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FOREIGN POLICY AUDIT: UKRAINE- SWEDEN

DISCUSSION PAPER





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1. INTRODUCTION

In official statements, Sweden is consistently named not only an ally, but also one of the closest friends of Ukraine in the EU. Kyiv appreciates the strong position of Sweden in support of the sovereignty and territorial integrity of Ukraine under Russian aggression. There are no differences in positions on Ukraine between the major parties of the country, and most Swedish people have no doubt of Russia's responsibility for the military conflict in Donbas. Moreover, Sweden is also one of the major donors to Ukrainian reforms.

Swedish taxpayers fund implementation of numerous projects in Ukraine in such fields as public administration, judicial, financial, and energy sectors, as well as programs aimed at supporting the civil society, decentralization, anti-corruption reforms, introduction of energy saving technologies, etc. Sweden belongs to the circle of foreign friends of Kyiv that have been actively supporting democratic reforms and European integration of Ukraine for over two decades.

Nevertheless, Swedes, like other European partners of Ukraine, were burned and disappointed after the 2004 Orange Revolution, when Sweden increased the volume of assistance to Ukraine by several times, becoming one of the leaders in terms of amount of political and economic investments in post-revolutionary Ukraine. Major Swedish companies and banks planned to expand their businesses in Ukrainian market. Even numerous failures, rollbacks in reforms, and strengthening of authoritarian tendencies in Ukraine in 2010-2014 have not forced Sweden to abandon support for Ukraine and its European future. After the victory of Viktor Yanukovich on the presidential elections, Stockholm made every effort to establish contacts with the new government, simultaneously increasing support for the civil society. Perhaps, this is the only investment that paid for itself. As predicted by the Swedish donors, civil society has become a major agent of change in late 2013.

After the Revolution of Dignity, Swedish-Ukrainian cooperation has got a second wind. Stockholm considered and still considers European integration as a key instrument for the preservation of democratic and economic development of the EU's neighbors. Therefore, the purpose of the large-scale Swedish assistance program for Ukraine

is strengthening Ukrainian institutions and implementing economic reforms aimed at successful implementation of the Association Agreement and the FTA with the EU.

The interests of Sweden toward Ukraine are as follows:

- restoration of peace and security in the region, which is impossible without strong and prosperous Ukraine;
- successful democratic and economic transformation of Ukraine as a trigger for changes in other Eastern Partnership states;
- introduction of high standards for the protection of human and minority rights as the basis of Ukraine's European integration and a positive example for other countries in the region;
- development of trade and economic cooperation, including through the expansion of contacts between Ukrainian and Swedish companies; increase in amount of Swedish investments.

The interests of Ukraine toward Sweden are as follows:

- support for the efforts of Ukraine to counter Russian aggression and principled position on maintaining the sanctions against Russia on the international level;
- support for Ukraine's European integration and the open-door policy within the EU;
- long-term support for reforms and programs aimed at overcoming the impact of military aggression, particularly as an example for other partner countries of Ukraine;
- increase in the amount of Swedish investments and Ukrainian exports to Sweden; expansion of major Swedish companies to Ukrainian market, which would improve Ukraine's image among foreign investors;
- hardline stance on Russian energy projects that undermine the position of Ukraine as a transit country for Russian natural gas to the EU.

Any discussion of Ukrainian-Swedish relations is complete without mentioning the historical ties between the two nations in medieval

and early modern periods. We refer to both “Swedish diplomacy” of Ukrainian Hetmans (Bohdan Khmelnytsky, Ivan Mazepa), who sought an alliance with Sweden and more ancient past, strong dynastic and economic ties between Kyivan Rus and medieval Sweden. According to the Norman theory of the origin of Rus, all its princes had Varangian origins. Although the theory that the state on the territory of medieval Rus emerged due to the Vikings from Scandinavia is still debated (especially in Russia), historical sources testify undeniably close contacts between Rus and the Viking state. Suffice it to mention the dynastic ties, in particular Yaroslav the Wise was married to Swedish Princess Ingegerd.

In 2008, President Viktor Yushchenko even decided to celebrate the 300th anniversary of the Mazepa’s union with Swedish King Carl XII at the national level as a manifestation of independent and European aspirations of Ukrainians¹. The visit of King Carl XVI Gustaf and Queen Silvia to Ukraine has become the culmination of the re-discovered historic union. In Ukrainian history, the “Swedish story” remained an unrealized alternative to the aggressive policies of neighboring states, a reason to try to another “what if” dream. Visiting the Swedish archives and museums, where Hetman mace and the only known original copy of Pylyp Orlyk’s Constitution are kept, remain obligatory activities for Ukrainian leaders visiting Sweden.

¹ On October 9, 2007, Viktor Yushchenko has issued the Order “On Commemoration of the 300th Anniversary of the Events Associated with the Military and Political Actions of Hetman of Ukraine Ivan Mazepa and Signing of the Ukrainian-Swedish Alliance.” Available at: <http://zakon2.rada.gov.ua/laws/show/955/2007>

2. INTERESTS OF SWEDEN TOWARD UKRAINE AND INTERESTS OF UKRAINE TOWARD SWEDEN: POINTS OF INTERSECTION

2.1. SWEDISH VALUE-BASED FOREIGN POLICY AND UKRAINE’S PLACE IN IT

Sweden belongs to the small group of countries that base their foreign policy on the value base of human rights, democracy, and international cooperation. Appeals to the values in the statements of Swedish leaders are not rhetorical figures or declarations of intent, but direct determination of the nature and objectives of Swedish policies. International law and democratic values are the fundamental principles of Swedish interests in relations with other countries. Sweden remains the global leader in development policies. According to the plans of the Swedish Government, the volume of development assistance should amount 1% of Swedish gross national income. The volume of Swedish annual humanitarian aid amounts SEK 6.5 billion (over USD 742 million), which places Sweden seventh among the world’s major donor in absolute terms. Swedish aid is focused on efforts to strengthen peace and state-building in weak countries².

Sweden opposes selfishness and isolationism in foreign policy. According to the Ministry of Foreign Affairs of Sweden, Sweden’s foreign policy must be active, fearless and constructive³. The motto of this policy is “what is good for the world is good for Sweden.” Currently, the main foreign policy priority of the Government is to preserve principled and cohesive European Union, “the most important foreign policy arena” for Sweden. In the 2017 “Statement of Foreign Policy,” Swedish Government stressed their commitment to make the utmost efforts to strengthen the European project. One of the key principles

² Sweden’s Statement of Foreign Policy, 15 February 2017. Available at: <http://www.swedenabroad.com/en-GB/Embassies/Washington/Current-affairs/News/The-Swedish-Statement-of-Foreign-Policy-2017-sys/>

³ Statement of Government Policy in the Parliamentary Debate on Foreign Affairs, 24 February 2016. Available at: <http://www.government.se/speeches/2016/02/statement-of-government-policy-in-the-parliamentary-debate-on-foreign-affairs-2016/>

for Sweden in the EU is solidarity, which is under threat due to rise of populism and nationalism in some EU member states.

In the midst of the migration crisis, Sweden provided shelter for nearly 240 thousand refugees (in 2014-2015); one third of them were Syrians⁴. This figure is even more impressive if we consider that the population of Sweden is 10 million people. Government spending on sustaining the refugees had drastically increased from 1.1 billion dollars in 2014 to 2.4 billion dollars in 2015⁵. Although migrant influx has subsided, Swedish government believes that the country will further receive about 34.5 thousand asylum applications every year.

In these challenging conditions, Stockholm has become one of the loudest advocates of a common EU migration policy based on the shared responsibility of the EU member states and respect for the human right to asylum. At the same time, Sweden calls “the great powers” to take more decisive actions to address the root causes of migration. Setting the example, Sweden has doubled the amount of assistance to Middle East and North Africa over the last three years⁶. In 2017, allocations to the countries affected by conflict have reached over 152 million dollars (in addition to humanitarian aid)⁷. Another important priority in Sweden’s international efforts is to combat discrimination against women, expand their access to resources and participation in decision-making. Today, the feminist foreign policy is an integral part of all activities of the Foreign Ministry of Sweden around the world. Stockholm is actively working on increasing role of women in preventing and resolving conflicts, in particular through establishment of women mediators network.

