

# Statement on Croatia's path towards ERM II participation

Today the Finance Ministers of the euro area Member States and Denmark, the President of the European Central Bank (ECB) and the representative of the Central Bank Governor of Denmark discussed the prospects of Croatia's participation in the Exchange Rate Mechanism (ERM II) in the presence of the Commission, the Croatian Finance Minister and Central Bank Governor, and issued the following statement.

We welcome the intention of the Croatian authorities to put in place the necessary elements for a successful entry into ERM II. Following constructive discussions with the ECB, the Commission, the euro area Member States and Denmark, Croatia has taken a number of commitments in policy areas which are of high relevance for a smooth transition to, and participation in, ERM II. With regard to, in particular, banking supervision, Croatia has sent a request to enter into close cooperation with the ECB in line with the existing procedures, and will undertake the necessary preparations accordingly – including support to the ECB's comprehensive assessment. Additional commitments relate to the macro-prudential framework, the anti-money laundering framework, the collection, production and dissemination of statistics, public sector governance and reducing the financial and administrative burden. Such reform efforts towards a more robust financial sector, stronger institutions and public governance and more efficient economic structures will contribute to the successful participation of Croatia in ERM II.

The ECB and the Commission will monitor the effective implementation of these commitments acting within their respective areas of competence as provided for by the Treaties and secondary legislation. Once they have provided a positive assessment, a decision will be taken by the ERM II parties on the formal application of the Croatian authorities for ERM II participation. The decision will be linked to the ECB decision on close cooperation, in full respect of the conditions specified in the legal framework. This would imply that Croatia simultaneously joins ERM II and the Banking Union. The ECB could be expected to conclude its comprehensive assessment within approximately one year after Croatia's formal application for close cooperation, and its decision may make the start date of close cooperation conditional on Croatia's progress in implementing the possible measures required in relation to the results of the comprehensive assessment.

In line with the relevant secondary legislation, Croatia will also participate in the Single Resolution Mechanism (including the Single Resolution Fund) from the date of entry into force of the ECB decision on close cooperation. Therefore, as from that date Croatia should be subject to the obligations stemming from the Intergovernmental Agreement on the transfer and mutualisation of contributions to the Single Resolution Fund, notably the obligation to transfer those contributions to the Single Resolution Fund in accordance with the relevant provisions thereof. To these effects, Croatia is

expected to take all the necessary steps in order to ratify and deposit its instrument of ratification in due course before the decision on close cooperation enters into force.

In line with past practice, Croatia is also expected to take further commitments at the moment of joining ERM II with the aim of achieving a high degree of sustainable economic convergence by the time the euro will be introduced.

The process outlined above is in line with the process followed for Bulgaria as discussed and endorsed by the Eurogroup in July 2018. In the future, we will continue to follow a similar approach for Member States wishing to join ERM II, in line with the principle of equal treatment.

[Visit the meeting page](#)

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## **Remarks by President Juncker at the joint press conference with President Tusk and Volodymyr Zelenskyy, President of Ukraine, following the EU-Ukraine Summit**

Mr President,

Ladies and Gentlemen,

I am delighted to be back here in Kyiv – a city I have known for decades, but that I keep rediscovering with the same joy as the very first time. We were happy to host the new President in Brussels a few weeks ago. He took the initiative to organise his first trip outside the country to Brussels – we were welcoming this initiative.

The new President Mr Zelenskyy is starting his term at a time when relations between Ukraine and the European Union are the best I can remember. I say this as someone who has been there from the very start, as co-chair of our first Summit in Kyiv between Ukraine and the European Union on 5 September 1997, 11 o'clock in the morning. This is now the 21st Summit we have together – it is your first, it is our last.

But having seen it all, I can honestly say that we have made more progress together in the last years – since the Maidan revolution – than we did in the two decades before. Thanks to the great sacrifices made by the great Ukrainian people, you have come a long way. And I am proud to be able to say

that we have supported you every step of the way.

Our partnership is one of mutual solidarity and friendship. That is why we are backing that solidarity up with concrete support, notably for the Azov Sea region so affected by ongoing conflict and by in fact unacceptable tensions due to the behaviour of Russia.

