



Northern Ireland  
Assembly

## Research and Information Service Briefing Paper

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# International Relations Outside the European Union: Ukraine

## 1 Introduction

This briefing paper has been prepared to support the Committee of the Executive Office in its scrutiny of the Executive in its actions in relation to the exit of the UK from the European Union. On 7 December 2016, the Committee considered evidence on the relationships between the EU and Norway and Switzerland<sup>1</sup>. The Committee requested information on the arrangements between the EU and Ukraine.

The paper gives a broad background to the relationship between the EU and the Ukraine and specifically:

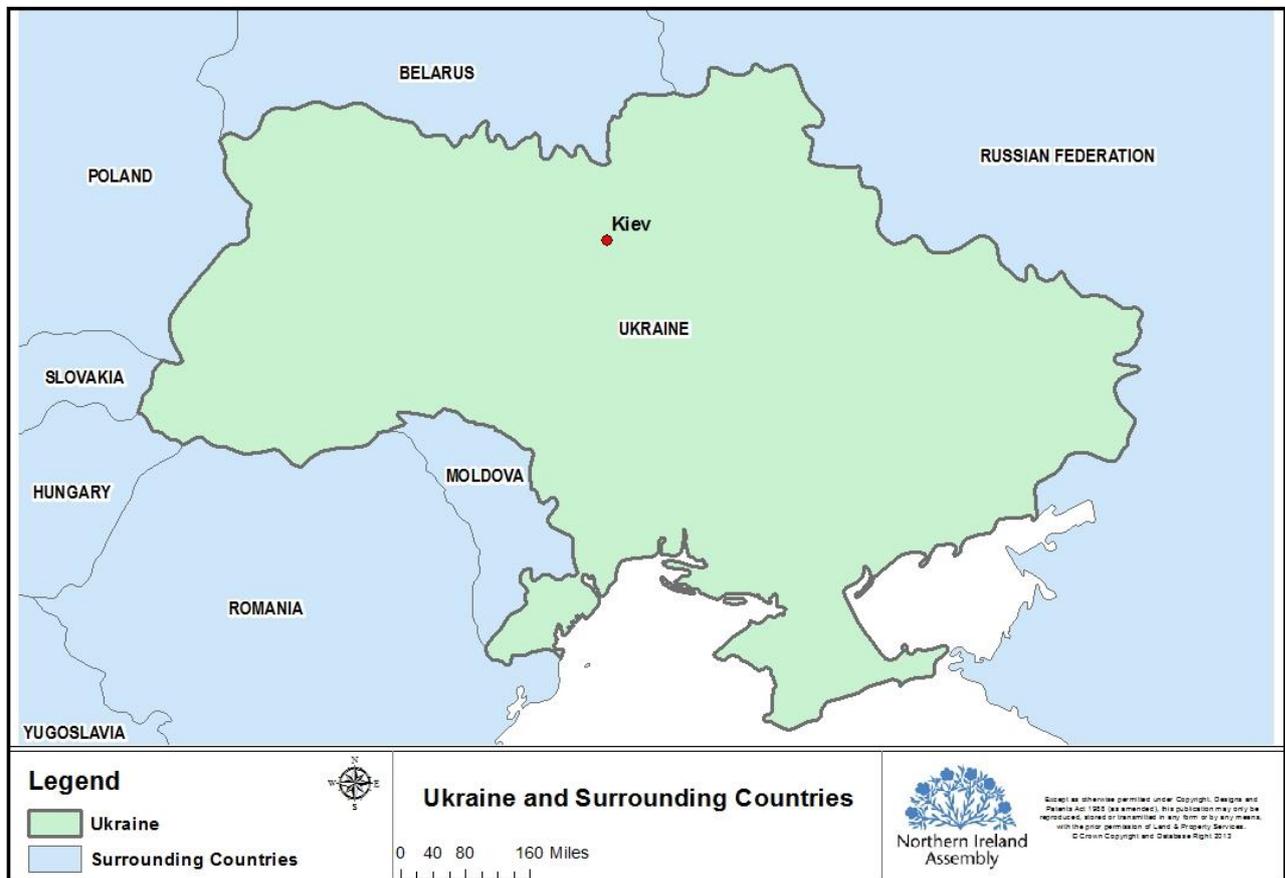
- Trade arrangements
- The free movement of people

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<sup>1</sup> Research and Information Service Briefing Paper 80/16 *International Relations Outside the European Union: Norway and Switzerland*, 4 November 2016: [http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/executive\\_office/8016.pdf](http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/executive_office/8016.pdf).

