



Ukraine-EU Summit

Ukraine fatigue forestalls progress in relations

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+380 44 391 5577**EU views of Ukraine membership**

	Favor	Oppose	No ans.
Britain	47%	38%	15%
France	55%	45%	0%
Germany	39%	58%	3%
Italy	33%	51%	16%
Spain	52%	24%	24%
Poland	62%	20%	18%
Czech Rep.	47%	44%	9%
Slovakia	53%	32%	16%
Hungary	49%	33%	19%
Bulgaria	62%	15%	23%
Lithuania	63%	17%	20%

Source: Pew Global Attitudes Project, November 2009

Ukraine view of EU membership

Favor	44.7%
Oppose	35.2%
No answer/Undecided	20.0%

Source: Razumkov Center, December 2008

Major EU-Ukraine agreements

Partnership&Cooperation Agmt	1998
European Neighborhood Policy	2005
EU-Ukraine Action Plan	2005
Eastern Partnership	2009
EU-Ukraine Association Agenda	2009

Ukraine government overview

Type	Democratic republic
Format	Presidential-parliamentary
Independence	Aug. 24, 1991

Days left to pres. election 40**Presidential election watch list**

Last campaign day	Jan. 15, 2010
First round vote	Jan. 17
First round results	By Jan. 27
Second round vote*	Feb. 7
Second round results*	By Feb. 17
Inauguration*	By Mar. 17

* If a second round of voting is necessary.
Exact dates subject to change.

Source: Central Election Commission

- At the annual Ukraine-EU summit on Friday, EU President Jose Manuel Barroso reprimanded Ukrainian leaders for failing to deliver on reform promises
- The EU once again stressed the need for renewed IMF cooperation, though we see a reboot unlikely until after presidential elections
- EU & Ukrainian leaders agreed to continue negotiations on a new visa regime and an association agreement, both sides expressed optimism the latter deal could be concluded in 2010

Barroso cites Ukraine for failing to deliver on promises

European Union President Jose Manuel Barroso, at the annual Ukraine-EU summit on Friday, was critical of Ukraine's progress on reform, telling Ukrainian President Viktor Yushchenko, "too often, it seems promises are only partly met, commitments are only partly met, words are not always matched by actions." The summit was the last of Yushchenko's presidency and ended without substantial progress on Ukraine's European agenda, as we expected. The only agreement signed was a low-level deal on combating organized crime. Importantly, EU officials also met with the top two-polling candidates in the January presidential election – Viktor Yanukovich and Yulia Tymoshenko.

EU continues calls to renew IMF ties; reboot unlikely until election

Swedish Prime Minister Fredrik Reinfeldt, whose country holds the current EU presidency called on Ukraine to get its standby agreement with the International Monetary Fund back on track. Ukrainian Deputy Prime Minister Hryhoriy Nemyria was dispatched to the IMF on Sunday to restart talks in what looks like a last ditch effort by the Tymoshenko government to get another IMF loan tranche by yearend. In our view, while the IMF has not made a definitive statement yet, given the acrimony between Ukrainian politicians – it still looks unlikely an initiative can be mounted to unlock any additional funds until after elections. Both Yanukovich and Tymoshenko have spoken in favor of continued cooperation with the IMF.

Association agreement will be question for 2010

EU & Ukrainian leaders reaffirmed their commitment to complete negotiations on the new association agreement, which is to include a free trade agreement, as soon as possible. Ukraine is the only country in the former Soviet Union in negotiations on an association agreement. Both Barroso and EU Commissioner for Trade and European Neighborhood Policy Benita Ferrero-Waldner said the new pact could be signed in 2010. Ukrainian Foreign Minister Petro Poroshenko said in a TV interview this weekend that the association agreement is 90% ready, with just the free trade area to be completed. Poroshenko said the remaining positions can be worked out within eight months, given political will in Ukraine.

Appendices

Appendix 1: Ukraine-EU summit joint statement

The leaders of the European Union and Ukraine met in Kyiv today, at the annual EU-Ukraine Summit – the first following the entry into force of the Treaty of Lisbon on December 1st. The Summit was hosted by Mr Viktor Yushchenko, President of Ukraine, accompanied by Mr Petro Poroshenko, Minister of Foreign Affairs of Ukraine. The EU was represented by Mr Fredrik Reinfeldt, Prime Minister of Sweden in his capacity as President of the European Council; and by the President of the European Commission, Mr Jose Manuel Durao Barroso. The President of the European Council was accompanied by Foreign Minister Mr Carl Bildt. The President of the European Commission was accompanied by the Commissioner for Trade and European Neighbourhood Policy, Mrs Benita Ferrero-Waldner.

