

## **2<sup>ND</sup> JOINT PROGRESS REPORT**

### **NEGOTIATIONS ON THE EU-UKRAINE ASSOCIATION AGREEMENT**

#### **CONTEXT**

Relations between the EU and Ukraine are based on the Partnership and Co-operation Agreement (PCA) which will renew automatically until the entry into force of a new contractual arrangement. Within the framework of the PCA, the Joint Action Plan has become the political instrument for steering EU-Ukraine relations in all areas of cooperation. It will remain the guiding tool until March 2009. By then, both sides will develop a new joint practical instrument to replace the Action Plan and to prepare the implementation of the new agreement.

Negotiations on a New Enhanced Agreement (NEA) between the EU and Ukraine were launched in March 2007. A first report on the progress achieved in the negotiations during 2007 was presented to the EU-Ukraine Summit in September 2007 in Kyiv. This second report highlights the progress achieved since then.

Since the previous report, five further negotiating rounds on the NEA have taken place. Following confirmation of Ukraine's WTO membership in February 2008, the EU and Ukraine launched negotiations on a deep and comprehensive free trade area (FTA) as a core element of the NEA on 18 February 2008. Three rounds on the FTA have taken place so far. NEA talks have been conducted in plenary sessions and in four negotiating groups covering (i) political dialogue and foreign and security policy (ii) justice, freedom and security issues, (iii) economic and sectoral cooperation and (iv), since February 2008, the FTA.

Negotiations have continued in a constructive and positive atmosphere. Both sides showed readiness to advance and could provisionally close the negotiating chapters on political dialogue and foreign and security policy and on justice, freedom and security as well as on 19 areas in the negotiating chapter on economic and sectoral cooperation.

#### **KEY PROGRESS**

Both sides have now reached a broad understanding on the preamble, overall objectives and general principles of the Agreement. In particular, they have decided that the agreement will be an Association Agreement, indicating a commitment on both sides to deepening their relationship through an association involving reciprocal rights and obligations.

Broad agreement has also been reached on the main outlines of the institutional provisions of the agreement. For example, both sides agreed to introduce the possibility of binding decisions by the joint Council in the cases provided for in the Agreement. It was understood that the areas in which the joint Council could take such decisions would need to be defined towards the end of the negotiations.

On political dialogue and foreign and security policy, both sides could agree to provisionally close the negotiations. The provisionally agreed text covers issues such as the aims of political dialogue, fora for the conduct of political dialogue, domestic reform, the International Criminal Court, regional stability, conflict prevention, crisis management, military-technological cooperation, non-proliferation of weapons of mass destruction, disarmament and arms control, as well as combating terrorism.

Also on justice, freedom and security both sides could provisionally close the chapter. This chapter covers: rule of law and respect for human rights, protection of personal data, cooperation on migration, asylum and border management, movement of persons, money laundering and terrorism financing, cooperation on the fight against illicit drugs, fight against crime and corruption, combating terrorism, and legal cooperation. However, a limited number of issues remain open and it was agreed to revisit them later on in the negotiations: reference to illegal employment, movement of persons, and admission rules. In addition, both sides agreed to examine the possibility of negotiating an agreement on judicial cooperation in civil matters between Ukraine and the EU.

In the group on economic and sectoral cooperation, negotiations on 19 areas out of 26 could be provisionally closed: company law, sports, tourism, management of public finances, health policy, energy including nuclear energy, environmental cooperation, industrial and enterprise policy, cross-border and regional cooperation, education, training, and youth, culture, research and technological development, macro-economic cooperation, social cooperation, mining and metals, agriculture and rural development, transport and audio-visual policy . Negotiations will continue in the following areas: taxation, statistics, consumer protection, information society and space. Negotiations on the three remaining areas (i.e. civil society, financial markets and fisheries and maritime issues) will be opened during the 10<sup>th</sup> and 11<sup>th</sup> rounds. In addition, both sides continue to negotiate annexes for most of the above areas, which will refer to the respective EU acquis and provide a roadmap for the cooperation on Ukraine's approximation to the EU's regulatory regime in these areas. Both sides agreed to deal with assistance related matters in a horizontal manner and to include into the Agreement a reference to the issue of Ukraine's participation in Community programmes and agencies.

Negotiations on the free trade area aspects of the Agreement were conducted, following the opening in February 2008 in Kyiv, in two negotiating rounds in April and July 2008. The April round was held in plenary session only, addressing nearly all issues to be included in the agreement, but remaining at general and exploratory stage. Both sides agreed on the scope and basic principles of the future FTA. The July round met in sub-groups and discussed draft legal texts related to: Trade in goods (TDI and tariffs/TBT), Trade and Sustainable Development, Rules of Origin, Services, Intellectual Property Rights (incl. Geographical Indications), Trade Facilitation and Customs, Public Procurement, Competition (anti-trust and state aid), SPS. Both sides took note of the good progress achieved during this round and agreed on basic parameters related to the exchange of tariff offers during the next round of

negotiations. The next round on the FTA aspects of the Agreement will take place on 20-24 October 2008 in Brussels.

## **CONCLUSIONS**

Due to constructive engagement of both sides, negotiations have proceeded well in 2007/2008, leading to a joint understanding on large parts of the text of an Association Agreement. Both sides agreed to continue negotiations with a view to concluding successfully an ambitious and innovative agreement.

[http://ec.europa.eu/external\\_relations/ukraine/index\\_en.htm](http://ec.europa.eu/external_relations/ukraine/index_en.htm)