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EPP Group **Position Paper**

The EU's response to the crisis in Ukraine



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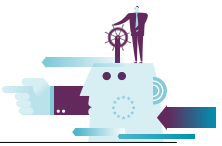
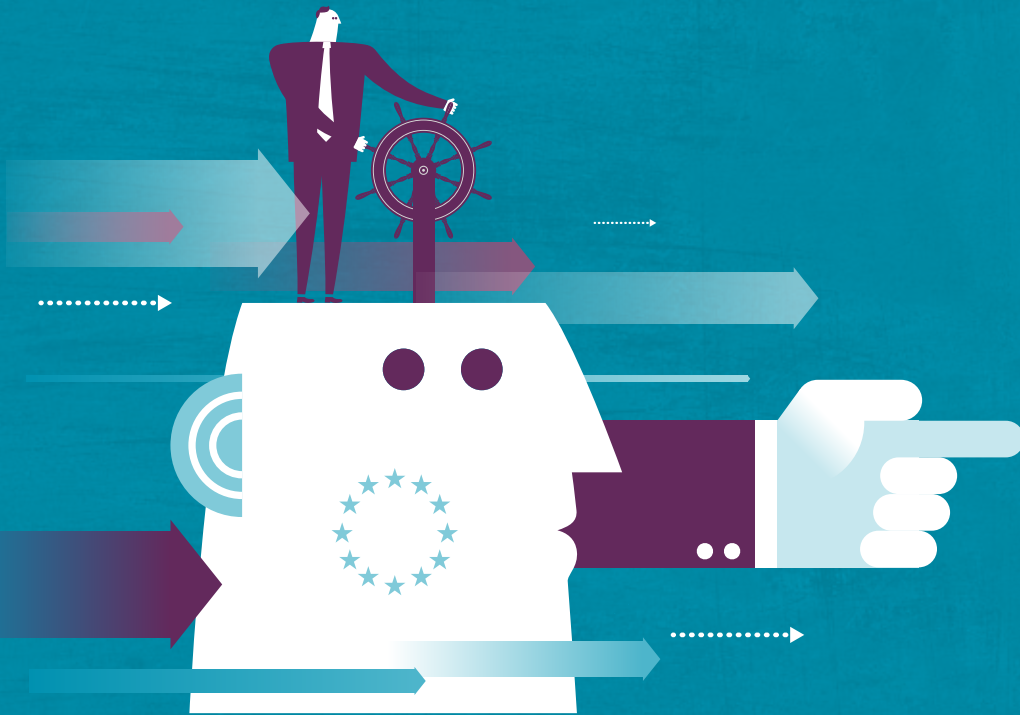


