EU-Ukraine relations - factsheet

Ukraine is a priority partner for the European Union. The EU supports Ukraine in ensuring a stable, prosperous and democratic future for its citizens, and is unwavering in its support for Ukraine’s independence, territorial integrity and sovereignty. The Association Agreement, including its Deep and Comprehensive Free Trade Area, is the main tool for bringing Ukraine and the EU closer together, promoting deeper political ties, stronger economic links and respect for common values. Since spring 2014, Ukraine has embarked on an ambitious reform programme, aiming to stabilise its economy and improve the livelihoods of its citizens. Priority reforms include the fight against corruption, reform of the judiciary, constitutional and electoral reforms, improvement of the business climate and energy efficiency, as well as reform of public administration, including decentralisation. Since 2014, the EU and the European Financial Institutions have mobilised a package of more than €14 billion in grants and loans to support the reform process, with strong conditionality on continued progress.

Close partners

Ukraine is a priority partner for the European Union, also within the EU's Eastern Partnership. An Association Agreement, including a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Ukraine, was negotiated between 2007 and 2011 and signed on 21 March and 27 June 2014. It replaces earlier frameworks for cooperation. The Association Agreement is the main tool for bringing Ukraine and the EU closer together: it promotes deeper political ties, stronger
economic links and the respect for common values.

Parts of the Association Agreement have been provisionally applied since 1 November 2014. This has enhanced EU-Ukraine cooperation on human rights, fundamental freedoms and the rule of law; political dialogue and reforms; movement of persons; and strengthened cooperation in a number of sectors, including, energy; the environment and climate action; transport; financial services; public finances, including anti-fraud; agriculture and rural development; fisheries and maritime policies; consumer protection and civil society.

The Agreement entered into force on 1 September 2017. The state of implementation of the Association Agreement is reported on annually. The latest report (2018) is available online.

Support for Ukraine’s reform programme

Since spring 2014, Ukraine has embarked on an ambitious reform timetable aiming to stabilise its economy and improve the livelihoods of its citizens. Ukraine and the EU have jointly defined a reform agenda - the Association Agenda, and follow the progress of this closely. The fight against corruption, reforming the judiciary, constitutional and electoral reforms, the improvement of the business and investment climate and energy efficiency, as well as reform of public administration, including decentralisation, are among the top priorities on the agenda. Gender mainstreaming is a priority in all sectors.
In addition to political support, the EU has pledged a **€13.8 billion support package** for the next few years to support the reform process. Programmes committed and under implementation include, *inter alia*:

- **European Commission**, on behalf of the EU, has on 30 November approved the disbursement of the first € 500 million of the new Macro-Financial Assistance (MFA) programme to Ukraine. With this disbursement, the total Macro-Financial Assistance extended to Ukraine by the EU since 2014 will reach €3.3 billion, the largest amount of such assistance directed at any non-EU country.

- **€3 billion in loans signed by the European Investment Bank (EIB)** between 2014 and the end of 2016 to support infrastructure development and reforms in the transport, energy, agriculture, education and municipal sectors, as well as substantial financial and technical support for SME development. A Memorandum of Understanding has been agreed with the Ukrainian Government on future EIB investments.

- **€3.5 billion in investment from 2014-2017 from the European Bank for Reconstruction and Development**, thanks to the support of the EU and its Member States, including as donors, to help develop and reform, *inter alia*, the banking sector, agribusiness, transport and small businesses in Ukraine, including facilitating the purchase of $300 million of gas for the 2015-2016 heating season. This is in addition to nuclear safety projects.

- **EU External Investment Plan (EIP)** – This is a key EU initiative set up to encourage public and private investments. The EIP leverages additional investments by mitigating financial risks with the new EU Guarantee Fund (€1.5 billion) and by blending EU grants with loans from European Financial Institutions via the Neighbourhood Investment Platform (NIP). Since 2014, more than € 181 million has been channelled through the NIP to Ukraine to support the financing of infrastructure in fields such as water and sanitation, energy efficiency, environment and SME funding. Support is also provided for local currency lending.

