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**Кафедра історії і політичної теорії**

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**на тему: Економічні та політичні трансформації в Україні в контексті Угоди про асоціацію між Україною та ЄС**

**(Economic and political transformations in Ukraine towards the EU-Ukraine Association Agreement)**

**Студента групи 052-18-1**

**Власенко Данило**

**Науковий керівник:**

**Єгорова Олена Віталіївна**

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# **ABSTRACT**

The bachelor thesis examines the relationship and integration between Ukraine and European Union since 2014, when both sides have been signed the EU-Ukraine Association Agreement. Main emphasis of analysis directs to the particularly, economic and political transformations in Ukraine, which Ukrainian political elites organized during 2014-2021 with the support of European Union. Process of establishing friendly, partnership and strong relations between Ukraine and European Union was quite relevant during the whole independence of Ukraine but special intensity was created particularly in frames of the fundamental treaty EU-Ukraine Association Agreement.

From beginning of Ukrainian independence, state took all their policies for deep integration with European Union, because of the will of Ukrainian people. Despite it, during the whole history of independent Ukraine, political system of the state and pro-Russian elites in Ukraine in various ways prevented European integration of Ukraine. After the Revolution of Dignity, key political event in modern Ukrainian history, new authorities proclaimed European route of Ukraine. European integration became the strategic goal of Ukraine as a basis for external and internal policies. Economic and political transformations to the European standards are main points for increasing international position of Ukraine with building of economically developed and democratic state. Process of integration is highly complicated process for any country in the world, and Ukraine determines, what it will get from cooperation with the EU, what kinds of problems can be faced during the integration process, and possible space for the next steps of cooperation in near future. For successful integration Ukraine should remove from the attributes of post-Soviet state such as violation of human rights and freedoms, corruption, underdeveloped economy basis, absence of democratic values, etc. The object of research is Ukrainian implementation of the EU-Ukraine Association Agreement. Main goal of paper is to evaluate and define the process of political and economic transformations, which Ukraine conduct during 2014-2021. In accordance with goal of thesis, key tasks were formed: to examine the theoretical concept of European integration and historical background, while for practical part were provided observations and reviews of economic and political part of Association Agreement with results of its’ fulfilment. In order to systematize paper was used data from official sources, institutional and financial resources, speeches of the governmental officials from the EU and Ukraine. The study concluded, that Ukraine in 2014-2021 made important economic and political changes with the help and coordination from European Union side, but space for future development and cooperation in frames of the EU-Ukraine Association Agreement are still enough.

**РЕФЕРАТ**

Бакалаврська робота досліджує відносини та інтеграцію між Україною та Європейським Союзом з 2014 року, коли обидві сторони підписали Угоду про асоціацію між Україною та ЄС. Основний акцент аналізу зосереджується на економічних та політичних трансформаціях в Україні, які українські політичні еліти організували протягом 2014-2021 років за підтримки Європейського Союзу. Процес встановлення дружніх, партнерських та міцних відносин між Україною та Європейським Союзом був досить актуальним протягом усієї незалежності України, але особливу інтенсивність набув особливо в рамках основоположного договору Угоди про асоціацію між Україною та ЄС.

Від початку незалежності України держава з волі українського народу проводила всю свою політику для глибокої інтеграції з Європейським Союзом. Попри це, протягом усієї історії незалежної України політична система держави та проросійські еліти в Україні різними способами перешкоджали євроінтеграції України. Після Революції Гідності, ключової політичної події в новітній історії України, нова влада проголосила Європейський маршрут України. Європейська інтеграція стала стратегічною метою України як основою зовнішньої та внутрішньої політики. Економічні та політичні перетворення до європейських стандартів є основними напрямками підвищення міжнародного становища України з розбудовою економічно розвиненої та демократичної держави. Процес інтеграції є надзвичайно складним процесом для будь-якої країни світу, і Україна визначає, що вона отримає від співпраці з ЄС, які проблеми можуть виникнути під час інтеграційного процесу та можливий простір для наступних кроків співпраці в найближче майбутнє. Для успішної інтеграції Україні слід виключити такі атрибути пострадянської держави, як порушення прав і свобод людини, корупцію, нерозвинену економічну базу, відсутність демократичних цінностей тощо. Об’єктом дослідження є виконання Україною Угоди про асоціацію між Україною та ЄС. Основною метою статті є оцінка та визначення процесу політичних та економічних перетворень, які Україна проводить протягом 2014-2021 років. Відповідно до мети дипломної роботи були сформовані ключові завдання: дослідити теоретичну концепцію європейської інтеграції та історичні передумови, а для практичної частини надані спостереження та огляди економічної та політичної частини Угоди про асоціацію з результатами її виконання. Для систематизації паперу були використані дані з офіційних джерел, інституційні та фінансові ресурси, виступи урядовців ЄС та України. У дослідженні зроблено висновок, що Україна у 2014-2021 роках здійснила важливі економічні та політичні зміни за допомогою та координації з боку Європейського Союзу, але простору для майбутнього розвитку та співпраці в рамках Угоди про асоціацію між Україною та ЄС все ще достатньо.

# **SANTRAUKA**

Bakalauro disertacija nagrinėja Ukrainos ir Europos Saįungos santykius ir integraciįą nuo 2014m. kai abi pusės pasirašė ES-Ukrainos asociacijos susitarimą. Pagrindis analizės akcentas nukrpeiptas įypač ekonomines ir politines pertvarkymus Ukrainoje, kurią Ukrainos politinis elitas organizavo 2014-2021m., Remdamas Europos Sąjunga. Draugiškų, partnerystės ir stiprių Ukrainos ir Europos Sąjungos santykių uzmezgimo procesas buvo gana aktualus per visą Ukrainos nepriklausomybę, tačiau speciaulus intensyvumas buvo sukurtas ypač pagrindimo sutarties ES-Ukrainos asociacijos susitarimo rėmuose.

Nuo nepriklausomos Ukrainos istoriją, politinė valstybės sistema ir prozijos elitas Ukrainoje įvariaris būdais neleido Europos Ukrainos integraijai. Po orumo revoliucijos, pagrindinio politinio įvykio šiuolaikinėje Ukrainos istorijoje, naujos valdzios institucijos paskelbė Europos Ukrainos kelią. Europos integracija tampa strateginiu Ukrainos tikslu kaip išorės ir vidaus politikos pagrindu. Ekonominiai ir politiniai pertvakymai į Europoos standartus yra labai sudėtingas bet kurios pasaulio šalies procesas, ir Ukraina nustatoma, ką ji gaus iš bendradarbiavimo su ES, su kokiomis problemomis galima susidurti integracijos proceso metu ir galimą erdvę tolesniems bendradarbiavimo etapams bendradarbiavimo etapuose artima ateitis. Sėkmingai integracigai Ukraina turėtų pašalinti iš posovietinės valstybės pozymių, tokių kaip zmogaus teisių ir laisvių pazeidimas, korupcija, nepakankamai išsivysčiusi ekonomika, demokratinių vertybių nebuvimas ir tt. Tyrimo objektas – ES ir Ukrainos asociacijos sutarties įgyvendinimas. Pagrindis darbo tikslas – įvertini ir apibrėzti politinių ir ekonominių transformacijų, kurias Ukraina vykdo 2014-2021m., procesą. Pagal darbo tikslą pagrindiniai uzdaviniai buvo: išnagrinėti teorinę Europos integracijos sampratą ir istorinį pagrindą, o praktinei daliai pateikti Asociacijos sutarties ekonominės ir politinės dalies pastebėjimai ir apzvalgos su jos vykdymo rezultatais. Norint įvykdyti dokumentą, buvo naudomjami duomenys iš oficialių šaltinių, institucinių ir finansinių išteklių, vyriausybės pareigūnu kalbū iš ES ir Urkainos. Tyrimo metu padaryta išvada, kad 2014-2021m. Ukraina padarė svarbius ekonominius ir politinius pokyčius, padedant ir koordinuoti iš Europos Saįungos pusės, tačiau vis dar pakanka erdvės ateities plėtrai ir bendradarbiavimui ES-Ukrainos asociacijos susitarimo rėmuose.

# **LIST OF ABBREVIATIONS**

CIS – Commonwealth of Independent States

DCFTA -  Deep and Comprehensive Free Trade Area

EaP - Eastern Partnership

EBRD - European Bank for Reconstruction and Development

ECA - European Court of Auditors

EIB – European Investment Bank

EU – European Union

FTA – Free Trade Agreement

GDP – Gross Domestic Product

ICC – International Criminal Court

NABU - National Anti-Corruption Bureaucracy

NAPC - National Agency for Prevention of Corruption

NATO - North Atlantic Treaty Organization

PESCO - Permanent Structured Cooperation

SAP - Specialized Anti-Corruption Prosecutor’s Office

SBU – Security Service of Ukraine

SIGMA - Support for Improvement in Governance and Management

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# **INTRODUCTION**

**Preface.** Thestudy focuses on determination of implementation the EU-Ukraine Association Agreement by Ukrainian authorities during 2014-2021. For the last several years, Ukraine became one of the main agenda-setting on the international arena. There are two main factors: development of the state on the background of Russian Aggression and losing of the control under the Crimea and Donbass region. In this difficult and unfair circumstances, Ukraine made a commitment to start a fully new European reforms in national economy and political system. The goals of this reforms have a strategically essential meaning for Ukraine as independent, prosperous, stable and European state. Economic aim of the agreement is to help for Ukrainian national economy in order to reach European standards at the expense of increasing volumes of trade relations with member states of European Union and changes in method control by the Ukrainian government. In case of the successful deployment of economic reforms, in future Ukraine can become the world hub for international and European investments. In political case, the key goal is unchangeable route of Ukraine for possible membership inside European Union. It describes by huge amount of operations in sphere of democratic values and standards of national and European security system. By the way, main point in frames of Association Agreement is the fact, that this treaty did not guarantee of receiving the membership in European Union, but in long-term conditions such perspective is preserved.

**Novelty and relevance of the topic.** In 2014, after the Revolution of Dignity, Ukraine chose the primary course to the “Western Way” of development in the face of NATO and European Union. In case of NATO, this perspective is more related to the defense and strategic survival of the state, while European Union is related to the wide perspectives: economic and political. The EU-Ukraine Association Agreement was chosen for exploring because of its’ fundamental significance for Ukraine and role of European Union as the key foreign partner for Ukraine. Principal reforms in Ukraine consist of the creation of anti-corruption policy, judicial reform, electoral reform, changes of the Constitution and reforms of civil service with further decentralization of Ukraine. The understanding of fulfilment level by Ukrainian government prescribed transformations was the main innovation during creation of this bachelor thesis. It’s relevant to comprehend, how after such political shocks, which faced Ukrainian civil society in 2014, a new elected authorities decided to realize and procure the “European Dream” of Ukraine.

