mediterranean. In addition, the ENP is less than membership but more than a partnership. In fact, the EU had to create a policy of balance due to the fifth enlargement in 2004. In his speech in Brussels in 2002, Prodi advocated the idea of sharing "everything but the institutions" in the circle of friends to keep the neighbouring countries at a certain level and maintain the security of the EU (EC, 2018b). Based on the motto of "everything but institutions," the EU aimed to strike a balance regarding economic stability, democracy, and human rights. This would make the EU safer against threats (terrorism, migration, etc.) from neighbouring countries.

In 2003, the EU declared the rationale of the ENP with the report titled "Wider Europe-Neighbourhood: A New Framework for Relations with Our Eastern and Southern Neighbours" (Del Sarto and Schumacher, 2005: 19-22). The document is based on continuing relations without membership in the medium term. The EU may have used the term "medium" deliberately. By not giving a deadline, the EU did not fully close the door to membership for neighbouring countries. The goal of the EU may have been to get neighbouring countries to implement policies effectively in the hope of one day joining the EU. On the other hand, the EU published the "European Neighbourhood Policy Strategy Paper" on May 12, 2004. The paper stated that the main objective of the policy was to increase cooperation with neighbouring countries to share stability, security, and prosperity (CEC, 2004). In other words, it underlined that the main objective was to improve relations with neighbouring countries without membership.

The ENP is based on three fundamental objectives (political, economic, and security). The EU's political aim is to prevent authority gaps by exporting democracy to its neighbours. The EU's economic goal is to fund its neighbours so that they can reach a certain level and create an actively functioning market. Lastly, the EU's security objective is to prevent negative factors (migration and human trafficking) that could infiltrate the EU through the borders of neighbouring countries. The EU does not grant membership to neighbouring countries at this stage (EU Neighbours, 2008) because it is concerned about a recurrence of the crisis in the context of the 2004 enlargement and its damage to the development of the Union. The goal of the ENP, as an alternative to full membership, is to provide financial and technical assistance to neighbouring countries to ensure that their political, economic, and security problems do not affect the EU.

The EU has set principles for the formalization of the ENP. According to the European Commission's report, "conditionality," "differentiation," and "joint ownership" are the three principles of the policy (Gharzaryan, 2014: 74-83). Although there is no clear definition of conditionality, it refers to the process in which the EU declares that it will grant neighbouring countries with various rights (economic cooperation with the EU, share from the EU market, and free movement of persons, goods, services, and capital) if they fulfill reforms. Differentiation refers to the process in which the EU prescribes distinct reforms to different countries because they have variational structures (EC, 2011). Joint ownership refers to the process in which the EU does not focus only on its demands but also considers the wishes of neighbouring countries.

The European Neighbourhood Policy is a systematic mechanism that operates under specific procedures. The policy instruments are country reports, action plans, and progress reports. The European Commission draws up country reports for neighbouring countries, just as it does for membership negotiations. Those reports analyze the economic and political status of neighbouring countries. The EU Council assesses the reports and determines which neighbouring countries will move to the next phase. Action plans follow country reports. It may also be true that action plans are the most important instruments (OSGF, 2010). Action plans vary for each country because every neighbouring country has a different level of economic and political development. An action plan is drawn up for each neighbouring country and translated into the official language of that country. Action plans are based on the principles of enlargement policies. Therefore, the first part of an action plan is the Copenhagen criteria. In other words, democracy and human rights, which are essential for the EU, constitute the first part. Action plans have basic principles. The first principle is a commitment to shared values (democracy, respect for human rights and fundamental freedoms, and the rule of law). Action plans focus on efforts to protect and promote those values. Another principle is effective political interaction, which is the content of common foreign and security policies. Action plans address economic and social development policies, commitment to shared values, effective political dialogue, energy, transport, internal market, and trade. Action plans specify the reforms that neighbouring countries should

implement within three to five years. The EU funds a neighbouring country if it implements the reforms (EU External Action, 2017). It contributes to the economy of that neighbouring country. The European Commission draws progress reports for each neighbouring country to understand whether they have fulfilled the action plan decisions. Progress reports analyze; what actions neighbouring countries have taken in the framework of their action plans, to what extent they have implemented them, what political changes they have gone through, and how those changes have impacted them.

