

EU-UKRAINE SEMINAR

Wednesday 4 – Thursday 5 November 2009

Executive Summary

- The EU-Ukraine agenda is huge. Whilst Ukraine has far to go in its reform programmes, it has already advanced considerably in the last 18 years. For most of this period and, undoubtedly in the future, the EU will be a vital partner, helping Ukraine fulfil its potential.
- Ukraine's 2010 presidential and 2012 legislative elections and the implementation of its reform agenda in particular, will all contribute to the EU's assessment of the country. The EU, for its part, will have to communicate its commitment to the country effectively, and give clearer indications that it sees Ukraine as a genuinely equal partner; this is difficult in as much as Ukraine tends to consider anything less than full membership perspective as a rejection. An important step would be further progress to make visa free travel possible since encouraging people-to-people contacts and the exchange of ideas are integral parts of the EU's self-understanding.
- Both sides will have to use each and every opportunity to deepen and advance their relationship, including that which could develop after the January 2010 presidential election. This means listening to the point of view expressed by the other side and acknowledging the points of discord. The shared values, which both espouse, should give plenty of scope for bridging any gaps in comprehension between the two partners. Dismissing the hopes and concerns of the other will not lead to a fruitful partnership and should be avoided at all costs.
- The benchmarks used to gauge Ukraine's performance and to allow the deepening of the EU-Ukraine relationship will be the actual implementation of reforms and the effectiveness with which institutions operate and new laws are administered. Above all, these reforms are in the objective interests of Ukraine as a state and its citizens, in line with the declared values and objectives of the political elite. The EU will not accept a discourse which characterises these reforms as being carried out 'for the EU'.

Introduction

1. Ukraine, with 46 million inhabitants, and the second largest country in Europe, is an important neighbour for the EU. In addition, its geographical location and history tie it closely to the EU. The EU is Ukraine's largest and richest neighbour. The value of trade between the EU and Ukraine reached € 40 billion in 2008, and has experienced double digit growth for many years.
2. In Ukraine's desire to democratise and improve the living standards of its citizens, the EU and its member states can share the experience of more than 50 years of European integration. Indeed, it is in the declared interests of the EU (as stated in its 2003 Security Strategy) to surround itself with a ring of stable and secure states, thus increasing its own security.
3. While Ukraine is a relatively new state with far to go before it reaches European democratic and living standards, praise is due for achievements since the Orange Revolution which brought to power a coalition of self-declared pro-Western reformers. In particular, effective steps have been taken to ensure the freedom of expression and fair and free elections. But many have rightly criticised that progress more generally has remained slow. Frustration vented at the new leadership's lack of efficiency is a reflection both of Ukraine's great potential and of disappointment that the high expectations have not been met.
4. Since 1994, the EU and Ukraine have negotiated and concluded a Partnership and Cooperation Agreement (PCA, in force since 1998), launched a political dialogue, established important trade and economic links and fostered people-to-people contacts. After the Orange Revolution, this process continued with the launching of a European Neighbourhood Policy (ENP) Action Plan. In recent years, and in recognition of the importance of Ukraine for the EU as well as the EU's importance for Ukraine, both sides have agreed to negotiate an Association Agreement, providing for a further approximation of Ukraine to the EU: Indeed, Ukraine's path may provide the model for the EU's relations with six of its closest neighbours in the East through the Eastern Partnership (EaP) initiative. The EU is launching negotiations with Moldova on an Association Agreement in January 2010 and draft negotiation directives for Armenia, Azerbaijan and Georgia are being discussed in the Council of the European Union. Belarus is another case, since the regime in Minsk has taken only a limited number of unsystematic steps towards democratic reform; however, Ukraine will serve as an important example to show what benefits EU cooperation could bring to its northern neighbour.

