

Brussels, 20 March 2013

ENP Country Progress Report 2012 – Ukraine

The European Commission and the High Representative of the Union for Foreign Affairs and Security Policy published on 20 March 2013 the annual “neighbourhood package”, consisting of a joint communication (“Towards a Stronger Partnership”) making an assessment of the ENP implementation in 2012, a report on the “Partnership for Democracy and Shared prosperity” with Southern Mediterranean, an Eastern Partnership progress report, 12 country reports (on developments in 2012 and with a set of recommendations for the future), including one on Ukraine, and a statistical annex.

In March 2012, the EU and Ukraine initialled the text of the Association Agreement and its Deep and Comprehensive Free Trade Area. Ukraine stepped up its efforts to implement the priorities of the Association Agenda. However, much remains to be done by Ukraine, for example the fight against conflict of interest and corruption in the judiciary and the stabilization and consolidations of its public institutions so as to enable it to benefit fully from the Association Agreement’s potential.

Most of the key recommendations contained in last year's progress report still need to be acted on. However, Ukraine did take steps toward legal and judicial reform, with the entry into force of a new Criminal Procedure Code and other important legislation. It also adopted a law on asylum and refugee status, although implementation is deficient.

On the basis of this year’s report, and with a view of to the sustained implementation of the Association Agenda in 2013, Ukraine is invited to:

- Take early steps to establish a reliable electoral system based on an Election Code and clear rules for balanced media access for candidates; fully implement the OSCE-ODIHR’s other recommendations on the conduct of the October 2012 parliamentary elections, and address the shortcomings, in line with the public commitments made by the Prime Minister of Ukraine in an inclusive dialogue with the opposition.
- Address the cases of politically motivated convictions without further delay; take further steps to reform the judiciary to prevent any recurrence, including an early implementation of all judgments of the European Court of Human

Rights and of the recommendations by the Council of Europe related to detention conditions and medical assistance for persons in detention; review in close consultation with the Council of Europe/Venice Commission the law on the functioning of the Prosecutor's Office, the Criminal Code, the role of the High Council of Justice, the laws on the Judicial System and the Status of Judges, and reform of the Police.

- Step up fight against conflict of interest and corruption, including in the judiciary system and in relation to improving the business climate.
- Reverse the backsliding which occurred in 2012 on public procurement and budget transparency; develop and start to implement a public finance management strategy; broaden the remit of the Accounting Chamber and amend the law on the civil service of November 2011 in line with EU norms.
- Ensure that the constitutional reform process is carried out in an inclusive and transparent way in line with all constitutional norms and in close cooperation with the Council of Europe/Venice Commission.
- Make greater efforts to meet the benchmarks set out in the Action Plan on Visa Liberalisation.
- Comply with its obligations under international refugee and human rights law, in particular the principle of *non-refoulement*.
- Establish a macroeconomic framework conducive to the resumption of IMF support, addressing such issues as fiscal sustainability in the energy sector.
- Refrain from introducing protectionist measures, such as recycling fees on vehicles, which are potentially in breach of its WTO commitments, and withdraw the notification for renegotiating its WTO commitments.
- Comply with its obligations under the Energy Community Treaty (as reflected in the Association Agreement and the Association Agenda).

Reforms initiated, carried out successfully, or delayed during 2012 in the different areas of cooperation between the EU and Ukraine are described in the annual country report. Some of the issues reported deserve special attention. In 2012, Ukraine took several important reform steps – for instance the new Criminal Procedure Code and law on freedom of association were positive developments. However, these steps were largely overshadowed by instances of selective justice and the conduct of the October 2012 parliamentary elections, which showed deterioration in some areas compared to standards previously achieved. **Corruption** perception remains high. Steps were taken in the field of combating **money laundering, organised crime, drugs, and trafficking in human beings**. Progress in implementing structural reforms to boost competitiveness has been slow. In

March 2012, the EU and Ukraine initialed the text of the **Association Agreement and its Deep and Comprehensive Trade Area**. Progress was made in the implementation of the Action Plan for **Visa Liberalisation**. People-to-people contacts improved. An increasing number of Ukrainian students and researchers benefited from different European programmes in the **education** area.

EU–Ukraine – BACKGROUND

THE POLICY

The **European Neighbourhood Policy** governs the relations between the EU and Ukraine. Since 2009 the EU implements the **Eastern Partnership**, the Eastern dimension of the ENP framework, aiming at substantially upgrading engagement with the six Eastern neighbours via:

- a Bilateral track, whose objectives include the establishing of Association Agreements with Deep and Comprehensive Free Trade Areas, once conditions have been met, as well as progress on visa and mobility issues, and
- a Multilateral track (i.e. intergovernmental platforms and Flagship Initiatives).

This approach allows for gradual political association and deeper economic integration.

FACTS AND FIGURES

1998: EU- Ukraine Partnership and Cooperation Agreement entered into force.

2005: EU-Ukraine Action Plan was approved.

2007: Negotiations started for a far reaching Association Agreement (AA).

2007, 2008 and 2009: The EU's Civil Protection Mechanism (MIC) was mobilised to prepare a first assessment of the environmental damage and needs for pollution remediation efforts in Kerch Strait, in assessing the flooding of the Dnistr (Dniester) and the Prut rivers, to assist Ukraine in the flu pandemic as well as regarding a potential tailing dam collapse in Kalush.

2008: Visa facilitation and readmission agreements entered into force. Visa dialogue opened with a visa-free regime as a long term objective.

2008: Ukraine joined the WTO, paving the way for the negotiation of a DCFTA with the EU.

2007-2010: The ENPI¹ envelope for Ukraine stands at EUR 494 million, with additional allocation of EUR 28.6 million through the Governance Facility.

2008-2010 – Neighbourhood Investment Facility committed EUR 22 million to five projects in Ukraine, mainly in the energy sector. Ukraine also benefitted partially from EUR 42 million in regional projects approved for the ENP East region.

¹ the European Neighbourhood Partnership Instrument

2011-2013: An indicative ENPI envelope of EUR 470.1 million announced by the Commission.

2011-2013: The new National Indicative Programme (NIP) 2011-2013 for Ukraine was adopted in March 2010 and has a budget of EUR 470.1 million. The programme is geared towards supporting the achievement of key policy objectives as outlined in the EU-Ukraine Association Agenda and pursues 3 priorities: (1) good governance and the rule of law; (2) facilitation of the entry into force of the EU-Ukraine Association Agreement (including a Deep and Comprehensive Free Trade Area (DCFTA)) and (3) sustainable development.

2011: Conclusion of the negotiations on an Association Agreement, including Deep and Comprehensive Free Trade Area (DCFTA).

2011: Ukraine became a member of the Energy Community.

2012: initialling of the EU-Ukraine Association Agreement.

More info at:

http://ec.europa.eu/world/enp/documents_en.htm

http://eeas.europa.eu/ukraine/index_en.htm

http://eeas.europa.eu/enp/index_en.htm