Deterioration of security situation forced Swedish leadership to review their security and defense policies dramatically

⁴ Swedish Migration Agency. Available at: <https://www.migrationsverket.se/English/About-the-Migration-Agency/Facts-and-statistics-/Statistics.html>

⁵ Open Aid, an information service about Swedish aid built on open government data. Available at: <https://openaid.se/aid/sweden/refugees-in-sweden/2014/>

⁶ New strategy for Sweden’s Humanitarian Aid (January 2017). Available at: <http://www.government.se/articles/2017/02/new-strategy-for-humanitarian-aid/>

⁷ What are Sweden’s Strategic Priorities for Development? Donor Tracker. Available at: <https://donortracker.org/countries/sweden/2q>

Stockholm regards the Russian aggression against Ukraine as the greatest challenge to European security since the World War II. In the last few years, Sweden has faced the increase of Russian military presence in the Baltic region, invasions of Russian fighter aircrafts in Swedish airspace, and simulated nuclear attack against Sweden⁸. Deterioration of security situation forced Swedish leadership to review their security and defense policies dramatically. For the first time in more than two decades, the Government approved significant increase in funding for the Swedish Armed Forces (11%). In total, over five years, from 2016 to 2020, defense spending will reach SEK 224 billion (about 25.5 billion dollars)⁹. A key element of Swedish defense policy is strengthening cooperation in the Nordic region, and with the Baltic States (the area of core Swedish interests), as well as with the NATO. Decision has been made regarding stationing of military forces on the island of Gotland. In fact, Swedish Government has directly stated that their armed forces are prepared for military aggression and defined scenarios of potential military threats.

Aside from the show of force, Russia uses underhand methods, including cyber-attacks and disinformation, interpreted by Swedish politicians as a “psychological warfare.” Information attacks in Sweden have become the subject of detailed analysis by Swedish experts¹⁰. The purpose of the attacks, according to them, is to influence Swedish public and politicians, in particular to prevent country’s accession to the NATO. Destabilization of Swedish public is sustained by various methods, from the “troll army” in Swedish Twitter, attacks on accounts of Swedish officials and public figures to spreading obviously false documents. The researchers have identi-

Aside from the show of force, Russia uses underhand methods, including cyber-attacks and disinformation, interpreted by Swedish politicians as a “psychological warfare”

⁸ Why Is Russia Getting So Aggressive Toward Sweden? Vice, 20 October 2014. Available at: https://www.vice.com/en_us/article/why-is-russian-military-hanging-out-on-swedish-territory

⁹ The Swedish Defence Bill 2016-2020. Available at: <http://www.government.se/government-policy/defence/the-swedish-defence-bill-2016-2020/>

¹⁰ Martin Kragh, Sebastian Åsberg. Russia’s Strategy for Influence through Public Diplomacy and Active Measures: the Swedish Case // *The Journal of Strategic Studies*, 2017. Available at: <http://www.tandfonline.com/doi/abs/10.1080/01402390.2016.1273830?journalCode=fjss20>

fied 26 cases of spreading of fake letters and other documents¹¹. One of them, supposedly signed by the Defense Minister, spoke about selling armaments to Ukraine, and the other told about efforts to prevent the punishment of a citizen of Sweden for war crimes committed in Ukraine. In 2016, false news appeared that Carl Bildt should become the Prime Minister of Ukraine. Given his controversial reputation in leftist circles, such a move could trigger a backlash in a certain part of Swedish society. Russian information attacks forced Swedish leadership to “wake up” and initiate public debates on foreign interference in the internal politics. Sweden supported establishment of the Center for Countering Hybrid Threats in Helsinki and NATO Strategic Communications Centre of Excellence in Riga.

Russia's aggressive actions have led to significant increase in the number of supporters of Sweden's accession to the NATO, from 29% in late 2013 to 41% in 2015¹². Some Swedish politicians believe that new security conditions force Sweden to consider joining the Alliance. However, such a move requires consensus among both Swedish society and political forces, which is lacking currently. In official documents, the Government defines that “Sweden's non-participation in military alliances complies with the interests and needs of the country, and contributes to stability and security in northern Europe.”¹³ However, along with popularization and strengthening the armed forces, the Government promotes more close cooperation with the Alliance. It is indicative that the majority of Swedes are ready to support Swedish participation in the NATO military operations (54%), especially if those are supported by the United Nations (60%)¹⁴. The

11 *The Local*, 7 January 2017. Available at: <https://www.thelocal.se/20170107/swedish-think-tank-details-russian-disinformation-in-new-study>

12 *New Swedish Poll Shows Sharp Increase in Support for NATO Membership*. Available at: <http://www.atlanticcouncil.org/blogs/natosource/new-swedish-poll-shows-sharp-shift-in-nato-support>

13 *Statement of Government Policy in the Parliamentary Debate on Foreign Affairs*, 11 February 2015. Available at: <http://www.regeringen.se/contentassets/98c376175ed047e4b851715fb0a8541a/statement-of-government-policy-in-the-parliamentary-debate-on-foreign-affairs-2015>

14 *Transatlantic Trends. Country Profiles: Sweden 2014*. Available at: <http://trends.gmfus.org/transatlantic-trends/country-profiles-2014/country-profiles-sweden-2014/>

Government of Sweden is also an active promoter of strengthening the Common Security and Defense Policy of the EU and expanding the role of the Union in resolving the crises around the world (crisis management capabilities). This approach is supported by the citizens since over 76% believe that the EU should be a strong leader.

There are no differences in positions on providing assistance to Ukraine and supporting it at the international level among the major political parties of Sweden. Government policies have *three parallel tracks*: coordination of the EU's measures against Russian aggression, supporting Ukraine in implementing reforms, and efforts on long-term peaceful development in the region¹⁵. During her visit to Kyiv in November 2014, Swedish Foreign Minister Margot Wallstrom stressed that Sweden considers Ukraine as an important partner in eliminating tensions and facilitating peaceful development in the region. Moreover, Sweden makes efforts to convince its partners within the EU to maintain political and financial support for Ukraine. In 2015, Stockholm has allocated USD 100 million bilateral loan for Ukraine, and Prime Minister of Sweden Stefan Lofven expressed the hope that other countries would take the example of Sweden and increase their support for Ukraine.

There are no differences in positions on providing assistance to Ukraine and supporting it at the international level among the major political parties of Sweden

Sweden's unambiguous position on Ukrainian issues has led to open diplomatic confrontation with Moscow. The latter has not only accused Swedish leadership of a biased view on the conflict in Ukraine, but also stated that Sweden is one of the countries that are primarily responsible for development of this crisis¹⁶. Sweden advocates for maintaining the EU sanctions against Russia “as long as the rea-

15 *Margot Wallstrom, Foreign Minister of Sweden: Swedish Government Will Maintain Support for Ukraine*, *Ukrainska Pravda*, November 26, 2014. Available at: <http://www.pravda.com.ua/articles/2014/11/26/7045412/>

16 *The Local*, 11 March 2015. Available at: <https://www.thelocal.se/20150311/sweden-in-million-dollar-loan-deal-for-ukraine>

sons for their introduction remain.”¹⁷ (“until the Minsk agreements is fulfilled” in the Statement of Foreign Policy 2016). At the same time, Stockholm believes that EU unity on Ukraine will largely depend on the progress in reforms. The Swedish Government does not support the total isolation of Russia and emphasizes the need for a broader approach that would not contradict the principles and values of Sweden. Currently, the long-term strategy of Sweden toward Russia is to maintain political dialogue, which should encourage cooperation instead of confrontation, and develop the people-to-people contacts.

Sweden advocates for maintaining the EU sanctions against Russia “as long as the reasons for their introduction remain”

One of the vital issues for Ukraine is the construction of the Nord Stream 2 pipeline in the Baltic Sea, which would allow Gazprom to increase gas supply to the EU bypassing Ukraine. During his visit to Sweden in November 2016, President Petro Poroshenko emphasized that Ukraine counts on Sweden’s principled position on the OPAL and Nord Stream 2 projects, as: “these are politically motivated projects with no economic sense.”¹⁸ In turn, the Swedish Government also expresses their dissatisfaction with the project and stresses that international and national legislation significantly restrict their potential impact on the construction. The pipeline does not go through the territorial waters of Sweden and passes through the exclusive economic zone, where state jurisdiction is limited¹⁹. However, Gazprom has been counting on Sweden infrastructure, and the island of Gotland and the city of Karlshamn received an offer to lease their ports. Since both harbors are located in strategically important areas, military and intelligence services, as well as the center-right opposition in the Parliament, opposed the offer. After several months of negotiations,

the island of Gotland, where a port used by Swedish Armed Forces is located, declined Gazprom’s proposition, while Karlshamn responded positively²⁰. According to the analysts, Gotland’s refusal should not hurt the project.