5. While there is a sense of frustration among some of Ukraine's partners, none have declared themselves to be suffering from 'Ukraine fatigue,' as had been feared. The same cannot necessarily be said for Ukrainians, many of whom are exasperated with Brussels and the ambiguity that comes from dealing with one body representing the interests of 27 states. This growing 'EU fatigue' within Ukraine is reflected in the less than enthusiastic references to the EU in the 2010 presidential elections campaigns.
6. It is important to note that, from a European perspective, there is a clear commitment to Ukraine, manifest in the numerous accords that have already been enacted and the negotiations for future cooperation. Indeed, the European Commission highlights the prospect of a new contractual relationship (Association Agreement), enhanced energy relations (EU and International Financial Institution [IFI] support to energy sector reform) and enhanced people-to-people contacts. It could be concluded that from a Ukrainian perspective nothing short of a membership track can be seen as true commitment, an attitude which is not shared by the EU.
7. Under the presidency of Victor Yushchenko, Ukrainian officials have been particularly vocal on the issue of a membership prospective. The European Commission maintains any reforms should be carried out above all for the benefits they will bring to Ukraine. Yet, there are some who maintain that a clear target of EU entry would galvanise the political elite and increase the likelihood of successful reform, while making reforms more palatable to the population. It is hoped that the winner of the 2010 presidential election will be able to foster the consensus required to make the most out of the opportunities offered by the Association Agenda and Association Agreement. If the political will for implementation of the programmes is lacking, cooperation may slow and enthusiasm for European integration in Ukraine may wane further.

The Political Situation

8. The Orange Revolution is seen as a crucial moment in Ukraine's democratic development. Despite the disappointment of the intervening years, it is important that both partners stay true to the principles espoused in 2004. The challenge now is to recognise the next moment of opportunity to galvanise reforms in Ukraine. The period following presidential elections in 2010 may be one such moment. It is hoped that the newly elected president will benefit from a fresh mandate, greater political stability and the political capital to implement real systemic reforms. If the chance to advance relations after the elections, on the basis of sustained and effective Ukrainian

commitment to reforms, is not seized upon there is a real risk that several years will go by before an equally propitious opportunity arises.

9. After the elections, there will normally be an 18 month period in which advances can be made before the next legislative elections; although these may be brought forward. However long this period proves to be, it can be put to good use in undertaking necessary constitutional reforms. While reaching consensus on these issues will be difficult, it is however impossible within the Rada, or parliament, as currently constituted. Above all, the constant political crises and executive paralysis of the last five years will have to come to an end. Responsibility and accountability for this rests with all political players.
10. To be taken seriously, Ukraine needs to demonstrate a capacity to overcome political gridlock: a smooth transition of power in the presidential elections to be held on January 17, 2010 is vital in this respect. The upcoming elections represent a major test for Ukraine. While the general expectation is that they will be largely free and fair, observers will be looking for improvements in the way they are conducted.

Ukraine's Economic Situation

11. The global economic crisis affected Ukraine more than most countries in Eastern Europe: Gross Domestic Product (GDP) contracted by as much as 14% year on year. Falling demand for industrial exports hit the country hard, the openness of the economy making it sensitive to fluctuations of demand in global markets. To compound the drop in exports, foreign direct investment (FDI) also declined and real wages fell by an estimated 10% year on year. The government has been forced to allow the devaluation of the Hryvna.
12. The threat posed to the IMF Standby Arrangement by the recent enactment of a rise in pensions and minimum wages is significant. The IMF will not disburse the next tranche of the money allocated for Ukraine until a reasonable degree of consensus is reached between the political actors in Ukraine. Given that this is unlikely, Ukraine's economic situation remains precarious. There is a general understanding that, from a Ukrainian perspective, the implementation of the loan conditions requiring the restructuring of Naftogaz remains difficult; some analysts even argue that expectations were unrealistic given the electoral context.
13. There has been severe criticism from the opposition of the authorities' handling of the financial crisis. Whilst much of this may be politically motivated, it is true that problems in drawing up the state budget for 2009 and in coordinating the actions of the President, Prime Minister and National Bank have impeded the response.

14. In the medium term, Ukraine will need to rein in expenditure and reduce the budget deficit. According to the European Bank of Reconstruction and Development (EBRD) any future growth will be driven by external rather than domestic demand. This runs counter to claims made by the Party of Regions that the increase in pensions and state salaries would help boost domestic demand and promote economic recovery.
15. In order to position itself best to take advantage of any increase in global demand, Ukraine will have to address the instabilities of its financial markets through improved regulation and increased capitalisation of the banks. Increased credibility of fiscal policy and investment will increase confidence in the country, as would the restructuring and increased transparency of state enterprises. These measures would be facilitated by and indeed would, in turn, facilitate the creation of stronger institutions in Ukraine

