

ICPS newsletter[®]

The most successful Ukraine–EU Summit: Concrete agreements in strategic areas

Unlike previous summits, the Ukraine–EU Summit that took place in December 2005 brought specific practical results and agreements. First of all, Ukraine was granted its long-awaited market economy status. No less important were agreements that open the way to deeper cooperation and integration in three strategically important sectors: energy, transport and satellite navigation

The Ukraine–EU Summit, which took place in Kyiv on 1 December 2005, demonstrated that numerous declarations made throughout this year were supported by real progress in Ukraine's rapprochement to the European Union. The importance of the summit for the European Union was evident from the level of representation on the part of the EU. The delegation headed by British Prime Minister Tony Blair included Secretary-General of the EU Council Javier Solana, European Commission President Jose Manuel Barroso, European Commissioner for External Relations and European Neighborhood Policy Benita Ferrero-Waldner, and European Trade Commissioner Peter Mandelson.

Ukraine's power sector will integrate into the EU

Ukraine and the European Union signed a Memorandum of Understanding on cooperation in the field of energy. The goal of the MoU is to gradually integrate the Ukrainian energy market with that of the EU and to increase electricity exports, in particular to the southeastern Mediterranean region of the European Union.

After European Commissioner for Energy Andris Piebalgs visited Kyiv in April 2005 and EC Director-General for Energy and Transport Francois Lamoureux visited in June, Ukraine was invited to join the Athens Forum by getting observer status as soon as possible. The objective of the Athens Forum, also known as the Energy Community South East Europe, is to integrate the power grids in the region into a single EU electricity market.

Ukraine and the EU will set up a common air space

Ukraine and the EU signed an aviation agreement that regulates air traffic between Ukraine and all EU Member States

according to EU standards, especially the liberalization of markets. A direct consequence of this agreement will be negotiations to form a common air space.

For Ukraine, which has a developed aviation sector, this agreement is of utmost importance. Top priorities in cooperation with the EU in air transport will be to harmonize Ukraine's aviation-related legislation with European standards, to certify a new generation of aircraft, engines and equipment designed and manufactured in Ukraine, to integrate Ukraine into the European common air space with the help of targeted technical assistance, and to attract investment to upgrade Ukraine's airports and air traffic control systems.

Ukraine will join the GALILEO project

During the Summit, Ukraine and the EU signed an agreement on GALILEO, a civil satellite radio-navigation system. In 2008, the European Union plans to introduce Global Navigation Satellite System GALILEO—a counterpart of the US Global Positioning System. According to estimates by European experts, within a few years of launching operation, the market for this system's services will reach nearly EUR 230bn and will cover all the main areas of daily life in terms of technology.

This agreement forms the legal basis for cooperation between Ukraine and the EU in satellite navigation, for Ukraine's participation in implementing the First Space Program of the EU, and for membership in the European Space Agency. This agreement is important for Ukraine, given the priority and integration of the GALILEO project with the program for expanding the main Trans-European Corridors to cover neighboring countries and regions—and Ukraine's considerable potential in this sector.

Market economy status will stop discrimination against Ukrainian companies on EU markets

At the ninth Ukraine–EU summit European Commission President Jose Manuel Barroso announced that the Commission had reached an agreement on granting Ukraine market economy status. This decision will come into force after the EU Council approves it, most likely at their next session in Brussels on 15–16 December 2005.

For the country's economy, this status means that Ukraine can protect its interests in anti-dumping probes launched by EU countries, most of them related to metals and chemicals, says ICPS economist Kateryna Maliuhina. For a country with a transitional economy, the issue of whether its prices are "dumping" prices or not is determined on the basis of calculating the unit production cost in a third country that has market economy status. Since the choice of the "surrogate" country is determined according to established rules—in fact, it is actually fairly arbitrary—the calculations are typically higher than Ukrainian production costs. Based on these numbers, the European Commission makes a decision that dumping is taking place. This allows the EU to introduce anti-dumping customs duty equal to the difference between the assessed production cost in the third country and the price set by the producer. Currently, the size of such duties for various Ukrainian goods ranges from 24% to 64%. This increased duty brings up the price of the goods or commodities on the EU market, and effectively reduces the competitiveness of Ukrainian goods.

Now that Ukraine has acquired market economy status, domestic producers who have been subjected to anti-dumping probes will have the right to directly represent their interests before an anti-dumping commission and to defend the set price based on actual production costs. According to the ICPS specialist, this means that Ukrainian producers will now enjoy a level playing field with their competitors on European markets.