**Problem of research.** The main problem of the bachelor thesis is to evaluate progress of Ukraine in fulfilment EU-Ukraine Association Agreement and role of European Union in creation of Ukrainian reforms. The paper is the scientific analysis with identification the process of Ukraine economic and political reforms since the 2014-2021 in frames of the EU-Ukraine Association Agreement.

**Object of research.** Research object of the bachelor thesis is implementation process and adherence by Ukrainian side of the EU-Ukraine Association Agreement.

**Subject of research.** Research subject is the involvement and support of European Union in organization of Ukrainian economic and political reforms.

**Goal of research.**  Main goal of this work is to reveal scientific analysis of Ukrainian cooperation with European Union in spheres of economy and politics for the recent years (2014-2021) and the way of the Ukrainian state on route to the European integrity and wide cooperation. In this scientific research examined the changes in economic situation in Ukraine under cooperation with European Union and transformations in political system of Ukraine on the way to European Union standards.

**Tasks of research.** In order to carry out main aim of thesis was formed such tasks:

1. Examine the concept of European integration and historical background of creation the Association Agreement and its influence inside Ukrainian civil society and political system.
2. Review the economic part of the Association Agreement and made analysis of the Ukrainian economic indexes, in order to evaluate the transformation.
3. Observe the formulation of political conversion in the Association Agreement, implementation it to the Ukrainian political system with evaluation of it.
4. Formulate conclusions of Ukrainian economic and political transformations, which was gained during 2014-2021 within the framework of cooperation with the EU Association Agreement.

**Hypothesis.** European Union and Ukrainebecomestrategic partners and increase their integrity, due to concluding of Association Agreement and phased Ukrainian successful economic and political transformations to the European values and standards.

**Research methods.** For conducting of the bachelor thesis was used the both theoretical and empirical researches. Theoretical research was used for discovering of the concept of European integration on the basis of neofunctionalism theory and for definition of the Association Agreement concept in international relations system. The theoretical approach was based on studies of representatives of neofunctionalism theory as a basis for analysis in context of EU-Ukraine relations. Also, in theoretical part of bachelor thesis was detected definition and historical aspect of application the Association Agreement in foreign policy of European Union. Evaluation of states’ activities, which signed Association Agreement with EU gave opportunity for more deep investigation with Ukrainian case.

At the same time, empirical research consists of qualitative research methods and methodology. The following method of scientific knowledge were used for achieving goal and tasks of thesis: general scientific methods of analysis and synthesis, induction and deduction - in building the structure of work, studying the subject of study and the interdependence of its components; system-structural analysis and method of logical generalization - in substantiating the theoretical foundations of international politics; statistical and comparative analysis - during the analytical review of Ukraine's and European Union cooperation. Qualitative data of paper includes documents, speeches of governmental officials, observations and scientists case studies. The key source of information, which was used during the formation of study, is Internet. It gives an access to the huge scholar databases, that help to provide objective analysis for bachelor thesis.

**Research sources.** The bachelor thesis sources included huge amount of official documents and legislative acts, scientific journals, mass media publications, reports from the various international organizations. The source base for discovering of theoretical part was based on scientific studies of the famous political scientists Ernst. B. Haas, Bela Balassa and Phillipe Schmitter. The most essential for systematization of bachelor thesis were Beyond the Nation-state: Functionalism and International Organization written by Ernst. B. Haas. This book gives an important analytical information, in order to review theoretical part. Also, book “The theory of Economic Integration” by Bela Balassa provide essential research base for discovering the context of states integrity in Europe. For investigation of practical part of paper was based on the analysis of official documents regardless provided economic and political transformations in Ukraine during 2014-2021. Such source base gave possibility to formulate the deep and clear structured analysis. In addition, for systematization of tables and analysis of economic transformations was used data from the official website of State Statistic Service of Ukraine.

**Structure of the thesis.** Bachelor thesis includes the introduction, three chapters and conclusion. In first chapter of bachelor thesis, will present the theoretical concept concerned the European Union integration procedures and application of the European Union Association Agreement with historical background of signing treaty between Ukraine and European Union. Second chapter in bachelor thesis will introduce the analysis of economic transformations, and third chapter reviews political changes, which Ukraine perform during 2014-2021. The paper finishes with conclusions and answer on research problem of bachelor thesis with analyzed and earned information.

# **1. THEORETICAL ASPECTS AND HISTORICAL BACKGROUND OF EU-UKRAINE PARTNERSHIP**

* 1. **Neofunctionalism as a theory of European integration**

In current system of global order, European Union take a huge and decisive role in formulation of international economic and political agenda-setting. In accordance of EU legislation and aims, this organization have not any analogues in the international community. Due to this fact, starting from the existence of European Union, its attached the huge significance for creation of economic and political treaties based on the principle of international law. Thus, in current global politics, European Union concludes various association agreements establishing relationship with third countries, especially with developed states, with developing states and international organizations.

The main theoretical approach for investigation of European Union integration processes was neofunctionalism theory. Main representative of this theoretical access is Ernst. B. Haas, who connected the concept of integration with civil procedures, economic factors and purposefulness of active political groups. Neofunctionalism conception rely on the term, which Ernst. B. Haas called “spillover”. This term described broadening of integration by transition from one sphere to another for achieving of proper result. Meaning of integration was introduced as a procedure in frames of which, participant of national political life relocates their allegiance to new supranational center of political power. Also, by the academic research of Ernst. B. Haas, integration as a process, that can change the content of political acts of integrated communities. Such point, give possibility to identify the creation of European Community as one political system. In this context, neofunctionalism theory clearly described the process of phased integration the states located on European continent.[[1]](#footnote-1)

Ernst. B. Haas explore in his scientific works, principle of supranational power as a form of governance, which appeared in framework of European integration. Main essence of this “term” is combination of various features from federation, confederation or international organizations. Supranational power is a correct addition on regional level of the nation state, which cannot fully implement specific functions. Such form of government ensures sufficient level of stability and prosperity, with possible combination of military and security issues. In particular, supranational institution can be determined as a special decision-making mechanism or a unique model of cooperation between the participants in international integration based on common interests and compromises.[[2]](#footnote-2) In aspect of regional integration, member states not only lose specific power and obligations, but delegate it to supranational bodies with next expanding and strengthening of this political rights. Institutions of European Union, such as European Commission, European Parliament, is a perfect example of existing and execution of supranational bodies.

One of the main point in neofunctionalism study, which was formed by Ernst. B. Haas, is functional possibilities of European integration, that can be defined by themselves. In the same way, supranational bodies and their obligations are formed. Economic integration appears from functional direction of European Union, but for actualization all member states should demonstrate political will. In this context, all decisions of possible integration cannot be adopted with specific political decision, even despite of discrepancy between the nature of political and economic integration. By the way, economic integration differs from political one, due to coverage of broaden spheres, thereby it will highly dependent on political. In parallel, neofunctionalism does not define precise outcome of integration, understanding concept of integration as a system of procedural activity. Nevertheless, as it can be seen form the practice on example of European Union, that political integration does not follow from economic integrity; vice versa economic cooperation is caused by adoption political decisions of national institutions of European Union member states. Instead of this practical aspect, supporters of neofunctionalism theory concede possibility of political will on participatory states. In case of phased integration inside European Union, the political positions of member states government are so influential in transferring of their functions to supranational bodies. This fact full connected to conclusion of intergovernmental agreements of integrated states, in which determined political will.

Likewise, one important fact in frames of neofunctionalism theory is underlining of three stages, which appear step-by-step. First stage is functional, in which process of integration proceed from one sphere to another. Second stage is political, that characterized by awareness of national political powers all possible benefits from deep integration. Third stage is organizational, which included creation of common legislative base. In accordance with theoretical approach, it can be determined beginning of European integration within the Schengen area, because of need for regulation common issues, especially border control and free movement of people. Besides, in academic works of Phillipe Schmitter, the idea of European integration can be correlated with ideas of Ernst. B. Haas. In scientific vision of Phillipe Schmitter mechanism of “spillover” determines political unity of participants in economic cooperation at individual stages.[[3]](#footnote-3)

In case of discovering the process of European integration, huge contribution made a Hungarian economist Bela Balassa. In his scientific articles, he systematized effects of integration and determines the stages of European economic integration. It includes: creation of a free trade area, a customs union, a common market, an economic union and full economic integration. Ballasy’s theory of level of integration fully reflects the historical background and functioning of the EU. In this context, the concept of international treaty, which was called the Association Agreement plays a huge role for establishing of European integration.[[4]](#footnote-4)

Nevertheless, there are some critiques of the neofunctionalsim theory. On the basis, of modern political realism, Stanley Hoffman formulated intergovernmentalism theory, in which main provisions are based on concept, where member states have more power than supranational regional institutions. By his theoretical approach, logic of Ernst. B. Haas works only in economic sphere with the common interests of participants, while in political integration the ideological interests of national political elites determine possibilities for integration. Particularly, by opinion of Stanley Hoffman in field of economics are ready for integration, while foreign or security fields are extremely problematic.[[5]](#footnote-5) Besides, the conclusion of Maastricht and Amsterdam Treaties proved inaccuracies of intergovernmental approach, that states will not risk of sovereignty by displacing from economics to security or foreign sectors.

In general, neofunctionalism theory can be named one of the most important from all theories of European integration. Likewise, the main concepts of this theory come up with the EU-Ukraine relationship. As it can be seen, on the route to concluding of Association Agreement, both sides have worked enough common political decisions, after which Ukraine and European Union concluded strategic treaty for cooperation in other spheres, such as economy, security, social well-being, etc. On example of the EU-Ukraine Association Agreement, neofunctionalism theory express key transformation in partnership between the sides. Partnership of Ukraine and European Union demonstrated in context of two spheres: economic and political. In this cooperation, economic sector is fully dependent on political segment and vice versa.

## **1.2 Theoretical evolution of Association Agreement concept**

European Union have a long experience of creation the Association Agreements as a legislative basis for future bilateral cooperation. Main aim of Association Agreement with European Union is to bringing the legislature and political set of values to European standards. For European Union, the key legal framework for concluding of bilateral treaties are articles 216, 217, 218 and 219 of the Treaty on the Functioning of the European Union.[[6]](#footnote-6) During whole history, European Union provided such types of agreements with foreign partners: partnership agreements, trade treaties, sectoral cooperation agreements, association agreements.