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Introduction

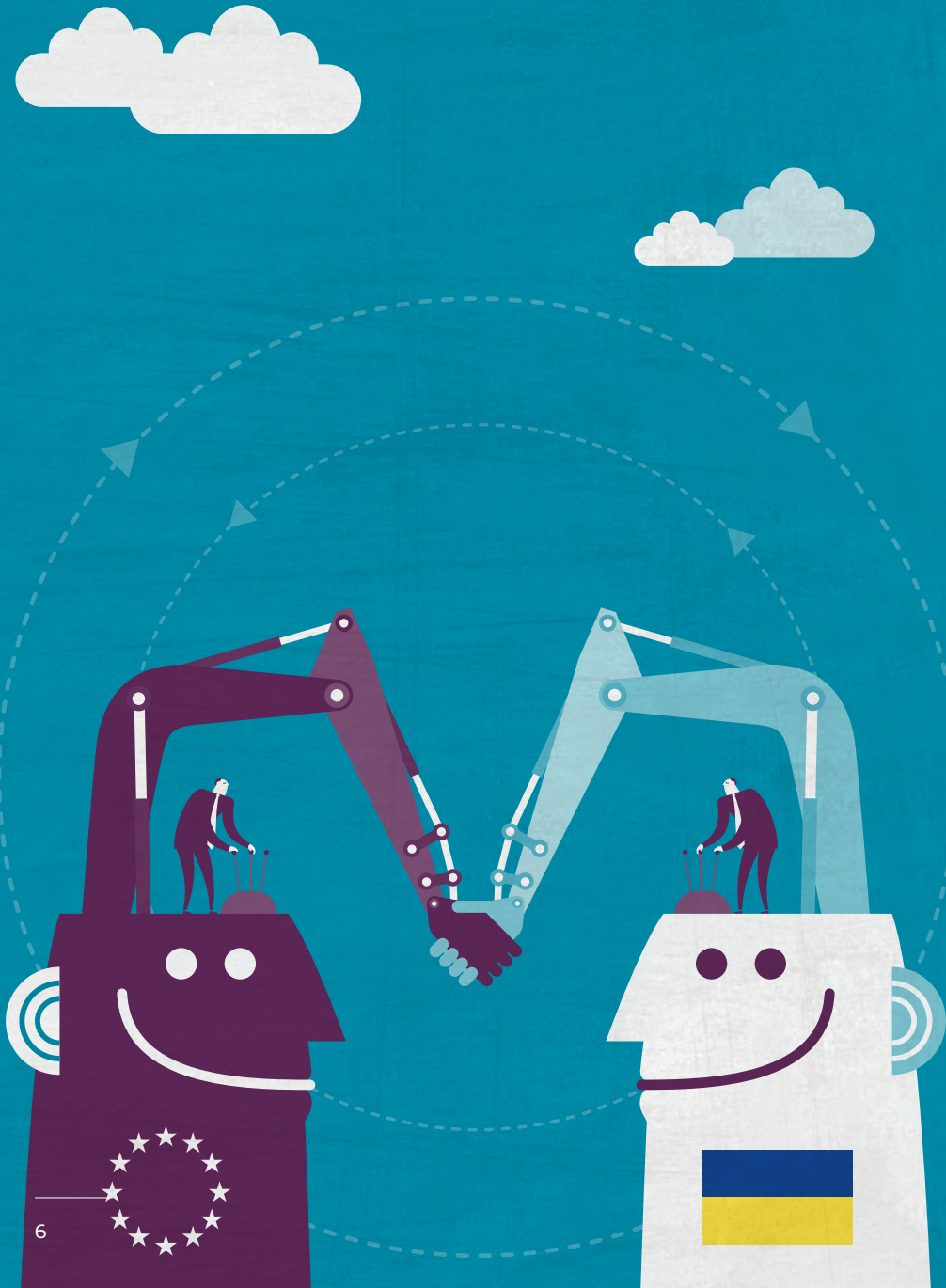
- > The people of Ukraine spoke clearly and decisively in favour of peace, stability, and a European, pro-reformist course for their country in the early parliamentary election of 26 October. The Ukrainian authorities received double legitimacy this year through the presidential and parliamentary elections and a mandate to pursue this course with determination. The parliamentary election was pluralist, conducted orderly, fairly and in accordance with internationally-recognised standards.
- > Today, Ukraine has again a unique opportunity to modernise, develop, prosper and establish a genuine democracy and rule of law. Citizens of Ukraine expect their leaders to deliver and cooperate pragmatically, not to engage in paralysing quarrels as was the case in the not very distant past. The swift constitution and the participation of all pro-European and pro-reformist parties in the new government is a very positive signal.
- > The European Union is at a critical juncture. Russia's aggressive and expansionist policy constitutes a threat to the unity and independence of Ukraine and to the European Union itself. Considering the latest developments in Ukraine, the EU should not be naive and must be ready to provide a strong and effective answer to the crisis. The principle of international law agreed by all European countries, including Russia, is the respect of the right of any sovereign country, including Ukraine, to have full freedom to decide about its political association and economic integration without external interference. Freedom, democracy, sovereignty, territorial integrity and the rule of law are not negotiable.
- > In the coming months, Ukraine faces the following main challenges: the occupation and annexation of some parts of its territories, the implementation of the Minsk Agreements, and an ambitious reform agenda. The role of the European Union is to actively engage in supporting and assisting in this substantial reform effort. The end goal is for Ukraine to come out of the current crisis as a showcase of successful reforms which will benefit the people and change their lives for the better.