The development of transport corridors and the future of the Odesa–Brody project were also agreed

During the Summit, the two sides also approved the preparatory process for expanding the Trans-European Corridors in which Ukraine is already active. The EU is focusing on developing transport networks and improving links within the European Union and with neighboring countries and regions. Given demand for energy resources

and the need provide access to Asian markets, developing transport links in eastern and southeastern directions, specifically via transport corridors that cross Ukrainian territory, is especially important.

As part of these agreements, Ukraine committed itself to use the Odesa–Brody pipeline to flow from Odesa to Brody, as was planned from the very start. The European Commission promised to provide TA to

extend the pipeline. The two countries will jointly analyze the possibilities of upgrading the gas transport network and identify instruments for implementing EU laws in Ukraine regarding strategic oil reserves and the quality of petroleum products. ■

For additional information, contact Olha Shumylo by telephone at (380-44) 484-4400 or via e-mail at oshumylo@icps.kiev.ua

ICPS presents a non-punitive approach to combating drug addiction

The Verkhovna Rada's assessment that the work of the Cabinet of Ministers in the fight against drug addiction is unsatisfactory has made it necessary to develop a new policy concept in this area. Specialists propose dropping the current punitive approach to drug addicts in favor of improving access to treatment, strengthening criminal liability for drug trafficking, and involving community organizations in social work with drug addicts

Treatment is more beneficial than persecution

Because of their addiction, drug addicts are largely unable to independently fighting this disease. The soviet concept of anti-drug policy treated drug addicts like potential criminals. As a result of such an approach, at present, Ukraine does not have a proper drug rehabilitation system. Meanwhile, every year, thousands of drug addicts are sentenced to prison. Unfortunately, there are serious doubts regarding the benefit to society of such a situation: treatment in the penitentiary system is not effective and drug addicts continue to use drugs, both in prisons and after release.

The government and the society must take charge of the problems faced by drug addicts. Instead of punishment, the government should guarantee the right to treatment. Global practice has proved that the costs and benefits of investing in treatment are generally beneficial for a society. Specifically, investing in the treatment of drug addiction allows a society to reduce its long-term costs by:

- reducing the spread of HIV and other infectious diseases and reducing the related costs in healthcare services;
- cutting the profits of drug dealers by reducing demand for drugs and, therefore, sales volumes;

- reducing the number of crimes committed while addicts are high—mostly in pursuit of money for the next hit;
- improving the health of drug addicts and returning them to normal daily life and work.

What needs to be changed in state policy

To tackle the problems related to drug addiction, the government and the society must concentrate their efforts on these goals:

- reducing the harm that arises from drug addiction;
- cutting demand for drugs and reducing the urgency of related problems;
- reducing the supply of drugs;
- guaranteeing access to narcotic substitutes to those who really need them.

To improve the policy effectiveness and to achieve these goals, current policies should be adjusted in a number of ways:

- change the attitude towards drug addicts to regard them as sick people, not criminals, and to decriminalize their environment;
- improve access to treatment and rehabilitation for people suffering from drug addiction;

- strengthen efforts against drug dealers;
- recognize the closeness of the drug problem and the spread of HIV/AIDS and introduce harm reduction programs in order to prevent HIV among addicts;
- recognize that there is a variety of treatment and rehabilitation methods, from drug replacement therapy to long-term rehabilitation programs, that should respond to the patient's needs;
- recognize the role of community organizations in the provision of social and rehabilitation services, engage them in policy implementation, and provide government support for such organizations;
- revise the rules for the circulation of narcotic-based medications in order to guarantee patients access to medications instead of prohibiting their use.

In December 2005, the Draft Concept of a state anti-drug policy will be submitted for consideration to the Verkhovna Rada Committee for Legislative Support for Law Enforcement Activity. If this draft concept is supported by this and other specialized committees, the bill will be submitted to the Verkhovna Rada for debate. ■

A discussion of the Concept took place at the ICPS office on 25 November 2005 as part of the "Drug Abuse and HIV Prevention Policy Groups" project. The goal of this project is to provide technical assistance to the National Coordination Council to Prevent the Spread of HIV/AIDS. The project is being implemented with financial support from the International Harm Reduction Development Program of the Open Society Institute. For additional information, contact Oleksandr Safin by telephone at (380-44) 484-4400 or via e-mail at osafin@icps.kiev.ua.

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icps newsletter editor: Yevhen Shulha (shulha@icps.kiev.ua)
Phone: (380-44) 484-4400. Fax: (380-44) 484-4402.
English text editor: L.A. Wolanskyj
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Address: vul. Pymonenka 13A, Kyiv, Ukraine 04050
Web-site: <http://www.icps.com.ua/eng/>