



Brussels, November 2015

## FACT SHEET

### EU-Ukraine relations

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

#### Close partners

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

The provisional application of important parts of the Association Agreement began on 1 November 2014: these concern the respect for human rights, fundamental freedoms and rule of law; political dialogue and reform; justice, freedom and security; cooperation in a number of sectors, notably energy, environment and climate action, transport, financial services, financial cooperation including anti-fraud, agriculture and rural development, fisheries and maritime policies, consumer protection and civil society.

#### Free trade

Provisions establishing a deep and comprehensive free trade area (DCFTA) between the EU and Ukraine will start on 1 January 2016. Since 23 April 2014, the EU has autonomously granted Ukrainian exporters preferential access to the EU market.

Talks with both Ukraine and Russia in a trilateral format on the implementation of the deep and comprehensive free trade area are ongoing.

FOR FURTHER DETAILS:

Maja Kocijancic +32 498 984 425 - +32 2 298 65 70 - [Maja.Kocijancic@ec.europa.eu](mailto:Maja.Kocijancic@ec.europa.eu) @MajaEUspox

Adam Kaznowski +32 2 29 89359- +32 460 768 088 - [Adam.Kaznowski@ec.europa.eu](mailto:Adam.Kaznowski@ec.europa.eu)

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## **Increased support to Ukraine's reforms**

Since spring 2014, Ukraine has embarked on an ambitious reform process aiming at stabilising its economy, improving the livelihoods of its citizens and meeting international standards. The EU has welcomed these reform plans. Ukraine and the EU have together defined a joint reform agenda (the so-called "Association Agenda") and follow up closely on progress. Constitutional and electoral reforms, the fight against corruption, the reform of the judiciary, the improvement of the business climate and public administration reform, including decentralisation, are among the issues that are high on the joint priority list.

In addition to political backing, the EU has also committed a €12.8 billion support package for the next few years to support the reform process. To date, the EU and European financial institutions have mobilised, that is committed or disbursed, over €7 billion, including:

- €3.4 billion in loans as EU macro-financial assistance, of which €2.21 billion has already been provided. Another €1.2 billion could be made available in the near future, depending on progress in implementing agreed reforms.
- €3.3 billion by the European Investment Bank and the European Bank for Reconstruction and Development to help develop and reform, inter alia, the transport, energy, agriculture, SMEs, municipal, environment, banking and natural resource sectors. The EIB and EBRD also facilitated the purchase of gas for the 2015-2016 heating season.
- €500 million in grants including:
  - 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.
  - A €10 million civil society programme to reinforce its capacity to support and monitor the reform process.
  - A €110 million programme aimed at developing the private sector and fostering Ukraine's economic recovery. Technical assistance will be given to improve the legislative framework for SMEs, while the EU will support the setting up of business advisory centres in the regions and facilitate the access of SMEs to finance.

Moreover, the European Commission has put in place a dedicated Ukraine Support Group, composed of experts from EU institutions and Member States in different priority sectors giving and coordinating advice and support to the Ukrainian authorities in the mentioned reform sectors.

Since December 2014, the EU Advisory Mission for Civilian Security Sector Reform Ukraine has been providing strategic advice for the development of sustainable, accountable and efficient security services that strengthen the rule of law. The Mission, headquartered in Kyiv, is an unarmed, non-executive civilian mission under the EU's Common Security and Defence Policy.

## **Visa liberalisation**

Since 2008, the EU has been in discussions with Ukraine concerning visa liberalisation. These dialogues are built on so-called "Visa Liberalisation Action Plans", which include four blocks of criteria related to:

- document security, including biometrics;
- border management, migration and asylum;
- public order and security; and
- external relations and fundamental rights.

Once Ukraine brings its policies in line with European standards in these four areas, visa-free short-term travel with the European Union can be envisaged. Visa liberalisation is a merit-based process and the European Commission regularly evaluates Ukraine's progress towards fulfilling these criteria. The next progress report by the European Commission is due in December 2015.

### **Energy partners**

The EU has acted as moderator in discussions on energy security between Ukraine and Russia in trilateral gas talks. Both in October 2014 and in September 2015, the Commission brokered agreements to enable gas supplies to continue throughout the winter.

The EU supports swift implementation of energy sector reforms in line with Ukraine's Energy Community and Association Agreement commitments. Through technical assistance, the EU assists the Ukrainian government in establishing a strong and independent energy regulatory authority, and preparing new gas and electricity laws and increasing the efficiency of the Ukrainian energy sector. A major undertaking in this context is the restructuring of Naftogaz in line with the third Energy Package, to be completed by June 2016. The Commission, in close cooperation with the EIB, the EBRD and the World Bank, continues to support the modernisation of the Ukrainian gas transportation system, in line with the Joint Declaration made in this regard in March 2009. In December 2014 the EIB and EBRD signed first loans of respectively €150 million for the rehabilitation of parts of the main east-west transit pipelines and further projects are expected to be developed in the coming year.