1. Supporting the reform efforts

- > Ukraine needs to introduce necessary deep and comprehensive economic, social and political reforms on the basis of a social market economy. The country needs a competitive economic system which provides a level playing field for everyone. It needs a justice system which follows the letter and spirit of the law and is independent. A new constitution should strengthen transparency and clearly distinguish the competences of the main authorities, thus avoiding an unnecessary power struggle. The process of decentralisation must not destroy the unity of the country and the authority of the central government in crucial issues such as internal and external affairs, economic order and policy. The country's financial system will give more competence and responsibility to the regions and in effect bring decisions closer to the people. A main priority is to eradicate systemic corruption. It is the cancer in the fabric of Ukrainian society and political life.
- > In this difficult war environment, Ukraine will have to tackle the substantial reform agenda in parallel to the crisis situation in the East. The reform programme proposed by President Poroshenko, including laws on anti-corruption, decentralisation and amnesty, is a step in the right direction and needs to become a reality.
- > Ukraine's financial situation is of critical importance. A country that is under external attack and at the same time needs to drive forward deep and comprehensive reforms needs substantial support to tackle its expenditure. The EU's 11 billion Euro package will support Ukraine over the next few years, including the Macro Financial Assistance and the loans from the IMF, the World Bank and the EU-based International Financial Institutions. Financial assistance should be provided in a more flexible and swift manner thus adjusting their conditions to the specific circumstances of Ukraine. However, it should be firmly dependent



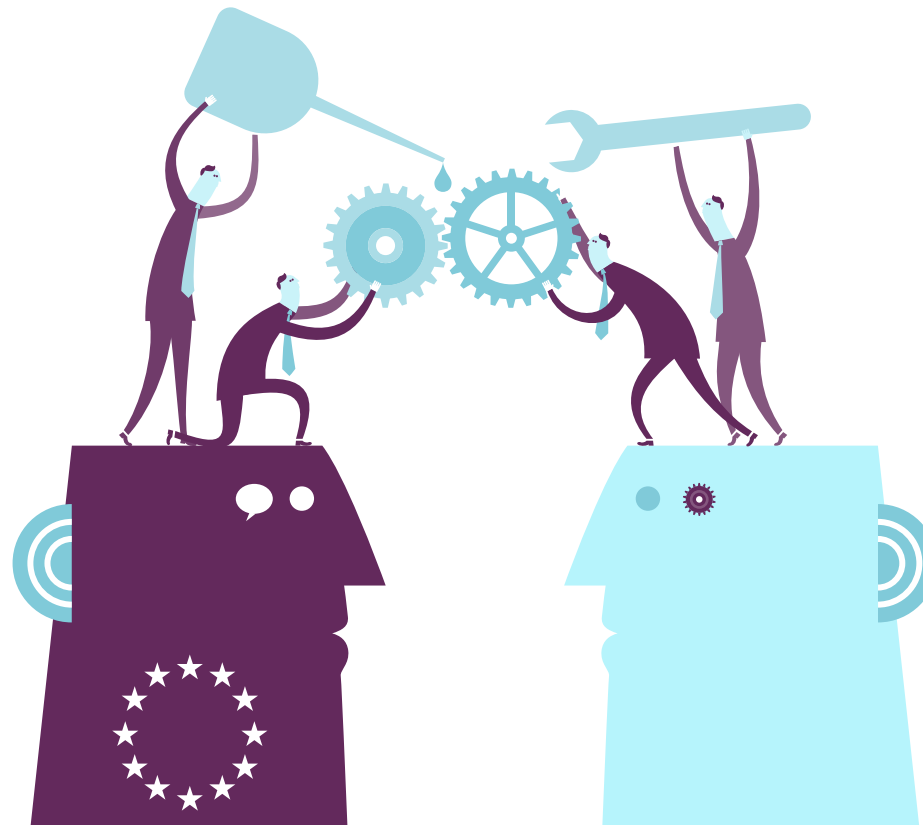


on the achievements of conditions against which the reform progress would be measured. In this context, we call for an international donor conference in December 2014 and the setting-up of a new “European Marshall Plan for Ukraine”.

- > The AA/DCFTA is ratified. It cannot and will not be changed. The implementation of the AA/DCFTA should constitute the roadmap for reform in Ukraine. It is regrettable that the Russian leadership has so far perceived the EU-Ukraine AA/DCFTA as a threat to its own interests. On the contrary, the agreement represents potential gains for Russia through increased trade and economic activities and a more stable neighbourhood. Given the agreed timeline for implementing the AA/DCFTA, Russia has no grounds to criticise the EU-Ukraine Agreement or to react with unjustified trade restrictions and military aggression. The prolongation of the autonomous trade measures is a de facto deepened asymmetrical implementation of the agreement. Ukraine should make best use of the time until 31 December 2015 to speed up the implementation of

the EU acquis that is part of the AA/DCFTA.

- > The EPP Group stands ready to step up the involvement of the European Parliament in supporting the work of the Verkhovna Rada on European affairs. The activities of the future Parliamentary Association Committee should aim at strengthening democracy and the visibility of the EU in Ukraine and could provide a framework for



bilateral assistance by EU Member States' parliaments.