- **€ 1 billion and 165 million from the European Neighbourhood Instrument**, including:
  - In 2014 - €365 million to support and monitor democratic reforms and reinforce macroeconomic stability, strengthen governance capacity and Ukraine's socioeconomic development. This was done through two actions: budget support in the form of a State Building Contract (€355 million) and support to Civil Society in Ukraine (€10 million).
  - In 2015 – €200 million for a private sector development programme (€95 million), Technical Cooperation Facility (€15 million), and support to the decentralisation reform U-LEAD (€90 million).
  - In 2016 – €200 million for: the EU Anti-corruption Initiative in Ukraine (€15 million), Technical Cooperation Facility (€28.5 million), Public Administration Reform (€104 million), and PRAVO programme to support rule of law reforms (€52.5 million).
  - In 2017 – €200 million for energy efficiency (€50 million), public finance management (€50 million), support to sustainable socioeconomic development and good governance in conflict-affected eastern regions of Ukraine (€50 million), Technical Cooperation Facility (€37 million), and €13 million for local currency lending to provide additional finance i.a. to micro- and small enterprises.

- More than € 100 million from the **Instrument contributing to Stability and Peace (IcSP)** since 2014 to support election observation and confidence building measures, the OSCE Special Monitoring Mission, Internally Displaced Persons (IDPs), conflict-affected populations, restoration of governance and reconciliation in crisis-affected communities, strengthening their resilience and reintegration of veterans, as well as police reform.

- The **EU Advisory Mission for Civilian Security Sector Reform Ukraine (EUAM Ukraine)**, under the EU's Common Security and Defence Policy (CSDP), was established in August 2014 and launched in December 2014. It aims to assist the Ukrainian authorities towards a sustainable reform in order to achieve efficient and trustworthy civilian security sector including
in fight against corruption. Its mandate was extended until May 2019 with a total budget for the entire period of more than €83 million. EUAM is an unarmed, non-executive civilian mission with its Headquarters in Kyiv and regional presences in Lviv, Kharkiv and Odesa.

- In 2014, the European Commission also created a dedicated Support Group for Ukraine (SGUA). It is composed of experts from EU institutions and Member States, who provide coordination and advice to the Ukrainian authorities in key reform sectors. You can read SGUA's 18 month activity report here.

Trade

The Deep and Comprehensive Free Trade Area (DCFTA), as part of the Association Agreement, entered into force on 1 September 2017, having been provisionally applied since 1 January 2016. This constitutes a major milestone in bilateral trade relations and offers new economic opportunities to both the EU and Ukraine. Ukrainian businesses receive stable and predictable preferential access to the largest market in the world, with over 500 million consumers. While EU businesses are able to benefit from easier access to the Ukrainian market and build new relationships with Ukrainian suppliers and partners. The EU is reinforcing its position as Ukraine's number one trading partner. In 2018, exports from Ukraine to the EU increased by 8% compared to 2017 and Ukrainian imports from the EU by 10%. 2018 thus became another year of record high exports from Ukraine to the EU, which remains Ukraine’s largest trading partner with 42% of total trade.

The agreement has triggered a reform of Ukraine's legal framework, with the aim of aligning it with that of the EU (the EU acquis). It will allow, in the long-term, to treat many Ukrainian products the same way as others in the EU internal market. Given the gradual approximation by Ukraine with the laws of the EU and internationally-recognised EU standards in production and services, Ukraine should be able to export more easily not only to the EU, but also to the rest of the world. In addition, the reforms that are anchored in the DCFTA will allow improvements in the overall business climate in Ukraine, including curbing corruption, which will in turn increase investor confidence.

The DCFTA implementation enables Ukraine to diversify its economy, which is based today on large companies in basic commodity sectors (e.g. metallurgy), to move towards a more modern model including the development of a vibrant services sector and many small- and medium-sized enterprises (SMEs).