While stressing their limited capacity, Swedish leadership joined the critical voices of opponents of the Nord Stream 2 at the EU level. Swedish Prime Minister Stefan Lofven was among the initiators of the appeal to the European Commission on the need to evaluate the project against interests of the EU and the situation in Ukraine²¹. In the letter of response of March 28, the European Commission reported about the plan to obtain the mandate of the Council of the European Union to negotiate with Russia on the Nord Stream-2. Given the fundamental contradictions between the EU member states on the project, the task is extremely difficult. Brussels (as well as the Swedish Government) recognizes that the project is not consistent with the goals and interests of the Energy Union, including the diversification of energy sources; however, European leadership makes it clear that there are no hard and indisputable legal arguments against the construction²². Kyiv should maintain an active dialogue with Sweden and other countries opposing the pipeline in order to sustain the pressure at the EU level.

The current political level of contacts between Sweden and Ukraine is slightly lower compared with the period when the Swedish Foreign Ministry was headed by Carl Bildt. As one of the initiators of the Eastern Partnership, he devoted a significant part of his attention to Ukraine, the biggest country of the initiative. Due to his efforts, Sweden has turned into one of the major advocates and mentors for Ukraine on its path toward European integration, while countering any attempts to cast doubt on European future of Ukraine in Kyiv, Brussels, or Moscow.

¹⁷ *Sweden’s Statement of Foreign Policy, 15 February 2017. Available at: <http://www.swedenabroad.com/en-GB/Embassies/Washington/Current-affairs/News/The-Swedish-Statement-of-Foreign-Policy-2017-sys/>*

¹⁸ *Press Service of the President of Ukraine, 14/11/2016. Available at: <http://www.president.gov.ua/en/news/shveciya-ye-nashim-nadijnim-partnerom-idrugom-prezident-38736>*

¹⁹ *The European Commission is Ready to Talk to Russia about Nord Stream 2. Available at: <https://www.osw.waw.pl/en/publikacje/analyses/2017-04-05/european-commission-ready-to-talk-to-russia-about-nord-stream-2>*

²⁰ *Offshore Energy Today, February 1, 2017. Available at: <http://www.offshoreenergytoday.com/nord-stream-2-pipeline-gets-swedish-support-after-all/#>*

²¹ *EU Observer, 3/11/2016. Available at: <https://euobserver.com/nordic/135739>*

²² *Reuters, 30/03/2017. Available at: <http://uk.reuters.com/article/uk-russia-gazprom-eu-pipeline-idUKKBN17034H>*

Today, Sweden continues providing substantial assistance and support to Ukraine; however, it should be noted that to some extent Kyiv has lost the priority status in Swedish foreign policy. The Eastern Partnership retains its importance, especially in the context of security and promotion of peace in the region²³, but its future remains uncertain. In last few years, Stockholm has primarily focused on solving internal problems of the EU and global development. Meanwhile, Kyiv also directs its main efforts in other areas, not forgetting, however, about its strategic friend in the North.

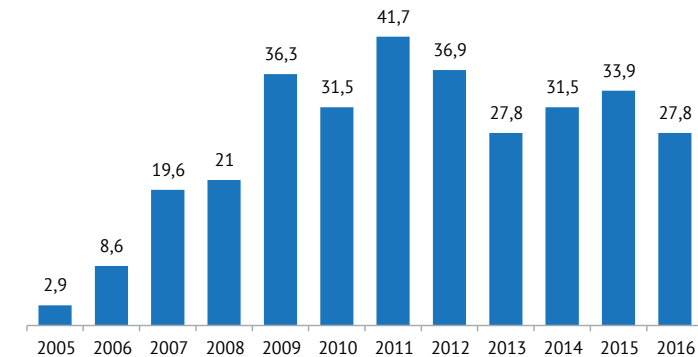
2.2. SWEDEN AS AN IMPORTANT DONOR OF UKRAINIAN REFORMS

Since the Orange Revolution, Sweden has invested in Ukraine a lot in terms of both diplomacy and funding. Since 2005, the amount of Swedish assistance to Ukraine has been increasing steadily, reaching the peaks in 2009 (USD 36.3 million) and in 2011 (USD 41.7 million)²⁴. However, the lack of political will to implement reforms against the backdrop of changes in foreign policy vector after 2010 has buried numerous ambitious Ukrainian-Swedish projects and initiatives. Cooperation between Sweden and Ukraine in the development sphere included reforms in those areas where Kyiv had made commitments to the EU. The main goals of Swedish aid in 2009-2013 were strengthening integration with the EU in the area of democratic governance and human rights, as well as efficient exploitation of natural resources and environmental protection. Later, this list has been complemented with economic reforms, while in 2014, Sweden has begun providing humanitarian aid to internally displaced persons (EUR 3,2 mln in 2016).

²³ *Statement of Government Policy in the Parliamentary Debate on Foreign Affairs, 24 February 2016. Available at: <http://www.government.se/speeches/2016/02/statement-of-government-policy-in-the-parliamentary-debate-on-foreign-affairs-2016/>*

²⁴ *Open Aid, an information service about Swedish aid built on open government data. Available at: <https://openaid.se/aid/sweden/ukraine/>*

Figure 1. Sweden's aid to Ukraine, USD million²⁵



Today, assistance for Ukraine is regulated by Sweden's Strategy for Reform Cooperation in Eastern Europe, the Western Balkans and Turkey for 2014-2020²⁶. Stockholm has allocated SEK 8 billion (about 905 million dollars) to fund the Strategy. Funding for Ukraine amounts 175 million euros for various projects and programs for seven years²⁷. In terms of received aid Ukraine is an absolute leader not only among the countries of the Eastern Partnership, but also in comparison to the Western Balkans and Turkey.

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The Strategy emphasizes that Swedish aid should strengthen the EU programs, particularly those implemented through the European Neighborhood Instrument. Furthermore, Sweden often serves a coordinator for initiatives involving several donors.

²⁵ *Ibid.*

²⁶ *Sweden's Strategy for Reform Cooperation in Eastern Europe, the Western Balkans and Turkey for 2014-2020. Available at: http://www.swedenabroad.com/ImageVaultFiles/id_26971/cf_347/-_-_-2014-2020.PDF*

²⁷ *UNIAN, 1/04/2014. Available at: <https://economics.unian.net/finance/902869-shvetsiya-za-shest-let-dast-ukraine-175-mln-evro.html>*

Expected results of Swedish development assistance:

- closer economic integration of Ukraine in the EU and development of market economy;
- strengthening of democracy, improvements in respect for human rights and further development of the state based on rule of law (in particular, increase in efficiency and transparency of public and judiciary authorities);
- improvements in environmental situation, reduction of negative impact on climate and increased resistance to environmental influences.

During her visit to Ukraine in April 2014, Minister for International Development and Cooperation Hillevi Engstrom stressed that Sweden's support is long-term and reliable²⁸. According to her statement, Swedish Government sees a new momentum for change in Ukraine and commits to maintain substantial support for Ukraine's integration into the EU.

Through the support of initiatives of the World Bank and the European Bank for Reconstruction and Development, Sweden contributes to the implementation of *economic and institutional reforms*. As defined in the Strategy, in order to benefit from the FTA, the state needs to improve competitiveness in business, particularly among small and medium enterprises. The initiatives aimed at entrepreneurship development comprise an important part of efforts to establish a favorable business climate, increase productivity, and reduce unemployment²⁹.

Another important part of Sweden activities is the *support for human rights organizations* in Ukraine as a part of global efforts to improve the situation with human rights, gender equality, and protection

²⁸ *The Statement by the Swedish Minister for International Development and Cooperation on development in Kyiv, April 2, 2014, Embassy of Sweden in Ukraine. Available at: <http://www.swedenabroad.com/uk-UA/Embassies/Kiev/-4/1/-----sys/>*

²⁹ *Project List Ukraine, January 2016. Available at: http://www.swedenabroad.com/ImageVaultFiles/id_37487/cf_347/Project_list_Ukraine_January_2016.PDF*

of vulnerable groups (minorities, LGBT communities, etc.). Sweden supports Kharkiv Human Rights Group, Ukrainian Helsinki Human Rights, and Gay Alliance Ukraine; the latter's goal is to raise awareness of the rights of LGBT people in Ukraine. In order to promote gender equality, Sweden supports the National Democratic Institute, research activities of which are aimed at increasing the participation of women in politics.