I am happy to announce today a new package of measures in support to the Azov Sea Region, which includes measures to rehabilitate key infrastructure in Mariupol and Kherson, new financing in local currency for small and medium-sized enterprises in the region. Preparatory work is also launched on rail and road upgrades, paving the way for potential loans of over EUR 450 million from financial institutions.

We have also witnessed today the signature of new agreements for projects worth EUR 119 million, to further boost Ukraine's efforts to reform, continue decentralisation, fight corruption and support civil society.

Monsieur le Président,

Mesdames et Messieurs,

L'Union européenne que nous représentons ici a toutes les raisons d'être fière de son partenariat avec l'Ukraine et des nombreux liens qui unissent nos peuples. L'Union européenne et les institutions financières européennes ont mobilisé plus de 15 milliards d'euros en soutien au processus de réformes en Ukraine depuis 2014.

C'est pour rapprocher nos peuples que j'ai placé la libéralisation du régime des visas pour les citoyens ukrainiens au cœur de l'agenda de la Commission. Je me réjouis du fait que depuis juin 2017, les Ukrainiens ont effectué plus de 3 millions de visites dans l'Union sans visa.

C'est pour les mêmes raisons que j'ai souhaité augmenter la participation de l'Ukraine au programme Erasmus+. L'Ukraine est désormais un partenaire actif – plus de 7 200 universitaires ukrainiens ont participé au programme Erasmus+.

Nos entrepreneurs aussi nous rapprochent. Depuis l'entrée en vigueur de notre accord de libre-échange, les flux commerciaux entre l'Union européenne et l'Ukraine ont augmenté rapidement, avec une progression de 10% rien que pour l'année 2018 et de 49% depuis l'entrée en vigueur de nos accords. C'est donc un partenariat à égalité qui fonctionne à la merveille.

J'ai rencontré dans ma carrière précédente, comme Premier ministre de mon pays et comme Président de la Commission, huit Premiers ministres ukrainiens. À chaque fois, la lutte contre la corruption était au cœur de nos discussions. Je voudrais que cette fois-ci, l'Ukraine, comme s'y est engagé le Président, prenne un pas décisif pour éradiquer la corruption dans ce pays parce que les citoyens valeureux, courageux, déterminés de cette grande nation méritent un avenir sans corruption.

Merci beaucoup.

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## **EU-Ukraine Summit: EU steps up its support to the Sea of Azov region**

The EU has increased its support to help mitigate the impact of Russia's destabilising actions in the Sea of Azov region. During the 21st EU-Ukraine Summit, Commissioner for European Neighbourhood Policy and Enlargement Negotiations, Johannes **Hahn**, signed with Stepan Kubiv, First Vice-Prime Minister, Minister of Economic Development and Trade of Ukraine, new additional support measures worth €10 million **to support local economic diversification and small businesses, local civil society and citizens' involvement in decision-making, improvement of community security and public safety.**

The EU has stepped up its support to the **Sea of Azov region** since the beginning of the year working on new programmes for **mine risk mitigation** as well as for **psycho-social support**. Additional EU support has been made available for **local currency loans, destined to small and micro companies creating investment possibilities for local entrepreneurs**. The EU will increase its presence through a **programme office in Mariupol**, which notably **strengthens the support to decentralisation and anti-corruption processes in the region.**

High Representative/Vice President Federica **Mogherini** commented: *"Today, the European Union steps up its support to the Sea of Azov region, to mitigate the impact of the Kerch Bridge – built without Ukraine's consent – and of Russia's inspection regime hindering traffic in violation of international law. As a reliable partner, and as a friend, the European Union is and will always be there for the Ukrainian people."*

Commissioner for the European Neighbourhood Policy and Enlargement Negotiations Johannes **Hahn** added: *"The EU has been supporting people in need in Ukraine since the beginning of the conflict. The additional support to the Sea of Azov region is a strong sign of EU solidarity aimed at both alleviating the humanitarian situation and promoting economic opportunities for the people living in the region. We are stepping up our support to local economic diversification, small businesses, to civil society, governance and security. To increase our presence in the region we are also opening a joint programme office."*

### **More information**

The EU is financing the feasibility studies needed for an upgrade of road, railway and port infrastructure that connect the region with the rest of Ukraine and the EU. This could potentially mobilise more than **€450 million in loans** from the European Investment Bank (EIB) and other partners.