The long-standing Ukraine-Russia conflict, the Russia-Georgia war, and the global economic crisis at the end of 2008 reminded the EU of the need for a more functional and sound neighbourhood policy. The EU's neighbourhood policies used to be carried out within the framework of bilateral negotiations. However, international developments have urged it to move the neighbourhood policies to the regional level. In this process, the EU has established a new neighbourhood policy for two critical geographies: The Mediterranean and Eastern European countries.

The Eastern Partnership (EaP), established within the framework of the ENP, was signed in 2009 with Ukraine, Moldova, Belarus, Georgia, Azerbaijan, and Armenia (EC, 2020). The European Union focused on that geography because it was in its interest to engage with the Caucasus and Eastern European countries against the Russian threat. The Eastern Partnership is an example of the EU's soft power strategy. The European Union keeps its relationship with those countries in balance by applying soft power (economic aid, sharing values, etc.) instead of hard power (military intervention, war, etc.) (CES, 2019). 2004 is critical for understanding why the EaP was signed (Verluisse, 2018). As a result of the wave of enlargement, the EU has become neighbours with countries which have chronic problems with democracy and human rights and faced the Russian threat. In this context, the EU has tried to strike a balance in the region with a more moderate motive. It has refrained from confronting Russia in its regulated activities. The Eastern Partnership (EaP) Agreement involves strengthening economic and trade sectoral relations, energy security, visa dialogues, and political and cultural contacts.

The European Neighbourhood Policy is affected by conjunctural developments. The European Union was unsettled by the Russia-Georgia War, the Ukraine-Russia conflict, the economic crisis at the end of 2008, and the wave of migration after the Arab Spring in 2010. It has encountered security challenges manifested in different ways, such as cyber-attacks, migration, pandemics, and border smuggling. Considering the objectives and instruments of the ENP within the framework of these problems, it falls short of solving problems in times of crisis even though the policy demonstrates success, to a certain extent.

### **3. EUROPEAN UNION-UKRAINE RELATIONS**

Ukraine is a geopolitically important country; it connects Asia and Europe in the East-West direction and the Baltic and Black Seas in the North-South direction. It is also located on energy transmission lines. Therefore, it has always been the center of attention for the EU. It is also

geostrategically important as it borders Russia and thus allows the EU to estimate possible Russian moves against it. Moreover, Europe depends on Russia for energy. Therefore, Ukraine has a critical position in terms of energy security as it is on the transit route of natural gas coming from Russia. In other words, Ukraine is an important watchtower for the EU against Russia (Bukkvoll, 1997: 102). On the other hand, Russia views Ukraine as a gateway to Europe and its backyard that enables it to dominate the region.

The first major political development in EU-Ukraine relations was the 1994 Association Agreement, which was signed following Ukraine's independence and transition from a closed economy to a free market economy. The agreement included provisions for economic cooperation, free trade, justice, freedom, political dialogue, and foreign policy. EU-Ukraine relations show a variational trend depending on the EU's response to conjunctural developments and Ukrainian politicians' willingness to have closer ties with Russia or the West. Pro-EU policies were adopted by Leonid Kuchma, the second president of Ukraine after independence. Since 1996, Kuchma advocated EU and NATO membership and entered into a close dialogue with Western institutions and organizations. Ukraine became a member of the Council of Europe in November 1995 and joined the Central European Initiative in 1996. It also pursued European-oriented policies by integrating into the European Bank for Reconstruction and Development (EBRD) and the International Monetary Fund (IMF).

The year 2004 is critical in EU-Ukraine relations. Pro-Western Ukrainians were frustrated by pro-Russian Viktor Yanukovich's victory in the 2004 elections because the ENP was announced in May 2004. They took to the streets because they believed Yanukovich would bring Ukraine into a Russia-led customs union. Dissatisfaction with the regime finally burst into the Orange Revolution, resulting in a more pronounced division between the West and East marked by the Dnieper River. The West of Ukraine is strongly pro-European, while the East is equally pro-Russian for geographical and historical reasons. Elections were repeated after the Orange Revolution. Viktor Yushchenko, a pro-European, won the elections, marking the beginning of the orientation of Ukrainian politics toward the EU (Velychenko, 2007: 1-27).