Nowadays on the international arena, European Union gave priority for concluding of Association Agreements with big amount of states in whole world. By the way, it can be states that are developing such as Chile, Morocco, Tunis, and the high-developed states as Norway, Iceland. Furthermore, Association Agreements can be multilateral and created with international organizations. For instance, the states of South and Central America are in interests of European Union. In this case, it should be noted, that Association Agreements can be created as one of main tool for joining of European Community and just for improvement of trade relationship.[[7]](#footnote-7)

Likewise, the Association Agreements of European Union can be classified on the types, which based on the sphere and legislative framework of treaty. First type of Association Agreement can be defined as a treaty for membership in European Union. For instance, Agreement Establishing of Association with Greece[[8]](#footnote-8), Malta[[9]](#footnote-9) and Cyprus[[10]](#footnote-10). Second type can be determined integration with European Union, as alternative of gaining the membership in the EU. For example, Agreement on the European Economic Area with Norway, Iceland and Liechtenstein. The last third type of Association Agreement is treaties with states, which can’t formally become the member of European Union. The best example of such type of Association Agreement is Agreement Establishing of Association with Chile.[[11]](#footnote-11)

Concept of European Union Association Agreement is highly influenced by the historical circumstances and evolution of organizational documents in EU. On background of European Union foreign policy, Association Agreements followed the line, that modernization of European Union constitutive documents influence on the contents of Associations Agreements. The first Association Agreements cycle was organized in the middle of XX century, with concluding of Agreements Establishing an Association with Greece, Turkey, Malta and Cyprus. Main aim of these treaties was phased adoption of these states to the European Union. Nevertheless, Turkey is exclusion, because issue of gaining the membership in European Union is still unresolved. Next generation of Association Agreements was adopted with post-socialist states of Eastern Europe, particularly, Lithuania, Latvia, Estonia, Poland, Slovenia, Slovakia, Hungary, Czech Republic, Bulgaria and Romania. The agreement was called Europe Agreement Establishing an Association, which main aim was phased joining to the European Union.[[12]](#footnote-12)

The third generation of Association Agreements connected with the ideas of European integration on the Western Balkans. On the beginning of XXI century, European Union concluded with Western Balkan states Stabilization and Association Agreements. There are six states: Bosnia and Hercegovina, Serbia, Croatia, Albania, Montenegro, North Macedonia, which signed treaties and express will for integration and adding to the European Union.[[13]](#footnote-13) Since the conclusion of the Stabilization and Association Agreements, only Croatia became member of European Union, while other countries of Western Balkans are still continuing the reformation of states.

The last cycle of the Association Agreements signed and adopted in frames of the Eastern Partnership policy with Ukraine, Moldova and Georgia. The main argument, that underlined peculiarity of this generation of Association Agreements, is signing of deals, after the Lisbon Treaty, which came into force in 2009. Main instrument of modern Association Agreement is establishment of Deep and Comprehensive Free Trade Area, instead of classic Free Trade Area, which was used in previous associations. In order to create, the new generation of Association Agreement, European Union analyzed key issues and barriers of preceding cooperation in frames of Association Agreements.

All in all, European Union have durable and major experience of creation and implementation of various international treaties, which can be different in according to its’ functions and goals. The concept of Association Agreement is dominant in modern foreign policy of European Union because of its’ efficiency and complex structure. For Ukraine signing of the Association Agreement is a new chapter in history of international relations, which would become an impulse in construction of democratic state.

* 1. **Relationship between Ukraine and European Union**

After the dissolution of Soviet Union, and with gaining of independence by Ukrainian state, it declared the route to the European integration and cooperation with European Union countries. In parallel, European Union supported democratic character of the referendum for independence of Ukraine, which was held in 1991.

On July 1993, the highest legislative body of Ukraine, Verkhovna Rada of Ukraine, declared a resolution “On the main directions of domestic and foreign policy of Ukraine”, that underlined importance of European integration and desire of joining to the European Union system.[[14]](#footnote-14) Nevertheless, until the 1994 from the side of European Union was not provided any political document towards cooperation with Ukraine. Such situation was explained by some key important factors from the Ukrainian side such as unwillingness of closing Chernobyl nuclear power plant, compromise in context of nuclear weapons on Ukrainian territory and high level of economic and political instability in Ukraine.

Following phase of relationship between European Union and Ukraine was creation of “Partnership and Cooperation Agreement” in 1994.[[15]](#footnote-15) Nevertheless, this fundamental agreement came into force in 1998, because of durable ratification process by European Union. Also, such step affiliated with election of new President of Ukraine, Leonid Kuchma, who was reckoned in European Union integration as a key way of Ukrainian development. In the same time, representatives of European Union impressed a support for new Ukrainian president, due to his declarative pro-European position and promises of governmental transformations in Ukraine. As a result, Ukraine adopted constitution in 1996, carried out economic and political reforms in favor of democratic standards.

The next step in partnership of Ukraine and European Union was the Common position, declared by the European Union Council on November 1994. Among key aspects the Council of European Union distinguished as supporting the democratic conversions in Ukraine, inculcation of market rules into economy of Ukraine with assistance in stabilization of financial crisis consequences and advising in implementation of new legislation and practical consultations in work of the three branches of power: executive, legislative, judiciary. [[16]](#footnote-16)

During cadency of the 2nd president of Ukraine Leonid Kuchma, Ukraine demonstrated the willingness for future cooperation with European Union in economic and political spheres. In time of Leonid Kuchma’s presidency, Ukraine developed relationship in trade sector, energy security, environmental issues, visa facilitation, transport and investments. As a result of such relationship, Ukrainian GDP index in 2004 showed growth on 11.8% and was one the level of $ 64.752 million.[[17]](#footnote-17) The new era in relationship between European Union and Ukraine was established in period of Viktor Yushchenko’s cadency. The 3rd president of Ukraine provided democratic reforms in economic and political spheres, in order to make Ukraine closer to EU standards. Also, Viktor Yushchenko made fundament for starting negotiations for concluding of Association Agreement.

The basis for conducting of the EU-Ukraine Association Agreement began in 2007. At this year, in press-release of the Council of the European Union adopted main directives for starting negotiations, in order to conclude the new fundamental agreement for future partnership and integration with Ukraine.[[18]](#footnote-18) In such way, the Agreement should to guaranteed the Ukrainian reforms in social, political, economic transformation to the European criteria. By the way, the possible agreement did not declared conviction for Ukrainian membership in European Union, but in case of successful reforms such opportunity can be contemplated.

Negotiations for the creating and formulating all necessary norms and rules for the Agreement of Association began on 5 March, 2007. On September in 2008 at the European Union-Ukraine summit in Paris, was prepared the document with title “EU-Ukraine Association Agreement”. Starting from 2007 till 2012, working groups from both sides of negotiation process organized rounds of negotiations for determining details of cooperation in all spheres, but main attention focused on political and economic route of development. The most efficient event from these rounds of negotiations was presentation one of the most disputed and ambiguous document “Deep and Comprehensive Free Trade Area” (DCFTA) as a key part for cooperation in frames of treaty. DCFTA gave access to trade market for both sides, who signed such kind of document. On spring of 2012, heads of delegations European Union and Ukrainian side initialed signing of the EU-Ukraine Association Agreement. In addition to it, in 2012 was adopted a decision for adding to the agreement point regardless liberalization of visa-free regime for Ukrainian citizenships.[[19]](#footnote-19) Both sides, European Union and Ukraine tried to receive more profitable aspects in various economic spheres. Especially, it was quite important for Ukraine, because of the dependency of the national economy from the side of states from block of “Commonwealth of Independent States”.

New step in the relationship with European Union, in parallel with Association Agreement, was creation of the project the Eastern Partnership (EaP). This initiative related to six former Soviet Republics: Ukraine, Moldova, Georgia, Azerbaijan, Belarus and Armenia. Main aim was to provide economic and political integration with European Union and popularization of specific reforms in all spheres of the state system.[[20]](#footnote-20) Likewise, both sides decided to sign treaty for Association in frames of Eastern Partnership Summit, which was organized by Lithuania in Vilnius. In this way, Ukraine during whole history of independence focused on the European vector of development. It was supported by the huge amount of legislative acts, declarations, presidential initiatives, which were adopted in the national legislative system, as well as with huge work of Ukrainian diplomats on the way of achieving goal. From the side of European Union was showed the messages for readiness to cooperate in various sectors of state system.

* + 1. **Revolution of dignity as a key event.**

The main culminant period in the European integrity of Ukraine was in 2013. This year was quite difficult, and showed the start of political and economic crisis in Ukraine, which became in result of doubtful and unprofessional decisions adopted by President of Ukraine Viktor Yanukovych and Cabinet of Ministers of Ukraine in head with Mykola Azarov.

Key moment of political crisis started in 2013, when Russian Federation offered for Ukraine a possibility to join to the “Customs Union” instead of integration with European Union. Main arguments for joining to the “Customs Union”, which proposed Russia were energy by lower prices, huge amounts of credit money, and intimidation from Russian side. The beginning of end for president of Ukraine Viktor Yanukovych and government of Mykola Azarov was on November 21, 2013, before the meeting on the Vilnius Summit of Eastern Partnership, when government decided to suspend the signing of the Association Agreement.

Main argument of Ukrainian government against the signing was conomical loses, that can be appeared after signing of the Association Agreement. From Ukrainian side started to sound pronouncements regardless profitless of the Association with European Union, needs for modernization of Ukrainian economy and necessity of participation the Russian Federation in negotiation process. Apogee of all this situation was Summit in Vilnius, on which president Yanukovych decided to decline signing of the Association Agreement. Among issues, that followed abolishment of signing, in accordance with Ukrainian president were: the revision of trade restrictions and quotas to the most important trade goods of the national sectors of economy, the revision of credit conditions from international financial institutions and help in modernization of Ukrainian transportation gas system.[[21]](#footnote-21)

These events became key reason for the “Revolution of Dignity”, that change history and future development of Ukraine. Nowadays, it’s difficult to interpret history of Ukraine without “Revolution of Dignity” or “EuroMaidan”. The reaction of Ukrainian civil society to threat for achieving European integration, losing of state sovereignty in results of cooperation with Russian Federation has influenced on the global politics not only in borders of Ukrainian state, but in European continent and generally in the whole world. This revolution became possible due to the heroism, patriotism, and self-sacrifice of Ukrainian people.[[22]](#footnote-22)

Briefly, period of the “Revolution of Dignity” can be divided on several steps, in which every period has its own specifications.

First phase of the “Euromaidan”, can be described from the 21st of November till the 28th of November, when Ukrainian governance decided to stop the process of European Integration. During this phase of Revolution, it was quite peaceful demonstrations organized by regular citizens, on which they demonstrated the will of Ukrainian people to the integration with European Union. During the demonstrations were presented the flags of Ukraine and European Union together, slogans for the Euro integration, sequence of the European traditions, values. By the words of some Ukrainian mass media on the first protest came around 1500 people, from the majority were the representatives of the studentship, who create communication of the protest through social medias, such as Twitter, Facebook, etc. Main requirements of the protesters were the retirement of the Prime-Minister Mykola Azarov and his Cabinet of Ministers, new presidential and parliament elections, and the demand for the signing of the Association Agreement. So, protest followed the quite peaceful character, until the 30th of November.