By pooling grant resources from the EU budget to leverage loans from the EU

financial institutions through the EU Neighbourhood Investment Platform (NIP), the EU has committed to supporting the rehabilitation of municipal infrastructure in two major cities: waste treatment in Mariupol and the renewal of the trolleybus fleet and infrastructure in Kherson. The EIB has already provided a package of €200 million destined to conflict-related areas for the early recovery of small-scale damaged infrastructure, for kindergartens, centres for the internally displaced people (IDPs) and dwellings for children with disabilities.

The EU is strengthening resilience against cyber threats and disinformation by providing local journalists and other relevant stakeholders from the Sea of Azov region with targeted training sessions.

## **Background**

The Sea of Azov region is suffering from socioeconomic decline and negative economic dynamics. Although this situation predates the conflict in eastern Ukraine, it has been seriously exacerbated by the conflict. The area's proximity to the military frontline and the escalation in the Sea of Azov in November 2018 added further pressure, putting the inhabitants' livelihoods (industry, ports, tourism, and agriculture) at an increased risk. Since February 2019, when an EU needs assessment mission to the Sea of Azov region took place, the EU has been developing a set of measures specifically targeted to the region.

The EU has provided humanitarian, early recovery and, increasingly, development assistance in response to the conflict in the east of Ukraine and internal displacement. This includes €116 million of humanitarian assistance and projects on demining, psychosocial support, and support to the OSCE Special Monitoring Mission (SMM). The EU and its Member States are the biggest contributors to the Organization for Security and Cooperation Special Monitoring Mission (OSCE SMM), which monitors the implementation of the Minsk agreements. The €50 million "EU Support to the east of Ukraine" programme supports the implementation of reforms in the conflict-affected areas of Donetsk and Luhansk oblasts.

[Factsheet on EU support to the Sea of Azov region](#)

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**[EU-Ukraine Summit: EU provides additional support to decentralisation, fight against corruption, empowerment of civil](#)**

# society and accountable and efficient governance in Ukraine

During the 21st EU-Ukraine Summit, EU Commissioner for European Neighbourhood Policy and Enlargement Negotiations, Johannes **Hahn**, signed with his Ukrainian government counterparts 4 programmes, worth €109 million from the Commission's 2019 annual support package to Ukraine. The new EU support package will focus on decentralisation, the fight against corruption, supporting civil society and technical cooperation for the facilitation of key reforms and the implementation of the Association Agreement and Deep and Comprehensive Free Trade Area.

Attending the Summit, Commissioner **Hahn** commented: *"Our new support will help Ukraine implement key reforms that will have a tangible impact on people's lives and that will improve relations with the EU. Ukraine has advanced in a number of important demanding reforms over the years, and it is important that there will not be any roll-back, in particular on issues such as the fight against corruption or decentralisation. The EU has also stepped up its support to civil society, which is key for better governance in Ukraine."*

## **More information on the package**

### **Decentralisation (€40 million)**

The EU has supported decentralisation through the U-LEAD programme since 2015 and contributed to one of the most successful reforms carried out by the Ukrainian Government. The decentralisation reform enabled the voluntary amalgamation process of local communities, the transfer of power closer to citizens regarding local affairs including the budget, as well as improved service delivery at local levels. The EU will top up the current programme in order to reinforce administrative capacities at local, regional and national administrations level. Moreover, the top up contributes to the adaptation of the elected officials and civil servants to their new responsibilities as well as strengthen citizens' trust and involvement in policy making at various levels of government. The programme will further advance multilevel governance in Ukraine, so it is transparent, accountable and responsive to the needs of citizens. It also includes an investment component for municipal infrastructure.