Since 2004, EU-Ukraine relations have progressed within the framework of the ENP. In this context, an action plan was adopted on February 21, 2005. Under the principle of conditionality, the EU demanded that Ukraine progress on economic and political issues. While the Ukrainian government planned on considering the *acquis communautaire* with the EU by 2004, the EU's prior demands for economic and political reforms were not welcomed by the government. Moreover, economic demands were blocked by Ukraine's oligarch class. The action plan was a failure as it only muddled along. Ukraine did not push through the reforms because the ENP did not promise membership. Russia played its energy card and made punitive moves against the EU through Ukraine because it was uncomfortable with EU supporter Viktor Yushchenko's political victory as the result of Orange Revolution. Ukraine's close ties with the EU and its desire to get closer to NATO within the framework of the ENP triggered

the crisis (Stern, 2006: 32-59). Russia demanded that Ukraine pay a dramatically higher price for its gas. When Ukraine initially turned down this demand, Russia turned off the gas pipelines for a while, resulting in an energy crisis. Russia demanded that Ukraine pay \$50 per cubic meter of natural gas during January, February, and March 2006 and \$230 from April onwards (Stern, 2006: 43). The Yushchenko government rejected this request. As a response, Russia turned off the gas pipelines, causing an energy crisis in Europe. In 2006, Ukraine backed down and agreed to pay twice as much per cubic meter (\$95) (Kramer, 2006).

The energy crisis also affected EU-Ukraine economic relations. European Union foreign direct investment (FDI) outflows to Ukraine fell by 65%, from €5.8 bn in 2005 to €2 bn in 2006 (Eurostat Pocketbooks, 2008: 67). The energy crisis between Russia and Ukraine resurfaced from time to time after 2006. Ukraine defaulted on its natural gas debt to Russia in 2007. In retaliation, Russia imposed restrictions on the amount of natural gas transferred to Ukraine. Russia and Ukraine had another energy crisis in January 2009. Russia cut off the natural gas supply to the EU via Ukraine on January 7, 2009. Russia demanded \$250 for 1,000 cubic meters of natural gas. Ukraine, on the other hand, counteroffered \$210. The two countries failed to reach an agreement. Therefore, Russia turned off the gas pipelines for the second time between January 13 and 17. The crisis was resolved on January 22, 2009 (Pirani, Stern, and Yafimava, 2009: 13). The two countries signed a ten-year agreement (between January 22, 2009, and January 22, 2019). However, the agreement was short-lived and became much more complicated with the Crimean Crisis of 2014. These developments unfolded because Russia sees Ukraine as its backyard. Therefore, Russia should also be taken into account when assessing EU-Ukraine relations.

These crises show that geostrategic, energy-related, and economic dynamics affect each other. Geostrategically, Ukraine is an energy transit corridor. The passage blockage through this corridor had an economic impact on EU-Ukraine relations. In other words, Russia perceived Ukraine-West relations as a hostile attitude and sought to punish it. Russia used its natural gas card to punish the EU, which is made up of mostly industrialized countries. The EU is dependent on Russia for energy. According to the European Commission, Estonia, Finland, Latvia, Slovakia, Bulgaria, and Lithuania receive more than 75 percent of their natural gas from Russia. The reliable transit of natural gas through Ukraine is essential for the EU. Europe receives 80 percent of its Russian gas from pipelines that run via Ukraine (BBC News, 2009). The figures show that if Russia halts natural gas deliveries, it will drastically impact Europe. Therefore, it was crucial to implement a policy of balance in EU-Ukraine relations with Russia in mind before its invasion of Ukraine.