Security

16. There is a perceived security vacuum in Ukraine; one which many actors in the country are anxious to fill. Conflicts in Georgia and Moldova act as constant reminders of the dangers of state weakness and stoke disquiet relating to Crimea, an ethnically mixed region with strong ties to Russia. The Russo-Georgian war of August 2008 also demonstrated to Ukraine the problems that can arise from deficient security preparation, and the importance of good relations with Russia. Many in the political elite have suggested that membership of the North Atlantic Treaty Organisation (NATO) could be a solution to this security deficit. This idea is not favoured by the majority of the public, and Russian opposition to any such move could prove explosive.
17. Ukraine has shown a keen interest in the development of the European Security and Defence Policy (ESDP) and Common Foreign and Security Policy (CFSP). It has aligned itself with many EU declarations on CFSP. There is significant potential for Ukraine to build upon its contributions to the EU's peacekeeping missions in the Balkans and its civilian and military crisis management operations.
18. Discussions surrounding a new security architecture for Europe are regarded cautiously by Ukraine. There is concern that the Corfu process,¹ will lead to the principal security actors imposing a solution on smaller, unallied states. Ukraine rejects such a possibility emphatically.

¹ Launched by the OSCE in 2009 to tackle security challenges

Foreign Relations

19. With great variation in the ethnic and linguistic make-up of the country, Ukraine's foreign policy choices are often analysed in relation to its two largest neighbours, Russia and the EU. Unfortunately some analysts and practitioners conceive of these relations in zero-sum terms.
20. The role of Ukraine as a regional actor is one that should be remembered: especially within the EaP initiative. Ukraine, as the most advanced state both in terms of democratic development and of its relationship with the EU, is an important example for the other participating states. Ukraine should do more as an international actor in regional problems, enabling it to become considered as an even more serious partner to the EU. If successful, such an initiative would undermine the arguments of those that say it has to choose between a pro-West or pro-Russia foreign policy alignment.
21. If the window of opportunity that opens after the 2010 presidential elections is not fully exploited, there is a growing fear that the country will lose its position in the vanguard of the EU's partners in the region. Other states in the region are eager to take advantage of the EU's offers of cooperation. If Ukraine's relations with the EU stall for any reason, there is a real chance that it will be overtaken in this respect.
22. The EaP aims not only to share best practice between the EU and the partner states, but also among partner states. This is important since, despite their obvious differences, the participating states have much to learn from each other.
23. Ukraine's relations with Russia have become increasingly fractious in recent years. The Orange Revolution is frequently portrayed as a foreign policy failure for Russia, and it is argued that Moscow has had difficulty in accepting the Orange coalition as equal partners. Nonetheless, the EU is interested in Ukraine and Russia developing friendly relations on the basis of the sovereignty and interests of both parties. At EU-Russia summits, Russia's relations with Ukraine and the importance of their healthy cooperation are subjects frequently broached by EU delegations.

Energy: an Unavoidable Issue

24. The Russia/Ukraine/EU energy relationship is particularly difficult for all parties. Ukraine has struggled to keep up with payments for energy supplies from Russia, despite preferential prices for most of the post-Soviet period. Disputes over gas debt and transit contracts prompted the cutting off of Russian gas supplies through Ukraine in January 2006 and January 2009. The EU has taken this problem seriously, since gas provisions for a number of its member states rely upon transit through

Ukraine. Roughly 25% of EU gas imports come from Russia, 80% of which transit Ukrainian territory.

