

News article

British Ambassador's interview to Ukrainian Week

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British Ambassador to Ukraine Simon Smith on the need for progress, issues and opportunities on Ukraine's path to association with the EU



This is the full text of the interview as it was delivered in English. Its Ukrainian version was published in The Ukrainian Week magazine (9-15 August 2013) (<http://tyzhden.ua/Magazine/300>).

How do you assess today's political situation in Ukraine and what political image does Ukraine have in the eyes of the British? How seriously do you take Kyiv's intentions to move closer to the EU?

British Ambassador to Ukraine
Simon Smith

Let's remember that there is the general public and the informed public and I think each of these groups will perceive Ukraine's politics differently. A lot of the general public in Britain will perhaps see a little bit superficial image of Ukraine; they may recall pictures of people fighting in Parliament and they may associate it with

Ukraine. As for the informed public, there will be a perception that politics in Ukraine is quite a confrontational and aggressive business. I think there will also be a perception that none of the parties at the Rada have yet come to terms with the results of the 2012 October elections. Seen from the perspective of people used to British politics, there would be an assumption that this kind of a result has happened in the UK and that while the political parties may not have liked it, they would have by now settled down a constructive and pragmatic way of working with this situation. It would be good to see a little bit less confrontation and a little bit more consensus on really important questions like how to make a success in the relationship with the EU.

To come to the last part of your question, I think that we have seen some signals to suggest that more and more of the Ukrainian political establishment is taking this business with Europe very seriously indeed. I have the impression that a lot of minds have been concentrated by being reminded that the November Vilnius Summit is a really important date and that a lot of things need to be done on both sides in order to maximise the chances of its success. We have seen quite a number of moves in Ukraine over the last two or three months, for example, movement on the legislative calendar and signals that some of the issues of judicial and institutional reform are beginning to get under way, including indications of the willingness to look at quite significant reform of institutions like the Prosecutor General's Office. We've seen the release of Yuriy Lutsenko (<https://www.gov.uk/government/news/fco-welcomes-pardon-of-former-ukrainian-minister-lutsenko>), which is again an important step against the background of the concerns of Ukraine's European partners about the selective justice (<https://www.gov.uk/government/news/foreign-office-minister-expresses-concern-at-conviction-of-former-ukrainian-minister>). I think there has recently been a good deal of activity which demonstrates what looks like a serious desire on the part of the Ukrainian administration to ensure that the November Summit in Vilnius is a success.

Some EU Member States have made a statement that they are ready to support the signature of the EU-Ukraine Association Agreement at the Summit in November in Vilnius. What is London's official position on this?

I was present when the British Foreign Minister William Hague met his Ukrainian counterpart Leonid Kozhara (<https://www.gov.uk/government/news/foreign-secretary-met-ukrainian-foreign-minister>) in London in May. What our Foreign Minister said then very much sums up what continues to be the UK's position, which is to say that both outcomes at the November Summit in Vilnius are entirely possible. It's entirely possible that we will reach November and see that not enough action and progress has happened to convince European leaders to sign the Agreement. But it's also possible that, if a new dynamic of action that has emerged over the last months is sustained and if we see continuing progress on the issues of concern by the EU, then we'll reach November and the leaders of EU governments will say that this is going in the right direction and we have the confidence to take the next step forward in the relationship between the EU and Ukraine.

Looking much longer term, of course, we want to see this Agreement signed. We've seen how the EU can leverage positive change. Take some most recent examples of the countries in Central and Eastern Europe who joined the EU in 2004 – Hungary, Slovakia, the Czech Republic, Poland and so on – and then look at the positive impact that first association and then the EU membership has had on them. If you look a bit further in history, you'll see how the EU membership impacted on Western European countries like Spain and Portugal who were only a few years emerging from military dictatorships of decades long. This transformational effect explains why we are convinced that progressive association with the EU, its standards and practices will be profoundly beneficial for Ukraine and will help it unlock its potential. For example, the participation in the EU Single Market, which is the largest one in the world, can unleash much more energy in the economy and can allow countries to realise their potential. And that translates into really basic things, for example, people will live longer, the roads will become much safer, the quality of goods and services (<https://www.gov.uk/government/world-location-news/applying-european-standards-to-ukrainian-products-a-milestone-to-a-free-trade-area-with-the-eu>) will improve and so on.

So, we really hope that it will happen. But it's not guaranteed. The next few months are really crucial to keep on addressing the EU's concerns and make sure we arrive at November with a level of confidence really high amongst the European leaders. "Confidence" is a really important word, because everybody knows that it is not realistic to expect that by 29 November every single aspect of those issues where the EU leaders have looked for progress in Ukraine will be done. But what we do need is for the heads of governments in the EU to be confident that in signing this piece of paper on 29 November they are opening a new phase in the relationship between the EU and Ukraine. And it's ready to work and bring the results. Confidence is really crucial.