### **Illegal annexation of Crimea and Sevastopol**

The European Council of 20 March 2014 strongly condemned the illegal annexation of Crimea and Sevastopol to 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, EU leaders underlined. This policy has led to substantive sanctions against Crimea and Sevastopol, set out in the annex below.

### **Conflict in eastern Ukraine**

The EU has been deeply engaged in supporting efforts to come to a 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 political solution to the conflict in eastern Ukraine, using all the means available to push for that. 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 the situation in eastern Ukraine, a first package of significant economic sanctions targeting cooperation and exchanges with Russia was announced on 29 July 2014. "It is meant as a strong warning: illegal annexation of territory and deliberate destabilisation of a neighbouring sovereign country cannot be accepted in 21st century Europe", said the then European Council President Herman Van Rompuy. Details about restrictive measures are in the annex.

At the same time, the EU has directly participated 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 OSCE, has conducted trilateral talks on trade- and energy-related issues with Russia and supported political engagement including through discussions in the "Normandy format".

### **Support to 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 with €25 million to supporting the Mission's capacity to fulfil its mandate. The EU has furthermore donated 40 unarmoured and 44 armoured vehicles and 35 trauma kits to the OSCE mission as well as provided trainings.

### **Humanitarian assistance**

The EU has been at the forefront of the response from the beginning of the humanitarian crisis.

The European Union and its Member States have already provided financial support for both humanitarian and early recovery operations for a total of € 242 million. €100 million of this has been provided since February 2015, demonstrating the continuing commitment to helping those most affected by the conflict. Around 55% of the Commission's humanitarian assistance (€42.4 million so far) goes to the non-government controlled areas in the Donetsk and Luhansk regions. Projects implemented in the first half of 2015 from the Commission's humanitarian funding have directly helped over 460,000 Ukrainians. The humanitarian assistance from EU Member States amounts to € 78 million. The early recovery assistance for internally displaced persons in Ukraine amounts to €31 million from the Commission and €91 from Member States.

In early 2015, the EU and Austria, Denmark, Estonia, Finland, France, Germany, Latvia, Poland and Slovenia also jointly delivered 85 tonnes of emergency supplies by air and road, including tents, blankets and sleeping bags for the harsh winter conditions.

EU's assistance is intended to address the basic needs of those most affected by the conflict, including in areas not controlled by the government. The assistance includes shelter, health care, food, water, sanitation and other emergency aid. If the right conditions are in place, assistance is delivered through cash and vouchers.

The assistance is being delivered through the Commission's humanitarian partner organisations, including People In Need (PIN), ICRC, Danish Refugee Council, ACF, UNHCR, WHO, IOM, Save the Children, PU-AMI, Caritas, NRC, WFP, UNICEF and OCHA. The Commission is also assisting Ukrainian refugees in Belarus and Russia through the national Red Cross Societies in the respective countries.

### **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 considers the technical report by the Dutch Safety Board of 13 October an important step to shed full light on the downing, putting an end to speculations over a number of key facts related to the crash. It fully supports the criminal investigation by the Joint Investigation Team and the international efforts to establish an effective prosecution mechanism.

[More information on EU-Ukraine relations](#)

[Frequently asked questions about Ukraine, the EU's Eastern Partnership and the EU-Ukraine Association Agreement](#)

[More details about European Commission support for Ukraine](#)

[More about the EU Advisory Mission for Civilian Security Sector Reform Ukraine](#)

[Latest statistics about trade and investment between the EU and Ukraine](#)

### **ANNEX: EU Restrictive measures**

#### **Diplomatic measures**

- Instead of the G8 summit in Sochi, a G7 meeting was held in Brussels on 4/5 June 2014. EU nations supported the suspension of negotiations over Russia's joining the OECD and the International Energy Agency.
- 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 visa bans**

Asset freezes and visa bans apply to 149 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.

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:
  - five major state-owned Russian banks, their subsidiaries outside the EU and those acting on their behalf or under their control,
  - three major Russia energy companies and
  - three major Russian defence companies.
- Services related to the issuing of such financial instruments, e.g. brokering, are also prohibited.
- EU nationals and companies may not provide loans to five major Russian state-owned banks.
- Embargo on the import and export of arms and related material from/to Russia, covering all items on the EU common [military list](#).
- 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 defence companies 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 deep water oil exploration and production, arctic oil exploration or production and shale oil projects in Russia.
- Services necessary for deep water oil exploration and production, arctic oil exploration or production and shale oil projects in Russia may not be supplied, for instance drilling, well testing or logging services.

The EU has linked the duration of these economic restrictions to the complete implementation of the Minsk agreements. They currently apply until 31 January 2016.

[More information on EU restrictive measures imposed over the crisis in Ukraine](#)

#### **Measures concerning economic cooperation**

- On 16 July, 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**

On 5 March 2014, the EU adopted sanctions focused on the freezing and recovery of misappropriated Ukrainian state funds during the term of the Yanukovich government. The asset freeze applies to persons identified as responsible for misappropriating Ukrainian state funds.

[See the latest list of persons concerned](#)