



EU-Ukraine



# RELATIONS

The European Union supports Ukraine in ensuring a stable, prosperous and democratic future for all its citizens. The EU is unwavering in its support for the country's **territorial integrity and sovereignty** and sees the full implementation of the Minsk agreements as the basis for a sustainable, political solution to the conflict in the east of the country. Since spring 2014, the EU has stepped up its support for economic and political reforms in Ukraine.

## 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.

In July 2017, the ratification process of the Association Agreement on the side of the EU and its Member States will have been completed, which will allow the Agreement to enter into force on 1 September 2017.

## Free trade

The **Deep and Comprehensive Free Trade Area (DCFTA)** has 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 Ukraine's number one trading partner.

The agreement triggers a reform of Ukraine's legal framework, with the aim of aligning it with that of the EU's (the EU *acquis*) and, in the long-term, to treat many Ukrainian products the same way as others, which are traded within the EU internal market. Given the gradual adoption by Ukraine of EU laws 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 - including to Ukraine's traditional markets. In addition the reforms that are anchored in the DCFTA will **improve the overall business climate** in Ukraine, including **curbing corruption**, which will in turn **increase investor confidence**.

EU investors and businesses in Ukraine will contribute to the transfer of new technologies and management methods that will improve the efficiency and quality of Ukrainian production and business governance. Upgrading production technologies will reduce the production costs for Ukrainian businesses, enabling them to compete with EU-based firms.

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

Furthermore, an additional [proposal](#) by the Commission on temporary “Autonomous Trade Measures” for Ukraine has been agreed on with the Council and Parliament and should enter into force soon, 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 should further boost bilateral trade and counter the effect of Russia’s restrictive measures against Ukraine.

### Support to 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**, which was last updated in March 2015) and follow the progress of this closely. The fight against corruption, reforming the judiciary, constitutional and electoral reforms, the improvement of the business climate, and reform of public administration, including decentralisation, are among the top priorities on the agenda.

In addition to political support, the EU has pledged a **€12.8 billion support package** for the next few years to support the reform process.

Programmes committed and under implementation include, inter alia:

- **€3.41 billion in loans as EU macro-financial assistance (MFA)**, of which €2.81 billion has already been provided. This is the largest amount of macro-financial assistance that the EU has disbursed to any non-EU country. Ukraine will be able to benefit from a final €600 million disbursement under the third MFA programme, subject to the successful implementation of the measures specified in the memorandum of understanding jointly agreed by Ukraine and the EU.
- **€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.
- **€2.7 billion in investment from 2014–2016 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, 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.
- **€879.2 million in grants** including:
  - o **A €355 million state building contract** supporting the fight against corruption as well as the reforms of the public administration, the judiciary, the constitution and the electoral framework.
  - o **A €10 million civil society programme** to reinforce its capacity to support and monitor the reform process.
  - o **A €110 million programme aimed at developing the private sector and fostering Ukraine’s economic recovery.** Technical assistance is provided to improve the legislative framework for SMEs and promote the implementation of the Association Agreement, while the EU is supporting the setup of business advisory centres in the regions and facilitating the access of SMEs to finance.
  - o **A €90 million decentralisation programme supporting local governance.** Local authorities receive advice and support to improve transparency, accountability and responsiveness to the needs of the population. The delivery of local administrative services throughout Ukraine is being enhanced.
  - o **A €15 million anti-corruption programme** supporting the newly established anti-corruption institutions, strengthening parliamentary oversight and capacities of civil society and independent media to contribute to the fight against corruption.

- o **A €28.5 and a €37.5 million technical cooperation** facility (in 2016 and 2017 respectively) to raise Ukrainian public authorities' capacities in designing and implementing key reforms and supporting the implementation of the Association Agreement.
- o **A €104 million Public Administration Reform programme** to help put in place a new generation of Ukrainian public servants, organise the government according to European standards, implement best practices in policy-making and advance key sector reforms.
- o **A €52.5 million Rule of Law programme** providing support to justice and law enforcement reforms.
- o **€76.7 million from the Instrument contributing to Stability and Peace (IcSP)** from 2014 onwards 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 as well as police reform.
- Further European Neighbourhood Instrument **2017 programmes for a total budget of € 200 million in the areas of energy efficiency, public finance management and support to the conflict-affected areas** of eastern Ukraine under government control, which will be adopted before the end of this year.

