Mr President, Honourable Members,

There are many challenges on Ukraine’s road towards political association and economic integration with the European Union. We remain firmly engaged to developing relations with Ukraine, but we cannot realise the full potential of our relations yet.

At the December Foreign Affairs Council two days ago, the Council adopted conclusions on Ukraine which confirm a sequenced policy of engagement.

HRVP Ashton called Ukrainian PM Azarov yesterday to explain these conclusions and impress the EU’s message on him.

This is a clear message to Ukraine

• on the elements for the way ahead,
• on what needs to be done, and
• on what is at stake.

The conclusions set out a number of concrete benchmarks – these will be the basis upon which the European Union will assess Ukraine's progress in the three areas already defined as necessary for opening the way for the signature of the Association Agreement. Let me underline that we are not imposing additional hurdles, but at the same time we are not compromising on our values.

I mentioned the three areas where we expect progress from Ukraine:

• the first of these was the compliance of the 2012 parliamentary elections with international standards and follow-up actions to remedy any shortcomings;
• the second was Ukraine’s progress in addressing the issue of selective justice and preventing its recurrence; and
• the third was action to implement the reforms defined in the jointly agreed Association Agenda.

Let me say a few words about how the European Union sees developments in these three areas.
As regards the recent parliamentary elections - the European Union notes with concern that they presented a mixed picture and a deterioration in several areas compared to standards previously achieved. Looking forward to the final report by the OSCE-ODIHR, it is essential that Ukraine takes early action to fully implement its recommendations and to address the shortcomings.

The European Union has taken good note of the public commitments made by the Prime Minister of Ukraine in the aftermath of the elections. While these commitments were encouraging, we now look forward to seeing real and concrete steps to bring them to fruition. We have already indicated that for us the top priorities are a reliable electoral system based on an Electoral Code and clear rules on balanced media access for electoral competitors. We will also follow closely how the inconclusive results in the five single mandate electoral constituencies will be addressed.

As regards selective justice, the European Union’s long standing concern on this matter - the case of Ms Tymoshenko and other members of the former government such as Mr Lutsenko – has so far not received the kind of answer we need – in other words a strategic approach to systematically tackle the issue. We also regret that two key opposition leaders were prevented from standing in the parliamentary elections.

The recent final judgement of the European Court of Human Rights on the unlawful and arbitrary detention of Yuriy Lutsenko has also confirmed our concerns. There are other cases pending before the Court. We expect the Ukrainian authorities to express a clear commitment to the early implementation of all judgments of the European Court of Human Rights, as well as the recommendations by the Council of Europe related to detention conditions and medical assistance to persons in detention.

Let me in this context commend the efforts of the European Parliament’s monitoring mission to Ukraine headed by former Presidents Cox and Kwaśniewski, which we hope will continue. This mission has a vital role to play in addressing the cases I have mentioned and in encouraging Ukraine to take further steps to reform the judiciary and to prevent any recurrence of the injustices we have seen.

The European Union has repeatedly highlighted that the judiciary in Ukraine is suffering from a systemic problem which will require a systemic solution in the form of a comprehensive judicial reform. We have welcomed the steps already taken such as the entry into force of a new Criminal Procedure Code, the new legislation on the Bar and the establishment of a National Preventive Mechanism against torture – naturally we look forward to their effective implementation.

Further steps on judicial reform in close consultation with the Council of Europe/Venice Commission are much needed, including a comprehensive review of the law on the functioning of the Prosecutor’s Office and of the Criminal Code. The role of the High Council of Justice also needs to be reviewed and serious consideration needs to be given to reform of the Police. The European Union and Ukraine, with the participation of the Council of Europe, will soon launch an informal dialogue on judicial reform to facilitate Ukraine’s progress on these matters.

The third criterion is the Association Agenda. This is an instrument jointly agreed with Ukraine in 2009, preparing for and facilitating the entry into force of the Association Agreement and its Deep and Comprehensive Free Trade Area. Issues such as electoral and judicial reforms are among its commonly agreed priorities and it addresses constitutional reform too – this is essential for creating the necessary inter-institutional checks and balances to continue modernisation and to deepen democracy.

Apart from these political reforms, we will also pay particular attention to the business and investment climate and to those areas where sustained efforts are required to enable us to support Ukraine through financial assistance. The European Union is also ready to assist Ukraine through an informal dialogue on the business climate. All these reforms are very important for Ukraine. What we want to see in Ukraine is an inclusive process, through constructive engagement between Government, parliamentary opposition and civil society.
Let me assure you that the High Representative together with the Commission will monitor progress achieved in the three areas I have mentioned, notably in the framework of the preparations for the upcoming European Union-Ukraine Summit, the 2013 European Union-Ukraine Cooperation Council and the November 2013 Eastern Partnership Summit in Vilnius.

The Council - in the conclusions adopted on Monday - reaffirmed its commitment to the signing of the Association Agreement, including the Deep and Comprehensive Free Trade Area, as soon as Ukraine demonstrates determined action and tangible progress in the three areas I have recalled, possibly by the time of the Eastern Partnership Summit in Vilnius in November 2013. The signature could be accompanied by opening for provisional application of parts of the Agreement.

This is a very ambitious enabling framework for advancing relations between the European Union and Ukraine, combining concrete steps with a concrete time perspective for possible signature. I hope this will provide the needed impetus for Ukraine to build the necessary momentum for reform. Without it, we will not meet our goal.

Our political dialogue with Ukraine will continue at all levels. The modernisation of Ukraine can benefit from European Union bilateral financial assistance and potentially Macro-Financial Assistance as well; and we will continue our efforts to facilitate support from the International Financial Institutions for the modernisation of the Ukrainian Gas Transmission System, in accordance with existing agreements, including the Energy Community Treaty. The Action Plan on Visa Liberalisation is another very important instrument in our relations, and we encourage Ukraine to increase its efforts towards meeting the first phase benchmarks. Finally, I hope that the European Parliament will soon consider the amendments to the Visa Facilitation Agreement which we signed with Ukraine in July this year. This will further facilitate the issuance of visas to Ukrainian citizens.

Someone could still wonder whether such a sequenced policy of engagement with Ukraine would serve our longer term objectives. I have no doubt in that respect. On the one hand, we are neither compromising on our values nor imposing additional criteria to Ukraine. At the same time, we want to confirm with Ukraine its strategic choice for the political association and economic integration with the EU. Therefore the Association Agreement is not a moving target. This policy allows us to work towards that end, in a sequenced way. Ukraine will have our support in order not to deviate from its choice for long-term modernity and highest political and legal standards. The perspective of signature and provisional application of the AA/DCFTA should provide an important motivation.

To sum up, the ball is clearly in Ukraine’s court - if it wants to score by the time of the Eastern Partnership Summit, it needs to play well and keep an eye on the clock. The European Union is sincere about the wish to go ahead, but there will be no signature if progress on the benchmarks is insufficient.

Honourable Members, I look forward very much to hearing your views.