



**COUNCIL OF  
THE EUROPEAN UNION**



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PRESSE 229

## **Council approves financial support and trade measures for Ukraine**

The Council today<sup>1</sup> approved two key measures amongst a package of proposals aimed at providing economic and financial support to Ukraine.

It adopted a decision providing up to €1bn in macro-financial assistance to Ukraine to support its economic stabilisation and its structural reform agenda, supplementing resources made available under a financial arrangement with the IMF ([8346/14](#)).

It also adopted a regulation granting unilateral trade preferences to Ukraine, providing for the temporary reduction or elimination of customs duties in accordance with a schedule of concessions set out in an annex to the EU-Ukraine association agreement ([73/14](#)).

The support package was announced by the Commission on 5 March in response to the unprecedented developments in Ukraine, and is intended to assist with the country's political transition and encourage political and economic reforms. The package was endorsed by the European Council on 6 March.

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<sup>1</sup> At a meeting of the Foreign Affairs Council, without discussion.

# **P R E S S**

## Financial support

Approved under a fast-track procedure, the EU's macro-financial assistance (MFA) will be provided in the form of loans with a maximum maturity of 15 years. It will contribute to covering Ukraine's urgent balance-of-payments needs as identified in the government's economic programme supported by the IMF.

The assistance will be conditional on the fulfilment of economic policy and financial conditions, focusing on structural reforms and sound public finances, to be laid down in a memorandum of understanding (MOU) to be agreed between the EU and Ukraine. The MFA will be made available for a period of one year starting from the entry into force of the MOU.

The MFA will be released in two instalments, unless exceptional circumstances require its disbursement in a single tranche. The release will be conditional on the implementation of measures foreseen in the MOU and in the IMF's non-precautionary credit arrangement, as well as on Ukraine's respect for effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and for human rights.

Disbursement of the EU assistance can take place as soon as the Ukrainian authorities and the IMF have agreed on an economic programme supported by a financing arrangement.

Today's decision to provide loans of up to €1bn is additional to €610mn that was agreed in 2010 but is also conditional on the signature of an agreement between Ukraine and the IMF.

The Ukrainian economy has been in recession since the second half of 2012, with only one quarter of positive growth at the end of 2013, which was quickly reversed in the first two months of this year as a result of the deterioration of the political and security situation. The Ukrainian government lost access to international financial markets during 2013.

## Trade measures

The regulation granting unilateral trade preferences is expected to enter into force on 23 April, the day following its scheduled publication in the Official Journal.

It will enable Ukraine to benefit from trade preferences without awaiting entry into force of a "deep and comprehensive" free trade area included in the EU-Ukraine association agreement. The regulation will apply until title IV of the association agreement enters into force or, where appropriate, is applied provisionally, and until 1 November 2014 at the latest.

The political provisions of the EU-Ukraine association agreement were signed in the margins of the European Council meeting on 20 and 21 March. The EU and its member states remain committed to signing the remainder of the agreement which, together with the political provisions, constitutes a single agreement.

According to the Commission, Ukrainian exporters can be expected to save almost €500mn annually in customs duties in the free trade area foreseen by the association agreement.

The EU accounts for about one third of Ukraine's external trade. In 2012, the value of Ukrainian imports from the EU was €23.8bn while the value of its exports was €14.6bn.

**More information:**

EU-Ukraine association agreement - the complete texts:

[http://eeas.europa.eu/ukraine/assoagreement/assoagreement-2013\\_en.htm](http://eeas.europa.eu/ukraine/assoagreement/assoagreement-2013_en.htm)

Factsheet on EU-Ukraine relations:

[http://eeas.europa.eu/statements/docs/2014/140318\\_02\\_en.pdf](http://eeas.europa.eu/statements/docs/2014/140318_02_en.pdf)

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