

Ukraine on the Road to Europe

Lutz Hoffmann · Felicitas Möllers
Editors

Ukraine on the Road to Europe

With 23 Figures
and 30 Tables



Springer-Verlag Berlin Heidelberg GmbH

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ISBN 978-3-7908-1369-2

Library of Congress Cataloging-in-Publication Data

Die Deutsche Bibliothek – CIP-Einheitsaufnahme

Ukraine on the road to Europe: with 30 tables / Lutz Hoffmann; Felicitas Möllers ed. –
Heidelberg; New York: Physica-Verl., 2001

ISBN 978-3-7908-1369-2 ISBN 978-3-642-57598-3 (eBook)

DOI 10.1007/978-3-642-57598-3

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Originally published by Physica-Verlag Heidelberg in 2001

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Cover design: Erich Kirchner, Heidelberg

SPIN 10791679

88/2202-5 4 3 2 1 0 – Printed on acid-free paper

Preface

by Viktor A. Yushchenko, Prime Minister of Ukraine

The intensification of the integration processes on our continent entirely coincides with the national interests of Ukraine, a country which is undoubtedly European both geographically and politically. What kind of Europe do we now have, and what should it be in the future? What should the role of Ukrainian society be in the economic, social, and cultural integration of the countries on the European continent? These questions are the subject of research and scientific analysis by the well-known economists whose work is contained in this book.

Let there be no doubt, the strategic goal of Ukraine's foreign policy is the active participation of our country in the European integration process. Thus, the move toward co-operation and gradual integration with the European Union was defined as one of the main priorities of the Ukrainian Government's programme "Reforms for Well-being", which is based on President Leonid Kuchma's speech "Ukraine: Steps into XXI century" and was approved by the Ukrainian Parliament. This move is not a hasty response to a new trend, but rather a pragmatic decision since the EU will define the face of Europe for the next century.

The process of globalisation in world politics and economics, and the geographic enlargement of the European Union, which will approach our borders, present additional reasons for Ukraine's active participation in the integration process. It is important to us that all people will benefit from these new developments and that Ukraine's western border will not become the eastern border of the EU.

The integration into the rest of Europe and the attaining of its levels of economic development, standards of life, private security, and guaranteed rights and freedoms are all notions of equal importance to us. These principles are guiding our work today, and will do so in our future undertakings.

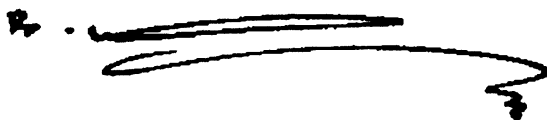
The questions of how well we understand the goals and tasks before us, and how well our citizens and our foreign partners understand our actions, will define the support by the average citizen of the Government's efforts regarding accelerating Ukraine's entrance into the family of European peoples.

For us the issue of integration into the European Union is not a question of choice, but only a question of time. The road to this goal is challenging and long. But it is the way to attain sustainable economic growth, to decrease poverty, to develop an effective market economy, and to strengthen the civil society and the democratic institutions of the country. All that will be the prime focus for our country's development over the next few years and for the future.

This book contains many deep and interesting analyses of various aspects of the problem of Ukraine's integration into the European community. It presents a comprehensive overview of this process, it appraises positive accomplishments in this process, and it takes advantage of the experience of some countries which have already advanced further on their way to economic integration and thus have developed strategies which could speed up Ukraine's movement towards Europe.

It is my great pleasure to emphasise the fact that this book is one more bright example of the substantial intellectual co-operation between Ukraine and Germany within the framework of the TRANSFORM Programme.

With best regards,

A handwritten signature in black ink, consisting of a stylized first name followed by a surname, with a long horizontal flourish extending to the right.

Preface

**by Dr. Werner Müller, Federal Minister of Economics and
Technology, Federal Republic of Germany**

The special interest in the Ukraine on the part of policymakers and businessmen in Germany has a real basis. After Russia, Ukraine is Europe's largest country, occupying twice the expanse of the Federal Republic of Germany. With almost 50 million inhabitants, it is the fifth most populous country on the European continent. Its location neighboring Russia and as a Black Sea state gives it strategic importance. It plays an important role as a transmitter and transit area between the European Union and Russia.