Sweden considers civil society as a driving force for change in Eastern Europe countries and the catalyst for their democratic development. For this very reason, Sweden has allocated considerable resources to support projects aimed at *strengthening the capacity and sustainability of non-governmental organizations*, including the media, independent think tanks, human rights and environmental organizations, etc. In this context, we should note the unprecedented program "Think Tank Support Initiative" implemented by the International Renaissance Foundation in partnership with Think Tank Fund. This program was aimed at strengthening the technical, organizational, and adaptive capacities of the civil society organizations. The program included several years of support for several organizations to help them achieve their strategic objectives. In 2015, 13 Ukrainian non-governmental organizations, including the Institute of World Policy, have been selected to participate in this program.

Another priority area of Swedish aid is *decentralization*. In this context, Sweden supports cooperation between the Swedish Association of Local Authorities, the regions and the Ministry of Regional Development of Ukraine in terms of providing expert advice, organizing training visits and seminars for Ukrainian officials to study not only Swedish experience of decentralization, but also the experience of other EU member states. The e-governance, implemented, in particular, through Swedish assistance, has become an important step towards greater transparency of the authorities, reduction of opportunities for fraud, and improvements in quality of service.

The third priority for Sweden in Ukraine is improvements in *environmental protection*, including more efficient exploitation of natural resources. Energy independence, especially under Russian aggression, has become a matter of national security and one of the most urgent issues for Ukraine. Sweden is actively involved in improving the

quality of utility services in residential buildings of Ukraine. In particular, Sweden is the initiator and the second (after the EU) largest contributor in the Eastern Europe Energy Efficiency and Environment Partnership (ESP), a donor fund for municipal investments in energy efficiency and environmental projects. Another important platform is the DemoUkraine program implemented by the NEFCO, providing improvement of energy efficiency in centralized heating systems. The citizens of Ivano-Frankivsk have already experienced the results of those efforts. With the support of Sweden, the city has modernized several boiler stations (EUR 5 million of total investments).

Figure 2. Swedish assistance to Ukraine in 2016, USD³⁰

Governance, democracy, human rights, and gender equality	12.2 million
Humanitarian aid	5.9 million
Environmental protection	3.5 million
Banking and financial services	3.2 million
Energy production and supply	2.5 million
Unspecified	676 thousand
Education	534 thousand
Communications	486 thousand
Social infrastructure and services	94.9 thousand
Business and other services	34.8 thousand
Health care	26.9 thousand
Trade policies and tourism	6.4 thousand
Population policies	3.9 thousand
Conflict prevention and resolution; security	44 thousand
Multi-sector	1.3 million

³⁰ SIDA, *Development Cooperation with Ukraine*. Available at: <http://www.sida.se/English/where-we-work/Europe/Ukraine-/Cooperation-in-figures/>

In cultural and educational spheres, numerous projects are implemented with the support of the Swedish Institute. Representing Sweden and Swedish achievements abroad, the Swedish Institute operates within the framework of public diplomacy in order to expand people-to-people contacts and promote democratic values. In Ukraine, the Institute funds individual projects (including the ones aimed at strengthening the independence of regional media), and supports student and academic exchanges between Ukrainian and Swedish universities (Royal Institute of Technology in Stockholm, Uppsala and Lund Universities). For the academic year of 2017-2018, 138 Ukrainian students have received the Visby Programme scholarships to obtain Master degrees in Sweden, which is the highest number among the Eastern Partnership countries and Russia³¹. With the support of the Swedish Institute, departments of Scandinavian languages and culture are operating in Taras Shevchenko Kyiv National University and Ivan Franko Lviv National University.

The World Childhood Foundation, founded by Queen Silvia of Sweden, is funding numerous projects to help Ukrainian children, including ones from the ATO zone³². Furthermore, the Government of Sweden has allocated funds to procure modern microsurgical equipment for treatment of soldiers wounded in the ATO zone in Dnipro hospital. Sweden also participates in the activities of the NATO Trust Funds in Ukraine aimed at medical rehabilitation and the Professional Development Program. Sweden is the sixth largest donor of humanitarian aid to Ukraine. Within the first two years of conflict, Sweden has allocated 10 million euros to help the victims in the conflict area and displaced persons and improve the health care (UNHCR, UNICEF, OCHA, NRC, and ICRC projects).

Sweden is the sixth largest donor of humanitarian aid to Ukraine

³¹ *Swedish Institute Scholarship Programmes, Visby Programme - 2017/2018*. Available at: <https://eng.si.se/wp-content/uploads/sites/4/2017/04/List-of-successful-candidates-Visby-Programme2017.pdf>

³² *Embassy of Ukraine in the Kingdom of Sweden*. Available at: <http://sweden.mfa.gov.ua/ua/ukraine-sweden/diplomacy>

2.3. SEPARATING FRIENDSHIP FROM BUSINESS:
THE FATE OF SWEDISH INVESTORS IN UKRAINE

Ukrainian officials often mention that Sweden is the largest trade and economic partner of Ukraine in Northern Europe, while Swedish companies were among the first foreign investors in Ukraine. However, this

The political partnership between Ukraine and Sweden has not yet received proper economic basis despite mutual efforts to change the situation

is only because the volume of economic cooperation with other countries in the region is scanty. Given the level of contacts and potential of the two countries, such comparisons seem unjustified. The political partnership between Ukraine and Sweden has not yet received proper economic basis despite mutual

efforts to change the situation. Both Ukrainian and Swedish sources note that over 100 Swedish companies have offices or distribution facilities in Ukraine. Although this figure is impressive, statistics on trade and investments demonstrate much less optimistic situation.

Ukraine's share of Swedish exports is only 0.3%, (compared to 0.1% of imports)

Ukraine's share of Swedish exports is only 0.3%, (compared to 0.1% of imports)³³. Sweden, in turn, ranks 20th with 1.1% of the total volume of bilateral trade between Ukraine and the EU member states. These

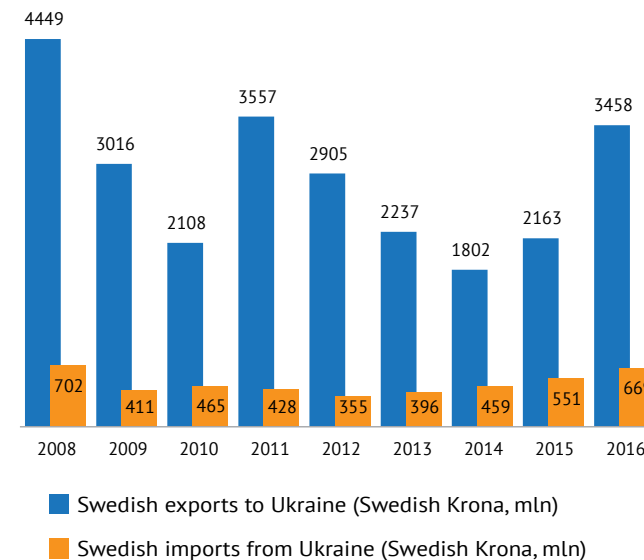
figures are more than modest, and moreover, there is a significant trade imbalance between the two countries. Swedish export to Ukraine exceeds Ukrainian exports to Sweden by five times. However, it should be noted that after a long period of decrease, which reached its peak in 2012-2014, a certain increase is observed in the volume of trade between the two countries.

In 2016, imports from Sweden amounted to about 385 million dollars (+60% compared to 2015), which is the highest figure since 2011. The basis of Swedish exports is machinery and mechanisms (70% of imports), chemicals, paper, and transport hardware. In 2016, the exports of the following commodities have increased significantly: power generating machinery, agricultural hardware, transport equipment, and food industry oils.

³³ Data provided by the Embassy of the Kingdom of Sweden in Ukraine.

In 2016, Ukrainian exports to Sweden have increased by 21%. Although the volume remains quite low (74 million dollars), it is the highest figure since 2008. Ukraine exports to Sweden engines and motors (24% of total exports), wood products (17%), printed products (15%), furniture, and transport hardware. Over the last year, the supply of paints, seeds, iron and steel, and minerals has decreased³⁴.

