

Getting closer to signing the EU Association Agreement with Ukraine

On 31 May, the first Deputy Prime Minister of Ukraine Andriy Kluyev visited Brussels, during which a compromise was reached on one of the final disagreements (concerning the energy sector) on a deep and comprehensive free trade area (FTA+). Ukraine will not be obliged to pay compensation for any interruptions in gas transit, as the EU had previously demanded. This compromise increases the likelihood that the Association Agreement will be signed during Poland's presidency of the EU.

The visit took place before the next round of FTA+ negotiations, which are scheduled for June. Kluyev met the EU Commissioners for Enlargement, Stefan Füle, and for Trade, Karel De Gucht. At a press conference, the Ukrainian Deputy Prime Minister said that the EU had decided not to include contractual penalties if gas supplies were halted (which was unacceptable for Ukraine); he announced that he was satisfied with the procedure implemented to resolve such disputes. Minister Kluyev's statement has not been confirmed by the EU as of 1 June. Currently there is only one significant point of contention in the negotiations, namely export duties, the elimination of which would mean losses for Ukraine of around €300 million a year.

The high-level agreement before the June round of negotiations on energy issues brings the end of talks on the FTA+ much closer. It seems that it will be easier to find a compromise on the customs duties. Everything indicates that, in accordance with the declarations, an Association Agreement will be signed later this year. <smat>