Recognizing that Ukraine as a European country shares a common history and common values with the countries of the European Union, acknowledging the European aspirations of Ukraine and welcoming its European choice, the Presidents welcomed the substantial advances made in EU-Ukraine relations in the past year in all areas of mutual interest including through cooperation on foreign policy and security policy issues; the economic and financial sectors; the energy sphere and in the area of environment and climate and in justice, freedom and security matters as well as many other sectors.

Internal developments in the EU and Ukraine

The leaders of the EU and Ukraine discussed the Ukrainian presidential elections which will take place on 17 January 2010, as well as the implementation of Ukraine's on-going reform agenda. They emphasized the crucial importance of these elections being conducted in accordance with European and international standards for democratic elections. They stressed the need for political and economic stabilisation notably through constitutional reform, consolidation of the rule of law and renewed efforts to combat corruption and improve the business and investment climate. They called for increased efforts to advance the reform process in Ukraine.

The leaders welcomed the completion of ratification process of the Treaty of Lisbon, which will provide the European Union with institutional framework necessary to meet future challenges.

Global challenges

The Presidents discussed the global economic and financial crisis and its impact in the region. Noting the stability achieved over the past twelve months with the support of the IMF Standby Arrangement, the EU side called on Ukraine to ensure that the programme remained on track and that necessary economic reforms were implemented in the interests of economic stability and early recovery. The leaders recalled the importance of cooperation in the trade area as a vehicle for prosperity and stability. The leaders emphasised that protectionism was not an answer to current difficulties and that the obligations and responsibilities flowing from membership of the World Trade Organisation should be respected in full. The leaders recognised the potentially significant negative impact of the crisis in the region on the unemployed and on the most vulnerable in society.

The leaders of the EU and Ukraine underlined that climate change is one of the most important global challenges of our time which demands urgent and cooperative action. Ukraine and the EU recognized the scientific view that the increase in global average temperature above pre-industrial levels ought not to exceed 2°C and that peaking of global emissions should take place as soon as possible in order to make a global reduction of 50% by 2050 compared to 1990. In this spirit, the sides agreed that both the EU and Ukraine need to increase their mitigation efforts and present mid-term emission reduction targets for 2020. The EU and Ukraine will, under the framework of the United Nations Framework Convention on Climate Change (UNFCCC) work together for a comprehensive and ambitious outcome at the 15th Conference of the Parties of the UNFCCC in December 2009 in Copenhagen. In this context, the leaders agreed that the issue of unused emission units should be addressed in such a way that it positively contributes to the outcome of the Copenhagen COP 15 meeting.

The leaders welcomed the continuous development of environmental cooperation between the EU and Ukraine and the potential for further initiatives. They noted the progress made in negotiations on the establishment of the Regional Environmental Centre of Ukraine.

The leaders of the EU and Ukraine welcomed deepening cooperation on the use of renewable energies and increased energy efficiency. The Summit welcomed the launch of the Eastern Europe Energy Efficiency and Environment Partnership, which took place in Stockholm on 26 November, 2009, where Ukraine, the European Commission, and EU and other bilateral donors announced the creation of a support fund with an initial volume of approximately €90 million. This has the potential to facilitate several billion Euro of investments by European and international financial institutions in energy efficiency in Ukraine. The leaders encouraged other donors and institutions to participate in this partnership.

They welcomed the continuing progress in the implementation of the priorities of the EU-Ukraine Memorandum of Understanding on cooperation in the field of energy of 1 December 2005, as set out in the 4th progress report presented to the Summit. While noting the good progress in the roadmaps on nuclear safety, energy market integration and energy transit, the leaders call for further progress in the coal sector and in the promotion of energy efficiency and renewable energies.

The leaders of the EU and Ukraine stressed the importance of Ukraine's accession to the Energy Community Treaty (ECT) and in that respect looked forward to the ECT Ministerial Council in Zagreb on December 18, 2009. They also agreed on the importance of Ukraine's implementation of the relevant energy sector reform commitments. They underlined in particular the importance of security of energy supplies. They expressed their determination to work closely to ensure the security of energy supplies to the EU.