Figure 3. Bilateral Trade



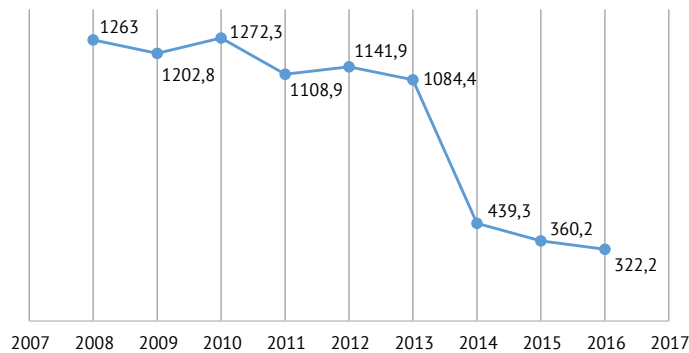
Since 2010, the amount of Swedish investments in Ukraine has been constantly decreasing. The sharpest drop occurred in 2013-2014, when the volume of investments decreased from 1.08 billion to 439 million dollars. For the first 9 months of 2016, the volume of Swedish investments in Ukrainian economy amounted

Since 2010, the amount of Swedish investments in Ukraine has been constantly decreasing

³⁴ Ibid.

to USD 329.4 million. The bulk of Swedish investments accounts for processing industry (217.7 million dollars)³⁵.

Figure 4. Swedish investments in Ukraine (USD, mln)



Source: State Statistics Service of Ukraine

Swedish companies that appreciate their reputation are suspicious toward investing in the country, which is regularly mentioned in connection with corruption and political scandals. As of today, Ukrainian Government has failed to reverse this trend and make Ukraine more attractive for Swedish investors, who are already disappointed in the

Investors are waiting for stable rules in the tax and judicial systems, as well as in business regulation

possibility of transparent and fair business in Ukraine. Investors are waiting for stable rules in the tax and judicial systems, as well as in business regulation³⁶.

³⁵ Embassy of Ukraine in the Kingdom of Sweden. Available at: <http://sweden.mfa.gov.ua/en/ukraine-sweden/trade>

³⁶ Novoye Vremya, 6/06/2016. Available at: <http://nv.ua/ukr/opinion/larsson/virnij-sojuznik-jak-utrimati-shvedski-kompaniji-v-ukrajini-141507.html>

The IKEA symbol

The Swedish company IKEA, which owns one of the largest networks of furniture shopping centers in the world, holds a special place in the history of Ukrainian-Swedish relations. For several years, Swedish furniture giant has been negotiating to enter Ukrainian market. It was not just about opening stores in major cities of Ukraine, but also about development of cooperation with Ukrainian furniture manufacturers.

Despite the promises made by top Ukrainian officials to promote the ambitious plans of IKEA, the company faced an impassable obstacle, the need to pay bribes to local officials³⁷. In the interview of 2010, the head of the Russian branch of IKEA Lennart Dahlgren stated that “IKEA has no money to pay bribes. Why the land is three times more expensive in Ukraine than in Moscow or London?”³⁸ He also claimed that corruption in Russia compared to Ukraine is “whiter than snow.” Finally, frustrated Swedish investors have postponed their Ukrainian plan for the indefinite future. The experience of IKEA, a company with global reputation, has become an alarm not only for Swedish businesses, but also for all foreign investors willing to operate in Ukraine. After the Revolution of Dignity, representatives of the new reformist Government have made several attempts to convince the management of IKEA that the situation has changed.³⁹ Although it is not a problem to purchase IKEA products in Ukraine via the Internet, opening Ukrainian office of the furniture giant would be an important step in improving the image of Ukraine.

Another indicative story has occurred in the banking sector with expansion of two Swedish banks, SEB and Swedbank, to Ukrainian market. In 2007, Swedish bank Swedbank has made a generous offer to Sergii Tigipko to sell TAS Commerzbank for 735 million dollars.

³⁷ Dashed Ikea Dreams Show Decades Lost to Bribery in Ukraine, 31/03/2014. Available at: <https://www.bloomberg.com/news/articles/2014-03-30/dashed-ikea-dreams-in-ukraine-show-decades-lost-to-corruption>

³⁸ Russian Reporter, 24/03/2010, №11 (139). Available at: http://rusrep.ru/2010/11/interview_dahlgren/

³⁹ The Local, 15 October 2015. Available at: <https://www.thelocal.se/20151015/plea-for-swedish-ikea-to-open-in-ukraine>

Expansion to the East (the Baltic countries, Ukraine, and Russia) led to significant losses, and Ukraine has become the most painful failure⁴⁰. After the financial crisis of 2008, in 2009 the provision ratio for impaired loans in Ukrainian subsidiary of Swedbank was 78 %, which an unprecedented figure. To save the bank, Swedes had to invest another 749 million dollars. Thus, “Ukrainian dream” has cost them USD 1.5 billion⁴¹. In 2011-2012, Swedbank has gradually closed retail business, and in 2013 sold all Ukrainian assets. SEB has also left retail banking business and only maintains its presence in Ukraine as a corporate bank.

Meanwhile, the most famous Swedish “success story” in Ukraine belongs to company Chumak, one of the major food producers in Ukraine. The company has been founded in 1996 by Swedish entrepreneurs Carl Sturen, Johan Boden and Tetra Pak founder Hans Rausing. Since then, Chumak has become a market leader and recognizable brand. In 2008, investment company Dragon Capital and Swedish investment fund East Capital have acquired 70% of shares in Chumak. The loss of Russian market has dealt a severe blow to the company: in 2015, losses amounted to UAH 336.6 million; however, as early as in 2016, losses have been reduced by half to UAH 167.6 million.

Today, the founder of Chumak Carl Sturen, together with Mats Lundin, President of the European-Ukrainian Energy Agency, is actively involved in development of wind power industry in Ukraine. Their company Vindkraft Ukraina owns and operates wind power plants with a total capacity of 30 MW in Kherson region: Novorosiysk WPP, Stavky WPP, and Berehova WPP. By late 2017, Vindkraft Ukraine plans to complete the construction of Novotroitske wind power plant with a capacity of 70 MW⁴². Moreover, the company plans to construct another wind power plant in Kherson region, in Overyanivka. Total investments in

⁴⁰ The loss for 2009 was SEK 6,1 billion. In Russia the net loss for the period amounted only to SEK 950 mln. For more visit: https://www.swedbank.com/idc/groups/public/@i/@sbg/@gs/documents/financial/cid_008528.pdf

⁴¹ *Forbes Ukraine*, June 2, 2012. Available at: <http://forbes.net.ua/magazine/forbes/1333015-prostaya-istoriya>

⁴² Press Service of Ukgasbank, 29/12/2016. Available at: http://www.ukgas-bank.com/press_center/news/11427-ukgazbank_nachal_finansirovanie_stroitelstva_odnoyi_iz_krupneyishih_vetrovyh_elektrostantsiyi_v_ukraine

the project are estimated at 220 million euros. Expected annual production of electricity at Novotroitske and Overyanivka wind power plants is about 470 GWh. After 2014, important amendments have been made to the legislation on competition in the field of alternative power sources. However, the lack of a favorable business climate prevents the attraction of foreign investments in the energy sector⁴³.

Major Swedish companies in Ukraine⁴⁴

- SKF Ukraine (Lutsk)
This bearing plant, owned by Swedish company SKF, employs over 1,300 people. 80% of production is exported to the EU.
- Ukrainian Lumber Mills (Rivne region)
This wood processing plant opened in April 2016 is the largest investment project in Rivne region in recent years. Swedish investments have already amounted up to 25 million euros.
- Electrolux Factory (Ivano-Frankivsk)
Every year, this factory produces 200,000 washing machines for both domestic market and exports to the EU.
- Lantmannen Agricultural Holding (Boryspil, Kyiv region)
Since 2000, Lantmannen Agricultural Holding has invested 15 million dollars in modernization of breakfast cereals factory in Boryspil.

Over the past few years, a series of business events have been organized in both Ukraine and Sweden to establish business contacts between Ukrainian and Swedish companies, as well as to present reforms implemented in Ukraine. The last of those events took place in late March 2017 when the Ukrainian trade mission led by Deputy Minister of Economic Development and Trade Natalia Mykolska visited Stockholm. The mission included 25 Ukrainian companies operating in such areas as food industry, furniture production, consumer industry, and IT. In June, the Swedish Embassy organizes the sixth regular Ukrainian-Swedish Business Forum. During the workshop “Open Tra-

⁴³ *Sweden in Ukraine // Business Ukraine magazine*, July/August 2015.