## 2 The Ukraine and the EU

With a population of 47.7 million, Ukraine is located to the east of the EU, bordering on the Member States Romania, Hungary, Slovakia and Poland.



The relationship between the Ukraine and EU is governed by the European Neighbourhood Policy (ENP)<sup>2</sup>, funded through the European Neighbourhood Instrument (ENI)<sup>3</sup>. Specifically, co-operation is undertaken through the Eastern Partnership, which includes bilateral and multilateral elements with the Ukraine individually and as a group, along with Armenia, Azerbaijan, Belarus, Georgia and Moldova<sup>4</sup>.

Core to the EU-Ukraine relationship is the Association Agreement signed in 2014. This comprises a Preamble, seven Titles, 43 Annexes setting out EU legislation to be adopted by Ukraine and three Protocols<sup>5</sup>. The Titles consist of the following:

<sup>2</sup> European Neighbourhood Policy, European Commission website: [http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/overview\\_en](http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/overview_en).

<sup>3</sup> REGULATION (EU) No 232/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014 establishing a European Neighbourhood Instrument.

<sup>4</sup> Eastern Partnership, European Commission website, accessed 21 December 2016: [http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eastern-partnership\\_en](http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/eastern-partnership_en).

<sup>5</sup> EU-Ukraine Association Agreement, Ukraine EU mission website, accessed 21 December 2016: <http://ukraine-eu.mfa.gov.ua/en/page/open/id/2900>. See also EEAS (2016), *Quick Guide to the Association Agreement*, Brussels: EC: [https://eeas.europa.eu/delegations/ukraine/10418/node/10418\\_en](https://eeas.europa.eu/delegations/ukraine/10418/node/10418_en).

- I. General Principles
- II. Political Dialogue and Reform, Political Association, Cooperation and Convergence in the Field of Foreign and Security Policy
- III. Justice, freedom and Security
- IV. Trade and Trade-Related Matters
- V. Economic and Sector Cooperation
- VI. Financial Cooperation, with Anti-Fraud Provisions
- VII. Institutional, general and Final Provisions

Each sets out in detail the nature of the relationship in these areas and the conditions attached to them.

The EU-Ukraine Association Council supervises the implementation of the Association Agreement<sup>6</sup>. The Council met for the third time on 19 December 2016 and noted the progress on the various strands of the Agreement<sup>7</sup>.

Ukraine participates in a number of EU programmes. These include the following:

- Horizon 2020<sup>8</sup>
- Cross-border co-operation programmes (Poland-Belarus-Ukraine Programme; Hungary-Slovakia-Romania-Ukraine Programme; Romania-Ukraine Programme)<sup>9</sup>
- Erasmus+<sup>10</sup>
- TAIEX (Technical Assistance and Information Exchange)<sup>11</sup>
- SIGMA (Support for Improvement in Governance and Management)<sup>12</sup>
- Neighbourhood Investment Facility (NIF)<sup>13</sup>

<sup>6</sup> 'Association Council', Ukraine EU mission website, accessed 21 December 2016: <http://ukraine-eu.mfa.gov.ua/en/ukraine-eu/dialogue/council>.

<sup>7</sup> Joint press release following the 3rd Association Council meeting between the European Union and Ukraine, 19 December 2016: <http://www.consilium.europa.eu/en/press/press-releases/2016/12/19-eu-ukraine-association-joint-press-release/>.

<sup>8</sup> Horizon 2020 web pages, European Commission website: <https://ec.europa.eu/programmes/horizon2020/>.

<sup>9</sup> 'Cross Border Cooperation', European Commission website, accessed 21 December 2016:

[http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/cross-border-cooperation\\_en](http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/cross-border-cooperation_en).

<sup>10</sup> Erasmus+ web pages: [https://ec.europa.eu/programmes/erasmus-plus/node\\_en](https://ec.europa.eu/programmes/erasmus-plus/node_en).

