

Conference report

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Conference	EU Eastern Policy in the Light of the Slovak Presidency in the EU Council
Venue/date	Congress Hall of the Ministry of Foreign and European Affairs of the Slovak Republic, 24 October 2016
Organizer	Research Center of the Slovak Foreign Policy Association
Partners	Friedrich Ebert Stiftung, Ministry of Foreign and European Affairs of SR
Media partner	EurActiv.sk
Attachments	Program of the conference List of participants

Background information

The 24 October 2016 conference was already the 9th edition of the annual conference on topical issues related to the EU relations with/policy towards East European countries, which RC SFPA has been organizing with the support of the Friedrich Ebert Foundation since 2008.

The 2016 conference was held under auspices of the Slovak Presidency in the EU Council in the second half of 2016 (SK PRES 2016). The aim of the conference was to discuss the EU policy towards Eastern Europe with focus on topical issues that are framing its current agenda under SK PRES, including, first, prospects for further development of the EU relations with Russia, including sanction policy against the implementation of the Minsk agreements, second, situation in Ukraine with focus on reform progress and domestic political stability, third, potential for cooperation between the Visegrad countries and Ukraine in the field of energy; and finally, Slovak-Ukrainian cooperation in the area of management of the EU external border and bilateral cross-border cooperation. Respectively, the conference proceedings were structured into the four panels (panel I. EU-Russia; panel II. EU-Ukraine; panel III. V4-Ukraine: energy cooperation; and panel IV. Slovakia-Ukraine: border management - see the conference program).

The conference was attended by 105 participants from 24 countries, including representatives of the EU institutions (EU member states: Austria, Bulgaria, Croatia, Czech Republic, Denmark, Finland, Germany, Greece, Hungary, Portugal, Romania, Slovakia, Spain, Poland, United Kingdom; non-EU: Canada, Georgia, Kuwait, Norway, Republic of Korea, Russia, Serbia, Switzerland, Ukraine). Naturally, most of participants came from Slovakia, including from state and public institutions, academia, NGOs, businesses and media (see the list of participants).

Summary of the conference proceedings

The conference was opened with welcome words and introductory remarks by **Anne Seyffert**, Director of the FES in the Czech and Slovak Republic, **Alexander Duleba**, Director of RC SFPA, and a key note speech by State Secretary of the Slovak MFAE **Lukáš Parížek**. In his address State Secretary Lukáš Parížek highlighted main positions of Slovak Presidency regarding the topical issues of the EU policy towards East European countries. As far as Russia is concerned he stressed that that SK PRES follows the agreement on five principles of the EU policy towards Russia achieved at the Foreign Affairs Council meeting in March 2016, including the first one, which says that any change in the EU

sanctions policy on Russia is directly linked to the implementation of the Minsk agreements on settlement of the conflict in Eastern Ukraine. The following two are the top challenges in the EU-Ukraine relations that are high on the agenda of SK PRES: first, completion of the approval process regarding the lifting of visa regime with Ukraine on side of the EU institutions, and second, ratification of the association agreement with Ukraine by the Netherlands. When it comes to visa liberalisation with Ukraine, SK PRES accepts conclusions of the European Commission that Ukraine met all legislative and technical requirements for introduction of visa-free regime and advocates Member States to finalize the approval procedure. When it comes to ratification of association agreement by the Netherlands, SK PRES is ready to support and work with any proposal the Dutch government can identify as a walkable way to resolve the issue in the Dutch parliament. State Secretary Parížek pointed out that successful reform process in Ukraine as well as implementation of its association agreement with the EU is the long-term priority for Slovakia.

EU – Russia: and enforced dialogue. What next?

The first panel of the conference was chaired by **Vladimír Bilčík** (Head of the EU Affairs Program at RC SFPA). It aim was to analyse the current state of affairs in the EU – Russia relations as well as prospects for their further development.