⁴⁴ *Embassy of the Kingdom of Sweden in Ukraine.*

de Gate Sweden,” Ukrainian manufacturers and exporters will be able to obtain detailed information on entering Swedish market.

Among the most promising vectors of cooperation are energy sector, given Ukraine’s urgent need for implementation of energy-saving technologies, development of alternative energy sources, and increasing the efficiency of existing energy producing facilities. Sweden is the undisputed world leader in this area: 26% of Swedish domestic energy needs are fulfilled by renewable energy sources. Furthermore, Swedish companies possess extensive experience and advanced technologies of modernization of centralized heating and water purification. Several Swedish companies (Atlas Copco, ABB, Alfa Laval, and Xylem) are already working on Ukrainian market, offering energy-efficient equipment for heating and water management.

As a world leader in eco-friendly waste processing, Sweden has much to offer Ukraine, from simple sorting line to technology of producing energy from waste

Another important vector is waste management. As a world leader in eco-friendly waste processing, Sweden has much to offer Ukraine, from simple sorting line to technology of producing energy from waste. Sweden currently recycles over 99% of the total amount of its waste, leaving only less than

1% to landfills. Moreover, Sweden procures waste from the neighbors for processing. During his official visit to Sweden in November 2016, President Petro Poroshenko visited the company Varteverket, which owns one of Europe’s largest advanced systems of centralized heating and electricity production.

Meanwhile, Ukraine suffers from overflowed landfills, which leads not only to environmental issues, but also to the loss of life. The tragedy on Velyki Hrybovychi landfill in Lviv region has forced the central and local authorities to address this national problem. Eight years ago, Ukrainian Government has tried to solve the problem of Ukrainian landfills with Swedish investments and technologies. In 2009, Ukraine and Sweden have signed a Memorandum of Intent for cooperation between local authorities of Ukraine and companies EcoEnergy Scandinavia AB and BiogasProm AB. It should have been a large-scale project of construction of waste recycling plants in 9 cities of

Ukraine⁴⁵. The first facility should have been constructed in Donetsk, but the works had been frozen since the beginning of hostilities. Today, local authorities of several cities plan to construct facilities to process waste into biofuel, which, however, requires considerable investments⁴⁶. As shown by the example of Lviv, it is impossible to solve this problem purely through the efforts of local authorities; a national program to attract foreign investments and technologies is required.

Other potential areas of cooperation include telecommunications, infrastructure modernization, and agriculture, including the supply of modern equipment and logistics development⁴⁷. Swedish investors are also interested in opportunities to open production facilities or businesses intended for export to the EU in such areas as wood processing industry, textiles, food processing, and production of hardware components.

The recent years have been marked by increased attention to the IT sector. In 2015, Swedish company Ericsson has purchased Polish-Ukrainian-Belarusian Company Ericpol with headquarters in Lviv. As a result, Ericpol has become the official Research and Development Center for Ericsson in Ukraine. The negotiations with Swedish company to invest in Ukraine have been initiated by Dmytro Shymkiv, Deputy Head of Presidential Administration, who contacted representatives of Ericsson at the Economic Forum in Davos. Swedish company Sigma Software is also expanding on Ukrainian market⁴⁸.

The recent years have been marked by increased attention to the IT sector

⁴⁵ Government Portal, 15/06/2009. Available at: http://www.kmu.gov.ua/control/uk/publish/article?art_id=222339845

⁴⁶ UNIAN, 15/09/2015. Available at: <https://economics.unian.ua/energetics/1124515-shvedska-kompaniya-pobudue-zavod-z-virobnitstva-biopaliva-v-dnipropetrovskiy-oblasti.html>

⁴⁷ Business Sweden, 2015. Available at: <http://www.business-sweden.se/contentassets/e9b09383453041dc869cf6ef71751c91/ukraine-an-introduction-to-the-market.pdf>

⁴⁸ Transatlantic Trends. Country Profiles: Sweden 2014. Available at: <http://trends.gmfus.org/transatlantic-trends/country-profiles-2014/country-profiles-sweden-2014/>

Ukraine is the leader in Eastern Europe in terms of IT outsourcing: Ukrainian freelance programmers fulfill every third order in the region. The main advantages of Ukraine, according to the representatives of Swedish business, are highly qualified and talented professionals, relatively minor cultural differences, which facilitates communication and reduces the risk compared to Asia, and high quality-price ratio⁴⁹. In April 2016, the first Swedish-Ukrainian forum IT-Connection has been organized with a purpose to connect Swedish and Ukrainian IT companies.

3. WHO IS WHO: INTEREST GROUPS AND GROUPS OF INFLUENCE

3.1. WHO IS THE ENGINE FOR RELATIONS BETWEEN UKRAINE AND SWEDEN

Analyzing the groups of interests in Ukraine and Sweden is sheer pleasure for a researcher since in both cases there is a solid group of people advocating for a greater engagement between the two and very few examples of people hostile to Ukraine-Sweden relations. In both countries, there are “focal points” at the level of government and society that develop the relations between Kyiv and Stockholm in a very dynamic manner.

At the level of political parties and groups, Sweden has a cross-party support for Ukraine that helped Stockholm to have a consistent policy towards Ukraine despite the change in government. The support for Ukraine despite the changes of the ruling coalition is a very strong signal for Ukraine, because Sweden has a well-established ideological system and divisions between social-democrats, moderates, conservatives and other parties on the extremes that affect Sweden’s policy on a number of issues. The cross-party support for Ukraine was also possible due to the fact that all the parties, even the populist party is appealing to values such as human rights, that makes easier to build consensus around Ukraine as a victim of the Russian aggression. The social democrats which are in power demonstrate a strong support for Ukraine and many politicians belonging to this party manifest an open Ukraine-friendly attitude. So does the Moderate party and Center party, despite being in opposition. The Moderate party has a rich experience on Ukraine having Carl Bildt as the main architect of the party’s (and country’s) foreign policy. Along with the two parties, Christian Democrats are one of the main Ukraine-supportive parties. Other parties like the Green party, Left party and the populist party (Sweden Democrats) are also officially committed to support Ukraine, although certain MPs of these parties have surfed on Russian narrative and criticized Ukraine. Some people of these parties are

The cross-party support for Ukraine was also possible due to the fact that all the parties, even the populist party is appealing to values such as human rights, that makes easier to build consensus around Ukraine as a victim of the Russian aggression

⁴⁹ *Business Sweden, 2015. Available at: [http://www.business-sweden.se/content-assets/e9b09383453041dc869cf6ef71751c91/ukraine-an-introduction-to-the-market.pdf](http://www.business-sweden.se/contentassets/e9b09383453041dc869cf6ef71751c91/ukraine-an-introduction-to-the-market.pdf)*

also having a special attitude towards Russia or Ukraine given their anti-American feelings.

The Ukrainian politicians and officials should employ a special behavior when discussing with Swedish politicians, since the latter are very sensitive to the language of values which they share. However, this is precisely the case when words are important as Swedish politicians are quite negative towards the unfulfilled promises and attempts to shift responsibility on others. Therefore, Ukrainian officials and politicians have to be careful about their promises since the Swedish politicians will keep them accountable and demand results.

At the official level, there is a high support from the government of Sweden to Ukraine which is streamlined first of all through the Minister of Foreign Affairs of Sweden Margot Wallstrom who is paying a special attention to the relations with Ukraine and has visited Kyiv each year since taking the office. One needs to highlight also interest of the Swedish parliament in Ukraine. The speaker of the parliament, Urban Ahlin is highly interested in foreign policy and thus in Ukraine. Besides, an important ally of Ukraine in the Riksdag is the first deputy speaker of the parliament – Tobias Billstrom, who is genuinely interested in Ukraine. There are other politicians who voiced a strong support towards Ukraine, these are usually pro-NATO and critical towards Russia. Important to note, in 2017-2018 Sweden holds the non-permanent seat in the UN Security Council and has been noticed for its active role in having Ukraine on the agenda and supporting it.

The Swedish officials working on Ukraine need to be praised. Sweden has developed a very good expertise on Ukraine and there is continuity in policy transfer among the officials who deal with Ukraine. The former ambassador to Ukraine Stefan Gullgren is leading the Ukraine direction at the Swedish MFA. Other diplomats serving previously in Ukraine, such as Andreas von Beckerath, might continue this tradition. Needless to say, Swedish Embassy in Kyiv is one of the most important chains connecting Ukraine with Sweden and the work of team headed by Ambassador Martin Hagstrom, who has a great knowledge of the country and the region as he previously served as Ambassador for Eastern Partnership.