- > Swifter and more substantial technical assistance should be provided by the European Commission's “Ukraine Support Group”. Reform can only be enforced when administrative capacities are strengthened. To this end, EU Institutions and Member States should deploy as many technical advisers as possible to assist in its implementation,

whilst Ukrainian authorities should set up an EU Integration and Assistance Coordination Ministry based on similar experience in Central European countries. Such an office should be vested with sufficient implementing and administrative powers to monitor, supervise and analyse the reform progress. The visibility, accountability and transparency of using the EU's and international donors' assistance must be ensured.

- > The European Union needs to strengthen the Ukrainian civil society. It already functions as an effective watchdog, exerting necessary pressure and assisting the authorities in delivering on their promise of reforms.
- > It is important for the EU, along with the Ukrainian authorities, to devote further attention to the humanitarian crisis in Ukraine resulting from Russia's aggression. The EU should provide further funding to cope with the dire humanitarian conditions, in particular the situation of Internally Displaced Persons in Ukraine.



2. Restrictive **measures**

- > Russia's military intervention and occupation of Ukrainian territory is in breach of international law and Russia's own commitments resulting from the UN Charter, the OSCE Helsinki Final Act and the Budapest Memorandum.
- > As long as Russia does not fully respect and deliver on its Minsk commitments and does not change its course of action in Ukraine, the EU will maintain its restrictive measures against it. The Minsk commitments include, in particular, the full and unconditional withdrawal from Ukraine of all Russian troops, illegal armed groups, military equipment, militants and mercenaries, the permanent monitoring and verification of the Ukrainian-Russian border by the OSCE Special Monitoring Mission and the exchange of prisoners, including Nadiya Savchenko. The EU should be ready to step up its restrictive measures and broaden its scope, in case of any further Russian escalation and destabilisation of Ukraine, such as the illegal and illegitimate "vote" in parts of Donbas on 2 November, following the principle of "more for more".
- > The European Union should work on a communication strategy to counter the Russian propaganda campaign directed towards Europe, Ukraine and Russia itself.
- > In the light of the international investigation led by the Netherlands into the downing of the Malaysia airlines flight MH17 on Thursday 17 July, the EU should continue to insist on all parties involved to guarantee immediate, safe and unrestricted access to the MH 17 crash site.



3. Strengthening **security**

- > On 16 July, the Council of the European Union lifted the arms embargo on Ukraine. There are now no objections, including legal restrictions, for Member States to provide arms to Ukraine, which could be based on a “lend-lease” style arrangement.
- > The immediate task is to strengthen Ukraine's defence capabilities as requested by its authorities. This includes: soldier protection and individual equipment, weapons, anti-tank missile systems, munitions, surveillance, intelligence, communications, enhancement of the navy to be able to defend the Black Sea coast, and air defence systems including anti-aircraft and combat training facilities. The EU should explore ways to support the Ukrainian Government in enhancing its defence capabilities.
- > Ukraine can only function properly once effective law enforcement, intelligence and defence sectors are in place. The Ukrainian defence structures and armed forces need a substantial overhaul. In this regard, the transformation of the armed forces of the EU Member States who belonged to the former Warsaw Pact provides a wealth of experience. The EU could assist the Ukrainian authorities in conducting this task, notably within the framework of the CSDP which already provides training missions for armed forces in other parts of the world.
- > The work of the OSCE Special Monitoring Mission is of crucial importance for reducing tensions and to help foster peace, stability and security. Its effects on the ground however have to be stepped up in order to provide effective control and verification of the Ukrainian-Russian border while upholding the objectivity of its actions.
- > The foreseen deployment of the CSDP EU Advisory Mission to Ukraine is a first step towards providing assistance to the civilian sector reform, including police and the rule of law. The EU



should deploy, if requested by the Ukrainian authorities, an EU monitoring mission to provide an effective control and monitoring mechanism of the Ukrainian-Russian border.