Ukraine's central function in the overall European structure was underlined by the conclusion of the partnership and cooperation agreement between the European Union and Ukraine, which went into force in March 1998. The European Council, meeting in Helsinki, adopted a "Common Strategy EU – Ukraine" on December 10, 1999. On the basis of the partnership and cooperation agreement, Ukraine is to be brought closer to the European Union. Relations are to be further developed in a systematic manner at all levels.

All of this underscores the fact that Ukraine is a European country and that it must be integrated within our European architecture. Germany emphatically supports Ukraine's pro-European orientation.

We attach particular importance to our bilateral relations with Ukraine. This is expressed in a number of ways, including the holding of official bilateral government consultations every year, with a central role being played by economic and trade questions. The last round was conducted in July and chaired by German Chancellor Schröder and President Kuchma.

The German business community continues to be strongly interested in the development of cooperation ties to partners from Ukraine.

But economic relations can only be expanded if economic policy reforms continue to be rigorously implemented so that a sustained growth process is initiated. This book provides a number of valuable hints in this regard.

Germany has a great interest in supporting Ukraine on its path toward democracy and the market economy. The Federal Republic is a committed partner in the restructuring of Ukraine's industry in the framework of the TRANSFORM Programme conducted by the German Government. In this process, the German

VIII

Advisory Group on Economic Reforms with the Ukrainian Government has an extremely important role to play.

Contents

Prefaces	V
-----------------------	----------

Viktor A. Yushchenko

Werner Müller

Introduction	1
---------------------------	----------

Lutz Hoffmann and Felicitas Möllers

1	Background	1
2	Structure of the book and key themes of the authors.....	3
3	Acknowledgement.....	8

PART I: BRIDGE OR INTEGRAL PART? UKRAINE'S HISTORICAL, CULTURAL AND GEOPOLITICAL CONNECTION WITH EUROPE AND ITS NEIGHBOURS	9
---	----------

1	Ukraine between East and West, North and South: Geopolitical Options and Constraints	11
----------	---	-----------

Bohdan Hawrylyshyn

1	Introduction	11
2	The Eastern options: CIS and E.S.U.....	11
3	The Western option: Integration into the EU	15
4	Are there other options open for Ukraine?	18
5	Conclusions	19

2	Eurasia – Alternative to European Integration or the Wrong Path?	21
----------	---	-----------

Charles Clover

3 Russia – Ukraine: Entering a New Phase..... 24

Arkady Moshes

1	Introduction	24
2	The economic dimension.....	25
3	Perceptions and attitudes	29

4 The Significance of Poland for Ukraine: Role Model, Bordering State, Integrator? 32

Miroslaw Gronicki

1	Introduction	32
2	Stages	33
3	Conclusions	37

PART II: BRIDGES TO EUROPE AND THE MARKET ECONOMY: ASPECTS OF A LONG ROAD 39

5 A Second Economic Divide in Europe? 41

Herbert Brücker

1	Introduction	41
2	Convergence: Inferences from growth theory	42
3	The first economic divide: Lessons from post-war growth	44
4	Does Europe face a second economic divide?.....	55
5	Conclusions	61

6 The Partnership and Co-operation Agreement (PCA) between Ukraine and the EU – Idea and Reality 66

Klaus Schneider

1	The development of contractual relations: From Trade and Co-operation Agreements to Partnership and Co-operation Agreements.....	66
2	The Partnership and Co-operation Agreement between Ukraine and the EU	67
3	The PCA – An evolutionary framework agreement	68
4	The PCA – A ‘road map’ for gradual economic rapprochement.....	70
5	The EU Common Strategy on Ukraine – Confirmation of the PCA’s contractual framework of EU-Ukraine relations	70
6	Implementation of the PCA – The reality as seen from the EU side.....	71
7	Concluding remarks	78

