REPORT
ON IMPLEMENTATION OF THE ASSOCIATION AGREEMENT BETWEEN UKRAINE AND THE EUROPEAN UNION

2018
The Ukraine–EU Association Agreement envisages monitoring and assessment of its implementation, both jointly and separately by each Party.

This document is an abridged version of the Report of the Ukrainian Party and contains an overview of the most important actions and results of the implementation of the Association Agreement that were planned and achieved in 2018, as well as other important events concerning the implementation of the European integration policy.

The purpose of the Report is to inform Ukrainian people, NGO representatives and the international community, in particular, the EU institutions and the EU Member States, of Ukraine’s progress in achieving the objectives of political association and economic integration with the EU in order to facilitate broad discussion and analysis of actions taken by government authorities.

This Report was prepared by the Government Office for Coordination of European and Euro-Atlantic Integration with the support of the Office of Vice Prime Minister of Ukraine for European and Euro-Atlantic Integration, jointly with experts of the European Union Project Association4U.

This Report is a result of the comprehensive assessment on implementation by Ukraine of the Ukraine–EU Association Agreement in 2018. The progress in the implementation of the Agreement was assessed based on the analysis of the quarterly reports by the government authorities.

The specific tasks for the implementation of the Agreement are based on the Agreement itself, the decisions of the Ukraine–EU bilateral association bodies, as well as on the road maps, concepts and state policy strategies.

Whereas the progress in the implementation of actions can be measured and recorded, they serve as the indicators — achievement quotients for the tasks in the implementation of the Agreement. The total number of indicators for the implementation of the Agreement is about 7,500 actions, broken down by 2,000 tasks. During the monitoring processes, each action is assigned a ‘fulfilled’ or ‘not fulfilled’ status. The state of implementation of the actions is traced by the main executors — the relevant public authorities, making it possible to find out who is responsible for the fulfilment of a specific obligation at a particular moment.

As is the case with the previous year’s report, the indicators of 2018 Report demonstrate current progress in fulfilling the Agreement obligations, which expired in the reporting year. The current progress is calculated as a percentage and shows the proportion of actions fulfilled within each year, both in general and broken down by certain specific spheres of public life. It reflects the proportion of actions fulfilled as of the date of the assessment to the number of actions planned for the year.

Additionally, it offers an indicator of the overall progress of the fulfilment of all obligations stipulated by the Agreement. The overall progress shows the dynamics of the implementation of the Agreement throughout its duration, starting with the provisional application of its certain provisions in 2014, and reflects the percentage of the actions fulfilled from the total number of all actions necessary for the implementation of the Agreement.
The year 2018 became crucial for Ukraine’s European integration. Ukraine made an important step towards affirming, at the constitutional level, the strategic goals of membership in the European Union and the North Atlantic Treaty Organization. The country’s Parliament responded to the request from the society for becoming a part of the large family of the European peoples. Nothing can reverse our course from now on. Affirming the European integration in the Constitution is an important milestone that should provide security for the country against political manipulations.

What else makes the year 2018 important is that it became the first year of full-scale implementation of the Association Agreement, which entered into force on 1 September 2017. The Agreement laid the foundation for the immense diligent work that will gradually bring about specific positive results for the benefit of our citizens.

However, even today the results of implementation of the Association Agreement are measurable and the benefits are perceptible. Exports to the EU countries account for 42% of the total exports, amounting in 2018 to almost USD 20.2 billion, which exceeds those for the previous year by 2 billion. Around 15 thousand Ukrainian businesses export their goods to the EU countries. We are sure this positive trend will continue. European integration offers opportunities not only of exporting to the EU, but also enables wider access to third-country markets. At the same time, successful European integration is limiting the possibilities of putting pressure upon Ukraine, such as exercised by the Russian Federation.

In 2018, a different approach to the implementation of the Agreement was applied in Ukraine, since the Government approved an unprecedented, by its scope and level of detail, document being the Action Plan on implementation of the Association Agreement. The document clearly outlines all objectives and allows to appreciate the status of implementation of the Agreement, plan and identify additional reference points.

The model of cooperation between the Government and the Parliament was modified. In February 2018, a list of priority draft laws towards European integration was approved for consideration of the Verkhovna Rada. That ‘roadmap’ is designed to cover 2018-2019 and is constantly updated.

However, not all results are positive. Insufficient institutional capacity of the Ministries prevents the performance of the Agreement’s objectives in a timely and complete manner. Considerable resistance on the part of certain interest groups undermines the efficiency of passage of the European integration draft legislation through the Parliament. In addition, a part of the Members of Parliament treat irresponsibly the declaration of the course towards the EU expressed by their own political parties.

Nonetheless, changes in many areas were accomplished over the past year. Specifically, as regards the decentralization, the reforming of the energy sector and the reform of the public service. In terms of intellectual property protection, collective management of
rights was regulated. A lot was accomplished towards achieving financial transparency and proper banking regulation. In terms of standardization, considerable work was accomplished, however, the accession to the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) that will provide for the so called ‘industrial visa-free regime’, remains one of the top-priority objectives for 2019. The abolition of customs barriers is also an important issue. Whenever the Verkhovna Rada is ready to adopt the law on the authorized economic operator, which has been considered for over three years in its various versions, one can expect progress in the customs liberalization and in the future – the accession to the Convention on a common transit procedure.

Based on the outcome of performance of the objectives scheduled for 2018, the Agreement was implemented by 52%. The objectives under the Agreement, which have not been accomplished over the previous years, are being gradually performed. Consequently, the overall results of the Agreement implementation increase considerably.

This year, we proposed a completely new approach to the EU – launching the integration process in priority sectors. At the highest level of political dialogue – the Eu-Ukraine Summit in July and the Association Council in December 2018, four priority cooperation directions were identified and specified in detail in order to enhance political association and economic integration of Ukraine with the EU: in the fields of digital market, customs policy, energy sector, as well as justice, freedom and security. We expect that the decisions on updating of the Agreement, corresponding to our main objective in terms of the Agreement implementation - the sectoral integration into the single common EU market, will be adopted in the first six months of 2019.

Ukraine was evaluated positively by the EU both in terms of implementation of the Association Agreement and in terms of performance of its obligations on the visa-free regime, and proved itself to be a risk-free country. Two million Ukrainians have already benefitted from the new conditions for travelling and establishing business contacts.

Ukraine and the EU continue cooperation in the field of combatting common threats.

Owing to the support from our European partners, hundreds of projects are being implemented towards development of transport infrastructure, housing and utilities sector, support to small and medium-sized enterprises, energy efficiency, etc. The scope of the financial and credit assistance from the EU amounted to over EUR 1.2 billion in the reporting year.

The implementation of the objectives required in order to achieve the goals of the Association Agreement should change the quality of every citizen’s life and represents Ukraine’s day-to-day integration into the EU. In order to provide for better understanding of the opportunities offered to random citizens through the European integration, big information campaigns were undertaken for the first time in 2018. The work towards increasing the citizens’ awareness of the opportunities offered by the European integration will be carried on next year as well.

European integration became a must for the Ukrainians irrespective of political choices and attitudes. The successful implementation of the Association Agreement will allow both to raise the issue of membership and ensure an explicit response to that question. Ukraine steadily follows the European way, which should ensure national unity and prosperity.
The general overview of the implementation of the Association Agreement between Ukraine and the EU in 2018

The Agreement provides for a broad basis for political association and economic integration of the EU and Ukraine, while its strategic objective is the implementation of Ukraine’s European choice.

1. In 2018, the Agreement became a basis for forming a common position and for political support to Ukraine from the EU on important political and security issues. The EU continues supporting Ukraine in restoring Ukraine’s territorial integrity and sovereignty and condemns Russia’s aggression.

2. After the adoption of the Law ‘On national security’ in June 2018 Ukraine started reforming the security sector in line with the EU and NATO standards.

3. A step was taken towards ensuring irreversibility of Ukraine’s course for the European and Euro-Atlantic integration by means of amending the Constitution of Ukraine.

4. In 2018, Ukraine considerably enhanced its institutional capacity for implementation and monitoring of the Agreement. In order to expedite the adoption of the draft legislation towards European integration, the Roadmap of legislative support for the implementation of the Association Agreement was approved. As a consequence, 11 draft laws were adopted, 10 draft laws passed the first reading.

5. The implementation of the Association Agreement, including the DCFTA, was evaluated positively at the 20th EU-Ukraine Summit, on 9 July 2018, and by the Association Council, on 17 December 2018. During the reporting year, Ukraine took a lot of efforts towards identifying priorities for economic integration and formalizing those in the annexes to the Agreement. The Parties agreed to continue dialogue on deepening cooperation in priority areas and start working on the updating, where required, the annexes to the Agreement in order to facilitate the implementation process in line with the developments of the EU law.

6. The progress of performance of the scheduled objectives in 2018 increased by 11% against 2017 and amounted to 52%.

7. In 2018, Ukraine completed a considerable amount of obligations in terms of state aid, corporate governance, establishment and activities of companies and competition. The Bankruptcy Code was adopted, which increases the efficiency of the bankruptcy proceedings, the level of creditors’ rights protection, and the enforcement of judicial decisions.

8. Owing to the implemented changes and gradual approximation of the policies and legislation of Ukraine and the EU in the field of agriculture, Ukraine became an important supplier of organic products to the EU market. In 2018, the adoption of the law on the requirements for organic production, the circulation and marking of organic products established conditions for producing competitive products for export. Most of organic operators in Ukraine are certified under the EU standards applicable both to the exportation of organic products and to the operation within the domestic market.

9. Ukraine continues the transition to the international technical regulations, which reduces non-tariff barriers to trade and improves access of Ukrainian industrial products to the world markets. In 2018, some important steps were made on preparing and approving technical regulations, standardization and metrology, as required for the execution of the Agreement on Conformity Assessment and Acceptance of Industrial Products.
for the priority sectors of industrial products. Beginning 1 January 2019, the application in Ukraine of 10,917 old standards developed before 1992, amounting to almost 90% of their total amount, was cancelled.

10. The changes in the social policy and labour relations encompass the preparation of professional standards, the introduction of new approaches in the operation of the state employment service and the introduction of unified principles for pension provision. A number of essential steps were made towards ensuring the protection of children’s rights and changes in the system of institutional care, in particular, the transfer to fostering within a family or close-to-family environment.

11. In 2018, Ukraine continued working on overcoming gender inequality.

12. For a number of areas, including intellectual property, taxation, public finance management, humanitarian policy, consumer rights protection, public health, financial cooperation and anti-fraud activities, no fixed obligations were provided for 2018, however, the overall work continues.

13. The implemented changes towards European integration resulted in the increase of the volume of Ukraine’s foreign trade with the EU countries. In the course of 2018, Ukraine sold goods to the EU countries for the amount of USD 20 bln 153 mln, accounting for 42% of the total exports. In contrast, in 2017 this figure amounted to USD 17 bln 529 mln. Thus, Ukraine continues implementing the Agreement provisions required for the full-scale functioning of the deep and comprehensive free trade area.