[The former Ukrainian Prime Minister] Yuliya Tymoshenko remains behind the bars despite Brussels' and European Parliament Members' repeated statements on the need for Ukraine to reform the Judiciary and solve the problems of selective justice on its way to the EU. How much, from London's point of view, is the Tymoshenko factor important for the signature and ratification of the Association Agreement?

It is important because it's one part of a broader area of concern that has become to be labelled as the issue of selective justice. We recognise that the position of Mrs Tymoshenko is, as we see it, one of the outcomes of the system of selective justice (<https://www.gov.uk/government/news/foreign-secretary-deeply-concerned-by-conviction-of-ukrainian-opposition-politician>). But we also are looking at how justice system handles not just high-profile people, but ordinary people or small businesses. We are concerned about what we have heard from a lot of people in this country who say that if they go to courts to defend their interests, they cannot be sure that what they'll meet in the courts is an independent system that will adequately defend their rights and freedoms, be it their personal freedoms or their freedom to promote their business opportunities. That is why the UK has always focused on the questions of the institutional change, on the extent to which an independent judiciary can guarantee protection of people's rights and freedoms and can increase the status that the law has in people's lives.

From that point of view, we're very interested in seeing actions which will convincingly combat corruption and strengthen independence of the Judiciary in Ukraine. We are also interested in the ways in which some of the judicial institutions, in particular, the Prosecutor General's Office's role can be adjusted. The latter too can be an institution that acts independently and inspires confidence in the people, rather than an institution which at the moment appears unsatisfactorily to struggle two different branches of government. It seems to act as an executive body, on the one hand, but also as a judicial body, on the other. But again, that's one part of a whole range of judicial reforms which we hope can continue and can fundamentally address these concerns about selective justice. If these systemic issues can be put right, I think it will create an environment in which people, organisations and businesses in Ukraine can be much more successful. It comes back to creating the conditions which can make it easier for a country of Ukraine's immense potential actually to achieve that potential in future.

How do British investors assess Ukraine's investment climate at present? In which sectors of Ukraine's economy are they prepared to invest their money?

Starting first with the sectors of the economy, I'll take a very recent high-volume example – the signing of the production-sharing agreement with Shell to develop gas fields in the Eastern part of Ukraine and to launch this very significant unconventional gas exploration project. That is one example of where a British investor has looked at the potential in Ukraine's oil and gas sector and thought this was worth investing in. Another sector is agriculture. It's recognised by the whole world that the potential of the agriculture sector in Ukraine is immense, and we have a number of examples of interest in the agricultural sector by the British investors. I'll also mention the IT and the pharmaceutical sectors where the British investors are active.

However, I feel that UK-Ukraine business is still disappointingly low in volume if you look at Ukraine's size, the numbers of its consumers and so on. One of the reasons for this is that I sense the British investors are cautious about the Ukrainian environment. Because of concerns about the application of the commercial law, corruption and unpredictability of the business climate, I think that comparatively Ukraine is a country in which British businesses are underinvested. But the investors will look very carefully to see what progress has been made on issues like corruption and corporate raiding. And if they see that real action has been taken, this will increase confidence and bring more investment to Ukraine.

There is also another aspect I'd like to mention in this context. Recently I have been talking to a number of charity institutions who are bringing humanitarian assistance to Ukraine, and I am concerned about the problems that they were having with rather unpredictable and unjustified demands being made on them to stop their goods coming in to Ukraine. Again, this is a range of negative signals that are being sent to organisations keen to participate in activities which will help transform people's lives in Ukraine.

In all areas of cooperation we would like to see some of the bureaucratic barriers broken down. We all recognise that there is a place and a function for regulation and control for business activities to work according to a set of clearly defined laws. But we need to see those laws unambiguously drafted and clearly applied, and we need to see them not vulnerable to being bent in favour of one particular business interest, either through the courts which are not sufficiently independent or through corrupt transactions, and so on. There's a whole range of areas where through the process of reforming institutions we hope that this level of confidence of organisations and businesses that want to operate in Ukraine can be raised.

The Conservative Party's Members recently tabled a bill on the referendum regarding the UK's exit from the EU. Why is euro-scepticism spreading amongst the British politicians and people? What positive or negative consequences can a EU exit bring for the UK? And why?

It's very important to point out that the British government is absolutely not contemplating an exit from the EU. Prime Minister David Cameron made an important speech in January this year (<https://www.gov.uk/government/speeches/eu-speech-at-bloomberg>). He made very clear it's not about Britain leaving the EU. What it's about ensuring that the EU is an institution that will continue to inspire the confidence and the commitment of European populations in the future. And for that reason it seems to us that the EU which is static and unchanging is not good for our populations. We need a EU which is dynamic and takes account of the needs of populations, which does what it does well, and continues to do that, but recognises that there are activities that it doesn't need to be involved in.