In his presentation **Martin Kačo** (Director of the CFSP Department at the Ministry of Foreign and European Affairs of the SR) stressed that at the present there is a value gap between Russian and the EU leaders, which does not allow for better understanding of each other motivations in developing mutual relationship. The cold war mechanisms between the West and East worked better than mechanisms that currently we have in the EU – Russia relations in our disposal. WTO is in fact the only contractual framework for the EU – Russia relations we can refer on and work with at the moment. He pointed out that it is very important to develop a sort of situation awareness mechanism that will allow preventing incidents that might cause more serious deterioration in relations with Russia. The most challenging and topical task he sees in developing a conflict management mechanism that can be helpful in both preventing and resolving conflicts between Russia and the West in Syria, Ukraine, Georgia, Moldova, and the Western Balkan countries.

Arkady Moshes (Director of the EU's Eastern Neighbourhood and Russia Research Programme at the Finnish Institute of International Affairs) argued that conflict-type relations the EU currently has with Russia should be understood as a “new normal”. Following his analysis European project has been closed in Russia by both Russian political elite and society; therefore a hope of majority of the EU leaders in sort of restoration of relations with Russia in line with the EU business as usual (normal) policy is impossible. Small steps policy is not anymore a policy that can work in relations with Russia. Russian leadership does not want to come back to the past, e.g. to an “old normal” situation in its relations with the EU. The EU leaders should learn how to live with Russia under “new normal” conditions. Moreover, they should rethink the way they do policy towards Russia, including accepting the fact that they should be in capacity to calculate their own force for the conflict.

Boris Kuznetsov (Director of the Center of International and Regional Policy, St. Petersburg) came up with a proposal to recover institutional framework for the EU – Russia dialogue that could eliminate existing antagonism in their relations. Following his perspective, there is a need in thinking about the following formats and/or institutions for a new dialogue between Russia and the EU: first, creation of a Permanent EU-Russia Strategic Forum; second, establishment of a position of Special Representative of Russia for the EU she or he who could serve as a mediator between the EU institutions/member states and Russian government; third, trilateral format for the EU-Russia-Eastern Partnership countries dialogue on cooperation between the EU and Eurasian Union; fourth, the EU-Russia format for an Arctic Dialogue; fifth, resuming the EU-Russia Energy Dialogue; and finally, creation of an NGO platform for the EU – Russia – Ukraine/Eastern Partnership dialogue.

In his presentation **Oleksandr Sushko** (Research Director of the Institute for Euro-Atlantic Cooperation, Kyiv) focused on analysis of asymmetrical nature of the current conflict between Russia and the EU. In fact the EU is much more stronger actor in the current conflict in terms of its economic capacity, population, modernization attractiveness, even including its collective military capacities if calculate capacities of all member states. However, what is a paradoxical feature of the present situation is that Russia looks like a stronger actor of the conflict; at least she presents herself as such. Russia is winning an information war, which portrays the EU as weak and collapsing project. At the same time, Russian leadership is successful in mobilizing its own population through conflicts with neighbouring countries. The principal question is if that is a provisional and temporary phenomenon or it is the only way in which present-day Russia with her political regime can survive. Russia has been attacking Ukraine by military means and the EU by information means. The EU has to be ready to defend itself.

Kai-Olaf Lang (Deputy Head of the Research Division on EU Integration at Stiftung Wissenschaft und Politik, Berlin) pointed out that conflict is an “old normal” in international relations. The history of European integration embodied in the present EU is a story of an effort to construct a “new normal” in international relations after WWII, e.g. to resolve old conflicts in Europe. What is new for the EU in the present situation is a challenge to reflect its unintentional geopolitical role in Eastern Partnership area. However, it is difficult to identify what that would mean in real terms. The main problem of the present relations between the EU and Russia is a lack of constructive agenda, which is a result of lost capacity of both Russia and the EU to project their relations in a positive way. What could or should be an exit strategy from the present situation is an ability of both sides to work-out a Partnership for Peace Program that could provide framework for a peaceful coexistence of the EU and Russia.

