

September 2007

## JOINT PROGRESS REPORT

### *Negotiations on the EU-Ukraine New Enhanced Agreement*

#### **Context**

Relations between the EU and Ukraine are currently based on the [Partnership and Co-operation Agreement](#) (PCA). The PCA entered into force in 1998 for an initial ten year period which, in accordance with the relevant provisions of the PCA and as confirmed at the October 2006 EU-Ukraine summit, will be automatically renewed year by year, until the entry into force of a new contractual arrangement.

Since February 2005, the Joint EU – Ukraine Action Plan has provided a boost to the EU-Ukraine relationship. Within the framework of the PCA, it has become the political instrument for steering EU-Ukraine relations in all areas of cooperation.

In recognition of the significant democratic and economic reforms underway in Ukraine, the EU and Ukraine opened negotiations in March 2007 on a New Enhanced Agreement (NEA), which will go beyond the existing Partnership and Co-operation Agreement and the Joint Action Plan wherever possible.

Since the start of the negotiations on 5 March in Brussels, four negotiating rounds have taken place. Negotiations have been conducted in a constructive and positive atmosphere, with both sides showing readiness to advance quickly and move into the substance of the negotiations. Talks have been conducted in plenary sessions and three negotiating groups covering (i) political dialogue and foreign and security policy (ii) justice, freedom and security issues and (iii) economic and sectoral cooperation.

It has been agreed that negotiations on the deep and comprehensive free trade area, which will be a core element of the NEA, will start as soon as Ukraine's accession process to the WTO has been finalised.

The next negotiating round on the NEA is foreseen to take place in October 2007 in Brussels. Another round will be organised before the end of 2007 in Kiev.

#### **Key Progress**

Both sides agreed that the NEA should be a comprehensive, ambitious and innovative document covering all areas of Ukraine-EU cooperation. It should go qualitatively beyond the PCA and the

Joint Action Plan with the aim of bringing Ukraine as close as possible to the EU. The NEA should reflect the strategic importance of EU-Ukraine relations.

Both sides reached broad understanding on the overall objectives, values and principles and the main elements of the Agreement. Regarding the overall political context and Ukraine's European aspirations, the Ukrainian side emphasised its objective of establishing a new higher level of relations, moving away from the principles of partnership and cooperation to the principles of political association and economic integration. The EU side stressed in this context that the NEA should bring Ukraine as close as possible to the EU but would "not prejudge possible future developments in EU-Ukraine relations". Both sides agreed that this issue should be dealt with at a later stage and that talks should focus on the wide range of policy and sectoral aspects in EU-Ukraine relations.

Both sides agreed to use the working title "New Enhanced Agreement" in the negotiations and to determine the final title later on, taking into account the substance of the agreement text.

On political dialogue and foreign and security policy, both sides negotiated on the basis of a draft Agreement text. Key objectives of political dialogue should include policy convergence, effective multilateralism, international security and crisis management, joint efforts to promote peace, security and stability on the European continent, respect for democratic principles, the rule of law and good governance, human rights and fundamental freedoms, as well as developing dialogue and cooperation in the field of security and defence issues. Both sides agreed to look into how best to accommodate the Ukrainian proposal to refer to respect for sovereignty, territorial integrity and inviolability of borders. The text covers key issues such as domestic reform, the International Criminal Court, regional stability, conflict prevention, crisis management, possible military-technological cooperation, non-proliferation of weapons of mass destruction, disarmament and arms control, combating terrorism as well as the fora for the conduct of political dialogue. While large parts of the text have already been agreed, some further work will be necessary at the next Round. A number of issues linked to the overall political context mentioned above will need to be tackled later on in the negotiations.

On justice, freedom and security, both sides negotiated on the basis of a draft Agreement text, which refers, inter alia, to rule of law, human rights, protection of personal data, cooperation on migration, asylum and border management, movement of persons, money laundering and terrorism financing, cooperation on illicit drugs, fight against organised crime, combating terrorism, and legal cooperation. The Ukrainian side emphasized the importance of going beyond the renewed Ukraine-EU Action Plan on Justice, Freedom and Security, approved on 18 June

2007, so that the NEA took proper account of the dynamics of cooperation between Ukraine and the European Union. Furthermore, the Ukrainian side emphasised its wish to include into the NEA also provisions that stipulate the introduction of a mutual visa-free regime between Ukraine and the EU, the introduction of effective mechanisms of operational trans-border and police cooperation as well as a protocol on judicial cooperation on civil matters. While the EU side expressed reservations regarding the provisions proposed, these and other issues will be further negotiated at the next Round.

On economic and sectoral cooperation, negotiations have already covered 14 out of 25 areas of co-operation, which should improve Ukraine's stake in the internal market. Draft Agreement texts have been circulated and are being negotiated on energy, environment, research and technological development, education, training and youth as well as culture, social cooperation, and macro-economic cooperation. Non-papers and positions papers have been exchanged also on other areas such as transport, audiovisual policy and information society, industrial and enterprise policy, and company law, while negotiations have begun on public finances, mining, tourism and cross-border and regional cooperation. In the first Rounds, both sides could reach a broad convergence of views on objectives and elements for cooperation in these areas. Negotiations will continue on this basis with the objective to close provisionally negotiations on a number of areas at the next Round.

It has also been agreed to deal with assistance related matters in a horizontal section of the Agreement and to include a reference to the issue of Ukraine's participation in Community programmes and agencies.

### **Conclusions**

Due to constructive engagement on both sides, negotiations on the New Enhanced Agreement have proceeded well in the first four negotiating rounds. This process should continue in the same positive spirit.

Further work in the three negotiating groups and the plenary is necessary to clarify various questions. The political questions linked to Ukraine's European aspirations, including the question of the title of the agreement, will need to be tackled later on, once the overall scope of the NEA is clear.

Starting negotiations on a free trade area as part of the New Enhanced Agreement is a matter of priority. Negotiations will be launched as soon as Ukraine has finalised its accession process to the WTO.