Ukraine: EU report notes continued implementation of the reform agenda though challenges remain

Brussels, 1 December 2020

Ahead of the informal meeting of the members of the EU-Ukraine Association Council on 8 December, the European Union today published its annual Association Implementation Report on Ukraine. The report outlines Ukraine’s implementation of reforms under the EU-Ukraine Association Agreement over the past year.

"Despite Russia's destabilising actions, conflict in the east and the outbreak of the coronavirus pandemic, Ukraine has continued to make progress on its reform path. It is crucial that Ukraine's political leaders continue these efforts and make reforms irreversible, particularly regarding the rule of law. The Ukrainian people expect it”, said the High Representative/Vice-President, Josep Borrell.

Commissioner for Neighbourhood and Enlargement Olivér Várhelyi added: "The EU will continue to support Ukraine in taking forward the reform agenda, to fully implement and reap the benefits of the Association Agreement, and to mitigate the negative impact of the coronavirus crisis. We expect Ukraine to uphold the shared common values of democracy, rule of law, respect for international law and human rights, including the rights of persons belonging to minorities. Our joint objective is to support Ukraine's strategic orientation towards closer integration with the European Union.”

The report highlights the rapid legislative activity that characterised the early months of Ukraine's new Parliament and Government, reflecting the expectations of Ukraine's citizens. Key reforms like banking and land reform were also advanced despite the outbreak of the coronavirus pandemic.

In the areas of justice, the rule of law and the fight against corruption, several positive developments took place, notably with the High Anti-Corruption Court (HACC) handing down its first verdicts. Cooperation between the National Anti-Corruption Bureau of Ukraine (NABU) and the Specialised Anti-Corruption Prosecutor's Office (SAPO) has improved, but the rate of convictions from corruption investigations remains low for the time being. At the same time, recent decisions by the Constitutional Court of Ukraine have called into question the country’s achievements in the fight against corruption, and have reaffirmed that a robust judicial reform remains vital. The prosecution of the €4.6 billion PrivatBank fraud also remains outstanding.

Following the adoption of a banking resolution law that helped to safeguard Ukraine's financial stability, it is important to ensure the independence of central bank and maintain longer-term monetary and financial stability, despite the resignation of the Governor of the National Bank of Ukraine in July. The implementation of the trade chapter of the Association Agreement has continued, including some measures in trade and customs facilitation.

A new gas transit contract between Russia and Ukraine, facilitated by the EU, was signed in late 2019. Unbundling was driven forward successfully, but the process of unbundling the electricity transmission operator has stagnated. Ukraine has signalled a willingness to engage with the European Union on necessary reforms related to transport, environment and climate change, however, implementation in these areas remains a challenge.

The report highlights the important progress made by Ukraine in the digital sector. The EU also welcomes the reform on decentralisation, and encourages Ukraine to pursue follow up legislation in this regard. Other achievements include agricultural and rural development policies.

Further concerted efforts will also be required in sectors such as energy, corporate governance of state owned enterprises and the areas of judicial reform and the rule of law more broadly, where there is a clear demand for progress among Ukrainian citizens.

The European Union will continue to support Ukraine in its comprehensive reform agenda.

Background

Through its European Neighbourhood Policy, the EU seeks to build strong, prosperous and mutually beneficial relations with its partners in the East and South. The EU's engagement is based on the
principles of differentiation between partners, in order to respect the different aspirations and needs of our partners and greater ownership of Member States and partner countries of the policy.

The Association Agreement between the EU and Ukraine, including a Deep and Comprehensive Free Trade Area, entered into force 1 September 2017. It promotes deeper political ties, stronger economic links and respect for common values, and is the basis for EU-Ukraine cooperation and EU support for reforms in Ukraine.

Since 2014, the EU, together with European financial institutions, has mobilised an unprecedented support package of over €16.5 billion in grants and loans to support reforms in Ukraine.

For More Information

2020 Association Implementation Report for Ukraine
2020 Informal video conference of the members of the EU-Ukraine Association Council
EU-Ukraine Association Agreement
2020 EU-Ukraine Summit
EU-Ukraine relations factsheet
EU Delegation to Ukraine website

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