The European Commission also created a dedicated [Support Group for Ukraine \(SGUA\)](#), fully operational since autumn 2014. SGUA is composed of experts from EU institutions and Member States in different priority sectors, who provide coordination and advice to the Ukrainian authorities in key reform sectors. You can read SGUA's 18 month activity report [here](#).

Press release: [Support Group for Ukraine: first report shows positive impact on delivery of reforms](#)

Fact sheet: [Ukraine's reform achievements and the EU's support](#)

The **EU Advisory Mission for Civilian Security Sector Reform Ukraine (EUAM)** has been deployed since December 2014. It coordinates international support to the civilian security sector and provides strategic advice to the Ukrainian authorities, supported by operational activity, including training, to develop sustainable, accountable and efficient security services that strengthen the rule of law. EUAM is an unarmed, non-executive civilian mission with its Headquarters in Kyiv and a regional presence in Lviv and Kharkiv.

### Visa liberalisation

**Visa-free travel** for Ukrainian citizens with biometric passports **entered into force on 11 June 2017**, following the fulfilment by Ukraine of the benchmarks that were contained in the visa liberalisation action plan. The purpose of the short-term visa-free travel regime for Ukrainian citizens with biometric passports is to facilitate **people-to-people contacts** and strengthen business, social and cultural ties between the EU and Ukraine.

Watch the videos of congratulations from the High Representative, **Federica Mogherini** [here](#); from the Commissioner for Neighbourhood Policy and Enlargement Negotiations, **Johannes Hahn** [here](#); and from the Commissioner for Migration, Home Affairs and Citizenship, **Dimitris Avramopoulos** [here](#).

### 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 new Memorandum of Understanding aims to stimulate energy cooperation between the EU and Ukraine. The new agreement has broadened the cooperation in all areas, including energy efficiency, renewable energy, as well as research and cooperation. This will, in turn, create more certainty for investors.

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.

Since the association of Ukraine to the EU's Horizon 2020 program, Ukraine can benefit from **research and training programmes** for direct and indirect actions in the field of fission and fusion.

The EU remains committed in facilitating **trilateral talks** between the gas providers of Ukraine and the Russian Federation on gas supply to Ukraine and long-term transit to Europe.

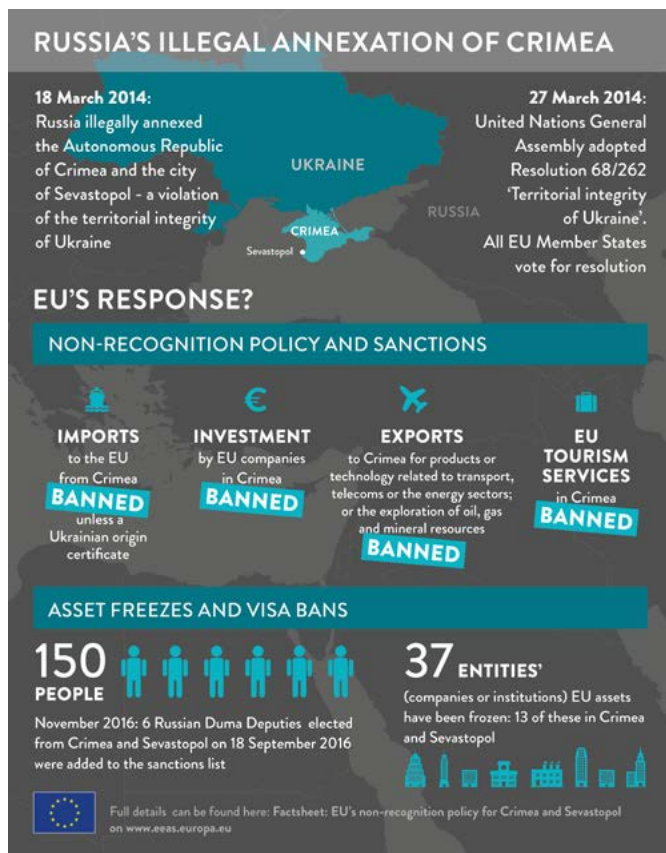
The EU supports the integration of Ukraine into the European Research Area through the [association](#) of Ukraine to the [Horizon 2020](#) and the [Euratom](#) research programmes. Such association allows Ukrainian researchers, businesses and innovators to apply to all funding schemes of both programmes, across the whole research and innovation value-chain, from fundamental research up to pre-commercialization activities, on equal terms with their EU counterparts. More information on EU-Ukraine research and innovation cooperation is available [online](#).