14. Presently, almost 15,000 Ukrainian businesses are entitled to export to the EU. The lead markets for us are Poland (17%), Italy (14%), Germany (10%), Hungary (8%) and the Netherlands (8%). Analytical experts are sure the trend of growing Ukrainian exports to the EU will continue in the future.
OVERALL PROGRESS IN IMPLEMENTATION BY UKRAINE OF THE ASSOCIATION AGREEMENT WITH THE EU

42%

- 28% by the Verkhovna Rada
- 43% by the Central Executive Authorities
- 34% by other public authorities

CURRENT PROGRESS IN IMPLEMENTATION BY UKRAINE OF THE ASSOCIATION AGREEMENT WITH THE EU IN 2018

52%

- 40% by the Verkhovna Rada
- 55% by the Central Executive Authorities
- 47% by other public authorities

INTERESTING FACT
A part of the obligations scheduled for 2017 was completed in the reporting year. In particular, the current progress of performance due for 2017 increased from 41% to 57%.
The implementation of the Association Agreement, including the DCFTA, was evaluated positively at the 20th Ukraine-EU Summit on 9 July 2018. At the highest level of political dialogue, four priority cooperation directions were identified in order to enhance political association and economic integration of the Parties in the fields of digital market, customs policy, energy sector, as well as justice, freedom and security.

In order to continue that dialogue, the Ukrainian Party prepared draft roadmaps towards Ukraine’s integration into the EU energy and digital markets, as well as a new agenda in the field of justice, freedom and security and submitted them to the European Party for information and feedback.

On 17 December 2018, in Brussels, the European Union and Ukraine held the fifth meeting of the Association Council, which expressed positive evaluation by the EU of the progress achieved by Ukraine in the implementation of the Association Agreement despite the challenges faced by Ukraine. The government’s role was noted in the implementation and monitoring of the Association Agreement and the preparation of the Roadmap of legislative support for the implementation of the Association Agreement, which is of great importance for expediting the Agreement’s implementation.

Taking account of the outcomes of the 20th EU-Ukraine Summit, the Association Council agreed to continue dialogue on deepening cooperation in the priority fields of energy sector, justice and internal affairs, customs matters and digital economy and start work on the updating, where required, the annexes to the Association Agreement in order to facilitate the implementation process in line with the developments of the EU law.

Specifically, the EU acknowledged Ukraine’s endeavours to ensure complete integration of the energy market after completing the reforms, as well as the need to update Annex XXVII ‘Energy Cooperation, including Nuclear Issues’ of the Association Agreement.

Bilateral trade in goods considerably increased due to the cancellation of tariffs. The Parties acknowledged the importance of further facilitation of mutual trade.
In the course of 2018, 20 sessions of bilateral bodies of the EU-Ukraine association were held.
Thus, presently, the main goal includes the removal of non-tariff barriers and the conclusion of the Agreement on conformity assessment and acceptance of industrial products (ACAA), as well as the accession to the conventions simplifying the customs procedures.

The Association Council welcomed Ukraine’s endeavours to further approximate its legislation to that of the EU in the field of digital economy. In 2018, Ukraine and the EU commenced consultations on the updating of Appendix XVII-3 ‘Telecommunication Services’ to the Association Agreement. In line with Ukraine’s goal of integration into the telecommunication services market, as provided for by the Agreement, the Ukrainian Party submitted, in July 2018, a draft Roadmap of Ukraine’s integration into the EU digital market. In view of those processes, an evaluation mission of the European Commission will come to Ukraine in the first six months of 2019 in order to assess the legal and institutional system for the operation of the telecommunication market of Ukraine.

The effectiveness of the visa-free regime conditioned the practicability of further deepening of the dialogue based on the new Ukraine-EU agenda in the field of justice, freedom and security. Cooperation in the fields of integrated border management, cybersecurity, combatting organized crime, countering hybrid threats, tackling misinformation and interference in elections is of mutual interest.

Specifically the deepening of cooperation with the EU in the priority sectors, such as the energy sector, justice and internal affairs, customs matters and digital economy, were the key discussion topics during the consultations at expert level (the City of Oslo, 11-13 June 2018) held in the framework of the Ukrainian-Norwegian bilateral dialogue on the matters of European integration.

In addition, the aforementioned sectoral Eu-Ukraine cooperation priorities became a key point of discussion of the Ukrainian delegation headed by the Vice Prime Minister of European and Euro-Atlantic Integration of Ukraine Klympush-Tsintsadze I.O. in the course of the 13th meeting of the Permanent Ukrainian-Lithuanian Commission for European Integration held on 19-20 April 2018 in Vilnius.

The cooperation within the framework of the multilateral initiative ‘Eastern Partnership’ (EaP) in the course of 2018 was focused on achieving ‘20 deliverables for 2020’, most of which correspond to the Association Agreement implementation plans, as well as the determined priority sectoral cooperation, thus, providing Ukraine with instruments for their implementation and for allowing Ukraine to hold the leading position within the EaP.

On 15 October 2018, in Luxemburg, the Eastern Partnership Ministerial Meeting was held, where the status and prospects of further development of the initiative were discussed, in particular, in view of the forthcoming 10th anniversary of its establishment.
TITLE II
Assistance from the EU

The total financing portfolio engaged in terms of the credit and financial assistance from the EU amounted, in the reporting period, to EUR1.2 bln\(^1\). The total budget of the registered international assistance projects, as of the end of 2018, amounted to EUR 351 ml.

Ukraine’s completion of its obligations in terms of reform programmes of public management and sup-

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<table>
<thead>
<tr>
<th>Budget (€ mln)</th>
<th>Received (€ mln)</th>
<th>Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing assistance to implementation of the Energy Strategy of Ukraine (stage II)</td>
<td>45</td>
<td>7</td>
</tr>
<tr>
<td>Support to the regional policy of Ukraine</td>
<td>55</td>
<td>28.5</td>
</tr>
<tr>
<td>Support to the comprehensive reforming of public administration in Ukraine</td>
<td>90</td>
<td>23.5</td>
</tr>
<tr>
<td><strong>Public administration reform</strong></td>
<td><strong>190</strong></td>
<td><strong>59</strong></td>
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1. Information of the Government Office based on the result of analysis of information from public sources

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1. ‘UKRAINE - POLAND - BELARUS’ (EUR 183.078 ml)

- The first competitive selection of submitted applications was completed under the following thematic goals: ‘Succession’, ‘Accessibility’, ‘Security’ and ‘Borders’. Based on the competition results, 65 projects were selected for the amount of EUR 113.65 ml, among which Ukrainian beneficiaries will participate in 38 projects and will receive funding for the amount of EUR 24.6 ml.
- A list was made of 10 large infrastructure projects that were included into the main list, among which Ukrainian institutions participate in 3 projects (submitted by: the Lviv, Volyn and Zakarpattia Oblasts State Administrations).

The total value of the projects for Ukraine — EUR 17 ml.

2. ‘BLACK SEA BASIN’ (EUR 53.942 ml)

- The first competitive selection of submitted applications was completed under all of the thematic goals and programme priorities with the budget of EUR 19.7 ml.
- The main list was identified to include 24 projects recommended for funding and obtaining grants for the total amount of EUR 18.6 ml, among which the Ukrainian applicants will participate in 13 and will receive funding for the total amount of EUR 1.7 ml.
- The execution of grant contracts under the projects based on the results of the first competitive selection is in progress.

3. ‘ROMANIA - UKRAINE 2014-2020’ (EUR 60 ml)

In 2018, a selection of project applications was completed in the framework of the following:
- the first competitive selection of the NARD projects with the total amount of funding of EUR 19.1 ml;
- the second competitive selection of the SOFT projects with the total amount of funding of EUR 17 ml.
- The process of approval of large infrastructure projects in the framework of the programme is being completed.

The full package of documents on five projects involving Ukraine's participation were submitted by the programme management bodies, at the end of August and the beginning of September 2018, to the European Commission for adopting a decision on their final approval.

4. ‘UKRAINE-HUNGARY-SLOVAKIA-ROMANIA 2014-2020’ (EUR 74.0 ml)

- The first competitive selection of applications for the implementation of large infrastructure projects with the budget of EUR 22 ml was completed, based on the results of which 5 projects were selected out of 9, with the total budget of EUR 22.2 ml, including the volume of funding for Ukraine amounting to EUR 8.2 ml. The procedure of preparation for execution of grant contracts is in progress.
- The second stage of the programme with the budget of EUR 22 ml was completed, based on the results of which 113 projects were selected out of 494, with the budget of EUR 76.1 ml, among which 31 projects with the budget of EUR 20 ml are the ones, where the main partners are beneficiaries from Ukraine. Based on the results of the second stage of the competitive selection, 35 projects with the budget of EUR 18.3 ml were recommended for implementation, among which 11 projects involve participation of the main applicants from Ukraine.

The total value of the projects for Ukraine — EUR 17 ml.


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1. Providing for the free and non-repayable transfer by the European Commission of financial resources to the State Budget of Ukraine, subject to the carrying out of the relevant structural reforms.
port to regional development in Ukraine resulted in engagement of sectoral budgetary assistance in the amount of EUR 24.9 mln.

Based on the results of the first competitive selection procedures of joint operational cross-border cooperation programmes 2014-2020, Ukraine obtained access to the funding for international assistance projects in border regions for the total amount of EUR 60 mln.

Engaging assistance from the EU also allowed the capitalization of the Energy Efficiency Fund for the amount of EUR 50 mln. The relevant international agreement was concluded in April 2018. The State Budget for 2019 allocates UAH 1.8 bln for funding the Fund.

Five international agreement were signed in the framework of the fifth meeting of the Association Council on the funding of new international assistance programmes with the total budget of EUR 222.5 mln. The subject-matter of those agreements covers the reforming of the public finance management sector and the system of professional and technical education, the energy sector and energy efficiency, environmental protection, transport, sanitary and phytosanitary control, standardization, accounting and audit activities, electronic communication, cybersecurity and expanding networking between Ukraine and the EU Member States for professional exchange purposes.

**EU international assistance programmes in 2015 - 2018**

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
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<tbody>
<tr>
<td>EU SURE</td>
<td>EU anti-corruption initiative in Ukraine</td>
<td>EU’s support for the East of Ukraine</td>
<td>funding for the Energy Efficiency Fund</td>
</tr>
<tr>
<td>55 + 40 mln EUR</td>
<td>EUR 15 mln</td>
<td>Support for the East</td>
<td>EUR 50 mln</td>
</tr>
<tr>
<td>U-LEAD with Europe</td>
<td>Support to the comprehensive reforming of public administration</td>
<td>Technical Cooperation programme</td>
<td>Public finance management</td>
</tr>
<tr>
<td>EUR 80 mln</td>
<td>Public Administration Reform EUR 104 mln</td>
<td>Technical Cooperation Facility EUR 37 mln</td>
<td>Public Finance Management EUR 55.5 mln</td>
</tr>
<tr>
<td>Technical cooperation programme</td>
<td>Support to the rule of law reforms in Ukraine PRAVO EUR 52.5 mln</td>
<td>NIF – Local Current Lending EUR 13 mln</td>
<td>Support to energy efficiency in Ukraine EEAU-II EUR 34 mln</td>
</tr>
<tr>
<td>EUR 200 mln</td>
<td>EUR 200 mln</td>
<td>EUR 100 mln</td>
<td>EUR 272.5 mln</td>
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</table>
In 2018, Ukraine and the EU executed the respective arrangements on engaging the fourth international macro-financial assistance programme from the EU with the budget of EUR 1 bln. The completion of the first package of obligations by the Ukrainian Party allowed to engage the first installment in the amount of EUR 500 mln.

In 2018, the EU renewed the programme approach to determining mid-term assistance priorities by approving the new Strategic assistance programme 2018-2020 (Single Support Framework).