At this date, started the second phase of “Revolution of Dignity”, which determined from the 30th of November till the 10th December. The events of the 30th November, when the police and special patrol “Berkut” violently beat and dispersed protesters. From this moment, to protests joined other regular Ukrainians, from various social classes, from all corners of Ukraine people decided to protect the European choice of Ukraine. Also, protesters added to their demands such policies as the anti-corruption claims, social inequality issues and requirements for reforms in law-enforcement system. The character of the Revolution changed from quite peaceful character to violent and decisive format. But on this phase, majority of protesters saved desire to resolve conflict in peaceful way, but situation cardinally changed in the third phase.

Third phase, started on the 11th of December and continued till the 17th of January 2014, when protests started to transform to the violent activity for defending democratic way of Ukrainian development. In this phase were quite cruel fights between protesters and representatives of police in the face of “Berkut”. Likewise, parliament and government tried to decrease level of intensity by creating and adopting law acts, but it gave reverse effect from another side. Main apogee in this phase was adoption of the “Law of the 16th January”, which had authoritative character. This law provided huge limits in transportation in groups inside country, limits on mass meetings, prohibition of activities of mass medias, which had not the government license, prohibition to the activity of various internet resources, etc.

The fourth phase, can be determined from the 17 of January till the 22 of February. This phase can be marked as the final in process of the “Revolution of Dignity”. During this period, on Maidan were the cruelest fighting between “Berkut” and protesters. At this period appeared first victims of the Revolution and the famous “Heaven Hundred”, which were killed during these events.

Culmination of the “Revolution of Dignity” can be defined by escaping of whole Cabinet of Ministers and Ukrainian President Viktor Yanukovych. All this process was organized by the Russian special forces and by personal control of Russian President Vladimir Putin. In this case, the Verkhovna Rada of Ukraine declared president Viktor Yanukovych as one who was removed by himself, from implementing of presidential functions. In transition period, all completeness of power went to Ukrainian democratic political elites. However, despite of victory of the “Revolution of Dignity” and European way of development of Ukraine, Russian Federation started annexation of Crimea and organization of pro-Russian protests on the Eastern part of Ukraine.[[23]](#footnote-23)

Summing up this part, it should be stated that “Revolution of Dignity became the symbol of the will of Ukrainians for democratic changes, freedom and reunion of pro-Western forces. Social and political changes, which happened in Ukraine in 2013 and 2014 years were a case of the specific social mobilization, which was provoked by the changing of the geopolitical vector of the state and the “quality” of political regime, which was formed. In general, this revolution became a new symbol and strong impact of the political and economic processes in the recent history of Ukraine, and challenge on route to European Union integration. In context of the Association Agreement between Ukraine and European Union, Revolution of Dignity played a huge role in dethronement of undemocratic political regime of Viktor Yanukovich. The role of EuroMaidan in political development of Ukraine is quite efficient, because of influence on the Ukraine agenda-setting in internal and external policies.

* + 1. **Procedure of the Association Agreement ratification**

After the victory of the Revolution of Dignity, the new governance of Ukraine, in person of the head of the parliament Verkhovna Rada Oleksandr Turchynov, and the prime-minister Arseniy Yatseniyk, started the procedure of signing and ratification of the procedure.

At the European Union Summit, which was held on the 6th of March, main consideration given to Ukrainian political crisis and possible solutions of ratification Association Agreement. Representatives of European Union, insisted on signing of agreement by new elected authority in Ukraine with all following democratic procedures, while representatives of Ukrainian side asked for possibility to sign the Association Agreement as fast as it possible. Nevertheless, all sides came to compromise and decided to divide the Association into two parts: economic and political. On the 21st of March, 2014 in Brussels was signed political part of Agreement by the Prime-Minister of Ukraine Arseniy Yatsenyuk, which consisted of Preamble, 1st Article, and Parts 1st, 2nd and 7th. After organization of democratic presidential elections, on the 27th of June, new-elected Ukrainian president Petro Poroshenko signed economic part of EU-Ukraine Association Agreement.[[24]](#footnote-24)

Nevertheless, even on stage of ratification, Ukraine faced some geopolitical issues. First of all, Russian Federation annexed Crimea and started war on the Donbass region, which become a main reason of economic stagnation in Ukraine. Secondly, Ukrainian government came up against Russian barriers, which was connected with the Association Agreement. In 2014, with participation of European Union, Ukraine and Russian Federation were created the triple negotiation group, which main aim was to review possible issues of the DCFTA fulfilment. By several rounds of negotiations was reached decision to postpone procedure of fulfillment of free trade area with European Union until 2015, in parallel with maintaining of free trade regime between Russian Federation and Ukraine with the CIS.[[25]](#footnote-25)

Negotiations continued in 2015, however, they did not lead to one common decision and creation of special normative international agreement of law, that can remove disturbance of Russian Federation in context of the DCFTA between European Union and Ukraine. As a result, in 2016 president of the Russian Federation Vladimir Putin signed a decree, which canceled the free trade zone with Ukraine. Position of Russian Federation, especially president Vladimir Putin, explained that DCFTA between European Union and Ukraine, can create a precedent, when European goods would be re-exported from territory of Ukraine to the Russian Federation without any kind of trade barriers. However, Russian governance partially renew the free trade area with Ukraine, only in area of energy market, in particular of natural gas, which is quite important export good to the territory of Ukraine.[[26]](#footnote-26) All in all, Ukraine encountered with issues of ratification and preparation of the Association Agreement, from the side of Russian Federation and such situation was continued during the process of pursuance the agreement.

Second problem, on the way of fulfilment the Association Agreement was procedure of ratification from the European Union side. As it stated, Association should be ratified by Ukraine, all members of European Union, European Parliament, and by the Council of European Union. In general, all states of the European Union ratified this document as soon as possible, but in Netherlands situation was quite strained. In Netherlands for adoption of agreement was organized the “consultative referendum” by representatives of local Eurosceptic parties: “Party of Freedom” and “Socialistic Party”.

The key sense of referendum is procedure, which was created to specification of legislative branch of power in Netherlands. In this state, most laws passed by authorities can be put to the such kind of “referendum”, which consisted of two stages: collection of the preliminary requests and after this stage in a six-week period should be collected the 300.000 signatures. Unfortunately, the results of the “consultative referendum” regardless the Association Agreement were quite unpleasant for Ukraine: 61% against ratification, and only 38% for the ratification.[[27]](#footnote-27)

The Dutch Parliament ordered the Prime-Minister Mark Rutte to made a decision and to finish procedure by approving or denouncing ratification Association Agreement. After political maneuvering head of the executive branch of power in Netherlands declared that chances for positive decision of the ratification is quite low. However, ratification procedure renewed with additional discussion of European Union authorities and Dutch government, in which some annexes of the Association Agreement received the special clarifying.[[28]](#footnote-28)

All in all, the Association Agreement was fully ratified and go into force on 11th of July, 2017. In addition to it, it should have underlined that Ukraine and European Parliament made this procedure quite quickly without additional discussions. On 16th of September 2014, in regime of video conference European Parliament and Verkhovna Rada of Ukraine ratified the document. In this context, Ukraine showed sequence in choosing of European vector of development. The leaders of European Union and Ukraine call this Association as a historic event, that showed the will of the Ukrainian people on the way of the European integrity.[[29]](#footnote-29)

Summing up, the first part of scientific research, can be stated that route of Ukraine to the integrity with European Union was so difficult with a lot of issues on Ukrainian way. In general, it was underlined key issues on the way of signing the Association Agreement, which Ukraine faced:

1. Awareness of Ukrainian people in necessity of European development of state. This process in Ukraine started in 2004 during Orange Revolution, on the 14th year of Ukrainian independence and formed during the Revolution of Dignity in 2014. Such long duration of understanding European choice by Ukrainian civil society led to difficulties in European integration of Ukraine. This issue was created by such kind of reasons as long period of detachment of Ukrainian people from the European Community, huge influence of Soviet legacy, strong propaganda of Russian Federation regardless self-determination of Ukrainian people.
2. Unwillingness of Ukrainian political regimes and elites for taking responsibility in face of Ukrainian society, for creation of conditions regardless cooperation with European Union and possible of future integration. Only, 3rd president of Ukraine Viktor Yuschenko was ready to strong integration and cooperation with European countries. Such incoherent policy of Ukrainian authorities, brought retardation to cooperation with European Union.
3. Economic dependence of Ukraine from Russian Federation and states of Commonwealth of Independent States gave additional barriers for Ukraine on their European way. Also, it connected with aggressive politics of Russian Federation, initially in economic sphere, and after 2014 it was transformed in hybrid aggression.
4. Problems, which connected with the bureaucratic procedures during the process of ratification, for instance, case with Netherlands, which detained the ratification of the Association Agreement, and overhaul of all annexes, which were stated in the agreement.
5. The position of Ukrainian economy in context of the Association Agreement. During main rounds of negotiation in 2007-2011 years, it was quite important problem of trade conditions partnership between Ukraine and EU. The old-fashion condition of the key enterprises in Ukrainian national economy created additional barriers on the way of signing treaty.

So, despite all issues, with which Ukraine faced on the route to cooperation with European Union, Ukraine signed it and started to fulfil it. In the EU-Ukraine Association Agreement come out two lines for implementation analysis: economic and political. Systematization on this two factors gave possibility for providing of objective research.

# **2. ECONOMIC PART OF THE ASSOCIATION AGREEMENT**

**2.1 Formulation of economic integration**

Agreement consist of more than thousand pages with certain references to numerous European Union standards and regulations, which should be implemented into Ukraine legislation. In the Association Agreement economic part are formulated in the IV section, which called "Trade and Trade-Related Issues", V section, which called "Economic and Sectoral Cooperation" and VI section, which called "Financial Cooperation and Anti-Fraud Provisions".[[30]](#footnote-30) In next 10 years, after the signing in 2014, Ukraine should carry out a deeper integration into the European Union internal market, that involves huge liberalization of trade in services, goods, capital movements as well as comprehensive harmonization of business rules with European Union.

The central constituent of the economic part of Association Agreement is the submission of the Deep and Comprehensive Free Trade Area, which provides liberalization of such elements: trade in both goods and services, capital movements and partial movement of labor. Procedure of liberalization of trade process would also lead to improvement of norms in national economy of Ukraine in accordance with European Union standards and broaden presence of European companies in Ukrainian market, which would give possibility to citizens of Ukraine the better quality of goods and intensive competition for the Ukrainian local industries and manufacturers. The essential feature of the DCFTA is the fulfilment of a program in 28 sectoral areas of Ukrainian legislation to relevant EU standards. Association Agreement will abolish technical non-tariff barriers for Ukrainian exporter industries, which offers access to the European market with around 503.7 million of customers with an average of income 39 thousand of dollars per capita and bigger rate of a purchasing power in comparison of the member states of the CIS.

According to the business presuppositions, by liberalizing tariffs and adopting the legislation in economic relationship as in European Union, Ukraine will be able to take a huge amount of advantages from new trade opportunities in European market and bring into key sectors of the Ukrainian economy in corresponding with European standards. The reduction in tariffs will continue to help Ukrainians exporters save the huge amount of money each year, as a zero import duty rate will be applied to almost 80% of Ukrainian agricultural products. The use of European Union standards and technical regulations will not only make Ukrainian goods more competitive and better in the quality in the European market, but will increase the well-knowing of it on the international market.