25. Since the crisis of January 2009, Ukraine has clarified some aspects of its outstanding debt to Gazprom, Russia's state-owned gas monopoly. At this time, the two countries signed a 10-year supply contract, under which Ukraine pays for gas monthly. This arrangement is difficult for the Ukrainian state gas company, Naftogaz, which struggles to make payment every month; nevertheless, it has managed to do so as of December 2009. The removal of the debt issue has unquestionably reinforced the security of energy supplies to Europe, as too has the signing of a ten year contract. In addition, Ukraine now pays market prices for the gas supplied by Russia, removing the temptation for political bargains to be made on gas prices.
26. Until 2004, information on the Ukrainian gas system was considered a virtual state secret. The 2009 Russia-Ukraine gas contract is now largely in the public domain and the March 2009 EU-Ukraine memorandum on the gas transmission system has allowed for a three year audit of the gas network. Such a level of openness is unusual in the gas sector; Russia in particular retains a high level of secrecy on this 'strategic industry'.
27. Other clauses in the contract, in particular the obligation to 'take or pay' for the agreed volume of gas, are a cause for concern. In 2009, Ukraine has needed far less gas than contracted and there is considerable disquiet as to whether Gazprom will impose penalties for volumes of gas not taken. So far, there has been agreement that these penalties will not be invoked. Ukraine is not unique in this regard—some EU member states have reached similar understandings—but uncertainty remains as to how long such an arrangement can continue.
28. It is important to highlight the need to increase domestic energy prices, currently the cost/recovery ratio for gas is 30% for households and 40% for utilities; the electricity sector also runs below cost recovery levels. In order to have a stable basis for state finances and for Ukrainian businesses to compete with foreign competitors, these de facto subsidies need to come to an end.
29. On energy questions, the European Union, its member states and other international institutions have been very active: EU involvement in the Ukrainian energy sector started with a PCA signed in 1994. The 2005 Memorandum on Energy Cooperation envisaged the full integration of Ukraine into the EU energy market, and promised cooperation on nuclear energy, energy efficiency, safety issues and the development of coal. It is worth noting that this came before the first serious crisis in Ukraine-Russia gas transit in January 2006.

30. Cooperation on energy was reinforced with the 23 March 2009 declaration signed by Ukraine and the EU on the modernisation of Ukraine's gas transmission system. This has allowed Ukraine to move out of the traditional Ukraine-Russia framework. The EU in July 2009 also helped broker an agreement between Ukraine and international financial institutions (IFIs) which could pave the way for the release of an additional €1.7 billion for energy sector reform in Ukraine as well as the purchasing of Russian gas, by Ukraine. Ukraine so far has not taken the reform steps which would have made it possible for the IFIs to release this additional assistance.
31. The European Commission and Ukrainian government continue to pursue projects to aid the development of the energy sector in Ukraine. These range from institutional projects like the accession to the Energy Community, consultations on the privatisation of energy companies and the idea of Ukraine connecting to the EU's high voltage electricity grid.
32. Ukraine's accession to the Energy Community Treaty, envisaged to take place this year, should see adoption of the EU *Acquis Communautaire* in this vital area. Accession should increase the transparency of the gas market and reduce the potential for politicisation of the matter, increasing the energy security of all concerned parties. This would improve relations between Russia and Ukraine as one important point of contention is neutralised.

Steps towards Improved Governance

33. In the 18 years since Ukraine gained independence, many reform programmes have been formulated and discussed. There is a wealth of experience and best practice from the Western states as well as other states that are making the transition to market economies and democratic structures. Indeed, many reform programmes have been drawn up to tackle the specific problems that Ukraine faces. What is needed is the impetus to push these reforms forward. There is an 'implementation deficit' in Ukraine, in that reform programmes are not always executed. There is also a problem in the non-implementation or partial implementation of the law as it stands.
34. Procedural issues remain a problem for Ukrainian institutions: There is a dearth of legal procedures and institutional relationships between political actors. The Ukrainian state will function better once these relationships, and the responsibilities that come with them, are consolidated.
35. Post-Orange Revolution Ukraine has seen constant wrangling between the Prime Minister and President over which institution has responsibility for executive decisions. This is largely due to the constitutional amendments made in the wake of

the Revolution, which increased the role of the Rada, or parliament, and government, drawing power away from the presidency. Unfortunately, this has led to a confusion of roles and competing authorities on many crucial policy areas. It should be remembered that these constitutional changes were seen by many at the time as the price of a peaceful transition of power during the Orange Revolution. One of the primary challenges for any new president will be constitutional reform. The form that any change takes remains one of the major measures of Ukraine's empirical statehood and its democratic performance. The ultimate aim is a constitution that is not only democratic, transparent and efficient, but durable.