Furthermore, a regulation of the European Parliament and of the Council on temporary "Autonomous Trade Measures" for Ukraine entered into force on 1 October 2017, topping up the quantities of agricultural products Ukraine can export to the EU under the AA/DCFTA without paying customs duties and accelerating the elimination of customs tariffs for several industrial products foreseen in the Agreement. This has further boosted Ukrainian exports to the EU and helped to counter the effect of Russia's restrictive measures against Ukraine.

Visa liberalisation

Visa-free travel for Ukrainian citizens with biometric passports entered into force on 11 June
2017 following the successful conclusion of the visa liberalisation dialogue, covering significant reforms ranging from rule of law to integrated border management and fundamental rights. Since visa liberalisation, Ukrainian citizens made more than 2 million visa-free visits to the EU with biometric passports.

Visa liberalisation is one of the EU’s most powerful tools in facilitating people-to-people contacts and strengthening ties between the citizens of third countries and the EU. To safeguard this instrument for contacts between the EU and Ukrainian citizens, the Commission monitors the continuous fulfilment of the requirements that had to be fulfilled by Ukraine to achieve the visa liberalisation. Each year, the Commission publishes a report reflecting this monitoring. The second report under the visa suspension mechanism was published on 19 December 2018.

Energy partners

On 24 November 2016, in Brussels, the European Commission Vice-President for Energy Union, Maroš Šefčovič and the Energy Minister of Ukraine, Ihor Nasalyk, signed a new Memorandum of Understanding on a Strategic Energy Partnership between the EU and Ukraine. The Memorandum has broadened the cooperation in all areas of energy policy, including energy efficiency, renewable energy, as well as research and innovation. This will, in turn, support the energy sector reform in Ukraine. The priority actions are agreed in the Annual Work Plans.

The EU supports swift implementation of energy sector reforms in line with Ukraine's Energy Community and Association Agreement commitments. Through technical advice, the EU has assisted the Ukrainian government in preparing the establishment of an independent energy regulatory authority, and new gas and electricity laws to improve efficiency in the energy sector. The creation of the Energy Efficiency Fund, to which the EU is ready to contribute, will, for the first time, support the energy efficient renovation of multi-apartment buildings thus facilitating budgetary and household savings; reduce import needs and greenhouse gas emissions; and will create new opportunities for further cooperation with innovative EU companies.

The European Commission, in close cooperation with the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank, continues to support the modernisation of the Ukrainian gas transportation system, in line with the Joint Declaration made in March 2009.

Since the association of Ukraine to the Euratom Research and Training Programme, Ukraine can benefit from research and training programmes for direct and indirect actions in the field of fission and fusion.

The European Union is also the largest donor to the New Safe Confinement above the destroyed unit four of the Chornobyl nuclear power plant, which was put in place in November 2016. Work is ongoing to make the Chornobyl site safe by dismantling the old shelter and managing the radioactive waste.

The European Commission remains committed to facilitating trilateral talks between Ukraine and the Russian Federation on the long-term transit of gas to Europe.
Research and Innovation

The EU supports the integration of Ukraine into the European Research Area through the association of Ukraine to the Horizon 2020 and the complementary Euratom research programmes. Such association allows Ukrainian researchers, businesses and innovators to apply to all funding schemes of both programmes, across the whole research and innovation value-chain, from fundamental research up to pre-commercialization activities, on equal terms with their EU counterparts. Furthermore, the EU is supporting the reform and modernisation of the Ukrainian national research and innovation system in line with the outcome of a comprehensive peer-review conducted in 2016 to support more innovation-oriented research. The EU is also supporting general awareness in Ukraine on the impact of research and innovation projects under Horizon 2020, with a particular focus on business engagement - notably SMEs. Support is also provided to modernise the Technology Transfer system of Ukraine. More information on EU-Ukraine research and innovation cooperation is available online.

Education and people-to-people contacts

The EU supports the integration of Ukraine into the European Higher Education Area and major reforms in the country to restructure and modernise the education system in order to deliver globally-recognised, quality education, to enhance the relevance of the educational offer and expand its internationalisation. Ukraine participates actively in EU capacity-building and academic mobility schemes of Erasmus+, leading to international and intercultural experiences of students and staff, familiarisation with new learning and teaching methods, and strengthening of competences and networks.