The year 2009 is also a turning point in EU-Ukraine relations. The European Union regionalized the ENP and introduced the EaP in 2009, including Ukraine, Moldova, Azerbaijan, Georgia, Armenia, Georgia, Armenia, and Belarus. EU-Ukraine relations continued within the framework of the EaP, a more specific version of the neighbourhood policy. The Eastern Partnership project is also based on democracy, peace, prosperity, and economic relations. Although Ukraine introduced pro-Western

policies after the Orange Revolution, those policies proved ineffective for three reasons. First, Ukraine is politically divided, with western regions favoring closer ties to Europe and the East looking toward Russia. Second, oligarchs are involved in politics. Third, Ukraine has long been one of the more corrupt countries in the international system. EU-Ukraine relations were not in anticipated levels between 2004 and 2009. The economic crisis in 2008 also hurt EU-Ukraine relations. One positive move is Ukraine's accession to the World Trade Center on May 16, 2008, since this will provide "transition to a stable market economy" which is one of Copenhagen's criteria.

Viktor Yanukovich, a pro-Russian, won the 2010 presidential elections in Ukraine. João Soares, President of the Organization for Security and Cooperation in Europe (OSCE), called it "For everyone in Ukraine, this election was a victory" (The Guardian, 2010), which was surprising because OSCE is a Western institution. This shows that the EU did not want to escalate tensions with Russia.

Yanukovich caused another political crisis by announcing that he would not sign the Association Agreement between the EU and Ukraine that was supposed to be signed in Vilnius, Lithuania, in 2013 within the scope of the EaP. Despite the cold weather, pro-western Ukrainians organized protests in Kyiv's famous Maidan square between January 16 and 23, 2014, which was the beginning of the Euromaidan Crisis. This crisis was much bloodier than the Orange Revolution. Law enforcement forces killed around 100 civilians between February 18 and 20. As the crisis deepened, Yanukovich fled the country and sought refuge in Russia on February 22, 2014.

On February 27, 2014, Russia launched a full-scale military intervention in Ukraine and annexed Crimea, a breach of the Budapest Memorandum signed on December 5, 1994. Ukraine was a nuclear-armed state during the USSR. However, the Memorandum politically bounded Ukraine's denuclearization to the respect for its territorial integrity by the nuclear powers (Budjeryn, 2014: 1-5). However, Russia seized Ukraine's territory by annexing Crimea. This annexation is illegitimate and violates Articles 2.4 and 2.7 of the United Nations Charter, as Ukraine has not previously committed any aggression against Russia or the Russian people (Blockmans, 2019). In other words, Russia's annexation of Crimea has undermined regional and international security.

The crisis spread to the eastern cities of Ukraine. On April 6, 2014, pro-Russian groups rose up in the cities of Donetsk and Luhansk in the Donbas region on the eastern border of Ukraine. They rejected Ukraine's sovereignty and seized the region with the rhetoric of "Novorossiya" or "New Russia" (Laruelle, 2016: 55-74). As the conflicts escalated, a referendum was held on May 11, 2014, just like in Crimea. As a result of the referendum, the Donetsk People's Republic and the Luhansk People's Republic were de-facto established on May 24, 2014 (Taylor, 2017). Ukrainian flags were replaced with Russian flags in those regions. Afterward, the Ukrainian presidential election was held, and Petro Poroshenko won the election in the first round with 54.7 percent of the votes (The Guardian, 2014).

Poroshenko is a pro-EU businessman and an oligarch. Ukraine continued to struggle with problems after the election. On January 24, 2015, pro-Russian separatists attacked the city of Mariupol in the southeast of the country, resulting in the deaths of at least thirty people (Johnston, 2015). The European Union convened an emergency meeting following the extraordinary call of Federica Mogherini, the then High Representative of the European Common Foreign and Security Policy. At the end of the meeting, Mogherini declared that they condemned Russia. Aware of Russia's aggressive sanctions both in the annexation of Crimea and in the conflicts in the eastern region, the EU intervened in the Ukrainian conflict based on a policy of balance without angering Russia. The European Union remained far from the Orange Revolution and the Euromaidan Crisis. Germany, in particular, approached the crisis from a different angle. Germany needs more energy because it is a heavily industrialized country that imports energy from Russia. Therefore, it did not want any problems with Russia. It signed an agreement with Russia for the Nord Stream II project, bypassing Ukraine for a smooth flow of natural gas. The pipeline will be laid in Greifswald, Germany, enabling direct energy supplies. However, this puts Germany at odds with other EU countries because countries like Poland and Slovakia will lose the transit fees they would have received from Russia. On the other hand, Russia prefers bilateral agreements rather than a collective agreement with the EU on energy. This prevents the EU from establishing an overall energy policy.