In addition to it, the Association Agreement assumed the reducing and abolishing import duties on goods and products in accordance with schedules, and transition period will be up to 10 years, and the European Union abolished customs duties immediately after the entry into force of the Agreement. Also, in frames of treaty, neither Ukraine nor the European Union will be able to increase duty rates or create some additional tariff or non-tariff barriers on products originating in other side of Association Agreement.

Nevertheless, tariff quotas would be implemented to the most sensitive goods and products. In fact, Ukraine has provided for the creation of quotas for some sectors of meat products and sugar. From the side of European Union was imposed tariff quotas in 36 sectors, mainly for agriculture products and food industry. Export duties in force in Ukraine would be phased out, due to an arranged schedule over 10 years from the date of entry into force of the Association Agreement and will consist of such categories: the scrap ferrous metals period is 8 years’ period, while for leather raw materials, livestock, some types of oilseeds, semi-finished products with their use was intended 10 years’ period.

In parallel, Ukraine received opportunity for applying the safeguards on export duties for another 15 years. Such measures take the form of an additional duty, the maximum amount of which is agreed within the framework of the Association Agreement. Ukraine has committed itself to notifying European Union of its intention to take action as soon as possible, and will not take such kind of action before the organizing of consultations with European Union.

In sphere of export subsidies, European Union and Ukraine have pledged to revoke and not to impose export subsidies or other kind of trade measures for agricultural sectoral goods, which can be intended for sale in other countries. Due to the fact, that Ukraine did not use export subsidies, in this Association Agreement was quite important to abrogate European Union export subsidies on agricultural products exported to Ukraine, which would eliminate the fact of the possible unfair competition. One of the main annexes in economic part of the Association Agreement between Ukraine and European Union was given to the customs policies and trade facilitation. For proper implementation of the objectives of the agreement, Ukraine was committed to achieving stability in trade sphere and customs legislation, provisions and procedures of which should be corresponding with European standards such as non-discriminatory, transparent, proportionate, predictable and effective.

In order to control the annexes of Association Agreement in sphere of trade relationship and cross-border procedures was adopted the rules regardless the proof of the origin of goods and products. By these arrangements, importers should prove the origin, by the documents that commodities are fully manufactured or subjected to sufficient processing in Ukraine or European Union. Also, in frames of Association Agreement was developed criteria, on which determination of products confers Ukraine or European Union, and it can be identified individually. Despite on all trade concession, which was adopted in frames of the Association Agreement, in this document also was provided the means of the trade protection from both sides: European Union and Ukraine. In addition to it, such amendments could not be limited in the time period and give an opportunity to initiate various detections in case of violations of these rules. Among the main way of protection was agreed:

1. Countervailing and anti-dumping procedures for protection from unfair competition.
2. Protective special measures, especially in the sector of agriculture.

Likewise, a quite big attention was giving to the regulation of the financial procedures and movement of money between European Union and Ukraine. Firstly, was declared the possible investments and contributions to the financial system of Ukraine from side of European Union in case of stable financial tensions inside the Union. In sphere of the movement of the capital and financial operations, the Association Agreement regulates such kind of procedures:

1. Should guarantee free movement of capital.
2. Avoidance of all restrictions of any payments between sides.
3. Should be assure free movement of capital, in context of inflow of direct investments.

The one of the most negotiable part of the Association Agreement was the movement of the labor. Ukrainian side tried to receive the most beneficial rates in this sector. In the Association, Ukraine has specific possibilities to broad its access to the taking part in the freedom of the labor movement and related to the freedom of economic activity, which can be affected by the political and economic factors. In case of political factor, it characterized by the level of political relations and Ukraine priority for the European integrity, while the economic factor related to the level of economic development, the volume of trade and economic tensions, with combination of the integration Ukrainian economy to the common market of the European Union.[[31]](#footnote-31)

Summing up analysis, the economic part of the Association Agreement was formulated in quite beneficial way for both sides European Union and Ukraine. In case of Ukraine, this agreement opens a wide range of economic opportunities in various sectors of the European common market, but in the same way, this association presumed serious challenges for the Ukrainian national industries in context of modernization and improvement of the quality of products. In addition to it, Ukraine received the chance for investments from European financial institutions and organizations. One of the most essential annexes in the economical part of the Association Agreement was trade relationship and facilitation of the possible trade barriers for Ukrainian side.

* 1. **Process of economic transformation in Ukraine**

Starting from the 2014, Ukraine began to implement the Association Agreement in their economic part. At this period in history of Ukrainian state started the new European way from the active phase, which started in 2014 with the fulfilment of first annexes of the agreement with European Union. Main aspect of agreement, that the Deep and Comprehensive Free Trade Area were coming into full force on the 1st September of the 2017. The DCFTA by its functional possibilities proposed for Ukraine a stable economic development and strengthening the possibility in the evolutionary process with giving access to the common market and harmonizing the legislative elements, taxation and regulations in key sectors of Ukrainian economy. In order to perform economic analysis, it was created some tables, which offered the statistical data in main economic indexes of Ukrainian national economy. This data represents phased economic transformation of Ukraine’s economy.

**Table 1 - Indicators of international trade of Ukraine with the EU, 2013-2020 [[32]](#footnote-32)**

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Export | Import | Balance ( Million $) |
| 2013 | 16.759 | 27.047 | -10.288 |
| 2014 | 17.003 | 21.069 | -4.006 |
| 2015 | 13.015 | 15330 | -2.315 |
| 2016 | 13.496 | 17.141 | -3.645 |
| 2017 | 17.533 | 20.799 | -3.266 |
| 2018 | 20.157 | 23.217 | -3.060 |
| 2019 | 20.738 | 25.506 | -4.768 |
| 2020 | 18.618 | 23.747 | -5.129 |

For clear understanding of the situation, it’s provided the data regardless the amount of import and export of goods in millions of dollars, between the European Union and Ukraine.

From the table 1, the general dynamics of trade balance is negative starting from the 2013, but there is a tendency of reducing it, that is a quite positive aspect for Ukrainian side, as well as the payment balance of Ukraine. Starting from the 2013 until the 2020 the negative balance of Ukraine decreased approximately in 2 times, from 10.288 to 5.129. In 2020, it was partial increasing of the negative balance, but it was caused by the pandemic COVID-19, which negatively affected the both sides: Ukraine and all states of the European Union.

The sharp decline in exports and imports of goods from the European Union to Ukraine in 2014 and 2015 was caused by declining purchasing power due to devaluation of the national currency and the same reduction in wages and income of Ukrainian citizens, which was caused by Russian aggression and unprofessional economic policy of previous Ukrainian government. Regarding imports from European Union, it can be stated a big decline in 2014 and 2015, while in 2019 was the highest total value of imported goods. Nevertheless, domestic goods became cheaper and more competitive with foreign equivalents as well as on the local market and the foreign market because of the lower costs in the stable currency.

In addition to, starting from the 2015, trend of quick growth in negative trade balance is deficient, due to the economic growth of national economy, high supply on the domestic market with the domestic products, which can better compete with European goods in price and technological production. The appropriate improvement in technology increases the export position of Ukraine in trade with European Union and other countries of the world.

**Table 2 - Share of EU countries in Ukrainian foreign trade, 2013-2020 [[33]](#footnote-33)**

**2013-2020, share in total, %**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Years | | | | | | | |
| **Participants** | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **European Union** | **32.1%** | **35.7%** | **37.3%** | **39.4%** | **40.4%** | **41.1%** | **40.1%** | **40.7%** |
| **Other Countries** | **67.9%** | **64.3%** | **62.7%** | **60.6%** | **59.6%** | **58.9%** | **59.9%** | **59.3%** |

According to the Table 2, main tendency is increasing of European Union in international trade of Ukraine and possibilities for integrity of Ukrainian national economy to European common market. Analyzing the general dynamics of the commodity circulation appeared clear trend for increasing of the common trade, which disclose about the real change of the economic vector of Ukrainian development by huge and fast steps into the side of Europe.

In addition to, it turned up a fact that basis for such deep economic cooperation with European Union appeared in 2013, when the Russian Federation imposed the set of import measures, which gave a thrust for Ukrainian economy to find new market of export in the European states. Such hypothesis, fully supported by the data in the table 2 and the political relationship between Ukraine and Russian Federation starting from the 2013. Especially, in this context, it should be reminded that on the background of intensive trade relationship between the European Union and Ukraine, some regions, which were occupied by Russian Federation in Ukraine set measures of the export-oriented production of Ukraine. By the way, it worth mentioning that some territories of the Donbass region, which are invaded by Russia, composed a big part of the Ukrainian national economy and trade possibilities on the foreign trade.

**Table 3 - Structure of Ukraine's exports with EU countries 2013-2020 [[34]](#footnote-34)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Goods** | **Years** | | | | | | | |
|  | **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** | **2020** |
| **Ferrous Metals** | **24.2%** | **22.9%** | **20.2%** | **19.9%** | **18.2%** | **18.4%** | **15.2%** | **13.5%** |
| **Ores, slag and ash** | **10.5%** | **9.3%** | **7.4%** | **7%** | **8.8%** | **9%** | **8.5%** | **7.8%** |
| **Grain Crops** | **10.3%** | **10.6%** | **12.5%** | **9.5%** | **9.7%** | **11%** | **12.7%** | **9.6%** |
| **Electric Machines** | **9%** | **9.7%** | **11%** | **11.9%** | **11.7%** | **11.8%** | **11.1%** | **11.9%** |
| **Seeds and oilseeds** | **7.4%** | **5.4%** | **5%** | **4.5%** | **6.2%** | **5.8%** | **7.4%** | **6.7%** |
| **Mineral fuels** | **6.3%** | **6.1%** | - | - | **3%** | - | **3.4%** | - |
| **Wood products** | **3.6%** | **4.4%** | **5.5%** | **5.8%** | **4.8%** | **5.2%** | **4.8%** | **5.3%** |
| **Fats and oils of animal origin** | **3%** | **4.7%** | **5.2%** | **8.9%** | **8.4%** | **5.7%** | - | **9.9%** |
| **Other products** | **25.7%** | **26.9%** | **33.2%** | **32.5%** | **29.2%** | **33.1%** | **36.9%** | **35.3%** |

In accordance with the Table 3, Ukrainian export to the European Union mostly consists of the products for heavy industry and goods of agricultural complex. In most cases, main groups of products save the same level of consumption on the European common market. However, due to the data mineral fuels, in some years have decreasing level of consumption on European market. The most stable level of the export priority from Ukraine are such 4 group of goods: ferrous metals (13.5%), grain crops (9.6%), electric machines (11.9%) and ores, slags ash (7.8%). Actually, these categories of export products account around 43% of general export of Ukraine in 2020.