<sup>11</sup> TAIEX web pages: [http://ec.europa.eu/neighbourhood-enlargement/tenders/taix\\_en](http://ec.europa.eu/neighbourhood-enlargement/tenders/taix_en).

<sup>12</sup> TWINNING and SIGMA web pages: [http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/twinning-taix-and-sigma\\_en](http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/twinning-taix-and-sigma_en).

<sup>13</sup> Neighbourhood Investment Facility web pages: [http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/neighbourhood-investment-facility\\_en](http://ec.europa.eu/neighbourhood-enlargement/neighbourhood/neighbourhood-wide/neighbourhood-investment-facility_en).

### 3 Trade Relations and the Freedom of Movement

Title IV of the Association Agreement<sup>14</sup> includes the Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Ukraine. The DCFTA, which came into force on 1 January 2016, comprises three main pillars<sup>15</sup>:

- Open markets – the progressive removal of customs duties and other restrictions
- Fair competition – respecting of rights and protections
- Gradual alignment of norms and standards

Key aspects of the arrangement are that the EU is supporting Ukraine in configuring its economy to the EU and Ukraine is obliged to implement EU Regulations in return for access to the EU market.

The key outcomes of the DCFTA can be summarised as follows:

- Import duties on most products currently traded between the EU and Ukraine would be removed
- The alignment of Ukrainian legislation with EU standards will overcome obstacles to businesses
- Business conditions will be more transparent with the application of rights and protections
- Energy security will be improved through cooperation
- Alignment of regulations will increase opportunities for service providers
- EU companies will have access to Ukrainian public tenders
- Harmonisation of the regulatory environment will increase investment opportunities
- The liberalisation of trade will increase access to raw materials in Ukraine for EU companies
- Alignment of EU competition law and enforcement will provide the conditions for fair competition

The DCFTA does not guarantee freedom of movement for Ukrainian citizens. However, the European Commission concluded in December 2015 that the conditions had been met for exempting Ukrainians from visa requirements and made a formal proposal to

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<sup>14</sup> EU-Ukraine Association Agreement, Title IV, Trade Related Matters:

[http://eeas.europa.eu/archives/docs/ukraine/pdf/5\\_ua\\_title\\_iv\\_trade\\_and\\_trade-related\\_matters\\_en.pdf](http://eeas.europa.eu/archives/docs/ukraine/pdf/5_ua_title_iv_trade_and_trade-related_matters_en.pdf).

<sup>15</sup> 'The trade part of the EU-Ukraine Association Agreement becomes operational on 1 January 2016', European Commission Trade news release, 31 December 2015: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1425>.

this effect in April 2016, confirmed by the Council on 17 November 2016<sup>16</sup>. Visa liberalisation is governed by Regulation 539/2001<sup>17</sup>, Annex I of which lists countries requiring a visa and Annex II those exempt. This refers to access to the Schengen area only, which excludes the UK and Ireland.

A number of factors should be borne in mind when considering comparisons with potential UK positions post withdrawal from the EU. The following list is not exhaustive:

- The EU supports Ukraine in context of conflict in which the EU regards Russia as aggressor<sup>18</sup>
- The trajectories of Ukraine and the UK are opposite: the UK is leaving the EU and Ukraine's intended path is one of convergence with the EU
- EU engagement with Ukraine is one of building progressive compatibility with EU standards, while the UK already has those standards in place
- The issue of the movement of people for Ukraine is to gain access to EU countries, whereas the UK intends to restrict movement from the EU

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<sup>16</sup> 'Visas: Council agrees its negotiating position on visa liberalisation for Ukraine', European Council press release 17 November 2016: <http://www.consilium.europa.eu/en/press/press-releases/2016/11/17-visa-liberalisation-ukraine/>.

<sup>17</sup> Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement: <http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32001R0539>.

<sup>18</sup> "Our support for Ukraine's sovereignty and territorial integrity is unwavering and we will continue to not recognise the illegal annexation of Crimea and Sevastopol by the Russian Federation", High Representative Federica Mogherini, 19 December 2016: [https://eeas.europa.eu/headquarters/headquarters-homepage/17521/remarks-high-representativevice-president-federica-mogherini-press-conference-following\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/17521/remarks-high-representativevice-president-federica-mogherini-press-conference-following_en).