### **Fighting corruption (€15 million)**

Operational since 2016, the EU's Anti-Corruption Initiative (EUACI) has contributed to the adoption of a comprehensive legal framework, the establishment of new agencies to prevent and investigate corruption, the setting up of the High Anti-Corruption Court as well as the introduction of modern anti-corruption mechanisms, such as an electronic system for asset declarations and a public procurement platform, ProZorro. The EU's contribution to the second phase of the programme will aim to ensure the sustainability of anti-corruption reforms achieved so far and further

reinforce those efforts both at a national and local level. It will also seek to empower civil society, private sector and citizens in promoting integrity, the rule of law and good governance.

### **Civil Society (€10 million)**

The purpose of the programme is to increase the viability and capacities of civil society organisations and cultural operators to contribute to the development of accountable, transparent and democratic institutions, social and economic development as well as the prevention of violent conflicts. The programme will be complemented by a €5 million contribution for Ukraine included in the regional Eastern Partnership Civil Society Facility.

### **Technical Cooperation Facility (€44 million)**

This programme aims at supporting Ukraine in implementing key reforms as well as the EU-Ukraine Association Agreement, including its Deep and Comprehensive Free Trade Area. The programme will support the provision of policy advice, expertise on legal approximation process with the EU, and capacity building in priority reform areas, in particular regarding the improvement of business and investment climate, trade facilitation and economic development, public procurement, energy, agriculture, environment, transport, as well as government strategic communication.

### **For More Information**

[Decentralisation programme U-LEAD with Europe](#)

[EU Anti-Corruption Initiative EUACI](#)

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## **EU-Ukraine Summit: moving forward together in solidarity**

Today, at the 21<sup>st</sup> EU-Ukraine Summit in Kyiv, the European Union and Ukraine reaffirmed their strong partnership and shared commitment to a comprehensive reform agenda. European Commission President Jean-Claude **Juncker** and European Council President Donald Tusk represented the European Union alongside the President of Ukraine, Volodymyr Zelenskyy. The High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission, Federica **Mogherini**, and the Commissioner for European Neighbourhood Policy and Enlargement Negotiations, Johannes **Hahn**, also participated.

President Jean-Claude Juncker said: *“The European Union’s partnership with Ukraine is one of mutual solidarity and friendship. It is also one that is flourishing: we have achieved more progress together in the last five years*



*than we did in the two decades before. Ukraine has taken up ambitious reform commitments. The EU, in turn, has provided Ukraine with unprecedented support, from financial and expert support, to autonomous trade measures, and almost 3 million visa-free visits to the EU for Ukrainian citizens to date. This, alongside continued unity on sanctions, shows the EU's commitment to Ukraine – one that remains unwavering."*

Read the full remarks of President Juncker at the joint press conference [here](#).

The European Union and Ukraine agreed on a [Joint Statement](#), demonstrating the richness of the bilateral agenda.

### **The EU provides additional €119 million for accountable and efficient governance in Ukraine and to step up its support to the Sea of Azov region**

The Summit recognised the substantial progress made by Ukraine in its reform process, and agreed on the importance of accelerating these efforts, in particular in the fight against corruption. The EU has also showed clear solidarity with the country facing continuous challenges in the East including in the Sea of Azov region.

In the margins of the Summit, the Commission adopted new measures to support decentralisation, fight against corruption, empowerment of civil society and accountable and efficient governance in Ukraine as well as to alleviate the humanitarian situation and promoting economic opportunities for the people living in the Sea of Azov region.

The package will include a €40 million programme on **decentralisation**, a €15 million programme to **fight corruption**, a €10 million programme to **support civil society** and a €44 million programme for the **facilitation of key reforms and the implementation of the Association Agreement and Deep and Comprehensive Free Trade Area**. The support to anti-corruption efforts and decentralisation reforms are additional contributions to already successfully ongoing EU flagship programmes U-LEAD with Europe and EU Anti-Corruption Initiative (EUACI).

Read the full press release: [EU-Ukraine Summit: EU provides additional support to decentralisation, fight against corruption, empowerment of civil society and accountable and efficient governance in Ukraine](#).

