

Cooperation in the field of Energy

Energy cooperation is a significant aspect of EU-Ukraine relations since Ukraine is the single most important transit country for gas to Europe. Ukraine's energy infrastructure carries 80% of the Russian gas exports towards Europe, accounting for 20% of all the gas consumed in the EU. Following a serious interruption of supply of gas to Europe in January 2009, the EU and Ukraine agreed to cooperate on the modernisation of the Ukrainian gas transit system, including on measuring and reporting of gas transit in the Ukrainian system. In March 2009, an EU-Ukraine high-level investment conference on the modernisation of Ukraine's gas transit system adopted a Joint Declaration setting out a number of key reforms commitments, and a framework for allowing necessary investments in Ukraine's energy infrastructure and helping Ukraine integrate its gas sector into the EU's internal energy market. In September 2010, Ukraine joined the European Energy Community; this will align Ukrainian energy policy with that of the EU. The EU has pledged €82 million to sector-budget support programme in the field of energy. The first €40 million tranche was disbursed in two phases (December 2008 and September 2009). The second variable tranche of €42 million is conditional upon the attainment of results under a list of indicators.



Making a difference

The European Union is helping to improve local people's lives in some of the more deprived parts of Ukraine. In Luhansk, a region in the east of Ukraine, close to the Russian border, the quality of life is one of the worst in Ukraine. In the city of Sverdlovsk, the EU is renovating schools, kindergartens and hospitals. Volodymyr Kleshchenko, the headmaster of the city's high school is grateful to the EU for funding the renovation project: "We had been slowly changing the windows to plastic by ourselves because of the cold. But after the EU came, the work was finished almost instantly, during 9 months all the windows were changed to plastic. And the heating system was changed, the boiler is guaranteed for 50 years" Oleksiy Ivanov, Chief Medical Officer of the city hospital added, "Now our hospital is a wonderful, warm, modern building, where our patients can feel comfortable". Find out more www.ssr.org.ua

Milestones...

- 1994 Signature of the Partnership and Cooperation Agreement
- 1994 Signature of the Partnership and Cooperation Agreement
- 1998 Entry into force of the Partnership and Cooperation Agreement
- 2003 Inclusion in the European Neighbourhood Policy
- 2005 Signature of the EU-Ukraine Action Plan
- 2007 Opening of negotiations on a new Association Agreement
- 2008 Entry into force of EU-Ukraine visa facilitation agreement
Launch of negotiations on a deep and comprehensive Free Trade Area, following Ukraine's accession to the WTO
Expiration of the PCA but remains valid until new Association Agreement
Opening of EU-Ukraine dialogue on visa free travel
- 2009 Launch of the EU's Eastern Partnership initiative
Adoption of the Association Agenda which replaces the 2005 EU-Ukraine Action Plan
- 2010 Adoption of the Joint list of priorities as part of the Association Agenda
Ukraine acceded to the Energy Community Treaty

Find out more...

EU Delegation – Ukraine

<http://ec.europa.eu/delegations/ukraine>

ENPI Info Centre webpage – Ukraine

www.enpi-info.eu/countryeast.php?country=uk

EC Progress Report on Ukraine (2010)

http://ec.europa.eu/world/enp/pdf/progress2010/sec10_524_en.pdf

ENPI Country Strategy Paper Ukraine 2007-2013

http://ec.europa.eu/world/enp/pdf/country/enpi_csp_ukraine_en.pdf

ENPI National Indicative Programme Ukraine 2011-2013

http://ec.europa.eu/world/enp/pdf/country/2011_enpi_nip_ukraine_en.pdf

EU-Ukraine Association Agenda (2009)

http://ec.europa.eu/external_relations/ukraine/docs/2010_eu_ukraine_association_agenda_en.pdf

Twinning, TAIEX, SIGMA in Ukraine

<http://twinning.com.ua/index.php>

Joint Declaration of the Prague Eastern Partnership Summit (May 2009)

http://ec.europa.eu/world/enp/pdf/country/2011_enpi_nip_ukraine_en.pdf

EU Border Assistance Mission to the Republic of Moldova and Ukraine

www.eubam.org

Delegation of the European Union to Ukraine

10 Kruhlo-Universytetska St.
Kyiv, 01024
Ukraine

Tel +380 (44) 390 8010
Fax +380 (44) 253 4547
delegation-ukraine@ec.europa.eu

This publication has been produced with the support of the EU-funded ENPI Info Centre
© European Union, 2010

A PARTNERSHIP FOR PROSPERITY

The European Union and Ukraine



EU Delegation to Ukraine



Common Goals

EU-Ukraine relations are governed since July 1998 by the **Partnership and Co-operation Agreement** until the signature of a new Association Agreement currently being negotiated. The new **Association Agreement** will provide the framework to promote further political association with and economic integration of Ukraine into the EU with the aim to consolidate democratic reforms. The establishment of a deep and comprehensive **Free Trade Agreement** (FTA) will gradually also lead to a deeper integration of Ukraine with the internal market and to the adoption of relevant EU legislation.

Ties between the **European Union** (EU) and **Ukraine** have been developing steadily since the early 1990s, with a visible strengthening of cooperation following the adoption of the Action Plan in February 2005. The jointly agreed Association Agenda, which replaced the **Action Plan** in November 2009 ensures Ukraine's preparation for a new Association Agreement, including through continued EU support for Ukraine's democratisation, market and social reforms.