Over 10,000 academic exchanges have been granted in 2015-2018: over 7,000 incoming from Ukraine to Europe and nearly 3,000 from Europe to Ukraine. This represents 42% of the 'mobilities' granted for the entire Eastern Partnership region.

Since 2014, 191 Erasmus+ scholarships have been awarded to Master students from Ukraine to follow Erasmus Mundus Joint Degree programmes.

The EU supports key competences and skills of young people, their active citizenship, social inclusion and solidarity through specific actions in the field of youth. Ukraine takes an active role in Erasmus+ projects promoting youth exchanges and volunteering, cooperation, networking and peer-learning activities.

Over 9,000 young people and youth workers from Ukraine participated in joint Erasmus+ Youth projects (exchanges, trainings, policy debate, volunteering).

EU will dedicate EUR 5 million as a specific bilateral window for Ukraine under Erasmus+ to increase the existing opportunities for student and academic mobility and traineeships, support to reform processes at higher education institutions and greater involvement of Ukraine in Jean Monnet activities in the years 2019 and 2020.
Illegal annexation of Crimea and Sevastopol

The European Council of 20 March 2014 strongly condemned the illegal annexation of Crimea and Sevastopol by the Russian Federation. EU leaders underlined that there is no place for the use of force and coercion to change borders in Europe in the 21st century. Five years on, the EU does not recognize and continues to condemn this violation of international law. The EU has adopted a strict non-recognition policy with regard to the illegal annexation. This policy has led to substantive sanctions, set out in the annex to this Factsheet. The sanctions have been extended several times since then and are still in place (see annex).

Situation in the Azov Sea

The European Union has been following with great concern the situation in the Azov Sea and the dangerous increase of tensions which has led to the seizure of Ukrainian vessels and their crews by Russia and shots being fired at them, wounding several Ukrainian servicemen.

This unjustified use of force is a reminder of the negative effects of the illegal annexation of Crimea on regional stability. The European Union expects Russia to ensure unhindered and free passage of all ships through the Kerch Strait to and from the Azov Sea, in accordance with international law. The illegal restrictions to such passage have negative economic consequences for Ukraine's port in the Azov Sea and the whole region.

Possible areas for further support from the EU to the regions most affected by the limitation of cargo traffic near the Azov Sea have been identified, in particular on railway and road connections in the area in close cooperation with IFIs (feasibility studies to be launched shortly), training centres in some Ukrainian cities around the Azov Sea, and support for small- and medium-sized enterprises.

Conflict in eastern Ukraine (including sanctions)

The EU has been strongly supporting efforts to come to a peaceful and sustainable solution to the conflict in eastern Ukraine.

From the outset, the EU has supported Ukraine's territorial integrity, condemning the clear violations of Ukrainian sovereignty and territorial integrity by acts of aggression by the Russian armed forces. It has fully supported all initiatives aimed at bringing a lasting political solution to the conflict in eastern Ukraine, using all the means available. The EU's approach has been to combine pressure through restrictive measures with diplomatic efforts and continuing dialogue.

Diplomatic restrictions against the Russian Federation were first imposed at an extraordinary meeting of EU leaders on 6 March 2014. The EU gradually increased its restrictive measures, starting on 17 March 2014 with targeted sanctions against persons responsible for actions against Ukraine's territorial integrity, sovereignty and independence. In view of Russia's actions destabilising eastern Ukraine, a first package of significant economic sanctions targeting cooperation and exchanges with Russia was announced on 29 July 2014. A reinforced package of economic sanctions was announced in September 2014. Details about restrictive measures are in the annex.

At the same time, the EU participated directly in negotiating the Geneva Joint Statement of 17 April
2014. It welcomed the subsequent agreements for a ceasefire and further steps to stabilise the situation and achieve a political solution, reached in Minsk in September 2014 and in February 2015. The duration of the EU's economic sanctions against the Russian Federation is clearly linked to the complete implementation of the Minsk agreements. As part of its efforts for a political solution, the EU has stepped up its assistance to the Organisation for Security and Co-operation in Europe (OSCE), conducted trilateral talks on trade and energy-related issues with Russia and supported political engagement including through discussions in the Normandy format (France; Germany; Ukraine; Russia) and the Trilateral Contact Group (OSCE; Ukraine; Russia).