In 2020, the statistic was not quite prosperous because of the pandemic COVID-19, but general tendency for the deep and successful partnership with European Union are maintained. Key argument of Ukrainian opposition political parties and critics of the Association Agreement argued that Ukraine in context of this deal is only resources appendage to European Union. However, due to the data in table, it’s not fully true. The most margin of the agricultural products in the foreign trade of Ukraine directed to the non-European states, while the European Union member states also imported such category of products. It can be explained by fact, that agriculture products have not any unique features. Also, in general, it’s worth to take into consideration, that agricultural sector received more benefits from this agreement than other sectors because of increasing of the share in total export to European Union.

In context of category machines, situation is peculiar, because goods and spare parts of the ready goods give new possibilities for development of this economic sphere in Ukraine. In contradistinction to agricultural goods, machinery items are distinctive for separate markets. In this context, the common market of the European Union is very important for Ukrainian national economy. For instance, for creation of spare parts cars, investors came to the Ukrainian market, and made investments on the West Ukraine, and as a result this discipline began actively develop. The data in the table demonstrated it with stable growth in 2%.

Likewise, the additional point, which is worth mentioning, it’s the foreign direct investments from the states of European Union to the national economy of Ukraine. Key stage of EU-Ukraine investment cooperation was the signing of the Association Agreement, which replaced previous measures of the common relationship. The attraction of the short-term and long-term investments was one of priority policy for Ukraine in frames of cooperation with European Union. Unfortunately, due to the Crimea annexation and war on Donbass attractiveness of Ukrainian economy is unstable.

**Table 4 - Direct investments from EU countries in the economy of Ukraine, million USD[[35]](#footnote-35)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Years** | | | | | | |
| **2013** | **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| **General from the EU countries** | **41032,8** | **31046,9** | **26405,6** | **23425,7** | **24145,2** | **25972,3** | **28289,3** |
| **Cyprus** | **17725,6** | **12769,4** | **10239,5** | **8785,5** | **8932,7** | **9544,5** | **10368,9** |
| **Netherlands** | **9007,5** | **6986,7** | **6184,7** | **6028,4** | **6395,0** | **7118,7** | **8301,4** |
| **Germany** | **2908,4** | **2105,2** | **1598,2** | **1564,2** | **1682,9** | **1701,4** | **1843,1** |
| **France** | **1520,5** | **1394,6** | **1305,4** | **615,6** | **723,4** | **744,4** | **845,5** |
| **Austria** | **2314,0** | **1648,7** | **1559,8** | **1099,9** | **1038,8** | **1150** | **1249,4** |
| **Luxemburg** | **555,8** | **398,8** | **363,9** | **660,1** | **515,8** | **484,9** | **555,8** |
| **Poland** | **819,8** | **808,6** | **758,3** | **509,1** | **571,3** | **631,7** | **693,7** |
| **Other states** | **2287,8** | **1828,1** | **1661,7** | **1615** | **2340,9** | **2465,5** | **2370,9** |
| **Great Britain** | **2768,2** | **2153,4** | **1790,3** | **1947,0** | **1944,4** | **2131,2** | **2060,6** |

Data from the table 4 is fully characterized the most vital states contributors to the Ukrainian national economy from European Union. The biggest investor to economy of Ukraine among European Union member-states is Cyprus. It can be explained that these investments are restitution of Ukrainian money, which were derived in way of dividends or recommitted financing of maternal Cyprus companies. The greatest investors among the European Union countries can be named the Netherlands, Germany and France. Separately, it’s worth to mention the United Kingdom, which is now non-European Union state, but still contribute huge amounts of money into Ukrainian national economy. To the end of the 2019, it is occurred the increasing of the direct investments from the European Union, that is a positive impulse and testify of resumption the European Union investors to the Ukrainian national market. In accordance with this fact, it’s easily to note that European Union have the greatest economic influence on situation and dynamics of investments procedures in Ukraine.

Ukrainian government during the 2014-2020, introduced the huge amount of the legislative transformations for attraction of the investors from the European Union states such as creation of the green tariff, operations with toll raw materials, benefits for IT specialists, etc. For the recent years, Ukraine’s economy is gradually liberalizing, offering some of the most favorable conditions for investments. Fast growth and the most interesting sectors of Ukrainian economy are IT industry, agriculture, automotive industry, renewable energy, hard enterprises and manufacturing industry.

In 2018, European Commissioner Johannes Jan offered for Ukraine the access to the new financial deal, which was called “Reforms for Investments”. In frames of this financial cooperation, 50 million euros can be reserved as investing in the real sector of economy and the compensation for lending by Ukrainian banking institutions.[[36]](#footnote-36) Also, in 2018 the European Commission signed a Memorandum of Understanding with Ukraine for provision of macro-financial assistance in amount of 1 billion euros. Such money was offered in the form of medium and long terms loans.[[37]](#footnote-37) Likewise, main reason for effective and stable economic investments into Ukrainian economy is the structural and managerial reforms.

Main formats of investing relationship between European Union and Ukraine is a cooperation with European Investment Bank and European Bank of Reconstruction and Development. Main priorities of such kind financial organizations are: increasing of the effectiveness of Ukrainian economy, modernization of energy and transport infrastructure, strengthening the protection of natural environment in Ukraine, and support of the private business sector. The EIB has invested more than 1 billion euro in Ukraine in 2020, when it was the year of the world’s hugest crisis connected with the COVID-19 pandemic. In response to this crisis, investors tried quickly redirect the amounts of money for the struggle with pandemic and support to rapid economic and social recovery of Ukraine.[[38]](#footnote-38) One of the essential tool for the revitalization of investing partnership is the cross-border cooperation, which can easily demonstrate the experience of the European Union states and cities. Investment integrity in context of Association Agreement is a relatively complicated system, which consist of the regional, state and superstrate policies of the European Union with effectual tools of collaboration on each level.

* 1. **Evaluation of the economic integration**

During 2014-2021 Ukraine made titanic efforts in economic implosion with member countries of European Union within the confines of Association Agreement. For instance, in 2019 Ukrainian Government Office for Coordination of European and Euro-Atlantic integration prepared and presented to Ukrainian people the Association Implementation Report on Ukraine. In accordance, with report, progress of fulfillment the Agreement by Ukraine is stated on the level of 54%, which afford to certify that Ukraine made a huge “homework”, but space for economic reforms are still exist. During the 2014-2021, Ukraine formulated the architectural system for future possible cooperation with European Union in economic and trade spheres.[[39]](#footnote-39)

Among the main positive changes, which received Ukraine from the activity in frames of the Association Agreement was the DCFTA. Due to this trade area Ukrainian business showed the stable growth, which fully supported by the acceptance of Ukrainian citizens and the wide amount of societal questionnaires and researches. The DCFTA has contributed to the bilateral trade between EU and Ukraine, which has grown significantly since the 2017, and reached in 2020 around the 50% of Ukraine’s foreign trade with European Union. Also, due to the difficult political and economic situation in context of Russian Aggression, European Union approved temporary autonomous trade preferences for Ukraine, which guaranteed loyal reorientation to the European market.

Second, positive change, which absolutely can be named as one of the most essential for Ukraine is liberalizing of the visa-free regime with European states, which open the access for the free movement of labor force between both sides. Such kind of liberalization is one of the most powerful and essential tool of European Union for promotion of the strengthening of the people-to-people contact with non-European states. Majority of Ukrainian people used visa-free regime for travelling and creation of new business contacts with further opportunities for the broadening of the business to the EU. In order to maintain such kind of instrument, the European Commission monitors the implementation of requirements, that Ukraine should met. By the way, due to the last report of European Commission, Ukraine fully complies with the conditions of the visa-free regime.[[40]](#footnote-40)

Thirdly, accordingly to the Association Implementation Report on Ukraine, the most effective economic spheres, where Ukraine showed the biggest progress are agriculture, entrepreneurship, labor relations and regulation of technical trade barriers. In case of agriculture sector, Ukraine made a huge progress, which facilitate development of industry and increase their potential on the European common market. The adoption the Law of Ukraine in 2021 "On Basic Principles and Requirements for Organic Production, Circulation and Labelling of Organic Products" created many benefits for Ukrainian agrarian companies in the production and selling of products.[[41]](#footnote-41) Creation of fair manufacturing and clear control system give chance to enterprises for receiving the huge credit of confidence from side of European investors.

Fourthly, sphere of entrepreneurship assay to the large scale positive transformations during the recent years. One of the main law for development of the business was Ukrainian Law "On Government Aid for Business Entities", which was adopted by parliament in 2014.[[42]](#footnote-42) This legislative act approximated the Ukrainian business to the European norms and give an impulse for the adoption of the control system in combination with the criteria for government evaluation of all economic sectors of the national level.

Fifthly, customs legislation has been highly updated according to the European Union rules. One of the main juridical convocation was the acceptation of Ukrainian Law in 2018 "On Amendments to the Customs Code of Ukraine and some other laws of Ukraine on the introduction of the "Single Window" mechanism and the optimization of the implementation of control procedures when moving goods across the customs border of Ukraine".[[43]](#footnote-43) It was the fundamental document, which full reinvented the customs system of Ukraine and extremely made it closer to the European one.

Likewise, Ukraine made some positive steps in context of energy security and energy production. During the last years, Ukrainian government developed the legal regulations in this sector of economy, which would give a possibility to bring closer to the EU guidelines. By the way, the Decree of the Cabinet of Ministers of Ukraine dated February 14, 2018 No. 77, created special State Energy Supervision Inspectorate of Ukraine as the central intuitions of the executive branch of power, which fully controlled the activity of energy security sector.[[44]](#footnote-44) Also, Ukraine tried to impose the regulations for the popularization of the alternative sources of energy and creation of eco-design for some energy products. However, there are some economic and social sectors, which are needed to be more developed and Europeanized such as the sphere of transport, civil infrastructure, civil protection, education and youth policy, post logistics.

Despite, all the success, which introduced the Association Agreement, the Ukrainian government with the head of the prime-minister Denys Shmygal tried to reconsider some provisions of the agreement, especially in the economic sector. By his word at the meeting with Charles Michel, he tells: “We consider the Association Agreement as an instrument of Ukraine's integration into the EU, and work on its implementation as a basis for close integration of our economies and markets."[[45]](#footnote-45) This quote fully confirmed the intentions of the Cabinet of Ministers of Ukraine to made the Association better and more pragmatic for Ukrainian economy. However, in the same time representatives of the European Union did not repudiate such attempts of Ukrainian side, but they underlined on necessity of audit implementation of agreement. During the 2021, Ukraine carried out the several summits with the EU during which were emphasized the beginning of the dialogue and negotiations between Ukraine and European Union in some economic sectors for increasing the integrity. One of the main accomplishment of the Summits was the signing of the deal about “The Open Sky” with EU. Main goal of such agreement is to equalize the Ukrainian and European airlines in majority rights and fully open the market of air transportation for both sides.