The total volume of assistance from the EU to be granted under the ‘more for more’ principle depending on the progress of the Ukrainian Party in the implementation of the relevant reforms in 2018-2020, includes from EUR 430 mln to EUR 530 mln.

The funds are being spent for the purpose of reducing external financial pressure on Ukraine, improving its balance of payments, supplying its budgetary needs and strengthening its position in terms of foreign currency reserves.

<table>
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<tr>
<th>Year</th>
<th>International financial assistance</th>
<th>THE BUDGET SPENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>EUR 610 mln = 100+260+250</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>EUR 1 bln = 500 + 500</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>EUR 1 bln 800 mln = 600 + 600 + 600</td>
<td></td>
</tr>
</tbody>
</table>

Presently, Ukraine was granted the opportunity to participate in the fourth EU macro-financial assistance programme MFA IV. Both programme instalments are subject to the requirement of completing a package of measures on implementing structural reforms (6 conditions applicable to the first instalment and 12 to the second one) and positive evaluation of the programme completion together with the IMF.

On 30 November 2018, the EU Party officially announced its positive decision on granting Ukraine the first installment in the amount of € 500 mln.

The programme was developed based on 3 key goals of supporting Ukraine: strengthening public administration, strengthening the economy and strengthening the society. Approved in December 2017.

4 strategic sectors, relating to the general reform directions in Ukraine, for the carrying out of which the EU assistance will be granted

- Attention will be paid in all sectors to the granting of assistance to the regions and the population affected as the result of the conflict in the east of Ukraine.

In addition, in the implementation of the objectives of all priority sectors a special role will be attributed to the so called ‘cross-cutting issues’:

- the measures concerning the strengthening of trust, peace-building;
- ensuring gender equality and respect for human rights;
- the measures in the field of environmental protection and preventing climate change, digital economy, society and youth.

SECTOR 1

Strengthening institutions and proper administration, including in the field of ensuring the rule of law and security.

SECTOR 2

Economic development and development of market opportunities, including the development of private sector and improving business climate.

SECTOR 3

Improving connection, energy efficiency, environmental protection and preventing climate change.

SECTOR 4

Mobility and people-to-people contact including the introduction of a more effective social policy.
In order to ensure reversibility of Ukraine’s course for the European and Euro-Atlantic integration, the President of Ukraine initiated amendments to the Constitution of Ukraine concerning the formalization of Ukraine’s strategic course of joining the EU and NATO (dated 3 September 2018 No. 9037), which were duly adopted by the Verkhovna Rada.

A high level of Ukraine’s accession to the statements and declarations made in the name of the EU can be observed, which testifies common views and approaches in the matters of regulating and properly responding to the regional and global challenges. In the course of 2018, Ukraine joined 492 out of 588 EU statements and declarations.

Ukraine is working on creating an efficient domestic mechanism of protecting human rights and freedoms and resolving systemic issues in that area. In that context, the completion of the action plan on implementation of the National Strategy on human rights (hereinafter, the ‘Strategy’) and holding the Human rights dialogue on an annual basis are of importance.

In 2018, the revision of the Action Plan on implementation of the National Strategy on human rights until 2020 was started with a view to updating it in order to ensure effective implementation of the Strategy. The relevant draft act is being considered by the Government.

In June 2018, the Law of Ukraine ‘On national security’ (dated 21 June 2018, No. 2469-VIII) was adopted with the support from the European experts, which provides for the reforming of Ukraine’s security sector in line with the EU and NATO standards and the introduction of civil control within the security sector bodies.

The implementation of the public management reform continues with the financial and expert support from the EU.

In 2018, the following basic measures were implemented in the framework of that reform:

- the provisions of the Strategy and the action plan on its implementation, as well as the provisions of the Concept of streamlining the system of central executive authorities, approved by the Ordinance No. 1013 of the Cabinet of Ministers of Ukraine dated 27 December 2017, were revised in accordance with the results of assessment of the condition of the public administration system based on the public administration principles developed by SIGMA;
- the implementation of the Concept of introducing positions of reforms experts is in progress. As of the end of 2018, 1106 competitive selection procedures for the positions of reforms experts were announced, 930 out of which were completed, 86 are pending. The average number of those willing to take a position in the modernized public service amounts to 29 persons per position. As of 1 November 2018, 476 reforms experts of the ‘B’ and ‘B’ categories were appointed.

A number of important draft laws were adopted in the field of decentralization, in particular, the Government approved and registered with the Parliament a draft law concerning the underlying principles of the administrative and territorial structure of Ukraine (No. 8051, dated 22 February 2018). The Procedure on the management of resources within the territory of the united territorial communities was included into the Law of Ukraine (No. 2498-VIII dated 10 July 2018).

As of today, 876 united territorial communities have been formed in Ukraine (24 – having their centres in the cities of Oblast importance), with 9 million population of Ukraine residing within their territories.
3.2. JUSTICE, FREEDOM, SECURITY AND HUMAN RIGHTS

The success of the anti-corruption policy is an important component of the Association Agreement implementation. The National Agency for Prevention of Corruption, in cooperation with the keepers of the registers, approved the maintenance procedures and approved the protocols of automated information exchange required for the verification of declarations. Beginning September 2018, the operation of the system of logical and arithmetical control of e-declarations was launched.

The issue of mandatory declaration by the representatives of the anti-corruption civic associations, which is widely discussed by the general public, is presently being considered by the Constitutional Court of Ukraine. Based on the application from the Verkhovna Rada of Ukraine Commissioner for Human Rights and a group of the Members of Parliament, the proceedings were initiated concerning the constitutionality of some provisions of the Law of Ukraine ‘On corruption prevention’. A decision is pending.

With the adoption of the Law ‘On the High Anti-corruption Court’ in June 2018, the setting up of the specialized court commenced. The Government provided the premises, while in August 2018 a competition was announced for the vacant positions in the High Anti-corruption Court and the Appeal Chamber of the Court. Beginning November 2018, the International Experts Public Council started working.

Due to its financial independence, the High Anti-corruption Court of Ukraine will be able to plan its activities independently. It is expected that the funding for the Appeal Chamber of the Anti-corruption Court will be allocated separately in the State Budget of Ukraine, which should contribute to its independence even against other chambers.

The selection of judges of the High Court on Intellectual Property Matters, set up in September 2017, is in progress. In October 2018, the High Qualification Commission of Judges of Ukraine completed a qualification assessment of the candidates for 21 vacant positions.

Beginning November 2018, the State Investigation Bureau started working. The central office was formed based on a competitive selection (126 investigators and 54 public employees), the first criminal proceedings were initiated.

Cooperation with the EU continues in the fields of border management, migration, asylum and combating crime.

Ukraine introduced a considerable amount of the European standards in the field of border management and migration and ‘overall, the visa liberalisation benchmarks continue to be fulfilled’. That is what the Second Report Under The Visa Suspension Mechanism, published in 2018, indicates. At the same time, it specifies that some recommendations of the First Report have not been implemented.

The agenda includes the preparation of the new Integrated Border Management Strategy and the completion of the Action Plan on implementation of the Integrated Border Management Strategy. In 2018, Ukraine joined the Romanian-Moldovan Galati Joint Contact Centre; a modernized Palanka checkpoint was opened at the border with the Republic of Moldova; the preparation of the new draft of the Agreement on joint control with Poland is being finalized, as adapted in line with the Schengen Borders Code and the EU recommendations. The State Border Guard Service of Ukraine continues cooperation with the European FRONTEX Agency and actively participates in joint operations.

In the framework of implementation of the Customs Policy Strategy of Ukraine until 2025, a pilot project was implemented on the processing, issuance, exchange, cancellation, sending, withdrawing, returning to the state, invalidation and disposal of a temporary/permanent residence permit by means of the Single State Demographic Registry and the finalized Single Information and Analytical System for Migration Processes Management.

Ukraine and the EU reached political consensus on joining a number of the EU’s initiatives concerning increasing the capacity to countering cyber threats: participation in the operation of the European Union Agency for Network and Information Security (ENISA); the European Cybersecurity Centre of Expertise; the EU trainings on coordination of joint response mechanisms of the EU and its Member States against large-scale incidents and crisis situations in the field of cybersecurity.

In order to revitalize the activities of the National Police in terms of countering organized crime, a Strategic Investigations Department within the criminal police of the National Police was set up in close cooperation with the European Union Advisory Mission and the US Embassy in Ukraine. In 2018, the law enforcement bodies of Ukraine detected 280 organized groups and criminal organisations; the identified amount of material damages caused by their illegal activities equals UAH 192 mln. The options of obtaining information through the international organisations are used (Interpol, Europol, European Anti-Fraud Office (OLAF)).
Subdivisions of the National Police and the State Financial Monitoring Service of Ukraine completed investigations of the criminal proceedings on 9 organized groups and criminal organisations involved in legalization (laundering) of the proceeds of crime. In the course of the pre-trial investigation, UAH 22.4 mln were compensated and proceeds for the amount of UAH 596 mln were seized.

The implementation of the provisions of the fourth Directive (EU) 2015/849 and the provisions of the Regulation (EU) 2015/847 should facilitate the finalizing of the draft law on amendments to certain legislative acts of Ukraine in the field of prevention and counteraction against legalization (laundering) of the proceeds of crime, financing of terrorism and proliferation of weapons of mass destruction. The work on the preparation of the draft law on amending the Law of Ukraine ‘On personal data protection’ is in progress.

On 25 May 2018, the Regulation (EU) 2016/679 on personal data protection entered into force. In the framework of determining the approach to the implementation of the aforementioned Regulation into the Ukrainian legislation and based on the initiative of the Verkhovna Rada of Ukraine Commissioner for Human Rights, a Working Group was set up that has prepared proposals on amendments to the national legislation. Presently, the concept of the timeframe and scope of implementation of that Regulation is being considered.

3.3. TECHNICAL BARRIERS TO TRADE

Switching to the international technical regulations will reduce non-tariff barriers to trade, improve access of Ukrainian industrial products to the EU market and will boost the exports. Under to the Association Agreement, Ukraine undertook to gradually ensure conformity with the EU technical regulations and the EU systems of standardization, metrology, accreditation, conformity assessment works and market surveillance, and comply with the principles and practices set out in the applicable EU regulations.

In 2018, some important steps were made, as required for the execution of the Agreement on Conformity Assessment and Acceptance of Industrial Products for the priority sectors of industrial products (ACAA).

In the field of technical regulation, the national requirements concerning the safety of certain types of industrial products were brought in conformity with the European ones. The Resolutions of the Cabinet of Ministers of Ukraine approved the technical regulations on the safety of toys (No. 151); mobile pressure equipment (№ 536); equipment operating on gaseous fuels (№ 814); explosive materials of industrial purpose (802); the system of setting eco-design requirements for energy-related products (No. 804).

The approximation of the Ukrainian legislation to the EU law in the matters of standardization will ensure the conformity of products and services in line with their purpose, contribute to the protection of consumer health, rights and interests.