Support for the Organisation for Security and Co-operation in Europe (OSCE)

The EU and its Member States are the biggest contributors to the OSCE's Special Monitoring Mission, which monitors the implementation of the Minsk agreements. The EU accounts for two thirds of both the mission's budget and monitors. In addition to Member States, the EU has contributed through the Instrument contributing to Stability and Peace €49 million to support the Mission's capacity to fulfil its mandate. The EU has furthermore donated 40 unarmoured and 44 armoured vehicles, 35 trauma kits and provided training.

Humanitarian assistance

The EU has been at the forefront of the response to the humanitarian crisis. Humanitarian needs are still high in eastern Ukraine: the conflict is affecting over 4.4 million people, of which 3.4 million are still in need of humanitarian assistance, especially along the contact line and in the non-government controlled territories.

The European Union and its Member States have provided financial support to the most vulnerable people. The EU, together with its Member States is the biggest donor of humanitarian and early recovery/development assistance to Ukraine. It has provided over EUR 677.1 million since the beginning of the conflict of which approximately half for humanitarian aid.

This funding provides support to the most vulnerable people affected by the conflict along both sides of the contact line and in the non-government controlled areas. This assistance addresses the basic needs of those most affected by the conflict, wherever they are. This includes shelters, health care, protection, food and non-food items, water, sanitation, education in emergency and other emergency aid. If the right conditions are in place, assistance is delivered through cash and vouchers.

The EU's Civil Protection and Humanitarian Aid Operations (ECHO) have operated in Ukraine since February 2014 and plays a key role in facilitating humanitarian coordination and information sharing with various humanitarian organisations, including donors, authorities and aid partners. In addition to financial aid, in-kind assistance was mobilised through the EU Civil Protection Mechanism in the early onset of the conflict. The EU also provides assistance to displaced Ukrainians in Belarus and Russia.

Malaysian Airlines flight MH17

When Malaysian Airlines flight MH17 was downed on 17 July 2014, the EU expressed shock and deep
sadness at the loss of so many innocent lives. The EU has consistently demanded that those responsible for the downing must be held accountable and brought to justice. The EU fully supports the criminal investigation by the Joint Investigation Team (JIT) and the international efforts to establish an effective prosecution mechanism. The EU considers that it is crucial that the investigators can complete their work, independently and thoroughly.

Following the technical report by the Dutch Safety Board of 13 October 2014, the interim results of the independent criminal investigation, presented by the JIT on 28 September 2016, the Joint Investigation Team presented further findings of its independent, professional and impartial investigation on 24 May 2018. It concluded that the BUK installation used to bring down flight MH17 belonged beyond doubt to the armed forces of the Russian Federation. The European Union calls on the Russian Federation to accept its responsibility and to fully cooperate with all efforts to establish accountability.

**ANNEX: EU Restrictive measures**
Diplomatic measures

- Instead of the G8 summit in Sochi, a G7 meeting was held in Brussels on 4 and 5 June 2014. EU nations supported the suspension of negotiations over Russia joining the OECD and the
The EU-Russia summit was cancelled and EU Member States decided not to hold regular bilateral summits. Bilateral talks with Russia on visa matters as well as on the New Agreement between the EU and Russia were suspended.

**Asset freezes and travel bans**

Asset freezes and visa bans apply to 170 persons while 44 entities are subject to a freeze of their assets in the EU. This includes persons and entities responsible for action against Ukraine's territorial integrity, persons providing support to or benefitting Russian decision-makers and 11 entities in Crimea and Sevastopol that were confiscated or that have benefitted from a transfer of ownership contrary to Ukrainian law. The ban also includes a prohibition of any payments made to these persons and entities. On 10 December the EU has added to the list 9 individuals, elected or involved in the so-called "elections" in the non-government controlled areas of Donetsk and Luhansk. On 15 March 2019 the EU added 8 Russian individuals involved in the actions that led to the detention of Ukrainian seamen and the seizure of vessels in the Kerch Strait on 25 November 2018.