Maksym Rozumnyi (Head of the Centre for Studies on Russian Federation at the National Institute for Strategic Studies of Ukraine), **Hanna Smith** (Senior Researcher from the Aleksanteri Institute, Helsinki) and **Marek Menkiszak** (Head of the Russia Department at the Centre for Eastern Studies, Warsaw) responded with their commentaries on presentations by panel speakers. In addition to what has been said they pointed out following arguments: first, Russia is rather a shaker than a shaper of the existing international rules; second, the EU should forget about a grand ideas in its relations with Russia; and finally, the EU should pursue a double track policy, which makes clear distinction between Russian political elite and Russian society. While the EU should aim at isolating Russian elite, at the same time it should be open as much as possible towards Russian society. In the follow-up discussion the argument has been raised that the main focus of the EU in its Eastern policy should be stabilization of Ukraine. Among other ideas presented by conference participants during the follow-up panel discussion there was also a view presented that the EU should consider an expansion of sanctions on Russia so that they include also import of oil and oil products.

EU-Ukraine: reforms and political (un)stability

The second panel of the conference was chaired by **Alexander Duleba** (Director of RC SFPA). Its aim was to evaluate reform process in Ukraine, including factors of domestic political stability.

The first speaker at the panel **Yuriy Mushka** (Director General of the 2nd European Directorate General of the Ministry of Foreign Affairs of Ukraine) stressed that reforms in Ukraine are harmed by continuing aggression of Russia, which provides both military and non-military support to separatists in Donbas. War with Russia blocks enormous public resources that cannot be invested in other areas. Nevertheless, Ukraine has recorded the GDP growth in around 1 % for 2015 what signals a gradual recovery of Ukrainian economy. He underlined strategic importance of reverse flow of gas from the EU to Ukraine via Slovakia, Poland and Hungary, what made Ukraine independent on gas imports from Russia. He said that there are positive achievements in the reform process in Ukraine, however, in some areas things are not moving smoothly, and he referred especially to the public administration reform and the status of civil servants. Low wages of civil servants are both the main source of and reason for corruption in Ukraine. He expressed his believe that the EU will continue in applying economic sanctions on Russia till the settlement of the conflict in Donbas on the base of territorial integrity of Ukraine.

In his contribution **Peter Wagner** (Head of the Support Group for Ukraine at the European Commission) presented the mission, structure and activities of the Support Group for Ukraine that has been established by the European Commission in April 2014. Ukraine is the only third country, which has been offered a special treatment via establishment of a special support group what makes the SGU a unique tool in the practises of the European Commission. The SGU's main task is to coordinate support for reforms in Ukraine supervised by the various DGs of the European Commission, including EEAS. The SGU is preparing the Action Plan for 2018 – 2020 to support Ukrainian government in reform process with focus on approximation of legislation in line with the association agreement, reforms of judiciary, public administration and fiscal decentralization reform, improvement of energy efficiency and the use of renewables, and support for small and media-sized businesses in order to help them to accommodate with the DCFTA provisions. European Commission has allocated 300 million of euros for the implementation of SGU's 2018 – 2020 Action Plan. He appreciated the support which the member states, including Slovakia, provide to Ukraine within bilateral framework. At the same time he underlined the need in better coordination of the support activities to Ukraine between the European Commission and the member states.

Ivan Mikloš (Co-chair of the Strategic Advisory Group for Support of Ukraine Reforms at the Government of Ukraine) pointed out that Ukraine has implemented more reforms within the last two years than it did during the last two decades. He stressed that there is no problem with a lack of knowledge of what should be done in Ukraine in legislative and technical terms, rather, he said, there is a problem with political factors, which make reform process slow-moving. He noted existing constitutional framework with unclear division of competences and executive powers between the President and the Government, which evokes conflicts between them. Another substantial problem is relationship between the Parliament and the Government, particularly insufficient interaction between the both in legislative process. He said the Parliament adopts only circa one third of legislative proposals of the Government what slows-down the reform process. He expressed special worries regarding growing political populism in Ukraine coming also from some Maydan parties, which left the post-Maydan government and now they are pushing for early elections. Capacity of the Ukrainian government to communicate reforms at home and abroad is also ongoing problem. He said the EU, member states and International Financial Institutions should rethink priorities for their assistance to Ukraine and support more extensively projects that can be helpful in eliminating political obstacles for reform process in Ukraine.