When talking about Swedish politicians the name of Carl Bildt is the first that comes to mind. The “godfather” of Eastern Partnership, together with former Polish minister of foreign affairs Radislaw Sikorski, is known to be the key supporter of Ukraine no matter if in office or not. Actually, Carl Bildt has been criticized for being too Ukrainian friendly, which certainly for Ukraine sounds like a compliment. Since 2015 Carl Bildt was appointed to Ukraine’s International Advisory Council of Reforms that aims to provide advice to President Poroshenko on a number of issues, including security and economy.

Along with the people mentioned above, today a very important lobbyist of Ukraine in Sweden is the Minister of Culture and Democracy Alice Bah Kuhnke. The minister is very interested in Ukraine, knows well the situation and supports the Ukrainian Institute of Sweden, which is a voluntary initiative of the sisters Natalia and Olga Pasichnyk.

The Ukrainian Institute of Sweden was opened in August 2014 and the opening was visited by princess of Sweden and most of the people visiting (90%) were Swedish. The pianist Natalia Pasichnyk has lived and worked in Sweden for more than 20 years. Given that the Ukrainian Institute of Sweden is not a state institution, it could be seen as a pilot project of the cultural diplomacy. Moreover, the Institute is not only working with diaspora, but mainly with the Swedish society, promoting Ukrainian culture as a part of wider European culture. In this context, it is worth mentioning that the Institute is a member of the European Union National Institute of Culture. The Institute exists on voluntary donations and unfortunately does not receive financial support of Ukraine.

The media in Sweden is often writing about Ukraine in the context of the ongoing war, corruption and the fight among the oligarchs. The Eurovision song contest was a great opportunity to dilute the negative image of Ukraine and provide positive news. Aside from TV, the Swedish society prefers to read newspapers. A special attention should be paid to the newspaper Aftonbladet which generally provides a neutral coverage of the situation in Ukraine, however the Culture section of the newspaper published a series of anti-Ukrainian articles and pieces supporting Russia. The Ukrainian diaspora have protested quite often against the denigratory articles.

The pro-Russian narrative exists in Sweden but is largely marginal. Among the pro-Russian commentators one often recalls the former ambassador to Russia Sven Hirdman, who is sympathizing Russian ideas and stands actively against the Sweden's NATO membership.

3.2. PUBLIC SENTIMENTS TOWARD UKRAINE IN SWEDEN

Swedes demonstrate the most powerful support for Ukraine among all European nations. According to the opinion poll, conducted by GMF, in 2014, over 70% of Swedes expressed the need for economic and political support for Ukraine, even at the risk of provoking a conflict with Russia, which is the highest rate among all 12 polled countries. Moreover, Swedes also lead in terms of the negative attitudes toward Russia (78%). Over a half of Swedes (56%) believe that the EU should respond to Russian aggression by providing Ukraine a membership perspective, increased economic assistance (72%) and strengthened sanctions against Russia (68%). However, 54% argued against granting Ukraine military materials and equipment.

Similar trends have been shown by the opinion poll conducted in Sweden in 2015 on request of the Institute of World Policy. When asked about the nature of the conflict in Ukraine, the majority of Swedes (65%) agreed with the statement that the military conflict in eastern Ukraine is inspired by Russia; slightly less respondents stated that this conflict is a war with Russia (57%). The “civil war” option has been supported by 47% of respondents⁵⁰. The poll has shown uncertainty among Swedes regarding identification of the conflict, which is generally understandable, given the hybrid nature of the confrontation and the official terminology of Ukraine. Among all eight polled countries⁵¹, Sweden had the lowest rate of those who believe that the conflict in Ukraine is inspired by the West (only 14%).

On the other hand, perception of Ukraine among Swedes did not differ significantly from the citizens of other European countries. The key associations with Ukraine are typical: war (35%), Russia (22%), and poverty (17%). Answering to the question why Ukraine should be in the EU, Swedes most often choose two arguments: “Ukraine is a part of Europe” and “this is a way to protect Ukraine from Russian aggression” (33% supporters in both cases). The third most popular reason is that Ukrainians are committed to European values (18%). However, it should be noted that much more Swedes disagree with this statement; almost a third (31%) of respondents believed that Ukrainians have yet to prove their commitment to European values. This is the second most frequently mentioned reason why Ukraine should not join the EU. Among other arguments against Ukraine's accession to the EU, Swedes often mentioned corruption (42%), influence of the oligarchs, and poverty (18%).

Among the polled countries, Swedes were the most skeptical about Ukrainians' commitment to European values. Swedes are sympathetic and compassionate towards Ukrainians who find themselves amidst difficult security situation and political crisis. After the Orange Revolution and the Euro-Maidan, Ukraine has become a notable actor in Swedish public opinion, quite independent from Russia; however, Ukraine still remains largely unknown to Swedes. The Swedish media primarily mention Ukraine in the context of war and corruption, while not many Swedes so far have visited the country. Although the recent European Song Contest and European Football Championship of 2012 in Kyiv helped to increase awareness in Sweden about Ukraine a little bit; it's not enough to radically change the perception of Ukraine. As in other European countries, Kyiv should invest more resources in the promotion of Ukraine, in particular its achievements and opportunities.

According to IWP survey, Swedes are quite skeptical about Ukrainians' commitment to European values

⁵⁰ *What Do EU Citizens Think about Ukraine? / Institute of World Policy, 2015. Available at: <http://iwp.org.ua/eng/public/1798.html>*

⁵¹ *The poll has been conducted in Poland, Spain, Italy, Germany, France, UK, Sweden, and Netherlands.*

4. EXISTING AND POTENTIAL RISKS AND CONFLICTS

4.1. UKRAINE BACKTRACKING ON FIGHTING CORRUPTION

Fighting against corruption is a key motivation for Sweden to continue supporting Ukraine. The litmus test of a reformed Ukraine is a functional and sustainable system of preventing and fighting corruption with strong institutions that are not politically dependent and vulnerable to changes on the political scene.

Probability: *High.* Ukraine has delivered some solid results in fighting corruption over the last three years. First of all, one needs to mention the creation of the National Anti-Corruption Bureau (NABU) and its operability as well as the e-declaration system and the launch of the National Agency for Corruption Prevention. The results of fighting corruption are yet still modest, with little impact on the overall system and with few ongoing important cases under investigation. However, the most disturbing for Sweden, EU and other partners is not necessarily the slow progress in fighting corruption, but rather the backtracking that takes place. First of all, it is about the amendment on e-declaration law which now extends on the anti-corruption NGO's and activists and which is seen as an attempt to silence civic initiatives aimed at investigating corruption. Other issues on the agenda are the independent audit of NABU and alleged attempts to politically control the audit process as well as attempts to weaken NABU by various initiatives of MPs. Corruption has also a high impact on the investments given that reputation is very important for Swedish companies. Such companies as IKEA which was not able to enter the market of Ukraine because of corruption or Teliasonera who left the market and the entire region are illustrative examples. To summarize, Sweden invested in Estonia (a country with a little more than 1 million people) 10 times more than in Ukraine – with corruption in the latter as a key obstacle to further investments in Ukraine.

How to avoid. In a such politically charged situation, the area of fighting corruption might easily become a victim of the political bargaining, especially given the fact that the fight against corruption was driven not only by the demands of Maidan, but mainly by the process of visa liberalization with the EU which is now accomplished. For Ukraine is important to strengthen the institutional framework of the bodies fighting corruption, to abstain from any ideas aimed at weakening the efforts to fight corruption and roll back the amendments on e-declaration for NGOs fighting corruption. The last, aside from practical importance, it has a symbolic dimension, because as a Swedish interlocutor put it, "it equates Ukraine with Russia". One more important element on top of this, mentioned by the Swedish Foreign Minister during her visit to Kyiv, is to have free media and investigative journalism which contributed to making Sweden one of the least corrupt in the world.

4.2. FAILURE OF REFORMS IN UKRAINE.

The pace of reforms in Ukraine has been positive in few areas despite still having problems with launching reforms in some other areas. Reforms in the energy field, banking sector, procurement and other have been mostly successful and encouraged foreign partners to continue supporting Ukraine. However, other reforms related to the area of rule of law, privatization of state-owned institutions, etc., are still pending.

