



Briefing Note

UKRAINE'S ASSOCIATION WITH THE EUROPEAN UNION: BENEFITS FOR UKRAINIAN CITIZENS

Association Agreement 2011

Prepared by the EIPA Project

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Benefits for Ukrainian citizens

Key issues

The aim of the agreement between Ukraine and the EU is to foster their gradual integration politically, economically and legally.

The DCFTA aims at the progressive integration of Ukraine into the internal market of the European Union.

With more competition in the economy and easier access to European Union markets, the economy should become more efficient and more productive.

What is Association Agreement?

The European Union concludes a variety of agreements with non-EU countries; international agreements which are now covered by articles 215-219 of the Treaty on the Functioning of the European Union (TFEU).¹ Association is a specific and developed form of cooperation implying 'reciprocal rights and obligations, common action and special procedure' (art. 217 TFEU).

In addition, article 8 of the Treaty on European Union (TEU) lays down the need for the EU to develop 'a special relationship with neighbouring countries'.

In Europe the EU used the negotiation of Association Agreements in the early 1990s to help the countries of Central and Eastern Europe to progressively integrate with the EU prior to their accession. Very similar agreements are now being offered to the countries of Eastern Europe.

Ukraine and the EU are approaching the end of a long negotiation to conclude an Association Agreement between them, which will include a deep and comprehensive free trade area (DCFTA).

Association Agreements with eastern European countries of course will vary depending on the state with which the EU is negotiating. However the aims and structures of the agreements are liable to be quite similar.

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On the political level there will be greater cooperation and consultation between the governments of Ukraine and the European Union institutions and member state governments and between the Ukrainian Parliament and the European Parliament. New institutions will be created by the agreement, once it is ratified, in which all issues of mutual interest or indeed disputes about the working of the agreement can be discussed. The Association Council, consisting of ministers from both sides, will be able to take legally binding decisions with respect to the matters dealt with in the agreement.

Economic integration will be fostered by the introduction of European Union law into the legal code of Ukraine. The economic aims of the agreement are therefore not only the creation of free trade between the two sides, but assistance to the reform of the Ukrainian economy, introducing more

¹ The Treaty on the Functioning of the EU and the Treaty on European Union form the basic law of the EU



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competition and greater transparency. The DCFTA aims however at the progressive integration of Ukraine into the internal market of the European Union. This will be a progressive process because it requires a degree of harmonisation of economic law and standardisation, but the future benefits to the Ukrainian economy and its citizens could be very considerable.

The potential gains for the Ukrainian citizen from the full implementation of the Association Agreement once ratified are considerable. With more competition in the economy and easier access to European Union markets, the economy should become more efficient and more productive with all the benefits that that suggests for income levels and employment. But beyond this, the agreement will open up wide areas of cooperation to encourage exchanges of people, ideas and skills. Although not part of the Association Agreement, the parallel process of visa facilitation and working towards eventually visa-free travel between Ukraine and the EU will produce new benefits for Ukrainian society.

The Association Agreement between Ukraine and the European Union can therefore be understood as a major support for Ukraine's own reform agenda. It is true that certain groups in society may not benefit from the implementation of the agreement but what cannot be doubted is that Ukrainian citizens as a whole will gain in terms of higher living standards, more and wider employment opportunities and better opportunities for their children.

Benefits for Ukraine's citizens

Ukraine's citizens will gain through rising income in society following increases in trade, greater domestic investment leading to higher employment and improving real incomes.

Economic and employment benefits

As the regulation of Ukraine's economy gradually converges with that of the European Union, leading to improved access to the European Union's internal market, trade with the EU in those sectors mainly affected by this integration will increase, providing more jobs and higher real incomes. The implementation of the Association Agreement will support the domestic programme for economic reform aimed at stronger economic growth in a more efficiently functioning economy.

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Stronger trade leading to higher economic growth will stimulate domestic investment and this will create new sources of employment and income for Ukraine's population. The Association Agreement also signifies a considerable step towards stabilising the business environment in Ukraine, which, together with Ukraine's cost advantages and underdeveloped domestic market, will attract considerably more foreign investment into Ukraine to serve both the



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*Although the action
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*Much closer contact
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*Cooperation in the area
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*Better opportunities for
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domestic market and European markets. Some foreign investment may be controversial among Ukrainian citizens, but overall foreign investment leads to a strengthening of the domestic economy, creating new Ukrainian businesses as suppliers. This in turn will lead to improvements in the quality of goods and services produced, which will allow new markets to be opened. The results for Ukrainian citizens will be higher employment and gradually improving real incomes.

Geographical and professional mobility

A major improvement for Ukraine's citizens would be an easing of visa rules for travel to the European Union. A visa facilitation agreement between Ukraine and the EU is already functioning and has led to a considerable easing of travel restrictions for certain groups in Ukrainian society. However this agreement does not help normal citizens, who are not part of these specific groups.