The EU is Ukraine's number one trade partner with bilateral trade reaching € 39.6 billion in 2008. In 2009 five rounds of negotiations were held for the establishment of a deep and comprehensive **Free Trade Agreement** with the EU. Since 2008, Ukraine benefits from a facilitated visa regime with the EU and a **bilateral dialogue** is ongoing on creating the conditions to establish a visa free regime in the long term. Ukraine is the most important transit country for gas supplies to Europe. At a high-level investment conference in March 2009, the **EU and Ukraine** agreed to cooperate on the modernisation of Ukraine's gas transit infrastructure. Ukraine joined the **Energy Community** in September 2010.



Cooperation priorities

Identifying objectives

The **Country Strategy Paper** (2007-2013), prepared by the European Commission, covers the political, economic and social situation in Ukraine. It lists the main EU co-operation objectives and is developed in close consultation with the Ukrainian authorities and was implemented by the **ENP Action Plan** (until 2009) and by the Eastern Partnership's new initiatives. As part of the Association Agenda, the EU and Ukraine adopted a jointly agreed list of 78 priorities for action for 2010, in the following fields: political dialogue, foreign and security policy, justice, security and liberty, trade and energy cooperation, public procurement, cooperation in other sectors (environment, transport, financial services, taxation). The Association Agenda aims to prepare Ukraine for a new Association Agreement with the EU.



Multi-country Cooperation Instruments

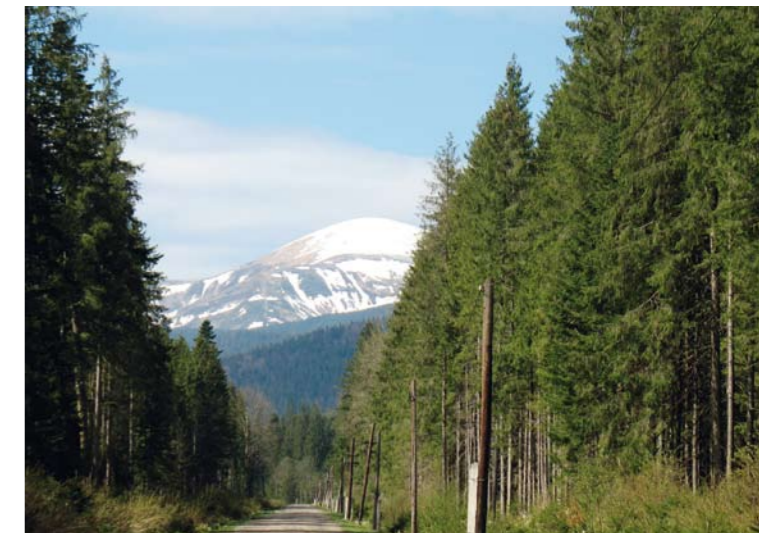
Neighbourhood Investment Facility (NIF) aims at mobilising additional funding for infrastructure projects in the Neighbourhood area (energy, environment and transport, SMEs development and social sector infrastructures).

- **SIGMA** (Support for Improvement in Governance and Management) is a joint EU-OECD initiative, it focuses on strengthening public management in areas such as administrative reform, public procurement, public sector ethics, anti-corruption, and external and internal financial control.
- **TAIEX** (Technical Assistance and Information Exchange) introduced to the ENPI region in 2006 to offer short-term assistance and advice on approximation of EU legislation in Partner countries.
- **Twinning** is an EC initiative designed to help ENP counties to acquire the necessary skills and experience to adopt, implement and enforce EU legislation. The projects bring together public sector expertise from EU Member States and beneficiary countries, with the aim of enhancing co-operation activities. As of July 2010, 11 EU Twinning projects have been completed in Ukraine, 8 are ongoing and nearly a dozen more are in the pipeline.

EU assistance to Ukraine

Since Ukraine's independence in 1991, EU assistance to Ukraine has totaled €3,097.9 billion. The bulk of this assistance (close to € 1.4 billion) has been channeled through the EU's TACIS and since 2007 the European Neighbourhood and Partnership Instrument.

Other significant financial instruments have been the TACIS Nuclear Programme (€ 687.2 million) and macro-financial assistance (€ 675 million, 1991-1999). In 2009, the overall EU assistance to Ukraine totaled € 128.6 million, of which € 116 million went towards the ENPI National Programme, € 12 million towards the ENPI Regional East programme and € 0.6 million under the Human Rights (EIDHR) programme.



How EU assistance works

Ukraine benefits from the **European Neighbourhood and Partnership Instrument** (ENPI), launched in January 2007. The ENPI replaces the two previous assistance programmes, TACIS for the Eastern Neighbours and MEDA in the South.

Other cooperation mechanisms

- **European Instrument for Democracy and Human Rights** (EIDHR) supporting liberty, democracy, respect for human rights and the rule of law
- **Macro-Finance Assistance Instrument** (MFA) providing balance-of-payments and budget support medium-term loans and grants (with the IMF and the World Bank)
- **Cross Border Cooperation** (CBC) It aims at reinforcing cooperation between member states and partner countries along the external border of the European Union

National Indicative Programme (2011-2013) Priorities

The 2011-2013 National Indicative Programme funds three priority areas in Ukraine through the ENPI, with a total allocation of €470.05 million, of which €43.37 million are allocated for the Comprehensive Institution Building Programme.

The priority areas as set out in the NIP are:

- **Good governance and the rule of law** (20-30%), supports the promotion of justice, freedom and security, integrated border management, public administration reform and public financial management, disarmament;
- **Facilitation** of the entry into force of the EU-Ukraine Association Agreement and deep and comprehensive FTA (25-35%);
- **Sustainable development** (45-55%), supports cooperation in energy, environment and climate change, transport, regional and rural development.