For that purpose, a List of national standards was approved, which are identical with the harmonized European standards and the conformity with which grants: 1) the presumption of conformity of equipment with the requirements of the Technical Regulation on compatibility of equipment (the Order of the Ministry of Economic Development and Trade No. 1043); 2) the presumption of conformity of equipment with the requirements of the Technical Regulation on low-voltage electrical equipment (the Order of the Ministry of Economic Development and Trade No. 340); 3) the presumption of conformity of machinery with the requirements of the Technical Regulation on machinery safety (the Order of the Ministry of Economic Development and Trade No. 1414); 4) the presumption of conformity of toys with the requirements of the Technical Regulation on toys safety (the Order of the Ministry of Economic Development and Trade No. 1336); 5) the presumption of conformity of measuring equipment with the essential requirements of the Technical Regulation on regulated measuring equipment (the Order of the Ministry of Economic Development and Trade No. 622); 6) the presumption of conformity of non-food product safety (the Order of the Ministry of Economic Development and Trade No. 372).

In addition, the following were approved: 1) the lists of references to the regulatory documents (parts thereof) of the International Organisation of Legal Metrology, which were prepared based on the relevant references and lists published in the Official Journal of the EU, the conformity with which grants the presumption of conformity of measuring equipment with the
requirements of the Technical Regulation on measuring equipment; 2) the list of national standards, which conformity grants the presumption of conformity of equipment and security systems with the requirements of the Technical Regulation on equipment and security systems intended for use in potentially explosive atmospheres (the Order of the Ministry of Economic Development and Trade No. 1130).

Beginning 1 January 2019, Ukraine’s 10,917 standards developed before 1992 ceased to be in force, amounting to almost 90% of their total amount.

The accession to the Metre Convention and Ukraine’s obtaining full membership in the International Organisation of Legal Metrology (OIML) became one of the priorities for 2018 in the field of metrology. In May 2018, the Law of Ukraine ‘On Ukraine’s accession to the Metre Convention’ was adopted, while in August 2018 Ukraine became a full member of the Metre Convention, which ensures the recognition of Ukraine’s metrology system and allows to carry out comparison of Ukraine’s national standards with the national standards of the 59 Metre Convention Member States. And that is a pre-condition for international recognition of the measurements and test results of the Ukrainian products for the purpose of their promotion to the international market.

In the field of conformity assessment and accreditation, the work continues towards bringing Ukraine’s legislation in conformity with the EU law and the Agreement on Technical Barriers to Trade of the WTO. In March 2018, the Verkhovna Rada adopted as the basis the Draft Law ‘On amendments to certain legislative acts concerning technical regulations and conformity assessment’ (No. 6235). The adoption of that Draft Law will ensure the most accurate transposition into the national legislation of the requirements and practices of the EU Member States in the field of technical regulation.

The Joint Statement, issued based on the results of the Association Council meeting in December 2018, acknowledged Ukraine’s progress in the preparation to the execution of the Agreement on Conformity Assessment and Acceptance of Industrial Products for the industrial products of priority sectors.

3.4. SANITARY AND PHYTOSANITARY MEASURES

The sanitary and phytosanitary measures relate to the food safety standards and are necessary to simplify the procedures of trade in agricultural and food products, as well as plants.

In January 2018, the President of Ukraine signed the Law ‘On feeds safety and hygiene’, which should facilitate the development of the feeds market in Ukraine. In particular, it is expected that its implementation will allow to increase the production volume of feeds of good quality, reduce financial and administrative burden on the market operators and increase the level of animal health protection. The Law shall enter into force within two years from the date of its publication.

The adoption by the Verkhovna Rada, in December 2018, of the Law ‘On information to consumers on food products’ imposes an obligation on producers of food products to provide complete information on their products and should facilitate trade with the EU countries. The Law shall enter into force within six months from the date of its official publication.

In July 2018, the Verkhovna Rada adopted the Law ‘On amendments to certain legislative acts of Ukraine concerning the regulation of the carrying out of certain phytosanitary procedures’. That Law reinforces the possibilities to engage private sector to the provision of services of phytosanitary inspection and examination of products at the border, and improves certain phytosanitary procedures, including bringing them in line with the EU legislation.

In September 2018, Title VII of the Law of Ukraine ‘On the basic principles and requirements applicable to the safety and quality of food products’ entered into force, which completed the second stage of the switching of businesses to the new system of food products safety control HACCP (Hazard Analysis and Critical Control Point) developed by the World Health Organization. As of the beginning of 2018, 426 Ukrainian enterprises already introduced the HACCP system, and another 143 were at the stage of its preparation and introduction.

In addition, in 2018, a Draft Law of Ukraine ‘On amendments to certain legislative acts of Ukraine concerning the enhancement of measures ensuring trace-
ability’ was prepared. That Draft Law establishes the requirements for traceability of food products, increasing the responsibility of market operators, regulating the slaughter of animals in order to prevent spread of the most dangerous animal diseases and the carrying out of sampling for the purpose of state control.

The Ministry of Agrarian Policy and Food adopted a number of orders in 2018 approving the following:

- the list of products subject to the state control at the border inspection posts;
- the list of food products of non-animal origin and feeds of non-animal origin being a part of cargoes, which are subject to enhanced state control during the importation (shipping) into the customs territory of Ukraine;
- the procedure of carrying out of the state control of facilities located in the countries, the importation (shipping) of products from which into the customs territory of Ukraine is permitted;
- the procedure of maintaining the state registry of the countries and facilities, the importation (shipping) of products from which into the customs territory of Ukraine is permitted;
- sampling methods to determine maximum limit levels of certain pollutants in food products for the purpose of state control;
- the procedure of identification and registration of cattle;
- the procedure of identification and registration of sheep and goats;
- the procedure of identification and registration of pigs;
- the requirements applicable to the importation (shipping) into the customs territory of Ukraine of livestock, their reproductive materials, food products of animal origin and products not intended for human consumption (undergoing registration with the Ministry of Justice).

The completion of measures on implementation of the EU law into the Ukrainian legislation resulted in constant growth of trade volume of agricultural and food products between the EU and Ukraine. The exports structure is prevailed by such traditional goods as grain, oil-bearing-crops and oils, the exports of a number of other agricultural and food products keep growing.

In addition, the number of companies permitted to export to the EU constantly keeps growing.

According to the data from the State Service of Ukraine on the Matters of Food Products Safety and Consumer Protection, 306 Ukrainian producers of animal products have the right to export to the EU countries, including 126 producers of food products for human consumption.

In 2019, a number of draft laws, presently to be considered by the Verkhovna Rada, are expected to be adopted: ‘On the requirements for food contact articles and materials’ (No. 4611), ‘On amendments to certain legislative acts of Ukraine concerning the traceability and marking of genetically modified organisms and the circulation, traceability and marking of food products, feeds and/or feed additives, veterinary preparations obtained using genetically modified organisms’ (No. 7210), ‘On amendments to certain legislative acts of Ukraine concerning the enhancement of measures ensuring traceability’ (No. 7489).

3.5. CUSTOMS MATTERS

The Association Agreement provides for the approximation to the provisions of the Customs Code of the European Union, accession to the Convention concerning the simplification of formalities in trade in goods and the Convention on a common transit procedure, the implementation of the European provisions concerning the exemption from customs duties and customs enforcement of intellectual property rights.

In 2018, the Roadmap on Ukraine’s accession to EU/EFTA common transit procedure was adopted, which provides for the stages and the required steps for the complete implementation of the common transit rules, including the application of the New computerised transit system (NCTS). A preliminary agreement was reached on the possibility of purchase by the European Party of the ‘Minimum Common Core’ software, developed by the European Commission for NCTS, for the needs of the State Fiscal Service of Ukraine.

In autumn 2018, the adoption by the Verkhovna Rada of the Law of Ukraine ‘On amendments to the Customs Code of Ukraine and certain other Laws of Ukraine concerning the introduction of the “single window” mechanism and streamlining of the control procedures during the movement of goods through the customs border of Ukraine’ (No. 2530-VIII) became an important step towards bringing Ukraine’s transit procedures in compliance with the requirements of the Convention on a common transit procedure. That Law introduced
two new types of customs declarations equivalent to those applied in the EU for the common transit procedure. In addition, the ‘single window’ streamlines the carrying out of control procedures allowing for the documents and information to be submitted electronically through the single information web-portal.

In January 2019, the Government approved the Draft Law of Ukraine ‘On the common transit procedure’ aimed at the implementation of the Convention on a common transit procedure of 20 May 1987 and the Convention concerning the simplification of formalities in trade in goods and integration into the NCTS. The adoption of that Law will establish the required legal basis for the introduction of the European model of control over goods (guaranteeing customs payments, sealing), obtaining direct access to the information of the customs authorities of the EU, EFTA Member States, as well as Turkey, Macedonia and Serbia, which should considerably increase the security of transit shipments, as well as increase trust to Ukraine’s customs authorities.

In order to introduce in Ukraine the institute of the authorized economic operator (AEO), the adoption by the Verkhovna Rada of Ukraine of the Draft Law ‘On amendments to the Customs Code of Ukraine (concerning certain matters of implementation of Title 5 of Title IV of the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part)’ is expected. That Draft Law provides for the simplification of customs formalities for the businesses with high level of trust, creates conditions for the recognition of the Ukrainian AEOs in the EU, the participation of the Ukrainian AEOs in the creation of traceability of goods supply chains according to the Frameworks of Standards of the World Customs Organ-
isation, which should ultimately increase competitive capacity of the Ukrainian businesses.

In terms of Ukraine’s fulfilment of the obligations on the application of international documents applicable to the customs matters and trade, as well as the EU guidelines, such as Customs Blueprints, the Government adopted, in December 2018, a decision on the reorganization of the State Fiscal Service of Ukraine by splitting it into two services: the State Tax Service of Ukraine and the State Customs Service of Ukraine (the Resolution No. 1200 of the Cabinet of Ministers of Ukraine dated 18 December 2018). The newly set up services are central executive authorities on the matters of ensuring the implementation of public tax and customs policies accordingly. According to the Resolution of the Ministry of Finance of Ukraine, draft regulations on the respective central executive authorities will be adopted within two months and the drafts of the required amendments to the legislation will be submitted within three months.

In 2019, the Verkhovna Rada of Ukraine is expected to adopt a number of Draft Laws, in particular, ‘On amendments to the Customs Code of Ukraine concerning certain matters on implementation of Chapter 5 of Title IV of the Association Agreement between Ukraine, of the one part, and the European Union, the European Atomic Energy Community and their Member States, of the other part’ (No. 7473); ‘On amendments to the Customs Code of Ukraine (concerning the implementation of the Association Agreement between the EU and Ukraine)’ (registration No. 4615); ‘On the common transit regime’ (No. 9532); ‘On amendments to the Customs Code of Ukraine concerning the protection of intellectual property during the movement of goods through the customs border of Ukraine’ (No. 4614).

3.6. ENTERPRISE POLICY

*Enterprise policy covers, in accordance with the Association Agreement, the aspects of competition, state aid, business establishment and operation as well as corporate management.*

As regards business establishment and operation, the task on laying down the rules on the coordination of debtor insolvency proceedings pursuant to Regulation (EU) 015/848 of the European Parliament and of the Council of 20 May 2015 is successfully carried out. In order to implement the European practice, the Verkhovna Rada adopted the Bankruptcy Code in October 2018. That code increases the efficiency of insolvency proceedings, the level of creditor right protection and the fulfilment of bankruptcy judgements, and regulates the procedure of solvency restoration for natural persons in difficult situation.

In order to comply with main requirements for corporate management within the framework of bilateral monitoring, the comparative tables on the implementation of Directive 2009/101/EC of the European Parliament and the Council of 16 September 2009 on coordination of safeguards which, for the protection of the interests of members and third parties, are required by Member States of companies within the meaning of
the second paragraph of Article 48 of the Treaty, with a view to making such safeguards equivalent are prepared and forwarded to the EU Party.