Probability: *Moderate.* The reforms in Ukraine are a very complex process that is difficult to summarize, therefore, saying that reforms were successful or failed would be a very simplified approach. From the Swedish perspective, there are a series of key reforms that would influence the overall assessment of the reform process. This include the fight against corruption, the reform of judiciary (i.e. reforming courts; appointing the judges in

the Supreme court), energy efficiency, gender equality, protection of environment, decentralization, etc. It is highly unlikely that Ukraine would be successful in implementing all the key reforms, especially that some the reforms need to be implemented for many years, maybe decades.

How to avoid. The prioritization of reforms is probably the best solution for having a positive track-record on reform process. The accent has to be made on the key reforms and reforms that create the necessary framework for a well-functioning state. If difficult to achieve a certain reform in a short to medium time, which is often the case, it is advisable to divide reform in stages and milestones that would allow taking concrete actions and demonstrating progress, if any. The failure to implement reforms in Ukraine would trigger consequences from the side of Sweden. The repercussions would not necessarily take a prompt cause-effect withdrawal of Sweden from supporting Ukraine; however, it will decrease the support as is witnessed by the period of post-Orange revolution.

4.3. DISRESPECT TO HUMAN RIGHTS IN UKRAINE

Unlike many countries that support Ukraine, Sweden pays a special attention to the human rights and other associated issues with these. Human rights issues are at the core of policy formulation of Sweden. Stockholm is thoroughly monitoring the human rights situation in Ukraine and pays special attention to all the vulnerable groups such as people with disabilities, discriminated people, ethnic minorities, LGBT-community gender issues and lately a particular attention is given to human rights violation in the occupied territories in the East of Ukraine and in the illegally annexed Crimea.

Probability: *Low.* The violation of human rights in Ukraine takes place constantly and at many levels. The state of

affairs has become even worse with the Russian aggression against Ukraine, especially with regard to IDPs. The violation of human rights is caused by the weak law enforcement against human rights abuses and impunity. However, Human Rights Watch⁵² and other organizations have noted an improvement of the human rights situation on the territory controlled by constitutional authorities, including in areas of protection of minorities and non-discrimination. The knowledge about human rights are becoming more accessible and human rights issues are somehow in vogue and therefore, it is quite unlikely to expect a worsening situation.

How to avoid. Avoiding a crisis in relations between Ukraine and Sweden in the area of human rights is not difficult if Kyiv would continue and amplify its efforts towards ensuring the respect of human rights. The work on human rights represents a sensitive issue that gets traction of various stakeholders. This means that foreign actors together with Ukrainian civil society could greatly contribute to the improvement of situation and could make a lot of work which Ukraine is currently unable to do. Technical support, thematic seminars for judges, police, etc., are ideas worth multiplying.

4.4. FREEZING THE CONFLICT WOULD PUT OFF UKRAINE FROM STOCKHOLM'S AGENDA

The world has turned towards Ukraine after the Russian aggression in Crimea and in the East of Ukraine. Therefore, there is a risk that if there would be no escalation and the conflict would be frozen, then

⁵² *Human Rights Watch, Report, 2016.* Available at: <https://www.hrw.org/world-report/2016/country-chapters/ukraine>

the helping hand of Ukraine's supporters would not be given anymore and Sweden would return to business as usual.

Probability: *Very low.* First of all, Sweden's policy is guided by principles and values and it is very unlikely that de-escalation would weaken Stockholm's support for Ukraine. Unlike other countries which are less committed towards Ukraine, the support of Ukraine depends of the success of reforms, which is considered by Sweden as the best answer to Russian aggression.

How to avoid. Aside from successful reforms which is the key motivation for Sweden's support, Kyiv has to continue its efforts to reach a peaceful solution of the conflict which might involve concessions but would not create risks for functionality of Ukraine as a state and for territorial integrity. Additionally, Ukraine has to inform Sweden regularly about the conflict dynamics and attempts to destabilize Ukraine.

4.5. THE DIFFERENCE IN VIEWS ON THE PLACE OF HISTORY IN FOREIGN AND DOMESTIC POLICY

The active promotion of the image of Sweden as a historical ally of Ukraine occurred under President Viktor Yushchenko. After proclaiming the course toward European integration, the leadership of the country embarked on restoring the memory of those episodes of Ukrainian history that proved European roots of Ukraine. In particular, Kyiv initiated the construction of the monument to Swedish king Carl XII in Poltava, what caused overreaction among both local authorities and Russian leadership. Yushchenko's "monument diplomacy" also included the opening of a monument to Ivan Mazepa in Stockholm. However, those plans haven't been executed. The official Stockholm tried to stay away from those monument disputes and approached Viktor Yushchenko's efforts to transform common history into an instrument of internal and foreign policy with caution.

Probability: *Low.* Today's Sweden has little interest in history, regarding it as a source of conflict, is even more important. Historical accents are not interesting, irrelevant or even hostile to Swedish elite, especially to the leftists who tend to present Sweden as a post-national society that moves only forward. Perhaps, that is why, as noted by observers, Ukrainians generally remember and know more about the common historical past of Ukraine and Sweden than Swedes.

How to avoid While providing a positive background, historical ties, however, don't play any significant role in the relations between the two countries that are primarily based on the European aspirations of Ukraine. For Sweden, common values (Ukraine's commitment to democratic principles, respect for human rights, gender equality, rule of law, etc.) are more important than common history. Moreover, Ukraine's excessive attention to historical issues or glorification of certain persons could be viewed by the Swedish elite with suspicion, as the latter emphasizes primarily the need to disclose controversial and painful moments in the past.

5. RECOMMENDATIONS

1. Sweden is a longtime partner that continued helping Ukraine despite any political changes or rollbacks in reforms. Today, Sweden expects to see more sustainable results of their support, in particular in fighting corruption, reforming the state apparatus and the economy, and in promoting democracy. Kyiv should demonstrate ownership of their commitments; otherwise Ukraine may transform from a partner to a simple recipient of Swedish aid.
2. Given Sweden's authority in the area of human rights, Stockholm could become an important ally of Ukraine in attracting global attention to human rights violations in the occupied Crimea and Donbas. In 2016, Sweden together with Ukraine has acted as a co-author of the special UN resolution on human rights violations in annexed Crimea. It is vital to maintain this cooperation in the future.
3. Ukraine and Sweden should expand cooperation in military-political sphere, in particularly in the sphere of preventing and combating terrorist attacks, cyber attacks, and countering hybrid warfare.
4. The Government of Sweden emphasizes that there is no legal basis to block the North Stream-2 project in Sweden; however, they are prepared to take actions at the EU level to minimize the negative impact of the project on the interests of Ukraine and the EU. Kyiv should maintain an active dialogue with Sweden and other countries opposing the project to develop a coordinated position in negotiations with Brussels and Berlin.
5. A significant obstacle to the intensification of bilateral trade is insufficient knowledge of the peculiarities and rules of doing business in Sweden, and limited resources of Ukrainian business to participate in international exhibitions. So, a good practice of organizing business seminars and forums with state support should be continued.
6. The most promising areas of economic cooperation are development of renewable energy sources and energy efficiency, waste management, efficient use of water resources, IT and agricultural sectors, and environmental protection. However, Swedish investors are waiting for clear and stable rules in the tax and judicial systems, as well as in business regulations.
7. Kyiv should make every effort to bring in big Swedish investors with a good reputation, such as IKEA, in order to improve the image of Ukraine not only among Swedish business, but foreign investors in general.
8. Sweden is one of the strongest supporters of the civil society in Ukraine. Further support of the efforts of Ukrainian NGOs as well as promotion of their closer cooperation with state institutions will guarantee the sustainability and irreversibility of the reform process.
9. Ukraine should channel more efforts and resources to spread positive information about Ukraine in Sweden, including its accomplishments and opportunities. The Eurovision and the Euro 2012 have made a significant contribution to promotion of Ukraine as an attractive, interesting country and this success should be exploited. Given the enormous popularity of the Eurovision in Sweden, artists who represented Ukraine at the contest could become the major promoters.
10. In Sweden, Ukraine has already a successful civil initiative to promote Ukraine in Scandinavia – the Ukrainian Institute in Stockholm. This institution deserves more active support from the Ministry of Culture and the Ministry of Foreign Affairs. Among the primary objectives are settlement of the legal relations between the Institute and Ukrainian state and fund raising.
11. Kyiv should constantly emphasize the steps taken to improve the situation in such areas as human rights, non-discrimination, gender equality, freedom of speech, and other vital components of a modern democratic society in the dialogue with Swedish partners.

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