One of the projects that the British government has launched is the review of the balance of competences in the EU (<https://www.gov.uk/review-of-the-balance-of-competences>). Some of those are areas of policy where acting collectively makes us stronger and more effective. But others are areas where lots of the population will think why this decision is being made in Brussels when it could perfectly be made in London, Bristol, Liverpool or anywhere locally. We think that it could be quite dangerous for the EU, if it carries on expanding its reach and decision-making power without regard to the concerns of various European populations. If it continues to do so, we think there is quite a danger that it will lose the confidence in populations. And that was pretty much what David Cameron made clear in January and in many public statements since then. He said in order for the EU to be successful in future it had to retain the confidence of European people, and in order to do so it needs to be doing effectively what it does well but it needs to be staying out of business where it doesn't need to be involved in decision-making. You have, for example, big-ticket issues like free trade agreements with Brazil, the USA, Japan or Ukraine, where we're comfortable with the EU negotiating as one body. But a lot of European populations are not so comfortable with the EU saying this is the way you must run your police force and so on. So our government is trying to look at the balance of competences to say what is best for the EU to continue to do and where actually it's much better, for the sake of democratic credibility, for some decisions to be made at local level rather than out there in Brussels.

What does the British body politic think of the idea of diversifying energy supply by developing unconventional methods of gas and oil extraction? Is there a public debate in the UK about shale gas as an alternative source of energy?

Yes, there is a public debate, and I think it's quite a well-informed debate. Over the last 40 years or so the British population has been progressively informed about the issues of energy supply. It's been very strong in the consciousness of people like me who grew up in 1970th when Britain was beginning to exploit its own supplies of oil and gas in the North Sea. People were very conscious of what a difference that made to the British economy. But they were also conscious of how over time that recourse would become less and less productive and how different decisions needed to be made on energy supply. Further, nuclear power industry in the UK has for 50-60 years been the subject of public debate also, and successive governments have taken care to carry out public consultations involving expert opinion and to recognise that nuclear power is an issue over which populations have particular concerns and where they have a right to receive expert explanations on the relative risks and opportunities in developing that source of power. Against that background, the debate about unconventional gas is in a sense nothing new for British people. They are used to a very serious and open debate about energy and where energy comes from.

Some of the same questions will apply when people look at shale gas, unconventional gas or nuclear power. They'll say yes, we understand that this potentially could be a very new source of energy and play an important part in shaping up a reasonable level of self-sufficient energy supply. For that reason we think it's important to look seriously at what the opportunities are. But at the same time we need people looking objectively and honestly at the risks. You have heard probably that there was concern in earlier phases of experimental exploration of shale gas methods about whether they would increase the risk of earthquakes. It's that sort of questions that people need objective expert opinion on. The British government is keen to take forward these public debates to say let's make our decisions not on the basis of rumour or mythologies, but let's ensure that we make the best decisions in the interests of our future and the safety of our population on the basis of the facts and the science. There is quite a robust view in the UK of the opportunities in unconventional gas and that there is an appreciation that risks can be effectively managed. I think that what a lot of people forget is that the techniques for exploration of unconventional gas have been around for a long time. Some of these techniques, such as hydraulic fracturing, have been engaged in various countries of the world, including in the former Soviet Union and the countries which succeeded it. So, this is not a new and scary technology but it's one that in some ways like all other oil and gas exploration technologies requires that its risks are looked into properly and objectively and are managed effectively.

The UK is now tightening its immigration policy following recent cases involving Islamists. Does it mean that Britain became more closed to the world and foreigners?

No, absolutely not. I think that like many other countries in the world we are suddenly not going to stop having a clear and strong migration policy. Certainly, our government wants to feel that it has a clear sight of who's coming into the country, who's going out and so on. It also wants to make sure that Britain is a country that is open to people with investment or talent. We are open to students, businesses and people who simply want to come and visit our country. We hope they are going to like our country. We would be the last people actually to say that we're not interested in people visiting our country.

Certainly, we will want to make sure that our country is adequately protected against existing and new threats. But it's one set of issues. We want to be a country that is open to the world. Yes, this is a fact that for a lot of visitors there is a visa process that they have to go through. But the result of this is that 92% of the people who applied for UK visas in Ukraine last year were given visas. And that, I think, is very much part of a message that our country is open. The UK has a lot to offer visitors, and we want those visitors to keep coming, whether they are investors, students or tourists who are coming to see the sights, the museums or the football matches. We are very happy that they are coming and we certainly don't want to stop them from doing so.

Further information

Simon Smith's page (<https://www.gov.uk/government/people/simon-smith>)

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