An action plan for visa-free travel has however now been launched. This is a very concrete roadmap requiring the Ukrainian government to introduce a variety of measures necessary to allow visa free travel to start. Once these conditions have been met, it will be possible for Ukrainian citizens to enjoy much freer travel to the European Union. Although the action plan is not part of the Association Agreement, it is true that successful implementation of the Association Agreement will create a climate of confidence between the authorities in Ukraine and in the EU which is likely to favour future decisions on improved mobility.

The importance which is being given to improving person-to-person relations by Ukraine and the EU, both in the articles of the Association Agreement and in other contexts, will be a very important element in fostering much closer contact between the citizens of Ukraine and those of the EU member states.

The Association Agreement itself contains a large number of articles in which Ukraine and the EU agree to enhance cooperation between them. Typical of this is the vital area of education and training. The EU is already financing places for Ukrainian students to study abroad at EU universities. The Association Agreement will promote further cooperation in the educational sector with the aim of improving standards, widening access and increasing student and teacher mobility.

Cooperation agreements in many other policy areas will bring together specialists from Ukraine and the EU creating new networks of person-to-person relations. Areas such as environment, sport or social policy are covered by these articles and could potentially lead to much closer cooperation.

One particular area in which person-to-person relations will be particularly



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networking between specialists from Ukraine and the EU.

important is that of Ukraine's participation in EU programmes. EU programmes cover a vast area of public policy and create networks of people working in each particular policy field. There are many networks in the educational field bringing together teachers and students, but EU programmes have been developed in fields as diverse as environment, social affairs and small and medium-sized businesses. The participation of Ukrainian citizens in such programs will bring new insights, new learning opportunities and facilitate passing on experience to other participants in the network.

Achieving European Standards

The implementation of the Association Agreement will certainly help to achieve the higher standards of public services provided and efficient, fair and transparent public administration.

A common desire amongst Ukrainian citizens has been to achieve 'European standards' in various areas of public life. Although this concept is very vague, it reflects a desire amongst the population to see a better quality of public services provided as well as an efficient, fair and transparent public administration. The implementation of the Association Agreement will certainly help to achieve these higher standards.

Higher standards in the quality of products and services will be the automatic result of the implementation of those parts of the Association Agreement aimed at Ukraine's integration with the internal market of the European Union.

Higher standards in the quality of products and services will be the automatic result of the implementation of those parts of the Association Agreement aimed at Ukraine's integration with the internal market of the European Union. In order to have a share in that internal market producers will have to reach the standards which are required by law in the EU's internal market.

Higher standards will be achieved through increased cooperation between Ukraine and

An example here will be the adoption of EU sanitary and phyto-sanitary standards in agriculture. Ukraine is already in the process of implementing these standards, which will not only allow Ukrainian producers to export more of their products to the EU, but will also raise the quality of agricultural products put on sale in the Ukrainian market.

Higher standards will be achieved through increased cooperation between Ukraine and the EU in many different policy areas and also through the reinforcement of some policy areas such as competition policy and the controlled state aids and public procurement policy.

Many of the cooperation articles mentioned above aim to achieve higher standards through knowledge transfer between authorities in the EU and Ukraine. An example of this is the area of social affairs and employment policy. EU member states have vast experience in job creation measures, in improving the quality of employment, in improving the relationship between employers and employees and in creating safe environments in which people can be employed. Some of these measures will be introduced into Ukraine through agreements to approximate legislation with the EU.



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The quality of public administration will be improved through the impact the implementation the Association Agreement will have on the way public authorities manage certain key policies. The measures which Ukraine will progressively adopt in competition policy and the control of state aids will lead to a limitation of collusion between enterprises in order to raise prices and a decline in opaque state subsidies to individual companies. The changes to public procurement laws will lead to fairer and cheaper public purchases of goods and services. All of these changes will have an impact on the quality of the administration in Ukraine, which will need to become more efficient and more effective in applying the new regulation which the Association Agreement will introduce.

The European Union is also investing directly in improvements to the public administration because it realises that an effective public administration is necessary for the implementation of the Association Agreement. Twinning programs, under which Ukraine invites officials from EU member states to advise it on policy issues connected to the Association Agreement, and the Comprehensive Institution Building Programme, which specifically aims at improving the quality of public administration, are both already operating in Ukraine. The aim of this assistance is to ensure that the implementation of the Association Agreement will go smoothly and efficiently, but of course at the same time it will raise the general level of public administration.

Conclusion

The scale of the benefits which the Association Agreement will bring to Ukraine citizens will depend essentially on its full implementation by Ukraine and the EU. Assuming that implementation will progress as foreseen in the agreement, the new regulation and the wide scope of potential cooperation will underpin the reform objectives of the government and lead to significant improvements in the quality-of-life of most Ukrainians.

Further information on the Association Agreement can be found at: www.nrdevelopment.com/eipa.html