The Commission also allocated additional measures worth €10 million to support **local economic diversification and small businesses, local civil society and citizens' involvement in decision-making, improvement of community security and public safety in the Sea of Azov region**. This further support will help mitigate the impact of Russia's destabilising actions in the Sea of Azov on the local economy and communities.

The EU has been supporting projects aimed at **mine risk mitigation as well as for psycho-social support**. Additional support has been made available for local currency loans, destined to small and micro companies creating investment possibilities for local entrepreneurs. The new measures also



include an increased EU presence through a permanent programme office in Mariupol, which notably strengthens the support to decentralisation and anti-corruption processes in the region.

Read the full press release: [The EU is stepping-up its support to the Sea of Azov region](#).

### **Support measures in response to the conflict**

The European Union reaffirmed its unwavering support for Ukraine's independence, sovereignty and territorial integrity. The EU continues to implement its non-recognition policy for the illegal annexation of Crimea and Sevastopol by the Russian Federation, including through **restrictive measures**. The European Union expects Russia to release without any further delay the 24 Ukrainian servicemen, captured in November 2018, and their vessels, as well as all illegally detained Ukrainian citizens in the Crimean peninsula and in Russia.

The EU is also stepping up **humanitarian funding** to help those most in need in Ukraine with an additional €17.7 million. The assistance includes essential support such as healthcare, shelter repairs, water, cash transfers and Education in Emergencies projects. All EU humanitarian aid is impartial and independent, and will be provided along the line of conflict and in the non-government controlled areas. This brings the total EU humanitarian support for Ukraine to €133.8 million.

### **Macro-Financial Assistance to Ukraine**

At the Summit, both parties stressed the importance for Ukraine to maintain macro-economic stability and keeping the International Monetary Fund programme on track. Under the current – fourth – Macro-Financial Assistance programme, the European Commission disbursed €500 million to Ukraine in December 2018. With this disbursement, the total Macro-Financial Assistance extended to Ukraine by the EU since 2014 has reached €3.3 billion – the largest amount of such assistance directed at any non-EU country. The EU stands ready to disburse the second tranche (€500 million) of the current Macro-Financial Assistance programme once the country has implemented the agreed reform measures linked to this tranche.

### **Sectorial cooperation**

The Summit welcomed the adoption of the updated **energy** annex of the Association Agreement. The annex lists parts of the *EU acquis* which Ukraine commits to approximating with. This will in turn increase gradual market integration and enhance energy security.

In light of Ukraine's commitment under the **telecom** annex of the Association Agreement, the European Commission will be sending a team to assess Ukraine's legislative and institutional capacity.

The **Deep and Comprehensive Free Trade Area** has supported the increase of bilateral trade by 49% since the start of its application in January 2016. In addition to the measures foreseen in the Deep and Comprehensive Free Trade

Area of the Association Agreement, the Autonomous Trade Measures for Ukraine in place since October 2017 for several Ukrainian industrial goods and agricultural products have helped to improve access for Ukrainian exporters to the EU market.

In line with the increased participation of Ukraine in EU programmes, Ukraine is now one of the largest beneficiaries of the **Erasmus+** programme in the Eastern Partnership region.

The Summit participants also touched upon on the need to counter disproportionate influence of vested domestic interests in the **media** sector. The EU highlighted the important role that the Public Service Broadcasting plays in providing independent media content and underlined the importance of providing it with sufficient resources.

### **For more information**

[Remarks of the President of the European Commission Jean-Claude Juncker at the EU-Ukraine Summit joint press conference](#)

[The EU steps-up its support to the Sea of Azov region](#)

[Factsheet on EU support to the Sea of Azov region](#)

[EU provides additional support to decentralisation, fight against corruption, empowerment of civil society and accountable and efficient governance in Ukraine EU-Ukraine Summit website](#)

[EU-Ukraine relations factsheet](#)

[EU Delegation in Ukraine website](#)

[European Commission Support Group for Ukraine website](#)

[EU-Ukraine Trade relations website](#)