After the Law of Ukraine ‘On state aid to business entities’ entered into force, the monitoring and control system for state aid to business entities was arranged, and state aid assessment criteria in different economic areas were developed and approved. In particular, to implement Article 263 of the Association Agreement and when carrying out the adopted ordinances of the Antimonopoly Committee on the procedure for monitoring state aid to business entities (No. 43-pn dated 28.12.2015) and on the procedure for hearing cases on state aid to business entities (No. 8-pn dated 12.04.2016), the first report on state aid monitoring and control was drawn up, approved and published. The ordinance on the procedure for submitting information on excising state aid to business entities to the Antimonopoly Committee (No. 15-pn dated 19.07.2018) was adopted.

The official website of the Antimonopoly Committee as a primary source of information on the purposes, forms, volume and budget of the state aid was launched.

In 2018, the number of regulatory acts setting the criteria for assessing admissibility of state aid to business entities were adopted: 1) Resolution No. 57 of the Cabinet of Ministers of Ukraine ‘On approval of the criteria for assessment of admissibility of state aid to business entities to ensure regional development and support small and medium business’ dated 07.02.2018; 2) Resolution No. 33 of the Cabinet of Ministers of Ukraine ‘On approval of the criteria for assessment of admissibility of state aid to business entities for employment of certain categories of employees and new job production’ dated 31.01.2018; 3) Resolution No. 11 of the Cabinet of Ministers of Ukraine ‘On approval of the criteria for assessment the admissibility of state aid for restoring solvency and restructuring of business entities’ dated 31.01.2018; 4) Resolution No. 36 of the Cabinet of Ministers of Ukraine ‘On approval of the criteria for assessment the admissibility of state aid for carrying out scientific research, technical development and innovation activities’ dated 07.02.2018.

Resolution No. 420 of the Cabinet of Ministers of Ukraine ‘On approval of the list of services of general economic interest’ dated 23.05.2018 simplifies the procedure for rendering such services.

### 3.7. PUBLIC PROCUREMENT

The Association Agreement provides for ensuring mutual access of the Parties to public procurement markets at national, regional and local levels based on the principle of national regime.

In 2018, the technical implementation of the mechanism for procurement of goods and services under framework agreements was ensured. That mechanism as well as the procurement procedures take place in the electronic system ProZorro and allow customers to procure goods and services by concluding the framework agreement for the period of four years.

The online consultation section including answers to frequently asked questions in the field of public procurement is available on the website of the Ministry of Economic Development and Trade. The website of ProZorro State Enterprise publishes online courses, special articles, guidance materials, and examples of technical specifications and serves as a public procurement forum. In addition, ProZorro State Enterprise operates its call centre to support public procurement entities.


The EU integration commitments undertaken by Ukraine in 2018 continue creating the organisational and legal basis for the public procurement procedures to be adapted in Ukraine within the time limits set by the Agreement. 2019 priorities are to engross, submit for consideration of the Verkhovna Rada of Ukraine and adopt the said law; to create the electronic appeal system; to introduce technical standards to integrate a uniform data system (Internet portal) for public procurement into international systems.
3.8. INTELLECTUAL PROPERTY

Intellectual property commitments provide for facilitating the production and commercialisation of innovative and creative products in Ukraine and the Member States and achieving an adequate and effective level of protection and enforcement of intellectual property rights.

To this end, the number of important tasks on developing the legal protection system for intellectual property and modernising the model regulation of the operation of collective management organisations in Ukraine were carried out in 2018.

In July 2018, the Law of Ukraine ‘On efficient management of property right holders’ copyrights and/or related rights’ ensuring that right holders have rights to equitable remuneration and transparent activities of collective management organisations in accordance with international standards (Directive 2014/26/EU of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online use in the internal market) entered into force.

Resolution No. 912 of the Cabinet of Ministers of Ukraine ‘On approval of criteria for assessment of risk degree posed by business in the field of intellectual property and determination of frequency of routine state supervision (controls) by Ministry of Economic Development and Trade of Ukraine’ dated 31.10.2018 brings into practice the implementation of the Law ‘On Copyright and Related Rights’, the Law ‘On distribution of copies of audio-visual works, phonograms, videograms, computer programs, databases’ and the Law ‘On peculiarities of state regulation of business entities’ activities related to production, export and import of disks for laser reading systems’. In particular, clear, transparent and predictable conditions for checks of intellectual property business entities are being introduced; the range of business entities of high, medium and low risk is being defined; the efficiency of state supervision (controls) is increasing.

As regards institutional support for the system of the legal protection of intellectual property, the National Intellectual Property Office (the State Organisation) was established in May 2018. The National Office is expected to ensure that the automated system of author remuneration collection and sharing be created.

In order to fulfil the Ukraine’s commitments on the EU integration concerning the protection of geographical indication rights, the Verkhovna Rada of Ukraine adopted the Draft Law of Ukraine ‘On amendments to certain legislative acts of Ukraine concerning improvement of legal protection of geographical indications’ (Reg. No. 6023) in the first reading. That draft law aims at implementing Articles 204 to 207 of the Association Agreement, Annex XXII-B and Regulation (EU) No 1151/2012 of the European Parliament and of the Council of 21 November 2012 on quality schemes for agricultural products and foodstuffs.

Summarising 2018 results, Ukraine’s overall progress in fulfilling its intellectual property commitments paved the way for Ukraine to meet its obligations by 2023 as set by the Association Agreement. In 2019, it is intended to draft laws on improving the legal protection of intellectual (industrial) property, inventions, utility models and trade marks. It is also time to adopt the Draft Law No. 5694 ‘On amendments to certain legislative acts of Ukraine concerning improvement of protection of rights to semiconductor products layout’ of 23.01.2017 (the implementation of the EU law in the field of legal protection of topographies of semiconductor products), and the Draft Law No. 7539 ‘On amendments of certain legislative acts of Ukraine concerning regulation of matters of copyrights and related rights’ dated 01.02.2018 (the implementation of the EU law in the field of copyrights and related rights).

3.9. ENERGY EFFICIENCY AND HOUSING AND UTILITY SECTOR

Approximately 70% of buildings in Ukraine built through 1946 to 1990 have extremely low energy efficiency characteristics. Meanwhile, taking into account the purposes of the Association Agreement, energy efficiency and energy saving should be an integral part of the economic development of Ukraine.

The Ministry of Regional Development, Construction and Housing and Utilities drafted the Law of Ukraine ‘On Energy Efficiency’. The draft law was processed in cooperation with the experts from the Energy Community Secretariat and has been pending approval.

The Committees of the Verkhovna Rada of Ukraine

In 2018, the number of regulatory acts realising the Law of Ukraine ‘On commercial accounting of thermal energy and water supply’ (to implement certain provisions of Directive 2012/27/EU) and the Law of Ukraine ‘On energy efficiency of buildings’ were adopted. In compliance with Article 9 of the Law of Ukraine ‘On energy efficiency of buildings’ and according to Article 17 of Directive 2010/31/EU, Resolution No. 605 of the Cabinet of Ministers of Ukraine ‘On approval of procedure for professional attestation of persons who intend to undertake activities in energy performance certification and engineering system inspection’ allowing to involve experts in such activities was adopted.

In order to implement Directive 2010/31/EU, Resolution No. 265 of the Cabinet of Ministers of Ukraine ‘On approval of list of industrial and agricultural buildings, energy, transport, communication and defence facilities, warehouses which are not subject to minimal requirements to energy efficiency of buildings and to energy performance certification’ was also adopted.

The potential of the Energy Efficiency Fund is significantly enhanced. The Law of Ukraine ‘On the State Budget of Ukraine for 2018’ allocated UAH 400 mln to finance the ‘warm loan’ programme. In April 2018, the Government approved the Draft Agreement on Financing the Energy Efficiency Support Programme for Ukraine (EE4U). The general budget of the draft agreement amounts to EUR 268 mln, with the EU contributing thereto EUR 50 mln, Germany contributing EUR 15 mln and Ukraine contributing EUR 203 mln. In December 2018, the Government approved the Draft Agreement on EU technical assistance to Ukraine amounting to EUR 54 mln to finance the Energy Efficiency Support Programme II (EE4U-II).

Ukraine implements an important EU instrument on ecodesign determining requirements for energy efficiency and environmental performance of different energy-related products. In October 2018, the Cabinet of Ministers of Ukraine approved the Technical Regulation establishing the system for defining requirements for ecodesign of energy-related products (Resolution No. 804). It is a framework regulatory act, and approximately 30 product-specific technical regulations are expected to be adopted.

The next step for Ukraine towards further fulfillment of the EU integration commitments on energy efficiency and housing and utility should be the adoption of the basic Law of Ukraine ‘On Energy Efficiency’.

3.10. ENERGY SECTOR

In 2018, the EU and Ukraine reached material agreement on updating Annex XXVII to the Association Agreement containing the list of EU energy acts which Ukraine undertook to implement to integrate the Ukrainian energy market into the EU energy market in gas and electricity sectors.

Thus, the Action Plan on implementation of the first stage of the Energy Strategy of Ukraine (by 2020) approved by Resolution of the Cabinet of Ministers of Ukraine No. 497 dated 06.06.2018 was adopted.

A new model of electricity market was created (the Law of Ukraine ‘On Electricity Market’ and the plan for organising the preparation of draft acts necessary to realise the model).

In order to switch to a new model:

• the State Inspectorate on Energy Supervision of Ukraine as a central executive authority responsible for state supervision (control) in the field of electricity and heat supply was established (Resolution of the Cabinet of Ministers of Ukraine No. 77 dated 14.02.2018);

• reliable and continuous central heating for the population was ensured, the efficiency of combined generation of electricity and thermal energy was enhanced by reconstructing heating and electricity mains (Resolution of the Cabinet of Ministers of Ukraine No. 324 dated 18.04.2018);

• the Commission for preparing opinions on expedience of temporary support for generators engaged in combined generation of electricity and thermal energy within heating and electricity mains was established (Resolution of the Cabinet of Ministers of Ukraine No. 325 dated 18.04.2018);

• the list of electricity facilities of prime importance, including restricted areas and areas un-
3.11. TAXATION

In order to harmonize excise rates on tobacco products, the Ukrainian Party prepared and forwarded to the EU the Draft Decision of the EU-Ukraine Association Council on gradual increase of excise rates on tobacco products in Ukraine (according to Directive 2011/64/EU on the structure and rates of excise duty applied to manufactured tobacco) establishing the schedule of increase of rates of excise duty applied to manufactured tobacco in Ukraine by 2025.

Ukraine continues fulfill its commitments under the Association Agreement on improving the procedure for VAT compensation in order to prevent accumulation of debt, to ensure effective tax collection and to strengthen combating tax fraud and tax evasion.

3.12. STATISTICS AND EXCHANGE OF INFORMATION

In 2018, a new instrument for the state statistical observation of operation of collective accommodation establishments, i.e. the Order No. 151 of the State Statistics Service of Ukraine dated 16.07.2018 (harmonized with Regulation (EU) 692/2011 of the European Parliament and the Council of 6 July 2011 concerning European statistics on tourism), was approved. That order aims at improving statistical reporting on tourism according to European and international standards, including recommendations of the World Tourism Organization.