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** programmes such as [Tempus](#) and [Erasmus+](#), leading to international and intercultural experiences of students and staff, familiarisation with new learning and teaching methods, and strengthening of competences and networks.



## 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. The EU does not and will not recognise the illegal annexation. 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 infographic below and in the annex to this Factsheet. The sanctions have been extended several times since then and are still in place (see annex).



## 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 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).

Click the picture below to watch why the EU imposed sanctions on Russia



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

The EU and its Member States are the biggest contributors to the [OSCE Special Monitoring Mission in Ukraine](#), 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 €33 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: 3.8 million people are estimated to be in need.

The European Union and its Member States have provided financial support to the most vulnerable people. Humanitarian aid totals €222.1 million, of which €88.1 million has been provided by the EU. 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 and other emergency aid. If the right conditions are in place, assistance is delivered through cash and vouchers.

The humanitarian assistance is being delivered through the Commission's humanitarian partner organisations, including international NGOs and UN organisations. The Commission also assists Ukrainian refugees in Belarus and Russia.

In addition, the European Union's contribution to **early recovery and peacebuilding operations** totals €49.7 million. Early recovery operations cover small repair works; activity to promote the social and economic integration of internally displaced persons (IDPs) and to build links with host communities; mine action; psychosocial support and action to increase women's participation in conflict resolution and community security.

### 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 technical report by the Dutch Safety Board on 13 October 2014 was an important step to shed light on the downing, putting an end to speculations over a number of key facts related to the crash. The EU fully supports the criminal investigation by the Joint Investigation Team (JIT) and the international efforts to establish an effective prosecution mechanism. In this context, the EU believes that the interim results of the independent criminal investigation, presented by the JIT on 28 September 2016 demonstrate that important progress has been made, answering many questions that have borne heavily on those who lost their loved ones. The EU considers that it is crucial that the investigators can complete their work, independently and thoroughly

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#### More information:

[EU-Ukraine relations \(EEAS website\)](#)

[European Union Delegation in Ukraine website](#)

[Support Group for Ukraine website](#)

[EU Advisory Mission for Civilian Security Sector Reform Ukraine website](#)

[Statistics on trade and investment between the EU and Ukraine](#)

[Eastern Partnership website](#)

## 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 International Energy Agency (IEA).
- 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 travel bans apply to 150 persons while 37 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 13 entities in Crimea and Sevastopol that were confiscated or that have benefitted from a transfer of ownership contrary to Ukrainian law. In line with the EU non-recognition policy, six deputies elected to the Russian State Duma from Crimea and Sevastopol were added to the list on 8 November 2016, while two others had already been listed earlier due to their previous activities.

See the [latest list of persons and entities subject to sanctions](#)

### 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.

### “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:
  - o five major state-owned Russian banks;
  - o three major Russia energy companies;
  - o three major Russian defence companies;
  - o 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.

### **Measures focused on freezing and recovery of misappropriated Ukrainian state funds**

An asset freeze is in place against 16 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](#)