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JOINT DECLARATION

Challenge and Opportunity: A U.S. Strategy on Ukraine

UKRAINE'S SUCCESSFUL INTEGRATION AND CONSOLIDATION AS A democratic country are important to U.S. national interests and require a strong and sustained strategy. Ukraine is a key European country with geopolitical importance in Europe, the Black Sea region, and the Caucasus. Its economy is more diversified than many in the post-Communist region, with potential in the energy, defense, scientific-technological, manufacturing, and agricultural sectors.

Security and prosperity in Ukraine will prove that a promising post-Communist future is possible also for Russia itself. The stakes are global as well, and affect the credibility of an American strategy of promoting democracy for security: if the United States cannot sustain a serious strategy for Ukraine, it is difficult to see how it can do so for countries with less economic potential, with weaker democratic institutions, and more distant from vital European allies.

Ukraine, which joined Georgia in separate but similar democratic transformations that have inspired one another, has a convincing claim for U.S. support. Ukraine voluntarily gave up what would have been the world's third largest nuclear arsenal in 1994. Through fully contested presidential elections in 2004 and the legitimate transfer of power to the winning candidate, Ukraine showed that it belongs to the Euro-Atlantic community.

Ukraine's leaders have much work ahead to realize the promise of the Orange Revolution. Many observers have become concerned about uneven progress in achieving the country's transformation. Ukraine's reforms must begin at home: the government must improve policy coordination and implementation, pursue reform in the security and intelligence sectors, and move decisively to pass and implement legislation to join international institutions and attract foreign investment.

However the United States, in close coordination with the European Union, must also play a leading role in Ukraine's full transformation and integration into the Euro-Atlantic community. The United States should **challenge** Ukraine's leaders and society to undertake the policies and institutional changes necessary to become a full member of the Euro-Atlantic community, and should create every **opportunity** for Ukraine's leaders and society by removing outdated obstacles to progress.

There is little time to lose for such a strategy. With parliamentary elections scheduled for March 2006, Ukraine's citizens will soon have the opportunity to send a signal to their new leadership on whether the promise of a better future as a European country is meeting the democratic test. By the end of 2005, the United States can and should create the following challenges and opportunities for Ukraine:

(1) Press the EU to commit unambiguously to an Open Door for eventual Ukrainian EU membership. The peaceful and legal resolution of the election in 2004 demonstrated that Ukraine's place is in Europe. An EU statement need not be a commitment of membership, especially in light of the EU's constitutional crisis and its focus on absorbing ten new members, but it should challenge Ukraine's leaders and citizens to develop a European democracy and market economy.

(2) Lead within NATO the implementation of the alliance's Intensified Dialogue on Membership Issues with Ukraine, with commitment to a Membership Action Plan (MAP) following free and fair parliamentary elections in March 2006. A detailed MAP should lay out how Ukraine will have to fulfill membership requirements, and the government must be held to those requirements.

(3) Support enhancement of the regional multilateral grouping GUAM (Georgia-Ukraine-Azerbaijan-Moldova) to promote regional democratic development and economic cooperation, including border security. Enhanced cooperation on regional border security would support Ukraine's efforts to cope with smuggling in and from Moldova, thereby making a contribution to resolving the frozen Transnistrian conflict.

(4) Support the development of stable and constructive Ukrainian relations with Russia. Ukraine's European orientation should not come at the expense of its relations with Russia, which itself seeks closer relations with Europe and greater global integration. The United States should endorse President Viktor Yushchenko's policy of fully developing free trade and economic cooperation with Russia consistent with Ukraine's eventual integration into the EU.

(5) Help Ukraine improve its energy independence, while relying on market mechanisms. Ukraine needs diversification in energy sources to reduce its vulnerability to supply shocks, and greater efficiency of its energy use to control costs and improve economic performance. The United States can work with Ukraine to improve the environment for investment in the exploration and development of oil, gas, coal-based methane, and coal, as well as improvements in fuel efficiency.

(6) Free Ukraine from Jackson-Vanik Amendment restrictions and conduct intensified negotiations for Ukraine's World Trade Organization (WTO) membership in 2005. Ukraine must reform its trade laws and legal system, but the United States should keep pressure on the new leadership to adopt strategies for effectively addressing the requirements for (WTO) membership.

(7) Designate Ukraine an eligible country of the Millennium Challenge Corporation so that it can compete for funds to help fight corruption, reduce bureaucratic obstacles to market reforms, and engage civil society in the country's social development. After the Orange Revolution, Ukraine exemplifies the type of country President George W. Bush described as a target of the program. Consistent with this, the United States should immediately create a bilateral program for anticorruption technical assistance to help the new leadership improve the investment climate in Ukraine, and so spur economic growth. However, Ukraine must sustain its reforms for the Millennium Challenge Account. It is not enough to simply receive designation for having conducted a revolution.

IN CONCLUSION: ENHANCING CAPACITY FOR A STRONG AND SUSTAINED U.S. STRATEGY ON UKRAINE

THE UNITED STATES AND UKRAINE SHOULD establish a bilateral review of progress in implementing the Joint Statement, "A New Century Agenda for the Ukrainian-American Strategic Partnership," of President Bush and President Yushchenko from April 4, 2005. The joint presidential statement laid out an ambitious yet well-targeted plan for work in the coming years and in particular before the March 2006 elections so that recent democratic gains can be solidified. The question is how fruitfully the two countries will implement the vision of the presidents. Establishing the practice of a regular review will spur commitment to implement the presidential goals within each government and will enable each country's civil society groups and nongovernmental organizations to play a constructive role in holding their governments to account for their progress.