Kataryna Wolczuk (Deputy Director and Senior Lecturer, Centre for Russian and East European Studies at the University of Birmingham), **Olexiy Haran** (Professor of the Kyiv Mohyla Academy), **Grzegorz Gromadzki** (Expert of the Open Europe Program at the Batory Foundation, Warsaw) and other discussants at the panel agreed that Ukraine did achieve substantial progress in implementing reforms especially in the following areas: stabilization of the state budget through dramatic reduction of public expenses; saving and recovery of the banking system thanks first of all to the policy of the National Bank of Ukraine; launch of the deregulation process, including energy prices for households – politically very sensitive measure, but necessary; introduction of electronic public procurement system Prozorro, which significantly helps to reduce corruption, especially on municipal and local level; reform of the Naftogaz, which is the company of strategic importance for energy security of Ukraine; and last but not least, security sector reform, especially when it comes to defence sector and Ukrainian Army.

Majority of discussants also agreed that, first, the most problematic areas of reforms remain areas of judiciary and public administration reform, especially the reform of central state apparatus; second, the EU is very much helpful particularly when it comes to regulatory policy, energy sector reform, and rural development; and finally, that success of Ukraine in the current reform process as well as implementation of AA/DCFTA is the last modernization call for Ukraine as well as that it is also the test case for the Eastern Partnership and the EU Eastern policy as such.

Visegrad Four – Ukraine: energy security and prospects for market integration

The third panel of the conference was chaired by **Pavol Hamžík** (Ambassador-at-Large for Energy Security at the Ministry of Foreign and European Affairs of SR). The panellists **Michael Gonchar** (President of the Centre for Global Studies Strategy XXI, Kyiv), **András Deák** (Senior Fellow of the Centre for Economic and Regional Studies, Hungarian Academy of Sciences), **Lukáš Lehotský** (Researcher of the Faculty of Social Studies, Masaryk University in Brno), **Tomasz Dąbrowski** (Senior Fellow from the Centre for Eastern Studies, Warsaw) **Sylvia Angyalová** (eustream, a.s.) and **Karel Hirman** (Member of the Strategic Advisory Group for Support Ukrainian Reforms, Kyiv) were discussing cooperation in the energy sector between the Visegrad Four countries and Ukraine with focus on security of supply and prospects for market integration. The main points raised during the panel discussion might be summarized as follows:

- Cooperation between Ukraine and V4, especially with the three neighbouring countries Slovakia, Poland and Hungary, in the field of transit of natural gas does have strategic importance for Ukraine. Thanks to the reverse flow of gas from the EU via the territory of the above three countries Ukraine managed to become independent on gas imports from Russia. The year of 2015 was the first year when Ukraine all its import needs (20 bcm) satisfied by transiting gas from the EU via Slovakia, Poland and Hungary, while the share of transit through Slovakia was circa 70 % in total gas imports of Ukraine. On the other side, transit of gas to Ukraine brought additional benefits to gas transit operators, especially in Slovakia.
- Ukraine, Slovakia, and Poland share common concerns regarding the implementation of the project Nord Stream II initiated by Russian Gazprom and some West European companies (Engie, OMV, Shell, Uniper and Wintershall), which, if implemented, will, first, allow Russia to fully stop transit of natural gas via Ukraine and Slovakia to European consumers; second, strengthen a monopoly of Russian Gazprom as natural gas supplier to the region of Central and Eastern Europe; and third, deform conditions on the whole EU gas market by giving Russian Gazprom a privileged position. Slovakia and Ukraine together with national gas transit operators in other EU member states started talks on creation of a consortium that could take over operation of Ukrainian gas transit system, including investment into its modernization, in order to make it the most competitive route for transit of Russian gas to European consumers.
- Energy dialogue within V4 plus Ukraine format should aim at identifying a road map towards gradual integration of Ukraine into emerging V4/Central European market in natural gas and electricity. In addition to the regional gas market between the V4 countries that is an ongoing work in process, there is a need in projecting future accession of Ukraine to the market-coupling in electricity, a zone of day-ahead electricity market created between the Czech Republic, Slovakia (since 2009), Hungary (2012) and Romania (2014). While the basic cross-border infrastructure in the gas field is already in place, when it comes to electricity interconnections between Ukraine and V4 they are still poorly developed. Even though sufficient cross-border interconnection is very basic precondition for market integration, there is a lot to be done when it comes to harmonization of regulatory frameworks. Discussants at the panel agreed that the formation of regional energy market is a long-term process and will take years and that's true also for potential accession of Ukraine. Nevertheless, it is a goal worth of working on.
- Discussants at the panel agreed that there is enormous potential for cooperation between the V4 countries and Ukraine in the field of improving energy efficiency and the use of renewable sources of energy. Moreover, it became a specific field of bilateral cooperation between Slovakia and Ukraine following an agreement achieved by foreign ministers of V4 and Ukraine in December 2014. V4 countries agreed on their specific roles when it comes to sectorial focus of their assistance to Ukraine in its reform process and implementation of AA/DCFTA. Slovakia took over leadership in the fields of energy security and the security sector reform (Czech Republic – education and civil society, Hungary – SME and implementation of DCFTA, and Poland – public

administration reform, including decentralization). 405 projects (total investment: 167 million euro) were implemented in Slovakia on municipal level in the years 2007 – 2013. Circa one third of the above projects concerned the installation of boilers on the base of biomass for central heating systems of towns and villages. Thanks to the harmonization of respective national legislation with the EU, adopted measures, and the implemented projects the share of renewables in total energy consumption of Slovakia has grown from 6% in 2005 to 9.5% in 2014. The added value of the acquired know-how in Slovakia for Ukraine in the field of energy efficiency is that it adopted green technologies to central municipal heating systems, a task that should be met also by Ukraine, which has a huge potential in the field.

Slovakia – Ukraine: border management and cross-border cooperation

The fourth panel of the conference was chaired by **Vladimír Benč** (Head of the Economic and Development Policy Program at RC SFPA). Panellists **Ladislav Chabreček** (Director of the Border Police Department at the Border & Aliens Police of the Police Corps of SR), **Juraj Buzalka** (Researcher from the Faculty of Social and Economic Sciences at the Comenius University in Bratislava), **Iryna Sushko** (Director of the Europe without Barriers, Kyiv), **Urban Wråkberg** (Professor of Northern Studies at the UiT The Arctic University of Norway – Campus Kirkenes), **Myroslava Lendel** (Director of the Research and Scientific Institute of Central Europe at the Uzhgorod National University) and **Peter Tupta** (Independent Expert and PhD Student of the Faculty of Law, University of P.J. Šafárik in Košice) were discussing the following topics: migration of Ukrainian citizens to V4/Slovakia, visa-regime with Ukraine, asylum policy, management of the Slovak-Ukrainian border, and finally, cross-border cooperation. The proceedings of the panel can be resumed in the following way:

- Migration from Ukraine to the V4/Slovakia; the V4 countries document a substantial growth of migrants from Ukraine in the course of last two years starting from the Russia's annexation of Crimea and the beginning of war in Donbas. Poland, which applies more liberal visa policy towards Ukraine than the other three V4 countries, became the main destination for Ukrainian migrants. It should be stressed, however, that the main motive of Ukrainian migrants are not security threats, but rather social and economic reasons as they look for jobs and better life for their families. The number of permissions for temporary stay in Slovakia for Ukrainian citizens issued by Slovak authorities moved up from 7 thousand in 2013 to 11 thousand in 2015. The number of labour permissions for Ukrainian citizens in Slovakia increased respectively from 971 in 2012 to 1462 in 2015. Discussants at the panel criticized Slovak authorities for applying the most restrictive migration policy toward Ukraine within V4; however, they also noted that this policy does not correspond with a growing demand of Slovak businesses that would like to employ more Ukrainian nationals.
- Visa regime with Ukraine; panellists consensually supported the lifting of the visa regime with Ukraine by the EU. Ukrainian participants voiced their criticism to the EU, which upon them continues in imposing constantly new requirements to Ukraine, e.g. the last one on accession of Ukraine to the registration system of third countries nationals visiting the EU even though it is still not a completed deal on side of the EU per se. Slovak participants pointed out that Ukraine should both improve and intensify its communication with those EU member states that raise concerns regarding the visa-free regime with Ukraine. There was also criticism addressed to the Slovak authorities for a move towards more restrictive approach in issuing visa for Ukrainian nationals in the course of the last two years in comparison with the year of 2013 when Slovakia issued all time record-breaking number of visas for Ukrainian citizens. Panellists also noted there are a growing number of declined visa applications by Slovak authorities (3 % of total applications in 2015 against 1 % in 2013).
- Asylum policy; number of Ukrainian citizens who apply for asylum in Slovakia is marginal, e.g. in 2015 Slovak authorities got 25 asylum applications. Panellists argued that the main reason for marginal number of asylum applications is very restrictive asylum policy of Slovakia, which is one of the most restrictive asylum policies within the EU. Some discussants stressed the need in harmonization of asylum policies between the EU member states.

- Border management; when it comes to legal migration the main and ongoing problem at the Slovak-Ukrainian border are long waiting periods on Ukrainian side on the entrance to the territory of Slovakia. There are several factors beyond that: first, insufficient infrastructure on Ukrainian part of the border crossings; second, not good management of border processes; third, lack of professional staff (policemen, customs officials) due to low salaries; and finally, ongoing corruption. In the course of the last four years the border statistics recorded decrease in the number of persons crossing the Slovak-Ukrainian border; however, there is a small increase in 2015 (1,9 million of persons). Panellists agreed that the visa-free regime between the EU and Ukraine will increase the number of persons crossing the Slovak-Ukrainian border. At the same time they raised concerns that border services of both countries do little to be prepared for the management of larger flow of travellers. Within the panel the first findings of the research project CBC01018 were presented (for more see www.borderua.sk). The project aims at mapping border processes at the Slovak-Ukrainian border as well as at elaborating recommendations on their improvement.
- Cross-border cooperation; many panellists highlighted importance of cross-border cooperation for inter-state relations, including for conflict prevention. There was a consensus among the panellists that CBC between Slovakia and Ukraine is getting more intensive; however, the question is about a sustainability of such positive trend due to the fact that major funding for CBC projects comes from external sources, e.g. the EU programs (ENI), Norwegian Financial Mechanism, etc., whereas there is a lack of funding of CBC from both Slovak and Ukrainian public sources.

Conclusion

The conference offered an insight reflection on the current state of the EU Eastern policy with focus on relations with Russia and Ukraine. The selection of relations with Russia and Ukraine as the main topics for the 2016 annual conference departed from the fact that they are the key countries in Eastern Europe having a say on the EU interests in the region. The general conclusion following the conference discussion might be as follows: there was a clear difference between conference debate on EU relations with Russia on one side, and Ukraine, on the other one. In case of Russia, the debate has shown that it is rather unclear what the EU should do as Russia does not behave in line with the EU “normal” expectations. Idea on creation of a conflict management mechanism that would be helpful in preventing conflicts between Russia and the EU/West in Ukraine, Georgia, Moldova, Syria and the Western Balkan countries does seem to be a program maximum for a positive construction of the EU relations with Russia at the time being. In case of Ukraine, the conference debate has been much more structured and focused as Ukraine behaves in line with what we see from the EU perspective as a “normal” behaviour. With all difficulties Ukraine is confronted with in its post-Maydan developments, majority of conference participants agreed that it is on a good track when it comes to implementation of reforms as well as provisions of AA/DCFTA.