Summing up, this chapter, it can be stated, that due to all obstacles, which Ukraine have on their way to the European integration, economic part was implemented in appropriate way. The analysis of the trade and economic relations in context of Ukrainian integrity into European Union, afford to ratiocinate the general trend of Ukrainian economy on the national and international levels. Ukraine step-by-step received the capacity of access to the European market. Ukraine redirect their national economy to the European system, but the European market did not fully replace the deprival of Russian market. Nevertheless, the good proof of Ukrainian stable growth is the index of GDP in 2021, which was bigger in 2013, before the economic and political crisis in 2014, that was provoked by Russian military aggression.

European Union, during the 2014-2021 became a strategic partner and the biggest investor to the Ukrainian national economy. The course to the Europeanization is a huge necessity for development of Ukraine, which are needed in the European technologies, modernization of the state, adherence of democratic economical ruling, that essential part for the international image. Nowadays, Ukrainian economy anchored on the international markers as supplier of raw materials and low-value-added products, which is a real problem and characterize the low level of manufactural resources. Despite the positive tendency of cooperation with European Union, the quite big problem of recent years for Ukrainian economy was low rates development of strategically important enterprises, which provide the high-value-added goods, that should be a basis of the export potential in Ukraine’s economy.

1. **POLITICAL PART OF THE ASSOCIATION AGREEMENT**
   1. **Formulation of political integration**

Political part of Association Agreement was one of main instrument and handbook for Ukraine, how efficiently organize necessary political reforms and transformations. In general, main provisions of political part are associated in Preamble, I section, II section, and VII section of the Association Agreement EU-Ukraine.

The preamble part has ceremonial character of the signed agreement, which strongly underlined of necessity of this deal for Ukraine in combination with huge responsibility that Ukraine should guarantee and give for European Union. In the same time, European Union declared the supporting mission by which, they will help Ukraine to provide economic and political transformations on route to European integrity. Also, in this part were formulated key goals and conditions of cooperation between the both sides of signed document.

First section, which was called “General provisions”, included only two articles, but their sense and importance are not less necessary as in the preamble. In the article 2nd, the side fully declared the relevance of the human rights and freedoms, democratic principles, supporting of the respect to the territorial integrity and sovereignty of sides, which should be main point in the creation of political dialogue. For confirmation of the intensions were fixed such kinds of documents as The Helsinki declaration, The Chapter of Paris for a New Europe as a main basis of the conducted policies. The 3rd article, have the quite declarative character that side guaranteed to apply only democratic principles in the running of economic and political activity.

Second section, which called “Political dialogue and reforms, political association, cooperation and convergence in foreign and security policy”, which consist of 10 articles qualifying and detailed the political dialogue between European Union and Ukraine. The 4th article is quite important, because it introduced the main aims of the political cooperation, and registered that every sphere, which are mutual interest for both sides, between them should be profound the common decisions and policies. In the next 5th and 6th article, the side defined the forums, in which the political cooperation will be organized and the cooperation regardless the creation and fulfilment of political reforms inside Ukraine. Starting from the 7th article till the 13th, was declared main provision of cooperation in security and foreign policy. They underlined importance in joint relationship in such spheres: International Criminal Court (ICC), regional stability, military-technical cooperation, controlling of the export and import of the weapons, struggle with illegal trade of weapons and the fighting against the international terrorism.

Seventh section, which was called “Institutional, general and final provisions”, was developed and determined the main tasks in the institutional structure and some final points regardless of functioning of the agreement. This chapter is regulated from the 460th till 486th articles, which are divided into two chapters: institutional structure and general with final provisions. Mainly, first part introduced the new formats and levels of relationship, including establishment of main organizations, particularly Council and the Association Committee, the parliamentary Association Committee. Also, will be created the Civil Society Platform, which main function will be to engage the Civil Society Agreement. The second chapter determined the monitoring mechanism and instruments for ensuring of proper implementation of the deal and possible misunderstandings of the Agreement. In addition to it, side decided to create an article 481, which defined that the term of Association Agreement is unbounded, but there is a possibility to made a huge review of the aims of this treaty in 5 years or in another period by the reciprocal consensus of the both sides.

In political part of the Association Agreement, it worth to mention the III section, which called “Justice, Freedom and Security”. Despite the fact, that this section was signed by Petro Poroshenko in 2014, during the signing of economic part, but this section has more connections to the political transformation of Ukraine. This section has 11 articles, which regulated the relationship in the main judicial and security spheres. In first 6 articles, both sides declared the importance of supremacy of power, respect to the human rights, with necessary aspects, that formed it. Also, in these articles, were organized the rules of the movement of labor force and their rights and freedoms. The next articles concentrated on the security issues, that formed on the European continent, such as financing of terrorism, the movement of drugs, struggle with international criminals. Separately, it worth to mention about the fighting with corruption in the governmental sector, because it was one of the main issue of Ukraine, which slow down Ukrainian integration to the European standards.[[46]](#footnote-46)

So, in context of political part of EU-Ukraine Association Agreement, sections and articles were formulated clearly and precisely for next political integration of the sides. For Ukrainian side was formulated the huge sphere of the work on the way to the approximation for the European Union norms.

* 1. **Process of political transformation in Ukraine**

First of all, in process of implementation the political part of Association Agreement was created monitoring institutions. It explained by the quality and effectiveness of the work in state and interstate institutions, in context of fulfilment the agreement. By the way, it exists extra organizations, which are responsible for monitoring the implementing the treaty. During 2014-2021 were created main institutions envisaged by agreement.

The most important political organ of communication between the side is Summit, that are organized once during the year. At this events performed the revision of implementation the Association Agreement and discussion of the key moments, which are concerned to the both Ukraine and European Union. The last Summit 23 was organized on 12th of October in 2021, and can be named one of the most significant for recent years.[[47]](#footnote-47)

The second by the importance is Association Council, which was created in 2014. This organization consists of the representatives of the Cabinet of Ministers of Ukraine, while from the side of the European Union are the members of European Commission and the Council of European Union. According to the 461 article, the Council of Association control the implementation of Association Agreement, provide the amendments to the annexes of agreement, offer the political dialogue on the minister level and propose general recommendations.[[48]](#footnote-48)

Third important institution, which was created is the Parliamentary Association Committee in 2015. Main aim of such institution is to support the political relationship on the parliament level. In general, this Committee have a right to cooperate with the Council of Association by giving them recommendations, information regardless the fulfillment of the Association. The Parliament Committee included equal amount of members of the Verkhovna Rada of Ukraine and members of the European Parliament. Meetings of this institutions are held twice in one year. The Association Agreement also includes a Civil Society Platform, where Ukrainian representatives and member states of European Union can negotiate positions and give some offerings to the regulatory bodies.[[49]](#footnote-49) In Ukrainian parliament essential role takes Committee of the Verkhovna Rada of Ukraine on issues of European Integration. This committee evaluate all legislative acts, on their corresponding to the Association Agreement. Also, in the executive branch of power was created the position of the Vice-Minister from the European and Euro-Atlantic integration. The Ministries in their structure have departments from European integration and staff, which help to analyze decrees of the Cabinet of Ministers into correspondence with the Association Agreement.

First area of importance to the political development of Ukraine was protection of human rights and freedoms. Main legislative act for providing of such policy was the decree of 5th president Petro Poroshenko in 2015, by which he created the National Strategy in Human Rights and Freedoms for uniting of civil society on the principle of respect human rights and enhancement the international image of Ukraine as the lawful state.[[50]](#footnote-50) In 2021, the 6th president of Ukraine Volodymyr Zelenskyy renew the National Strategy with adding of two new chapters: environmental rights and protection of human rights in economic activity.[[51]](#footnote-51) Also, for implementation of the Association Agreement Ministry of Justice of Ukraine create the project of realization the National Strategy in Human Rights and Freedoms for 2021-2023.

In international relations, Ukraine created strong partnership with European Union and organize all political connections with possible mechanism of the Association Agreement. Key transformations was made in sphere of international peace and security. In 2016, Ukraine adopted Strategic defensive bulletin for improvement of security concept and defining goals for future defensive reform. For instance, in 2018 was adopted the Law of Ukraine “National Security of Ukraine”, that set the European standards in defense and security of Ukraine. Likewise, essential attention in this legislative act was given to the Security Service of Ukraine (SBU).[[52]](#footnote-52) By this law, SBU faced with conceptual transformations, which determined by the broadening of activity sectors and anti-terrorist functions. In 2019, by decree of the fifth President of Ukraine Petro Poroshenko was adopted the new concept of struggle with terrorism, in accordance with the Association Agreement.[[53]](#footnote-53) Realization of this decree gave the possibility to increase effectiveness of state security and fighting with terrorism, strong protection of territorial integrity and state sovereignty, reformation of legislative and organizational activities in appropriate institutions and procedural mechanisms of defining terroristic threats.

Main Ukrainian political transformations related with reforms in the Constitution sector. The most essential political event after the Revolution of Dignity was reduction democratic Constitution of Ukraine in editorship of 2004. After the signing of the political part Ukrainian authorities paid huge attention for democratic norms and standards in Constitution. One of the main changes to Ukrainian Constitution was anchorage “Course to the integration with European Union and NATO” in 2019.[[54]](#footnote-54) In such way, Ukrainian state underlined the importance of European integration and utensils of Ukrainian nation to European Community. The 6th president of Ukraine Volodymyr Zelenskyy continued deployment of essential amendments to Constitution for approximation to European standards.