The Draft Resolution ‘On approval of the Strategy of State Statistics Development 2022’ aiming at reforming the state statistics to satisfy current social needs in impartial and objective statistical data was submitted for consideration to the Government in December 2018.

The analytical report on methodological approaches to determining an indicator system, information sources and international practice concerning the assessment of energy volumes that is ultimately consumed by households as intended, which would be used when preparing relevant calculation methodologies, was approved at meeting No. 15 of the Committee for Improvement of Methodology and Reporting Documentation of the State Statistics Service of Ukraine on 17 August 2018.
3.13. ENVIRONMENT AND CIVIL PROTECTION

The essential 2018 result of ecological reforming is the introduced mechanism of strategic ecological assessment, the adopted new procedure for the state water monitoring according to the Water Framework Directive and the introduced procedure for flood risk management to avoid emergencies.

Within environment management and integration of environmental policy into other sectoral policies, the Law of Ukraine ‘On strategic ecological assessment’ was adopted on 20 March 2018, and the Verkhovna Rada of Ukraine adopted the Draft Law of Ukraine ‘On basic principles (strategy) of the state environmental policy of Ukraine 2030’ in the first reading.

The Ministry of Ecology and Natural Resources of Ukraine drafted the Law of Ukraine ‘On amendments to certain legislative acts of Ukraine concerning access to ecological information’.

The Concept of establishment of the Nation Automated System ‘Open Environment’ was approved by Resolution No. 825-p of the Cabinet of Ministers of Ukraine dated 07.11.2018.

Ensuring water quality and management of water resources, including marine environment, the approval was given to: the procedure for state water monitoring (Resolution No. 758 of the Cabinet of Ministers of Ukraine dated 19.09.2018), the procedure for developing the flood risk management plan (Resolution No. 247 of the Cabinet of Ministers of Ukraine dated 04.04.2018 and the orders of the Ministry of Internal Affairs of Ukraine ‘On approval of the Methodology for Preliminary Flood Risk Assessment’ and ‘On approval of the Methodology for Development of Flood Hazards and Risk Maps’).

As regards waste and resource management, the Coordinating Council was established for the period up to 2030 to ensure consistent actions of central and local executive authorities in creating and realising the state waste management policy.

The Draft National Waste Management Plan 2030 was prepared and submitted to the Cabinet of Ministers of Ukraine.

The Draft Law of Ukraine ‘On waste management’ was developed.

The list of species of birds and their environmental statuses and the list of hunted species of birds were reviewed. Based on the analysis data, the Annex to the Draft Law of Ukraine ‘On the areas of the Emerald network’ was prepared. The Law of Ukraine ‘On the areas of the Emerald network’ including the list of species of birds, and regular migratory species among them, for which the areas of the Emerald network were defined, was drafted.

Nyzhnioprovskyi National Nature Park and the number of other areas and sites of the nature reserve fund having nationwide significance were created.

Preventing industrial pollution and industrial hazard, the 2018 Action Plan on implementation of the National Plan for reduction of emissions from large combustion installations (Resolution No. 428-p of the Cabinet of Ministers of Ukraine dated 13.06.2018) was approved.

The Concept of the Implementation of the State Industrial Pollution Policy was drafted.

Order No. 62 of the Ministry of Ecology and Natural Resources of Ukraine of 18.02.2018 provides for laying down current and perspective technological standards of acceptable emissions of pollutants into the atmospheric air from existing thermal power plants.

As regards the atmospheric air, Order No. 1394 of the Ministry of Economic Development and Trade ‘On approval of the Technical Regulation on the limitation of emissions of volatile organic compounds as a result of the use of organic solvents in certain paintwork materials and repair painting materials for motor vehicles’ dated 02.10.2018 was adopted.

Order No. 62 ‘On amendments to Order No. 541 of the Ministry of Ecology and Natural Resources of Ukraine dated 22.10.2018’ dated 18.02.2018 provides for laying down current and perspective technological standards of acceptable emissions of pollutants into the atmospheric air from existing thermal power plants.

In order to prevent climate change and to protect ozone layer, the proposal of the Ministry of Ecology and Natural Resources of Ukraine (the United Nations Framework Convention on Climate Change of the Strategy of Low-Carbohydrate Development of Ukraine 2050) was approved by the record of decision at the meeting of the Cabinet of Ministers of Ukraine on 18 July 2018.

The Verkhovna Rada of Ukraine adopted the Draft Law of Ukraine ‘On greenhouse monitoring, reporting and verification’ as a basis on 26 December 2018.

The Verkhovna Rada of Ukraine also adopted the Draft Law of Ukraine ‘On Ozone Depleting Substances and Fluorinated Greenhouse Gases’ as a basis on 26 December 2018.

In order to ensure civil protection, the Law of Ukraine ‘On amendments to certain legislative acts of Ukraine concerning high-threat locations’ intending to harmonize the Ukrainian legislation with the EU legis-
lation on security of high-threat locations was drafted (current status: the final stage of interdepartmental agreement).

Resolution No. 247 of the Cabinet of Ministers of Ukraine ‘On approval of the Procedure for Developing the Flood Risk Management Plan’ dated 04.04.2018 defining the development mechanism and preliminary flood risk management plan for certain territories within the areas of river basin was adopted.

In order to develop flood risk maps as required by Order No. 153 of the Ministry of Internal Affairs of Ukraine ‘On approval of the Methodology for Development of Flood Hazards and Risk Maps’ dated 28.04.2018, the Methodology for Calculating Possible Flood Losses approved by Order No. 552 of the State Emergency Service of Ukraine dated 21.09.2018 was developed.

3.14. TRANSPORT, TRANSPORT INFRASTRUCTURE, POSTAL AND COURIER SERVICES

In 2018, the National Transport Strategy of Ukraine 2030 intending to ensure sustainable and effective operation of the transport sector, to create conditions for social and economic development of the country, to increase competitive capacity of the national economy, to increase security and citizen welfare by fulfilling the commitments, pursuant to the Association Agreement, on the implementation of the EU law, market liberalization, greening and transport modernization, introduction of new security standards and passenger services in transport, was approved.

In 2018, the 2019-2021 Action Plan on implementation of the National Transport Strategy of Ukraine was developed in cooperation with the EU.

The Strategy of Implementation of EU Directives concerning postal and courier services (‘the roadmap’) and the Action Plan on its implementation (Resolution No. 104 of the Cabinet of Ministers of Ukraine dated 14.02.2018) were approved.


Cooperation within the framework of the Eastern Partnership Transport Panel (EaP) to develop the regional transport network of the EaP connected to the TEN-T network is ongoing. The Ministry of Infrastructure of Ukraine in association with the experts from the World Bank and the European Commission prepared proposals to the draft EaP Investment Plan of the Transport Infrastructure. That plan was approved at the meeting of the foreign affairs ministers of the EaP countries on 15 October 2018. The investment plan comprises: a) projects being realised; b) Quick Wins projects intended to be realised in the medium term (by 2020) which would have significant effect for the Ukrainian transport sector and help resolve bottleneck issues. A new blending mechanism (the EU grants and the EIB loans), among others, is a source for financing such projects; c) projects intended to be realized in the long-term (by 2030).

Due to cooperation between the Verkhovna Rada of Ukraine, the Government and business, the Draft Laws ‘On rail transport of Ukraine’ and ‘On internal water transport’ were finalized.


The State Service of Maritime and River Transport started operating, and the International Maritime Organization successfully audited, as required, the fulfillment of Ukraine’s conventional commitments.
3.15. SCIENCE, TECHNOLOGIES AND INNOVATIONS, SPACE

On 16 July 2018, the first meeting of the Coordinating Centre for the Implementation of the European Union Framework Programme for Research and Innovation Horizon 2020 was held in Kyiv.

The Commission for Selection of Representatives and Experts to the Committees of the EU Programme Horizon 2020 selected, based on the results of competitions, 21 representatives and 23 experts for Horizon 2020 Programme Committees. The participation of the Ukrainian representatives and experts in the programme committees will ensure the opportunity of: 1) being involved in the discussion of issues related to Horizon 2020 Programme in the respective directions, participating in creating working programmes of current programme competitions; 2) taking efforts for the Ukraine’s interests be taken into account in the programme, creating proposals on scientific researches that are topical and necessary for Ukraine, and 3) making proposals and participating in the discussion of issues related to the 9th Framework EU Programme for Research and Innovation.

On 4 July 2018, the first meeting of the Euratom-Ukraine Research and Innovation Committee was held in Brussels and positively assessed the results of involving Ukraine in the Euratom Programme.

Taking into account the best European practices and in cooperation with the wide range of the Ukrainian and international experts, the Roadmap for Ukraine’s integration into the European Research Area (ERA-UA) was developed (approved by the Collegium of the Ministry of Education and Science on 22 March 2018).

As regards Ukraine’s integration into the EU digital single market, Ukraine’s efforts concerning further approximation of national legislation to the EU acquis communautaire in the field of digital economy were assessed positively. The EU-Ukraine Association Committee reached the agreement on regular bilateral interaction in that issue. Further steps towards the enhancement of cooperation were demonstrated in the Roadmap of Ukraine’s integration to the EU’s Digital Single Market forwarded to the EU Party in August 2018.

As regards electronic trust services, it is important to indicate that the Law of Ukraine ‘On electronic trust services’ entered into force.

According to the EU-Ukraine Association Agreement, the State Agency for E-Governance of Ukraine in association with the respective state authorities launched over 100 electronic services in the fields such as social security (14 services), building and real estate (10 services), land and ecology (20 services), business registration and operation (27 services), citizenship and migration (8 services), finances and taxes (28 services), transport (7 services), and security and court (4 services).

In addition, the Driver’s Electronic Cabinet serving as an online service created in cooperation with the Central Services Centre of the Ministry of Internal Affairs of Ukraine and the State Agency for E-Governance of Ukraine and with assistance of TAPAS Project and the Eastern Europe Fund, was launched on 21 December 2018.

Based on the 2018 results, Ukraine made its first steps toward the integration into the EU digital single market: the Law of Ukraine ‘On electronic trust services’ was adopted and the Draft Laws ‘On public electronic registers’ and ‘On radio frequency resource of Ukraine’ were registered by the Verkhovna Rada of Ukraine.

The discussion on updating Appendix XVII-3 to the EU-Ukraine Association Agreement was initiated.

On 25 May 2018, the European Commission and the State Space Agency of Ukraine signed the Agreement on cooperation in the field of access to data and use of data from the Sentinel satellites of the Copernicus programme. The Copernicus Information Day took place in Kyiv on 10 July 2018.

In order to ensure the development of modern space technologies in Ukraine, Resolution No. 629-0 of the Cabinet of Ministers of Ukraine approved the Concept of National Targeted Scientific and Technical Space Programme 2018-2022.
3.16. FINANCIAL SERVICES

In order to enhance the current national financial monitoring system, the Law of Ukraine ‘On amendments to certain legislative acts of Ukraine concerning prevention and countering of legalisation (laundering) of criminal proceeds, combating terrorism financing and financing of proliferation of weapons of mass destruction’ was drafted.

In order to create uniform approaches to rules of operation of a credit institution pursuant to Directives 2001/24/EC and 2013/36/EU, the Law of Ukraine ‘On amendments to certain legislative acts of Ukraine on activity of credit institutions’ aiming at ensuring the transparency and stability of mutual lending market was drafted. In November 2018, working consultations were held with ad hoc experts of the European Commission resulting in proposals on excluding credit institutions from Directive 2013/36/EU in terms of requirements for their startup capital.