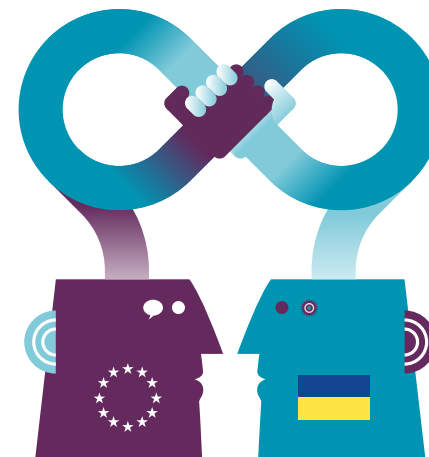
- > The EU should update its Security Strategy to respond to the new geopolitical situation, especially with regard to a new threat of hybrid war, as well as enhance the CSDP cooperation with its Eastern partners.
- > At the last NATO Summit, the Allies reaffirmed NATO's support for 'Ukraine's sovereignty, independence and territorial integrity'. The EU should significantly enhance the coordination of its security response with that of NATO which remains a decisive framework for action.





4. Enhancing energy security

- > The EU's only viable answer to Russia's threat is to stand together and speak with one voice. This also includes a genuine Common External Energy Policy as well as the creation of a European Energy Union. The agreement between the EU, Russia and Ukraine under the leadership of the then European Commissioner for Energy, Günther Oettinger (EPP) on the winter package of 30 October 2014, represents a crucial and binding step which should secure the delivery of gas by Russia until March 2015. However, the public statements of Russian Energy Minister Alexander Novak that the agreement was not binding, are unacceptable.
- > The radical enhancement of the EU's energy security by decreasing its dependency on Russia and increasing its resilience to external pressure is of the utmost importance. This includes the strengthening of indigenous energy sources, energy efficiency and renewables as well as import diversification through partnerships with, among others, the US, Norway and the Mediterranean. The development of infrastructure and interconnectors, among Member States and our neighbourhood countries, is a priority project of common interest. Furthermore, reverse flow technology is key to establishing a genuinely independent EU energy market.
- > As a result of Russia's pressures on Ukraine, the Ukrainian gas market is in a desperate state. EU financial assistance should be provided to Ukraine to rebuild and modernise its pipeline network. The Ukrainian Government should be encouraged to reform its energy sector in order to increase energy efficiency and phase out wasteful subsidies.





- > Pipeline projects in our neighbourhood have to undergo a critical review that takes the current political situation fully into account. The South Stream project is politically not viable and should be stopped. Instead, projects that create diversification of energy supply have to be given priority. This entails the resurrection of the Nabucco pipeline and further projects that can link the South Caucasus, the Middle East, the Mediterranean and Central Asian countries to the EU, independently from Russian gas geopolitics.
- > Lastly, we have to seek the full enforcement of the internal common energy market, including the 3rd Energy Package. The pending court case against Gazprom needs to be immediately pursued and the ruling enforced without exception.



Conclusion

- > Russia is a party to the UN Charter, the Helsinki Final Act, the Budapest Memorandum and the Russia-NATO Founding Act and a member of the Council of Europe. It is a country firmly rooted in international legal commitments and obligations. There is no argument for the use of military force in Europe in defence of so-called historical and security reasons or for the protection of one's minority living abroad. This policy cannot be accepted in the 21st century.
- > Ukraine is facing an undeclared hybrid war waged by Russia. It is a multidimensional conflict which blends elements of cyber warfare, use of regular and irregular forces, propaganda, economic pressure, energy blackmail, political destabilisation and diplomacy. The illegal annexation of the Crimean Peninsula was the first case of the forceful change of borders and incorporation of a part of one country by another in Europe since World War Two.
- > Europe today, having drawn lessons from the dark past of the world wars, is founded on the principle of respect for international law. It is confronted with a conflict that has revived the tragic memories of years long gone when democracy and freedom could not be taken for granted. This is why an EU response based on appeasement would encourage Russia to expand its hybrid war tactics to other neighbours. In this regard, the re-enactment of the Crimean scenario in Transnistria must be prevented.
- > There cannot be growth in the EU without stability around us. Our master plan has to include strategies to turn the current "ring of fire" into a "ring of friends". In these adverse circumstances, the need for solidarity among Member States is more important than ever and should also be reflected in the readiness of practical support for those frontline Member States which might face the same threat.



- > The new HR/VP Federica Mogherini, together with Commissioner Hahn, should undertake every step and initiative within their power to facilitate a political solution of the Ukraine crisis respected by all parties involved and which avoids a frozen conflict scenario in Eastern Ukraine and Crimea.

- > By providing support for Ukraine, the EU provides support and security for itself. The credibility of the EU diplomatic effort must be coupled with the determination to de-escalate the conflict while remaining firm on our values by helping Ukraine to sustain its independence, sovereignty, unity and territorial integrity.



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