Taking into account that Ukraine is the single most important transit country for gas supplies to the EU and that it is in the strategic interest of all to ensure the efficiency, reliability and transparency of gas supply routes to the EU: in their entirety, the leaders stressed the importance of efforts to reform the energy sector. In this regard, they welcomed the Joint Declaration endorsed by the Joint EU-Ukraine International Investment Conference on the Modernisation of the Gas Transit System which took place on 23 March 2009 and emphasised the urgency of implementing the commitments contained in the Joint Declaration, as well as the wider reform engagements of 31 July 2009 in the context of IFI support for Ukraine's gas sector reform.

Ukraine-EU relations

The leaders of the EU and Ukraine welcomed the 3rd progress report on negotiations on the EU-Ukraine Association Agreement, noting the substantial further progress that has been achieved in the course of the year. They recalled the forward-looking, innovative and comprehensive nature of the Agreement. They confirmed their strong commitment to complete negotiations as soon as possible, bearing in mind the complex, ambitious and technically demanding character of many aspects of the Agreement and notably the deep and comprehensive free trade area part.

The leaders welcomed in this regard the recent launch of the EU-Ukraine Association Agenda which will prepare for and facilitate the entry into force of the EU-Ukraine Association Agreement. Based on principles of joint ownership and joint responsibility, the Association Agenda is a qualitatively new instrument which replaces the EU-Ukraine Action Plan. Together with the Association Agreement, the Association Agenda will facilitate greater political association and economic integration with the EU.

The Parties re-confirmed increasing policy convergence, based on shared values and commitments, in the field of foreign and security policy. They highlighted in particular the value of continued close cooperation on regional stability and crisis management, and noted the importance of regular policy consultations and Ukraine's alignment with EU foreign policy statements and common positions. The leaders agreed on the aim to further increase Ukraine's participation in European Security and Defence Policy operations and activities, recalling that the Framework Participation Agreement has enhanced possibilities for cooperation in this regard.

The leaders welcomed efforts of the European Union to help deter, prevent and repress acts of piracy and armed robbery off the Somali coast, particularly the EU NAVFOR Somalia – Operation Atalanta. In this regard they welcomed the fact that Ukraine is considering a contribution to international efforts in combating piracy through taking part in the Operation Atalanta.

The Parties noted the continuing progress in the area of justice and home affairs. They underlined the continuing importance of the revised JLS Action Plan and the accompanying Scoreboard in promoting reforms and strengthening common values, notably as regards respect for human rights, democratisation and the rule of law, which are the cornerstone of the EU-Ukraine relationship.

The leaders of the EU and Ukraine welcomed the conclusion of the Strategic Co-operation Agreement between Ukraine and Europol and an agreement on a Memorandum of

Understanding between the Ukrainian Ministry of Health and the European Monitoring Centre for Drugs and Drug Addiction.

The leaders agreed on the importance of promoting mobility between the EU and Ukraine and welcomed the progress in implementation of the Ukraine-EU visa facilitation and readmission agreements promoting people-to-people contacts and assisting the Parties to combat illegal migration. In this context the Parties also recognized the importance of comprehensive migration policies and international standards on protection and asylum.

The leaders underlined the importance of continued cooperation in the full implementation of the EU-Ukraine visa facilitation and readmission agreements and looked forward to constructive discussions on the Visa Facilitation Agreement, in the competent Joint Committee in spring 2010, in the light of Ukraine's proposals for further facilitations for Ukrainian citizens as well as developments in EU legislation in the area of visa policy.

The EU and Ukraine leaders reviewed progress in the dialogue launched in 2008 with the aim of developing relevant conditions to establish a visa free regime as a long term perspective. They welcomed the report of the Senior Officials of 19th November to the Summit, noting progress made to-date, and endorsed the proposal to move to a structured visa dialogue focused on sequenced priorities of action and recommendations to the Ukrainian authorities.

The EU and Ukraine looked forward to a discussion on the visa dialogue at the next EU-Ukraine Justice Freedom and Security Ministerial meeting in the light of a progress report by Senior Officials.

The leaders welcomed the implementation and functioning of the local border traffic regime between Ukraine and Hungary, Poland and Slovakia, and encouraged all parties to make best use of the local border traffic regime in accordance with the EU acquis.