In order to improve the investment climate in Ukraine, the Law of Ukraine ‘On amendments to certain legislative acts of Ukraine concerning simplified attraction of investments and introduction of new financial instruments’ was drafted. When adopted, that law will allow regulating commodity market operation and prevent market manipulation pursuant to MiFID II and MiFIR.

In order to build the efficient fight against securities market abuse and increase investments in the economy of Ukraine by increasing trust to the efficiency of the state stock market regulation, the Law ‘On amendments to certain legislative acts of Ukraine concerning investor protection from capital market abuse’ was drafted.

3.17. PUBLIC FINANCE MANAGEMENT

The key output of 2018 activities in this field is the adopted Law of Ukraine ‘On amendments to the Budget Code of Ukraine concerning introduction of mid-term budget planning’. The law creates legal framework for introducing mid-term budget planning at all levels of the budget system on permanent basis. Upon the adoption of that law, a budget declaration as a document of state strategic planning defining the basic mid-term fundamentals of the budget policy was introduced. 3-year budget planning will allow to increase trust of the European partners, to deepen cooperation with the EU, to outline state debt management plans and to help reduce fiscal risks.

At the end of 2018, the state and government-backed debt reduced to the secure level.

On 18 December 2018, the Executive Board of the World Bank approved the 14-month Stand-By Arrangement (SBA) for Ukraine. The SBA will be the ground for the 2019 economic policy and will aim at supporting macroeconomic and financial stability. The Programme priorities are as follows:

- measures intended on reducing the state debt;
- measures intended on reducing inflation when the flexible exchange rate is applied;
- measures intended on strengthening the financial sector, facilitating assets recovery and intensifying bank lending.

The World Bank guarantee is a financial instrument aiming at reforming the banking system in Ukraine.
3.18. HUMANITARIAN POLICY

In 2018, the humanitarian policy of Ukraine addressed cooperation with civil society, culture development, physical education and sport.

During the year, the following most important measures in this field were intended on raising public awareness of the European integration:

- the 2018 Action Plan on implementation of the Communication Strategy in the field of the European integration 2018-2021 approved by the Government on 25 April 2018;
- the coordination of the executive authorities in the European integration communication (Resolution No. 577 of the Cabinet of Ministers of Ukraine on the establishment of the Coordinating Council chaired by the Vice Prime Minister of Ukraine for European and Euro-Atlantic Integration);
- the European Integration Portal (eu-ua.org) designed with assistance of the EU-funded Project ‘Support for the implementation of the EU-Ukraine Association Agreement’ (Association4U Project) and publicly presented on 18 May 2018;
- weekly European Integration Digest serving as a common electronic information product of the Office of the Vice Prime Minister of European and Euro-Atlantic Integration of Ukraine;
- the implemented range of information campaigns intended on propagating success stories of Ukrainians who had already used the Association Agreement opportunities (European Integration: Power of Opportunities initiated by the Office of Vice Prime Minister of Ukraine for European and Euro-Atlantic Integration and implemented with association of the EU-funded Project Association4U and other international funds and projects as well as media partners; the part of the campaign realized by Ukrainian Media Development Institute upon request of the State Committee for Television and Radio Broadcasting in November and December 2018).

Cooperation with the experts of the Ukrainian Party of the EU-Ukraine Civil Society Platform (hereinafter referred to as the CSP UP), particularly as regards technical regulation under the ACAA, was set up. Within quarterly meetings of the Vice Prime Minister of European and Euro-Atlantic Integration of Ukraine and the management of the Government Office for Coordination of European and Euro-Atlantic Integration with the representatives of the CSP UP, the outputs of the Government’s implementation of the Association Agreement were discussed, the recommendations of the analytical report of the CSP UP ‘Integration within Association: the Implementation of the Association Agreement Dynamics’ and the reports of the CSP UP and Common Declaration presented and approved at the 6-th meeting of the EU-Ukraine CSP (Brussels, 12.04.2018) were considered.

As regards culture development in 2018, the term ‘creative industries’ was defined at the legislative level (the Law of Ukraine ‘On amendments to the Law of Ukraine ‘On Culture’).

Ukraine’s annual contribution for the participation in the Creative Europe Programme amounting to EUR 515,000 (UAH 16.6 mln) was paid in time in 2018. It allowed Ukraine to apply for the EU grant for co-financing the National Bureau of the Creative Europe Programme.

In 2018, 90 information and communication measures and 193 single-purpose consultations were realised throughout Ukraine.

Joining the Enlarged Partial Agreement on Cultural Routes was initiated to popularise the national cultural heritage in Ukraine and Europe by joining the existing cultural routes and initiating new cultural routes (the Draft Law was approved by the Government on 05 September 2018).

Joining the European Cinema Support Fund (EURIMAGES) was initiated (the draft law approved by the Government on 07 November 2018).

The efficiency of the cultural heritage protection, preservation and management was enhanced (the Law of Ukraine ‘On amendments to the Law of Ukraine ‘On protection of cultural heritage’ was adopted in terms of preservation of cultural heritage sites inscribed on the UNESCO’s World Heritage List).
3.19. AGRICULTURE

In 2018, significant progress in organic farming was achieved. The adopted Law of Ukraine ‘On the main principles and requirements for organic production, circulation and labelling of organic products’ signed by the President of Ukraine on 30 July 2018 introduces:

- clear mechanisms concerning the rules on organic farming in all fields that are an essential prerequisite for operators to produce competitive export products;
- higher responsibility of certification bodies for appropriate control over market operators, particularly exporters;
- maintaining open registers of market operators, certification bodies, organic seeds and planting material, which allow consumers, importers and investors to be sure of the Ukrainian organic products;
- state control over operators and certification bodies that allows to detect false organic products exported and prevent exporting them;
- maintaining the List of Foreign Certification Bodies that ensures the recognition of certificates and the transparency of organic product export;
- reports of certification bodies on organic product volumes placed on the market by operators; it will ensure that the state receive objective information on foreign economic activities undertaken by producers in this field, and promote the adoption of further justified and deliberate decisions.

Transparent conditions for production and circulation of organic products are set up ensuring higher investors’ trust to organic production and higher competitiveness of the Ukrainian organic products, and promoting expanded foreign selling market (Law of Ukraine ‘On the main principles and requirements for organic production, circulation and labelling of organic products’);

In 2018 within the Quality Policy, the Verkhovna Rada of Ukraine adopted the Law ‘On amendments to certain legislative acts of Ukraine on the improvement of legal protection of geographical indications’ in the first reading.

In order to settle issues concerning rights to plant varieties, 2018 witnessed:

- secure market circulation of seeds and planting material, and enhanced procedure for the state registration of intellectual property rights to varieties intended on protecting from irregularities and abuse in this field (Resolution No. 755 of the Cabinet of Ministers of Ukraine);
- stronger guarantees of publicity, transparency and consistency of variety registration, compliance with impartiality and accessibility principles in relations arising between legal and natural persons, competent authorities, examining authorities, within scientific and technical examination and right registration, seed certification, intellectual property right protection through defining the mechanism for requiring planting material samples of sire components of the plant varieties applied (Resolution No. 756 of the Cabinet of Ministers of Ukraine);
- the enhanced procedure for acquiring rights to plant varieties, stronger guarantees of publicity, transparency and consistency of plant varieties registration (Resolution No. 757 of the Cabinet of Ministers of Ukraine);
- the ensured publicity, transparency and consistency of plant varieties registration, compliance with impartiality and accessibility principles in relations arising between legal and natural persons and the Ministry of Agrarian Policy and Food of Ukraine (Resolution No. 774 of the Cabinet of Ministers of Ukraine).
3.20. CONSUMER PROTECTION

According to the Association Agreement (Article 415. Consumer Protection of Chapter 20, Title V. Economic and Sector Cooperation), Ukraine undertook to ensure a high level of consumer protection and to achieve compatibility between the Ukrainian consumer protection system and analogous systems of the State Members.

The effective consumer protection system will facilitate a higher level of consumers’ satisfaction from the goods and services received as well as protection of fair competition that can play an important role in satisfying economic interests, because competition between companies contributes to higher efficiency of production and invents new goods of higher quality in the market.

As regards consumer protection in 2018, the Action Plan on implementation of the Concept of Public Consumer Protection Policy 2020 was set in motion (Resolution No. 983 of the Cabinet of Ministers of Ukraine dated 27.12.2017).

The working group established to realise the said Action Plan drafts regulatory acts intended on further implementation of EU directives, particularly those establishing the prohibition and definition of unfair commercial practices, and laying down penalties (Directive 2005/29/EC), determining guarantees and mechanisms for consumer protection in case of marketing, sale and re-sale of contracts concerning the allocation of time for the use of real estate (timeshare), long-term holiday products and exchange contracts (Directive 2008/122/EC), regulating injunctive actions for the protection of the collective interests of consumers (Directive 2009/22/EC replacing Directive 98/27/EC). Thus, in order to strengthen the protection of economic interests of consumers, the Law No. 8515 ‘On amendments to certain legislative acts of Ukraine (concerning consumer protection)’ of 21.06.2018 aiming at implementing Directive 2006/114/EC concerning misleading and comparative advertising and Directive 2005/29/EC concerning unfair business-to-consumer commercial practices in the internal market was drafted.

In order to implement Commission Decision 2006/502/EC of 11 May 2006 requiring Member States to take measures to ensure that only lighters which are child-resistant are placed on the market and to prohibit the placing on the market of novelty lighters, Order No. 80 of the Ministry of Economic Development and Trade ‘On approval of amendments to the Rules on Retail Trade in Non-Food Products’ dated 23.01.2018 determining requirements for preventing children from the use of lighters was adopted.


In addition, the following tasks have not been carried yet:

- to establish minimum requirements for descriptive matter concerning tourist service packages and to determine the parties’ rights and obligations and the conditions for providing or replacing a tourist service package, in accordance with the EU law, to introduce the mechanism of responsibility for failure to fulfil or duly fulfil tourist service contract obligations (the implementation of Council Directive 90/314/EEC);
- to strengthen guarantees and mechanisms of consumer protection in case of distance provision of financial services in terms of the adoption of the draft law on amendments to certain legislative acts concerning the improvement of protection of financial service consumers (the implementation of Council Directive 2002/65/EC);

In 2018, significant amount of work on the preparation and implementation of the state market surveillance information system project was completed. In order to ensure the full-scale operation of the national market surveillance information system and the rapid exchange of information system for products which pose a serious risk, measures to integrate the national information system into the information systems of the State Fiscal Service were taken during 2018.

In addition, in June 2018, the Ukrainian Party initiated activities to receive access to the European rapid alert system for dangerous to consumers products (Community Rapid Information System (RAPEX)) provided by the Action Plan 2020.

The RAPEX is created to minimise negative consequences related to presence in the EU market of goods which can harm users. In each country participating in the system, contact points which receive information on dangerous products present in the market from the authorised national bodies or directly from consumers are established. The contact point forwards all information to the European Commission which immediately sends it to the contact points of all other countries.
In 2019, activities in the field of consumer protection will focus on completing measures that have not been applied for different reasons within time limits set.

3.21. SOCIAL POLICY AND EMPLOYMENT RELATIONS

In order to harmonise the minimal requirements for safety and health protection of workers in surface and underground mineral-extracting industries with the EU standards, the Ministry of Social Policy of Ukraine issued Order No. 943 ‘On approval of requirements for safety and health protection of workers in surface and underground mineral-extracting industries’ dated 02.07.2018 to carry out task 1315 of the Action Plan on implementation of the Association Agreement taking into account the provisions of Council Directive 92/104/EEC.