7 Integrating Ukraine into the World Economy: How, How Fast and Why? 79

Wolfgang Quaisser and Volkhart Vincentz

- 1 Introduction79
- 2 The external sector: Developments and changes80
- 3 Trade liberalisation and transition in Ukraine86
- 4 Trade policy, past and future89

8 Infrastructure as an Instrument of National and Regional Development Policy in the European Union and Ukraine..... 92

Dieter Biehl

- 1 Introduction92
- 2 The Regional Development Potential Approach, its bases and its main
elements.....93
- 3 The special role of infrastructure as a potentiality factor100
- 4 Quantification of infrastructure capacities.....102
- 5 Results of the Quasi-Production Function Approach for EU-regions in
1985107
- 6 First results of the infrastructure analysis of Ukrainian regions112
- 7 Some policy conclusions114

9 Are there Regional Economic Policies which Lead to ‘Europe’? Voices of Ukrainian Companies in East and West.....127

Felicitas Möllers, Petra Opitz and Christian von Hirschhausen

- 1 Introduction127
- 2 The endless inertia of the Ukrainian economy128
- 3 Specific conditions for investment in Western and in Eastern Ukraine ...130
- 4 Strategies for survival during the transformation132
- 5 Possibilities and limits for a regional economic policy138
- 6 Bridges to Europe that could be built144
- 7 Conclusions147

10 Ukraine as the Gas Bridge to Europe? Economic and Geopolitical Considerations149

Petra Opitz and Christian von Hirschhausen

- 1 Introduction149
- 2 The state of the Ukrainian International Gas Transit System (IGTS)151
- 3 Concession as a compromise between the status quo and privatisation ...156
- 4 Effects of the transit pipeline construction in Belarus162

5	Conclusions	164
---	-------------------	-----

11 Reform of the EU's Common Agricultural Policy and Agricultural Policy's Strategies for Ukraine 166

Stephan von Cramon-Taubadel and Ludwig Striewe

1	Introduction	166
2	What could Ukraine expect from the CAP if it were an EU member today?	167
3	Policy implications for Ukraine.....	171
4	Conclusions	178

12 Export Orientation and Its Impact on Enterprise Restructuring in Ukraine 181

Iryna Akimova

1	Introduction	181
2	The Ukrainian economy: Background for restructuring.....	182
3	Conceptual framework	183
4	The data	188
5	Variables used for analysis and in the estimation procedure.....	188
6	Regression results.....	192
7	Implications	196

PART III: ASPECTS OF FINANCIAL AND FISCAL POLICY IN UKRAINE 207

13 Monetary and Exchange Rate Policy During Transformation: Experience and Recommendations 209

Ryszard Kokoszczyński

1	Introduction	209
2	Monetary policy during the initial transformation period	210
3	Choosing an adequate strategy for monetary policy.....	211
4	The direct inflation target (DIT) strategy: Initial experiences	214
5	Conclusions	217

14 The Role of Long-term Capital for a European Ukraine 218

Andrew Seton

**15 EU Enlargement and Implications for Ukraine:
A View from the European Central Bank223**

Christian Thimann

1	Introduction	223
2	The EU enlargement process	224
3	The ECB's monitoring of the EU accession process	225
4	Effects of EMU and EU enlargements on Ukraine	229
5	Conclusion	231

**16 Effects of the European Monetary Union (EMU) on the
Ukrainian Economy233**

Gerhard Krause

1	Introduction	233
2	The new economic heavy weight furthers growth	234
3	Stronger spill-over effects through synchronisation of the individual economic cycles	235
4	The EMU will induce changes in the Ukrainian exchange rate system over the long term	244
5	Summary	251

**17 Fiscal Federalism in Western European and Other Countries:
Centralisation or Decentralisation? What Is Better for
Economic Growth? Are there Implications for Ukraine?255**

Ulrich Thießen

1	Introduction	255
2	The case for and failures of fiscal decentralisation	257
3	Analytical background and estimation proceedings	263
4	Estimation results	270
5	Concluding remarks	275

Maps289

Statistical Annex292

Suggested Reading293

Tables299

Graphs	302
The Authors	304
Index	308