The most resonant reform, which was started in Ukraine was the “Judicial Reform”. Judicial reform, that began in 2016, has become the largest in history of independent Ukraine. The reform was generally aimed at ensuring independence, the increasing level of trust and public accountability of the judiciary branch. Ukrainian judicial system has been reduced to three levels, which gave the possibility to made the all procedures simpler by liquidation of the Supreme Commercial Court of Ukraine for Civil and Criminal Cases, Supreme Administrative Court and Supreme Commercial Court. On the chance of the Supreme Court was highly reorganized with fully new independent people chosen from the scientists, lawyers and human judicial activists. In frames of this reform, were created the specialized courts: The High Anti-Corruption Court and The High Court of Intellectual property, reform continues, and new elected president Volodymyr Zelenskyy announced the next reforms in this sector.[[55]](#footnote-55)

The next essential political transformation was the reformation of public administration. During the 2016-2021 Ukrainian government organized the huge changes in this sphere with assistance of European Union. Strategy of Ukrainian authorities was based on SIGMA program developed by European states. From the European Union side, European Commission give 104 million of euro for implementation of civil service reform. The most important in this reform is the support of European Union, which main aim was to create more possibilities for ministries to adopt decisions. In frames of such cooperation were created the new departments with functions of policy decision-making and creation of strategic policies, that was called Directorates. Since 2016, was created 58 directorates, while for the Cabinet of Ministers were added around 500 experts in various sectors. Also, in frames of Association Agreement, European Union help Ukrainian government in governance with human force, creation of state audit in essential spheres.[[56]](#footnote-56)

Next of the important political transformation in Ukraine is the anticorruption reform, which main task is to minimize the levels of corruption in every sphere of the functions in state system. Since 2014, Ukraine has been implemented the wide range of reforms in the anti-corruption sector, but success gained in the minimizing of possibilities for corruption activities, rather than in the criminal prosecuting for the corrupt officials. Among the main actions in this sphere were creation of the special anti-corruption institutions, which started the strengthening the battle against corruption Firstly, was created National Anti-Corruption Bureaucracy, which was responsible for investigating of the top level corruption activities. Secondly, was organized Specialized Anti-Corruption Prosecutor’s Office, that should control the procedural guidelines for the corruption crimes. In addition to it, was established the National Agency for Prevention of Corruption with main aim is to found and fulfil national anti-corruption policy. In 2019, for better realization activities of NABU and SAP was made the Supreme Anti-Corruption Court. Main reason for such new institution was inefficient work of regular courts, which examined the crimes prepared by NABU and SAP. In the Supreme Anti-Corruption Court 38 judges, who should have made judgement to the top corruption officials.[[57]](#footnote-57)

In addition to, it worth mentioning adoption of new Electoral Code of Ukraine on the 19th December in 2019 by which was systematization of the elective legislation and creation of one judicial act.[[58]](#footnote-58) During the adoption of this changes the Verkhovna Rada of Ukraine have consultations with the European Commission for Democracy through Law. As a result, were accepted the new rules, in which each party will put forward two types of lists. First, it is a list of candidates in the national constituency, while second are lists of candidates in the respective constituencies, from which a single list of candidates will be formed. The right to nominate candidates in parliamentary elections is reserved only for political parties, besides the opportunity of self-nomination is forbidden. In constituencies, voters should vote for the relevant regional, not a single lists of candidates. The threshold for parties has not changed and still will be 5 %.

All in all, Ukraine showed impetuous political transformations to the national legislative documents, in accordance with the EU-Ukraine Association Agreement. Such policies worked out from the high level of political integrity between Ukrainian branches of power, in order to construct democratic and European state.

* 1. **Results of the political integration in Ukraine**

During the 2014-2021 Ukraine made a huge political framework on the way to European norms, values and standards. Political integration into European community is unstoppable process for Ukraine, which supported with strong desire of fulfilment of the Association Agreement. At the end of 2021, the general realization of agreement is set on the level of 63%, by the words of Ukrainian Prime-Minister Denys Shmygal.[[59]](#footnote-59) In the section of “Political dialogue and reforms, political association, cooperation and convergence in foreign and security policy”, Ukraine accomplished 89% progress and in the section “Justice, freedom, security, human rights” was progress on the level of 85%.

In comparison with economic policies, political integration is more succeed by Ukraine. In frames of political cooperation and integration Ukraine and European Union organized regular high-level meetings, in accordance with agreement. Since 2015, both sides organized around 20 meetings every year in frames of associational bodies. Following these meetings, Ukraine received big amount of support, consultations and recommendations for implementation and fulfillment of the articles in Association Agreement. Also, such bilateral communication has proven its effectiveness of deep political integration of Ukraine.

Ukraine has taken a lot of essential steps to put European values in the agenda of civil society, in particular by actively working to strengthen respect for human rights, freedom of speech, activeness of civil society. Measures was being established to increase the responsibility for violence against anyone, regardless of gender, religion, political opinion, race and ethnicity. The results of such adopted measures can be seen in the discovery of Freedom House, where in 2021 Ukraine received 60 points and determined as partly free state. In political rights Ukraine scored 26 points out of 40, while in civil liberties 34 points.[[60]](#footnote-60) Accordance with this data, it can be states that Ukraine move in the European route, but adopted policies should be more effective. Same situation exists in the freedom of mass media in Ukraine, which was quite big issue. Organization “Reporters without Borders” evaluate development of mass media freedom in Ukraine, by which Ukraine made a huge progress. In 2015, Ukraine stood on the 129 place, while in 2021 Ukraine replaced to the 97, that symbolizes success in the government media policy.[[61]](#footnote-61)

In sphere of Ukrainian security, European Union rendered a big impact in consultations for organizing of reforms and military support. Since 2014, Ukraine made significant progress in security integration with European Union by actively involving in EU missions and operations, joining battlegroups and Union’s security structures. Likewise, official Kyiv develop policy for cooperation with the European Union Military Schengen and PESCO project. Nevertheless, European Union give more attention to the civil security, rather than military security, because of existing the NATO. Ukraine in order to increase own national security should engage EU to the Donbass conflict and Crimea annexation. From Ukrainian side, it worth to lobby for more active involvement of European Union in resolving conflict with Russian Federation by the example in the Balkans, Moldova and Georgia. For improvement integration in security sphere, both sides could extend general provisions of Association Agreement and role of European Union Advisory Mission in formulating security statements.

In sphere of judicial transformations, Ukraine cannot offer some big piece of success. For the whole independence of Ukraine, in the state was not formed judicial branch of power, which can guarantee the rule of law. The judicial reform in 2016, did not give a positive change because of significant resistance from the corrupt judge side and absence of will in sphere of political elites, particularly in the Administration of 5th president Petro Poroshenko. As a result, the level of trust to the judicial branch of power in Ukraine is 7%, which is the lowest among other branches of power. In 2021, 6th president of Ukraine Volodymyr Zelenskyy renew the judicial reform, but clear results of it can be seen in near future.

One of the most successful reform can be named transformation of civil service. Since 2015, the Cabinet of Ministers of Ukraine created major improvement among government officials and representatives with dividing of their functions and increasing the effectiveness of their job, regulation of income, clear and simplifying procedure of election candidates for job, development of Administrative Service Centers and provision citizens with administrative service in digital manner. According to the words of Oleg Nimchaninov, the Minister of the Cabinet of Ministers of Ukraine, 82% respondents consider civil service reform essential, while 65% of citizens are satisfied with the service in the Administrative Service Centers.[[62]](#footnote-62) As a result of first phase in civil service reform, Ukraine receive deeper integration with EU and approximate administrative sector to the European standards.

The anti-corruption reform in Ukraine can be named as one of the most problematic and deficient in frames of cooperation with European Union. From positive aspects, in this reform was created institutional structure and framework between them, but when one anti-corruption institution failed other organ have the same effect. In spite of, declarative success from the various international actors, Ukrainian society still have demand regardless investigation and punishment top corruption deals, government officials and oligarchs. By the data of Transparency International, Ukraine take the 122 rank out of 180 states, which can give to make conclusion that reforms and transformations in anti-corruption sphere went in the period of stagnation.[[63]](#footnote-63) In report of European Court of Auditors (ECA) indicated that support of European Union in organizing of anti-corruption report was less efficient.[[64]](#footnote-64) Main argument according this report was that European Commission gave special attention to this reform, but did not develop the strategy and mechanism of activity, in order to Ukrainian success in anti-corruption sector.

New Electoral Code, which was adopted in 2019, showed the high level of efficiency during the 2020 regional elections in Ukraine. On the background of the decentralization reform, new Electoral Code gave to the voters more possibilities and information to choose appropriate candidate, which will introduce them interests on the regional level with creation of open lists. The international observers underlined, that all elective procedures were organized clearly with adherence of all democratic principles. However, real examination for Electoral Code will be in the next parliament elections in Ukraine, after which it could become possible to identify possible issues.

Summing up this section, Ukraine made an enormous step in order to become a state with European standards, values and institutions. In case of political integration, 5th and 6th presidents of Ukraine, the Cabinet of Ministers of Ukraine, the 8th and 9th convocations of Verkhovna Rada of Ukraine, demonstrated the great efficiency in implementation political part of the Association Agreement. Positive factor modern political communication between European Union and Ukraine can be named fixity and uprightness of international framework. For Ukraine, way to Europeanization is a key factor for national stability and prosperity, while for European Union opportunity to broaden their values and influence to the rest of post-Soviet countries.

Main challenges for political framework between Ukraine and European Union still can be such factors: internal political issues of Ukraine, negative aspects in organizing Ukrainian reforms, financial crisis on the background of COVID-19 pandemic and disconnection inside the European Union, which can be connected with activities of some Eurosceptic politicians. Separately, one of the main issues is aggressive policy of Russian Federation, which used for it hybrid tools. In Ukrainian situation, Russian Federation tried to create image of “failed state” on the international arena.

# **CONCLUSIONS**

In conclusion, with accordance of analysis and information provided in this bachelor thesis, it is eventually to conclude, that EU-Ukraine Association Agreement create a new basis for deep integration and cooperation of Ukraine with European Union. After analysis, it was clearly underlined that Ukraine made a success in integration with European Union in frames of EU-Ukraine Association Agreement.

1. Analysis of theoretical concept showed that layout of Associations Agreements is the best instrument in foreign policy of European Union, which help to integrate with states and international organizations in economic and political sectors. Classification on types and generations of the Associations Agreements gave opportunity and basis to observe Agreement between Ukraine and European Union on the new level. The EU-Ukraine Association Agreement declared as absolutely new and innovative Association Agreement, which European Union offered for the countries. It confirmed by the positive statistical data in economic sector and high political integrity of Ukraine and European Union.
2. Analysis of historical circumstances in formation the Association Agreement give possibility to discover significance of deal for civil society in Ukraine. On the way to signing of Agreement, Ukraine faced with several issues, which added purport for this international treaty. It emphasis irreversibility of European route of development for Ukraine as a state and for Ukrainians as the people. In context of Ukraine, the Association Agreement took up a fundamental in composition of the state both internally and externally aspects.
3. The review of economic statistical data and documents allowed to conclude that EU-Ukraine Association Agreement assured steady economic growth of Ukraine and increase deep cooperation in trade relationship with European Union. After the economic crisis in 2014, Ukraine showed impetuous positive trend in economy, due to the effective implementation of Association Agreement, particularly Deep and Comprehensive Free Trade Area. Despite it, Ukraine will continue negotiations with European Union authorities for reclamation of economic sections in the agreement with a view to obtaining more lucrative conditions for economic prosperity.
4. The analysis of political documents, programs, reports and legislative acts issued by Ukrainian authorities gave opportunity to infer that in frames of the EU-Ukraine Association Agreement, Ukraine demonstrated deep and substantial transformations, which brought closer Ukrainian political system and state apparatus to the European standards. In spite of successful announcement and reports of Ukrainian politicians and government officials, Ukrainian political system still has post-Soviet chronical issues as corruption and unfairness of judiciary branch of power.
5. Summing up, the hypothesis, which was formed in the bachelor thesis is adopted: European Union and Ukraine become strategic partners and increase their integrity, due to concluding of Association Agreement and phased Ukrainian successful economic and political transformations to the European values and standards.

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