The leaders also welcomed progress achieved in the negotiations on the EU-Ukraine Agreement on Common Aviation Area and encouraged the negotiators to finalise the negotiations at technical level at the next round as soon as possible.

Eastern Partnership

The leaders expressed their full commitment to the Eastern Partnership which was launched on 7 May 2009 in Prague. In this regard the leaders looked forward to the forthcoming meeting of Foreign Ministers on 8 December in Brussels, and welcomed mutual efforts to give the Eastern Partnership practical effect. They recalled that the Eastern Partnership complements and contributes to existing bilateral relations.

The leaders underlined their wish for the Eastern Partnership to contribute to political association and economic integration. To this end they agreed that the Eastern Partnership should provide for new mechanisms of cooperation, inter alia within the Comprehensive Institution Building programmes currently being developed in order to meet this goal.

The leaders encouraged the European Commission to take an ambitious approach to preparation of future projects within bilateral and multilateral dimensions of the Eastern Partnership, giving due regard to proposals of the Partner States.

Encouraged by the recently agreed Memorandum of Understanding for the Establishment of a Dialogue on Regional Policy and Development of Regional Cooperation, and by the EU's Joint Initiative for Crimea, the leaders welcomed closer practical cooperation between the EU and Ukraine's regions. They underlined the importance to model such regional cooperation on the principles of EU cohesion policy as foreseen by the Eastern Partnership. They also expressed hope that the EU's "Joint Cooperation Initiative in the Crimea" will provide important contribution to sustainable regional development. The parties expressed appreciation for the continuing positive cooperation with the EU Border Assistance Mission (EUBAM) at the Ukrainian-Moldovan border and for the extension of the mission's mandate until 2011.

International issues

The leaders discussed relations with Russia and the issue of European security, namely the Corfu Process. They expressed interest in further coordination within the OSCE's Corfu Process on the basis of shared positions, stressing their strong commitment to the OSCE and its role as the main forum for the debate on Euro-Atlantic Security, based on its comprehensive approach to security.

The leaders underlined the efforts of both sides to encourage closer ties between the EU and Belarus and agreed on the need to support democratic development in Belarus. They welcomed close practical cooperation between Ukraine and Belarus in the context of the Eastern Partnership.

The Parties stressed the need for continued efforts to resume negotiations in the "5+2" format with an aim to reach a peaceful and viable settlement of the Transnistria conflict in the Republic of Moldova.

Appendix 2: Ukraine-EU relations

Political and legal foundations

EU relations with Ukraine are based on the Partnership and Cooperation Agreement, which entered into force in 1998 (for an initial ten year period, after which it is automatically renewed by consent of the parties).

Ukraine is considered a priority partner country within the European Neighborhood Policy. A joint EU-Ukraine Action Plan was endorsed by the EU-Ukraine Cooperation Council in February 2005.

Partnership and Cooperation Agreement

The PCA provides a framework for political dialogue; sets the principal common objectives in terms of promotion of trade and investment, harmonious economic relations, sustainable development, economic, social, financial, civil, scientific, technological and cultural cooperation, and support to Ukraine's efforts to consolidate its democracy and develop its economy. The provisions governing goods, services, labor, and capital introduce extensive, legally binding commitments with considerable implications for Ukraine's domestic legislation.

Institutional framework

The main bilateral structures, established by the PCA, include:

- bilateral annual summits between the Presidents of Ukraine and the EU Presidency, together with the President of the Commission and the EU's High Representative
- annual cooperation councils at ministerial/commissioner level (EU-Presidency, European Commission, High Representative, Government of Ukraine)
- cooperation committees (senior civil servants level, chaired alternately by the European Commission and the Ukrainian side)
- subcommittees expert level; supporting the work of the cooperation committee). Currently, seven subcommittees are operational: on trade and investment; economic and social affairs, finance and statistics; enterprise policy, competition, regulatory cooperation; energy, transport, information society, nuclear safety and environment; customs and cross-border; justice, freedom and security; science and technology.

The EU's political and security committee meets with the Ukrainian side under each presidency. Finally, a considerable number of specific council working groups meet with Ukraine twice per year, including groups covering terrorism, disarmament, OSCE matters, UN matters, and the council working group on Eastern Europe and Central Asia.

A parliamentary cooperation committee, composed of members of the European Parliament and the Ukrainian Verkhovna Rada, meets on an annual basis.

Source: European Commission

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