36. Ukraine's political structure encourages the pursuit of short-term political objectives. This situation is exacerbated by the personalities of the people in public office, but the system itself also encourages tactical manoeuvring to obstruct the efforts of political rivals. Politicians tend to avoid initiatives which do not yield immediate benefits for the electorate, their business sponsors or themselves; in parallel, the system tends to punish those who take a more long-term view, thus ensuring the propagation of these practices.
37. At present, deputies to the Rada are largely unaccountable to the electorate. A single constituency covers the whole of the country with representatives elected from closed party lists. The single constituency was introduced to counter the domination of independent candidates in previous elections. The current system has increased party coherence, but has resulted in the population having little connection to the political class, it also encourages deputies to privilege their relationships with party officials above their relationship with the people.
38. Some fear that the division of the country into regional political units may encourage the federalisation of the state or even the secession of some units. While there is a debate to be held on this matter, it is suggested that open party lists with a regional mandate could be a logical compromise—avoiding the potential risk of having local magnates in single mandate constituencies, but bringing the representatives one step closer to the electorate.
39. Political parties need to develop further and move away from being vehicles for business groups or single individuals. One means of doing this will be the greater democratisation of party structures. The existence of imperative mandates (Rada deputies are not allowed to change blocs without resigning their seat) is important in this context. Such a policy ensures party discipline, yet in order for leaders to be accountable to the party, deputies need to have the opportunity to demonstrate their disapproval, dissent and, in extreme cases, defect. The means with which parties

recruit officials are also important. The role that civil society should play in preparing candidates for political life should be developed too.

40. A further problem is the practice of blocking the rostrum in order to prevent the execution of ordinary parliamentary business. Such actions frustrate the legislative process. Suggestions that the Rada speaker should be given the authority to remove deputies carrying out such actions should be seriously considered; at the very least a convention limiting the practice to issues which would negatively affect 'national security' would be desirable.
41. The reduction of corruption goes hand-in-hand with the process of democratisation. Transparency International's 2008 Corruption Perceptions Index, which measures public international perception rather than domestic, gave Ukraine a rating of 2.5 out of 10, ranking it at 134th out of 180 countries, a rank it shares with Pakistan and Nicaragua.
42. Corruption affects all levels of society and is facilitated by bureaucracy and inefficient civil administration. Whilst it touches all areas of life in Ukraine, certain areas are most visible. Corruption in the energy sector is a particular problem, which requires courageous steps if it is to be properly addressed.
43. The judicial system is another area that requires serious attention. Low pay and lack of independence are notable obstacles. Judges need not only to be independent of political patronage and pressure, but also need to conceive of themselves as independent of each other. Each judge needs to make decisions based on the law and jurisprudence without fearing repercussions. They also need to be held accountable to the law that they are charged with upholding. Finally there should be a transparent, independent body which appoints and reviews the credentials of judges in order to remove the temptation for political manipulation of the judiciary. Abolition of the procuracy is one element that has been considered and supported by Ukraine's international partners.
44. Conditions for business need to improve; excessive bureaucracy and red tape crush entrepreneurial spirit. Business and enterprise also suffer from the venality of petty bureaucrats. Multi-layered administrative requirements create ample opportunities for corruption, presenting obstacles to the country's economic development and the growth of a prosperous middle class. The complex procedures for the registration of a business are also detrimental as foreign companies are put off by the lack of transparency.
45. The business environment would benefit from the ability to enforce compliance through binding contractual procedure; unfortunately, the weaknesses of the judicial

system leaves business with little recourse to the law. The same is true on the state level, as has been seen most recently in the political interventions in privatisations by Mrs Tymoshenko and Mr Yushchenko. The failure to comply with IMF conditionality has weakened Ukraine's appeal as a business environment in addition to jeopardising economic recovery.

46. Public administration is another area in need of attention. While some key ministries have capable staff, others lack the capacity to implement the reform programme. The EaP's Comprehensive Institution Building programme should help in addressing shortcomings in this area, but will need the support and enthusiasm of the state administration to be truly effective. The EU commitment to this new element of the ENP is demonstrated by the fact that the majority of the extra money attributed to the region has been earmarked for this purpose.
47. Ukraine's relatively free press and active civil society are assets in its democratic development. Freedom of the press is seen by many as a key durable success of the Orange Revolution. Yet, media ownership raises questions: there is a plurality of media in Ukraine rather than a true diversity. Even whilst acknowledging the great strides made in media freedom, and Ukraine's hard-earned position as a regional leader in this field, the sector has further room to develop. Too many journalists write favourable articles for money, and the development of new media and prizes for journalistic standards should be encouraged.