See the [latest consolidated version in the Official Journal](https://eur-lex.europa.eu/).  

**Restrictions for Crimea and Sevastopol**

As part of the EU's non-recognition policy of the illegal annexation of Crimea and Sevastopol, the EU has imposed substantial restrictions on economic exchanges with the territory. These include:

- A ban on imports of goods originating in Crimea or Sevastopol unless they have Ukrainian certificates;
- A prohibition to invest in Crimea. Europeans and EU-based companies can no longer buy real estate or entities in Crimea, finance Crimean companies or supply related services. In addition, they may not invest in infrastructure projects in six sectors;
- A ban on providing tourism services in Crimea or Sevastopol. European cruise ships may not call at ports in the Crimean peninsula, except in case of emergency. This applies to all ships owned or controlled by a European or flying the flag of an EU Member State;
- Goods and technology for the transport, telecommunications and energy sectors or the exploration of oil, gas and mineral resources may not be exported to Crimean companies or for use in Crimea;
- Technical assistance, brokering, construction or engineering services related to infrastructure in the same sectors must not be provided.

To facilitate compliance with these restrictive measures and other elements of the non-recognition policy, the EU has compiled an Information Note to EU business operating and/or investing in Crimea/Sevastopol.

[Information note to EU business on operating and or investing in Crimea/Sevastopol](https://eur-lex.europa.eu/)

"**Economic sanctions**"

- EU nationals and companies may not buy or sell new bonds, equity or similar financial instruments with a maturity exceeding 30 days, issued by:
  - five major state-owned Russian banks;
  - three major Russia energy companies;
  - three major Russian defence companies;
  - subsidiaries outside the EU of the entities above, and those acting on their behalf or at their direction.
• Assistance in relation to the issuing of such financial instruments is also prohibited.
• EU nationals and companies may also not provide loans with a maturity exceeding 30 days to the entities described above.
• Embargo on the import and export of arms and related material from/to Russia, covering all items on the EU common military list, with some exceptions.
• Prohibition on exports of dual use goods and technology for military use in Russia or to Russian military end-users, including all items in the EU list of dual use goods. Export of dual use goods to nine mixed end-users is also banned.
• Exports of certain energy-related equipment and technology to Russia are subject to prior authorisation by competent authorities of Member States. Export licenses will be denied if products are destined for oil exploration and production in waters deeper than 150 meters or in the offshore area north of the Arctic Circle, and projects that have the potential to produce oil from resources located in shale formations by way of hydraulic fracturing.
• The following services necessary for the above mentioned projects may not be supplied: drilling, well testing, logging and completion services and supply of specialised floating vessels.

See the Commission Guidance note on the implementation of certain provisions of Regulation (EU) No 833/2014

Measures concerning economic cooperation

• On 16 July 2014, the European Council requested the EIB to suspend the signature of new financing operations in the Russian Federation. European Union Member States will coordinate their positions within the EBRD Board of Directors with a view to also suspending financing of new operations.
• The implementation of EU-Russia bilateral and regional cooperation programmes has been largely suspended. Projects dealing exclusively with cross-border cooperation and civil society are maintained.

Asset freezes for misappropriation of Ukrainian state funds

An asset freeze is in place against 12 people identified as responsible for the misappropriation of Ukrainian state funds or for abuse of office causing a loss to Ukrainian public funds.

See the latest list of persons concerned

See also

EU-Ukraine relations (EUDEL website)
European Union Delegation in Ukraine website
Support Group for Ukraine website
Factsheet: FAQs on Ukraine, the EU's Eastern Partnership and the EU-Ukraine Association Agreement
EU Advisory Mission for Civilian Security Sector Reform Ukraine website
Statistics on trade and investment between the EU and Ukraine
Eastern Partnership website

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