

Ukraine's Association Agreement with the EU: technically possible this year

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On 19-23 September, the 18th round of negotiations was held between Ukraine and the EU on the Deep and Comprehensive Free Trade Area (DCFTA), as well as a meeting between Ukraine's first deputy prime minister Andriy Kluyev and EU Trade Commissioner Karel de Gucht. The statements after this round of negotiations show that both parties have come to agreement on the two main sticking points: Ukrainian export duties on goods, and duties on EU car imports. Ukraine has agreed to abolish these in exchange for a 15-year transitional period. Furthermore, a number of specific arrangements have been made concerning agriculture (quotas on the duty-free export of Ukrainian agricultural products) and energy (the EU decided not to seek compensation from Ukraine in the event of interruptions to the gas supply). This was probably the last formal round of the talks.

Commentary

- Contrary to some media reports, the negotiations were not concluded. However, it is likely that the remaining technical issues to be discussed will be decided in the next few weeks and approved in October, during the next meeting between Kluyev and de Gucht.
- The agreement on export duties is a concession by Kyiv (retaining the duties was unacceptable to the EU) and testifies to the desire to bring the negotiations to a rapid conclusion. Kyiv probably wanted to show the progress it had made in its talks with the EU before President Viktor Yanukovich's meeting with Russian leaders. It is possible that the progress in negotiations with the EU influenced Russia's withdrawal of its public demand that Ukraine join its competing plan for a customs union, which it had made a condition during the two countries' gas negotiations.
- The political part of the association agreement has not yet been finalised. Yanukovich is scheduled to make a presidential visit to Brussels on 20 October; most likely, Ukraine will seek to finalise these arrangements during Yanukovich's meeting with the European Commission's President Jose Manuel Barroso. In return for concessions on the DCFTA, Ukraine will probably demand favourable terms in the political part of the contract. It is unlikely to include the prospect of EU membership (the Commissioner for Enlargement Štefan Füle has explicitly ruled this out), but concessions from the EU are possible in

other fields, such as the promise of further visa facilitation.

- The statements from both sides show that it would technically be feasible to conclude the negotiations by the time of the EU-Ukraine summit scheduled for 15 December. If this succeeds, the DCFTA agreement, including the political part, could be initialled at a summit and signed next year. The ratification process could take until the end of 2013.
- The final decision on signing the agreement will be political. A necessary condition is that the Ukrainian government finds a solution to the Yulia Tymoshenko question which will be in line with the EU's expectations: her release from detention and permission for her to participate in parliamentary elections in autumn 2012. This could be achieved either by amending the Criminal Code, which would remove the penalty of imprisonment for the offence Tymoshenko is alleged to have committed, or by some other means. On 27 September the trial was resumed, but Tymoshenko remains in custody.