The Association Agreement, which led to the Euromaidan Crisis because Yanukovich had refused to sign it, was adopted on June 24, 2014 (EU, 2014). It is a critical agreement for Ukraine because it grants Ukrainians the right to travel to the Schengen Zone without visas (The EU-Ukraine Schengen Agreement allowed 1,347,404 Ukrainians to enter EU countries without visas by the end of December 2020) (Eurostat, 2022a). This agreement is a broader and deeper version of the ENP. The agreement demands improvements in democracy, the rule of law, and human rights. Under the agreement, Ukraine was expected to introduce innovations in technology and science. The agreement required Ukraine to introduce innovations in governance, sustainable development, social development, industry, trade, transport, protection of consumer rights, education, and culture. Finally, the agreement required Ukraine to introduce migration and security policies and adopt reforms in foreign policy toward Russia (EC, 2021).

The Deep and Comprehensive Free Trade Agreement (DCFTA) between the EU and Ukraine, the economic dimension of the Association Agreement, was signed on January 1, 2016, delayed by the turmoil in Ukraine and Russia's influence in the region. The agreement entered into force on September 1, 2017 (EC, 2019). It is a landmark agreement with positive consequences for the EU and Ukrainian economies. It ensures the free movement of goods, services, capital, and persons (EC, 2022a). This allows the European Union and Ukraine to consolidate the trade aspect of the neighbourhood policy and increase its effectiveness. The agreement aims to standardize and protect Ukrainian trade by removing import and export duties. It also aims to ensure fair competition, eliminate technical barriers and

difficulties, and guarantee food safety by standardizing trade in animal and plant products. It also makes customs legislation more effective and prevents arbitrary commercial interceptions. Electronic commerce is critical for Ukraine. Therefore, the agreement also aims to ensure that Ukraine's financial, communication, postal, and cargo services comply with the EU acquis (AEF, 2019). The agreement contributes to the Ukrainian economy. According to Eurostat data, EU exports to Ukraine amounted to €14 billion in 2015, rising to €16.6 billion in 2016, €20.2 billion in 2017, €22 billion in 2018, and €24.2 in 2019 after the agreement. In 2020, the COVID-19 pandemic took a toll on foreign trade. Therefore, EU exports to Ukraine amounted to €23.1 in 2020. In 2021, trade relations recovered, and exports rose to €28.3 billion (Eurostat, 2022b). EU imports from Ukraine increased in the same way, amounting to €13.2 billion in 2016, €17 billion in 2017, €18 billion in 2018, and €19.1 billion in 2019. However, imports declined to €16.3 billion due to the pandemic in 2020. In 2021, trade relations recovered, and imports amounted to €24.1 billion (EC, 2022b). Ukraine struggled with hyperinflation in the years following its independence. According to the World Bank, the inflation rate dropped from 48 percent in 2015 to 14 percent in 2016. The inflation rate, which was also 14 percent in 2017, was 10 percent in 2018. Prior to the Russian invasion, Ukraine successfully fought inflation. In 2019, inflation declined to 7.88 percent. According to the World Bank, inflation was at its lowest level in 2020 (2.33 percent) (WB, 2022). The Deep and Comprehensive Free Trade Agreement also led to a reduction in corruption rates. Transparency International conducts corruption surveys and gives countries a score out of 100, with higher scores indicating less corruption. According to Transparency International, Ukraine scored 26 out of 100 in 2014 (during Euromaidan crisis). According to the Corruption Perceptions Index, it scored 27 in 2015, 29 in 2016, 30 in 2017, 32 in 2018, 30 in 2019, and 33 in 2020 (Transparency International, 2022). Therefore, Ukraine still has a long way to go to fight corruption. In this context, it should curb the influence of oligarchs. If it takes the necessary steps within the scope of the DCFTA, it can reduce corruption over time. This way, it can have more FDI by attracting companies from the EU. More companies mean more advances in technology. The data shows that compliance with the agreement will positively impact Ukraine. However, it would be wrong to draw firm conclusions at this point because the agreement is still new. On the other hand, uncertainties hurt the Ukrainian economy.