Institutional Ties between the EU and Ukraine

48. Institutionally, Ukraine and the EU are increasingly linked through the PCA, ENP Action Plan and, soon, the Association Agreement, in the context of the EaP. This provides considerable grounds for optimism regarding the EU-Ukraine relationship and provides key frameworks for the implementation of Ukraine's reform agenda, including steps towards further democratisation.
49. These agreements and declarations of intent highlight the still long path that lies ahead and the slow speed of progress in recent years. This should not be cause for pessimism—despite the pace of change, the forward progression is undeniable—but should serve as a reminder of the reality of Ukraine's position and the difficulties facing reform efforts.
50. With the main political aspects largely resolved, negotiations on the Association Agreement itself are expected to be concluded in 2010, including negotiations on trade aspects of the agreement and the establishment of a Deep and Comprehensive Free Trade Agreement (DCFTA).

51. The Association Agenda allows Ukraine and the EU to begin implementing certain aspects of the Association Agreement before the latter is finalised. This display of adaptability demonstrates a desire not to lose time in the implementation of those aspects of the agreement which are not contentious. Implementation should not be slowed because of other questions that remain under negotiation.
52. The passage of the Lisbon Treaty into law on 1 December 2009 is seen as a step forward not just for the EU, but also for its partners, Ukraine included. It is hoped that the EU can leave behind questions of its own institutional reform, and benefit from streamlined decision-making and greater direction in foreign policy. For Ukraine this will remove some of the uncertainty about EU priorities and should simplify its relationship with Brussels. It is important to remember too that the problems with the passage of the treaty reflected badly upon the EU.
53. Ukraine is the only state in the region with which the EU has not established a dedicated dialogue on human rights. While Ukraine's record is not perfect, and is addressed in other contexts, it is not considered a barrier to the EU-Ukraine relationship.

Economic Aspects of the EU-Ukraine Relationship

54. The alignment of Ukraine's economic system with the EU's *Acquis Communautaire* would be an important advance for Ukraine, helping the country's further integration into the EU market. The implementation of the DCFTA will realise this alignment.
55. The DCFTA will go far beyond simple tariff liberalisation, eventually covering goods services and capital, it will act as the model for the entire region. It will have transformative effects on Ukraine's economy and society, the magnitude of which is difficult to estimate. With the further development of trade relations, there will be even greater pressure to review EU visa policy towards Ukraine.
56. The EU expects and demands serious change from Ukraine. Transformations have been possible in the new member states thanks to the political will of their leaders and public national and significant levels of EU funding. Despite a context in which the EU, through the Eastern Partnership, is significantly expanding its assistance to Ukraine, in particular by means of the Comprehensive Institution Building programme, some analysts call for the EU to commit even further resources to aid the country's transformation.

Social Issues in the EU-Ukraine Dialogue

57. People-to-people contacts have been one of the great successes of the EU. With the free movement of people within the Union, the populations of all member states have been able to gain a greater understanding of other cultures. The EU's visa policy towards Ukraine is a source of frustration for many Ukrainian citizens. While Ukraine has removed any visa obligation for short stay visits of EU citizens, the EU has not followed suit. Some in Ukraine describe the application process for a Schengen Zone visa as intrusive and humiliating, and argue that the EU should take further steps to reduce or remove visa fees for Ukrainian citizens, as well as simplifying the process as much as possible. But progress on this issue should be noted. Last year, about 40 per cent of Ukrainians travelling to the EU did not have to pay a visa fee. And discussions continue on reducing or removing fees for Ukrainian citizens and on simplifying the process.
58. This further easing of visa requirements is desirable to encourage the people-to-people contacts that the EU favours as a means of increasing mutual understanding. Visa liberalisation is to feature in the forthcoming Association Agreement, but the wording of any reference to it in the agreement remains a sticking point in negotiations. It is clear that any full liberalisation, i.e. visa-free travel, will take time and require substantial technical progress from Ukraine.
59. The EU recognises the frustration felt by Ukraine on the visa issue, but is reluctant to make promises that it will find hard to fulfil, given the hesitancy of member states. This should be recognised by Kyiv. If the EU takes strides toward visa liberalisation for citizens of Ukraine, other partner states will demand similar concessions. Migration is a politically sensitive question in many member states and one intimately tied up with visa regulations. The Ukrainian government continues to push for a roadmap for visa-free travel, implying a sequence of steps to be taken, with a timeline of parallel steps by the EU towards visa-free travel.
60. The EU has set aside € 12 million for investment in Crimea. The money earmarked for socio-economic development projects should be used in cooperation with the regional elite and population in order to maximise its potential. It is clear that neither Russia nor Ukraine has a development strategy for Crimea so the EU's initiative in this area can only be beneficial.

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