The provisions of Directive 90/270/EEC on harmonising minimum safety and health requirements for work with display screen equipment with the EU standards (task 1360 of the Action Plan on implementation of the Association Agreement) were transposed into the national legislation by issuing by the Ministry of Social Policy of Ukraine of Order No. 207 ‘On approval of requirements for safety and health protection of workers when working with display screen equipment’ on 14 February 2018.

Requirements for explosives for civil uses (Directive 2014/28/EU) were harmonised with the EU standards by adopting Resolution No. 802 of the Cabinet of Ministers of Ukraine ‘On approval of Technical Rules of Procedure for Explosives for Industrial Uses’ dated 03.10.2018 that would enter into force on 06 April 2019.

In order to recognise the rules on professional activities (Directive 2014/28/EU) were harmonised with the EU standards by adopting Resolution No. 802 of the Cabinet of Ministers of Ukraine ‘On approval of Technical Rules of Procedure for Explosives for Industrial Uses’ dated 03.10.2018 that would enter into force on 06 April 2019.


Establishing, at the legislative level, the obligation for an employer to comply with the terms and conditions of the collective agreement in force in case of change of the owner of the undertaking, business or their part aiming at the implementation of Council Directive 2001/23/EC is in progress. The Draft Law ‘On collective contracts and agreements’ was submitted for consideration to the Government. Based on the record of the decision of the Government Committee for Social Policy and Humanitarian Development dated 29.05.2018, the draft law is being refined.

The Law of Ukraine ‘On amendments to certain legislative acts of Ukraine (concerning the provision of additional guarantees in relation to combining family and job responsibilities)’ was drafted, its draft was approved by the Government and submitted for consideration to the Verkhovna Rada of Ukraine (No. 9045 dated 05.09.2018). That draft law aims at eliminating gender discrimination on parental leave for childcare according to Council Directive 2010/18/EU implementing the revised Framework Agreement on parental leave (replacing Council Directive 96/34/EC).

In 2018, Ukraine continued implementing gender equality principles. In order to ensure equal rights and opportunities for women and men, the approval was given for:

- the State Social Programme for Ensuring Equal Rights and Opportunities for Women and Men 2021 (Resolution No. 273 of the Cabinet of Ministers of Ukraine dated 11.04.2018);
- the National Action Plan on putting into practice the final remarks of the UN Committee on the Elimination of Discrimination against Women concerning the 8th periodic report of Ukraine on the implementation of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 2021 (Resolution No. 634-p of the Cabinet of Ministers of Ukraine dated 05.09.2018);
3.22. PUBLIC HEALTH

Medical reform is progress in Ukraine. Over 23 mln of Ukrainians have already chosen their family doctors, and 76% thereof are satisfied with their choice.

Reforming healthcare system aims at transforming the approach to healthcare financing as well.

According to the Concept of Healthcare System Financing Reform and the Law of Ukraine ‘On state financial guarantees of public healthcare’, the National Health Service of Ukraine which is one of the key elements of healthcare system financing reform started operating in 2018. The National Health Service of Ukraine will cover expenses for the number of medicinal products adopted by the Affordable Medicines Program, introduce the electronic prescription mechanism and cover specialized outpatient care services and other medical diagnostic procedures (ultrasound research, magnetic resonance imaging and etc.).

In order to reduce mortality rate among serious patients and ensure that the constitutional and essential human right to life and health be exercised, the Law of Ukraine ‘On application of anatomic materials transplantation to humans’ was adopted and entered into effect on 24 June 2018.

In order to fulfil its obligations under the Association Agreement, the strategy intended on the implementation of four directives of the European Parliament and the Council in this field was drafted. The strategy stipulates for empowering the executive authorities to manage the blood system, introducing the transparent and accountable licensing process, launching new blood safety standards and developing tracking information technologies.

With the international experts involved, the Roadmap with calculations and detailed budget was developed to address investment demand in this field (up to EUR 167 mln for four years). The funds cover the modernisation of 11 blood centres, operating costs, test panels and consumables, the introduction of new standards and blood use protocols, the creation of unique blood donor registers and better supply management.

3.23. EDUCATION, TRAINING AND YOUTH

Reforming, modernising and approximating to the best practices of the European countries will determine the parameters of human capital assets development in Ukraine.

Changes apply to all education levels: introducing the New Ukrainian School (secondary education); improving management quality and ensuring the transparency of the university activities, ensuring high education quality pursuant to the Bologna process; reloading vocational education and ensuring access to life-long learning.

In September 2018, the secondary education reform ‘the New Ukrainian School’ based on the competence approach to learning and decentralisation was initiated. Based on the State Standard for Primary Education, 40,500 teachers (22,000 form masters and
18,500 foreign language teachers) were retrained. The Government made unprecedented investments — over UAH 1 bln for school desks, furniture and didactic materials for students’ development. Joining the Programme for International Student Assessment (PISA) will allow to evaluate the skills level of students as compared to that in other countries participating in the Programme in 2021.

The adopted development fundamentals ‘Modern Vocational Education’ becoming the basis for the Draft Law ‘On vocational education’ served as an impulse stimulating changes in the field of vocational education. The Methodology for Developing Standards of Vocational Education and the Action Plan on its implementation were drafted. 2019 intends to implement, on the project basis, a credit system for vocational education and training consistently with the European credit system for vocational education and training (ECVET).

The dual education system combining education in an educational institution and in a company (211 vocational education institutions and 600 employers) is being implemented in parallel. In September 2018, the Concept of Expert Training based on Dual Education System was approved.

With the association of the project of the European Commission on the development of vocational education (EU4Skills), Multifunctional Centres of Excellence which will help reload the whole expert training system and change approaches to institution management, setup of education programmes and equipment use are being prepared to be established.

Processing the Draft Law ‘On adult education’ ensuring access to life-long learning (formal and non-formal education, including training of skills in a company for people aged 25-64) is in progress.

Changes in the field of higher education focus on cooperation with the EU to modernise and integrate higher education into the European space pursuant to the Bologna process that requires higher quality of university management, activities transparency and high quality of higher education. Applying for membership in the National Agency for Quality Assurance in Higher Education is initiated, and this will allow to strengthen institutional capability to ensure high quality of higher education and to proceed with laying down requirements for the accreditation of higher education programmes.

10 new standards of Bachelor’s degree approved, 110 standards of Bachelor’s degree drafted and 90 standards of Master’s degree drafted were the first step in establishing the national education standards according to the National Qualification Framework, which should ensure that new sense of training of experts with higher education be realised complying with modern requirements of the labour market.

The use of the mechanism for targeted placement of state/regional education order, the introduction of a single entrance examination, a foreign language examination, and a single state qualifying examination in 081 ‘Law’ and 293 ‘International Law’ aim at ensuring transparent and justified access to higher education.

Ukraine participated in the EU programmes to increase capabilities and academic mobility, namely Erasmus+ that is an instrument for sharing the best education practices of the European countries. 2015 to 2017 witnessed over 7,200 academic exchanges with 5,270 thereof Ukraine to Europe exchanges and 1,960 Europe to Ukraine exchanges. It is 43% of mobility in the entire Eastern Partnership region. In 2018, Ukraine also received a separate financing window from the EU totalling EUR 5 mln.

The State Target Social Program ‘Youth of Ukraine’ 2016-2020 constitutes the basis for work with youth. In 2018, 52 projects with approximately 815,000 young people participating therein were realised. Within the Young Worker Programme, 32 trainings for the representatives of civil society institutions and executive authorities working with youth and 5 specialised trainings involving over 600 young people took place in 2018. The State Builder Project was initiated aiming at youth apprenticeship in the state authorities to activate the participation of youth in the state reforming process (in June 2018, 96 young people had their apprenticeship in 18 state authorities).

As a part of the pan-European initiative, the Ukrainian Pact for Youth 2020 (starting from 2016, 108 companies and organizations joined the Pact and created over 442 partnerships with the education sector and 22,617 places for apprenticeship, traineeships or jobs for youth) is being implemented. The network of youth centres is developing. The Government of Ukraine approved the reference regulation on youth centre and expert board at youth centre. The Youth Centre Association of Ukraine is established.

Youth support remains one of the priorities on the agenda of the EU-Ukraine cooperation. In this context, Ukraine initiated the establishment of the European educational institution for the Eastern Partnership in Ukraine taking into account the experience gained by the Eastern Partnership European School in Tbilisi.
3.24. FINANCIAL COOPERATION, WITH ANTI-FRAUD PROVISIONS

Cooperation with OLAF on the protection of the financial interest of the EU and Ukraine relating to the use of the EU assistance is an issue of an ongoing dialogue within the meetings of the bilateral association bodies.

In order to align the approaches to the coordination of executive authorities concerning the implementation of Chapter VI and Annexes XLIII and XLIV (auditing and verifying the use of the EU assistance and the cooperation with OLAF), the Government introduced the national mechanism of the coordination of executive authorities interaction. Thus, by adopting the Decision entered into force on 17 April 2018 the Interdepartmental Coordinating Council on Combatting Infringements Affecting Financial Interests of EU and Ukrainian (hereinafter referred to as the Coordinating Council) was established, its personnel composition and Regulation were approved, and the Ministry of Internal Affairs of Ukraine authorized it to carry out the functions of the national contact point for the organization of cooperation with OLAF and the European Court of Auditors (ECA) (hereinafter referred to as the National Contact Point).

Upon request of the Ukrainian Party and in order to provide practical support to institutions forming a part of the Coordinating Council, the OLAF mission was designated in May 2018 to provide expert consultations and to discuss the practical aspects of fulfilling tasks on fraud combating and cooperation with OLAF.

In 2018, the National Contact Point started discussing with the EU Party an issue on concluding a separate agreement on the cooperation between the Ministry of Internal Affairs of Ukraine and OLAF, which would define legal, administrative and technical principles of operational cooperation.

Any further dialogue addressing this issue will depend on external factors related to the OLAF reforming processes and the establishment of the European Public Prosecutor’s Office (EPPO) in 2017 based on the proposal of the European Commission as well as to searching for legislative and practical decisions in the EU that would ensure their efficient cooperation from the very beginning of the EPPO’s operation (indicatively 2020).

Within its functions in 2018, the Government Office for Coordination of European and Euro-Atlantic Integration ensured that the Convention on the protection of the European Communities’ financial interests of 26 July 1995 and protocols thereto were translated into the Ukrainian language as the implementation of their certain provisions was required to comply with Chapter VI of the Association Agreement.

The National Contact Point carried out the comparative analysis of the Ukrainian national legislation against the provisions of the said EU legal acts and initiated aligning the proposals of necessary amendments to the Ukrainian legislation in force. The first constituent meeting of the Coordinating Council is being prepared.

DEEP AND COMPREHENSIVE FREE TRADE AREA

According to the customs statistics of the State Fiscal Service, foreign trade in goods between Ukraine and the EU countries amounted to USD 40.512 bln in January to November 2018 exceeding the same period of the previous year by 13% (USD 35.892 bln). In January to November 2018, goods export from Ukraine to the EU countries increased by 16% amounting to USD 16.411 bln, and import increased by 11% amounting to USD 22.101 bln.

The EU share in export from Ukraine and in import totaled 43%.
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