While EU-Ukraine trade relations were progressing within the framework of the DCFTA, two Ukrainian warships and a naval tugboat were attacked by Russia while trying to cross the Kerch Strait to the Ukrainian city of Mariupol on the Sea of Azov on November 25, 2018 (Bodner, 2018), resulting in the Kerch Strait incident. After Russia invaded Crimea, it was subjected to economic embargoes by the EU and the US. By taking such action at such a time, Russia wanted to convey the message that "the Sea of Azov belongs to Russia." In other words, Russia may have wanted to convey a message to Ukraine and, through Ukraine, to the EU and NATO that "Russia is the hegemonic power in this basin." On the other hand, Ukraine's 2019 presidential elections were won by a surprise candidate, Volodymyr Zelensky (BBC News, 2019), who continues to maintain relations with the EU.

As of 2022, Ukraine and Russia is at war. Russia occupied many regions of Ukraine on February 24, 2022. Today, Ukraine is a conflict zone. Therefore, it is challenging to predict what will become of it at this stage. Moreover, its accession to the EU is not considered plausible in this process. Until the war, EU-Ukraine relations did not live up to their potential. Although Ukraine regarded the ENP as a means of rapprochement with the West, it could not achieve stability due to Russia's sanctions and internal divisions. Until the war, the EU was very restrained due to its energy dependence on Russia. However, Western countries have supported Ukraine economically and militarily and imposed heavy economic sanctions on Russia since the start of the war. In this conjuncture, the EU has prioritized taking measures and developing alternatives to minimize energy dependence on Russia.

#### **4. CONCLUSION**

European Union-Ukraine relations are progressing within the framework of the ENP. First, an assessment should be made within the scope of the EU. The European Union has a supranational model of organization. Therefore, it has tried to rule out problems that would harm its survival since its establishment in the 1950s. In this framework, it has sought ways to spread its values first to its members and then to its neighbours to protect its borders due to the waves of enlargement. Although it introduced the ENP to strike a balance, the policy did not work out because it is open-ended and does not promise membership. If the European Union wants the ENP to succeed, it must first and foremost take into account the division in Ukraine and the dilemma faced by its people. Therefore, the EU should either expand its neighbourhood policy to positively impact the Ukrainian people or formulate a new policy based specifically on Ukrainian needs.

The Orange Revolution took place in 2004 when the ENP was established. On the other hand, the Association Agreement that was supposed to be signed in 2014 within the framework of the ENP was postponed, resulting in the Euromaidan crisis. This development is not a coincidence. The two crises, which took place ten years apart, stemmed from the Ukrainians' dissatisfaction with the government's turn away from the EU. However, both crises hurt the Ukrainian population. Ukraine's divided structure has become more evident, especially during the Euromaidan crisis.

The uncertainties prior to the Russian invasion also profoundly affected the Ukrainian economy. On the other hand, drawing definitive conclusions about the impact of the DCFTA on the EU and Ukraine is not possible, given the ongoing Russian occupation.

Russia has reacted more and more violently to the rapprochement between the EU and Ukraine. Russia's reaction to Ukraine's rapprochement to the EU through the ENP in 2004 manifested itself in the form of gas pipeline cut-offs in 2006 and 2009, putting the energy-dependent EU in a precarious position. Russia also reacted harshly to the Euromaidan crisis. In the twenty-first century, Russia adopted a nineteenth-century policy of realism and seized the territory of a sovereign country by annexing Crimea. As the crisis escalated with the Kerch Strait incident, Ukraine has been at war with

Russia as of 2022. Unexpectedly, Russia began its occupation of Ukraine on February 24, 2022. At this stage, it is impossible to predict how the war will evolve in the coming months. However, it is evident that Russia will continue to play a critical role in EU-Ukraine relations.

The European Union has focused on a single policy to achieve sustainable economic growth and stability in Ukraine. However, it has not achieved the intended success in practice. Although Ukraine views the ENP as a means of rapprochement with the West, it struggles with internal divisions and Russia's aggressive policies. In conclusion, for a more stable region EU might have to revise ENP.

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