



Secretariat of the Cabinet of Ministers of Ukraine

Government Office for the European Integration

Report on Implementation of the Association Agreement between the European Union and Ukraine

September, 2014 – January, 2015

Implementation of the Association Agreement between the EU and Ukraine: results as of 5 February 2015

This report covers the information on major activities and results of the implementation of the Association Agreement between the EU and Ukraine (hereinafter – the Agreement), which was planned and performed in the period from September 2014 to January 2015. The main efforts of the Government of Ukraine (GoU) in this period were aimed at organizing the implementation of the Agreement and launching the work of bilateral bodies of the Association. In parallel, the progress was achieved in implementation of the series of activities in the sphere of trade and economic cooperation, as well as in the sphere of sector cooperation. Moreover, the report provides the information on major results of implementing the EU –Ukraine (AA) Association Agenda priorities, which is a practical instrument for monitoring and assessment of the progress of Ukraine in implementation of the Agreement and realization of reforms with the purpose of achieving common values and accomplishing compliance with the EU norms in political, economic and legal spheres¹, as well as other agreements between the EU and Ukraine.

¹Up to date consultations with the EU Side continue on upgrading AA with the purpose to fix new stage of relations between the Sides, identification of relevant tasks and priorities for implementation of the Agreement and realization of reforms.

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I. ORGANIZATION OF THE AGREEMENT IMPLEMENTATION

Major organizational measures and results in the period of September – December, 2014 are:

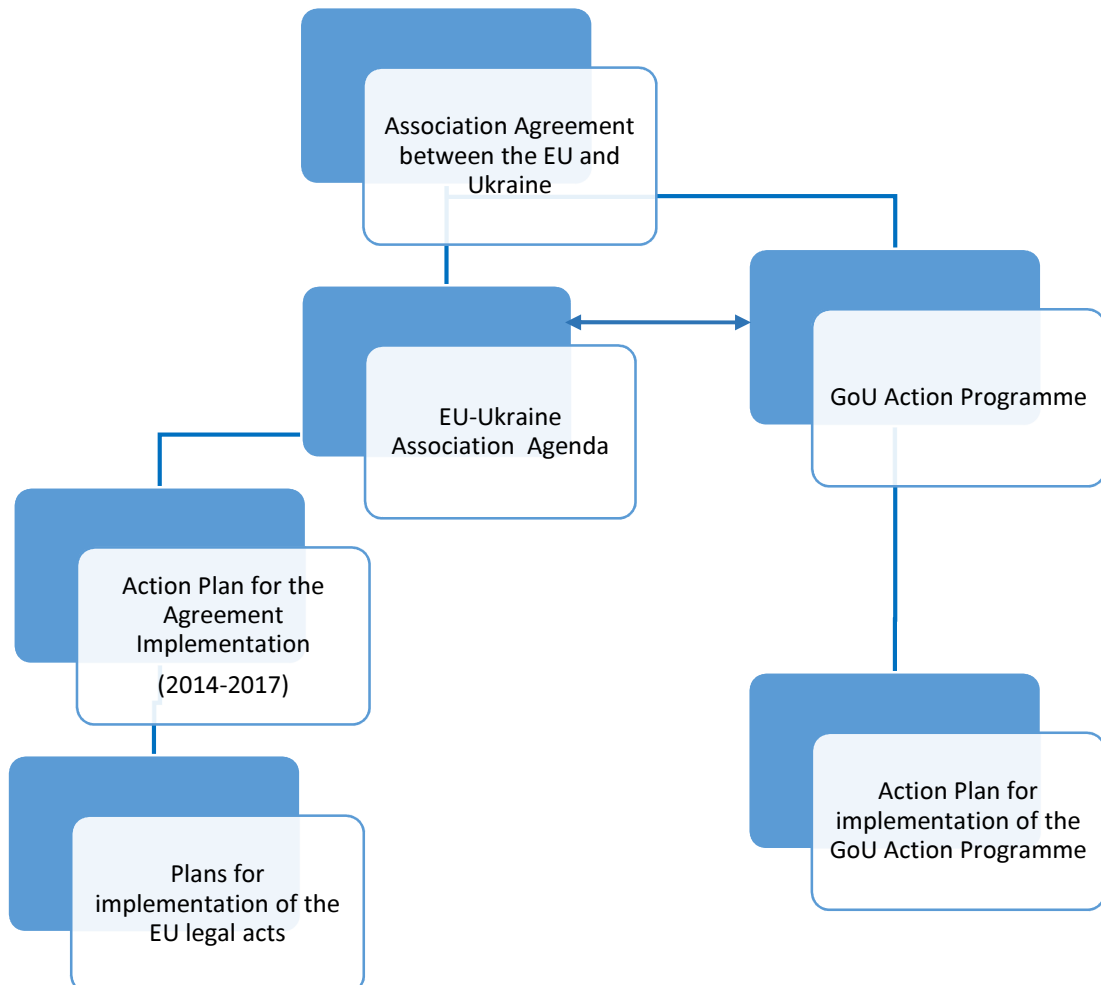
- approval of the Action Plan on Association Agreement Implementation for the period of 2014-2017 by the Resolution of the Cabinet of Ministers No. 847-p dated 17.09.2014 (hereinafter – Action Plan), which includes about 490 short-term and medium-term tasks in all spheres of cooperation between Ukraine and the EU determined in the Agreement;
- establishment of the mechanism for coordination of public policy in the sphere of European integration;
- initiation of systematic work on approximation of the Ukrainian legislation to the EU law, implementation of obligations under the Agreement;
- holding inauguration meeting of the Association Council and proper organization of the activity of the Association bilateral bodies.

Highly important for implementation of the Agreement and other commitments of Ukraine in the sphere of European integration is to regard the relevant work as part of the internal policy of the State. The Agreement is the basis for GoU activity.

GoU Action Programme is aimed at realization of reforms in the fields, which are key for implementation of the Agreement, and it contains concrete immediate tasks for Agreement implementation.

Figure 1

Strategic documents in the sphere of Ukraine's European integration policy



1) Institutional development and starting up the work of the Ukraine-EU Association bilateral bodies

a) In order to ensure efficient coordination of the public policy in the sphere of European integration and implementation of the Agreement at the GoU level:

- the Government Office for European Integration was established in the Secretariat of the Cabinet of Ministers of Ukraine;
- positions of Deputy Ministers on European integration were introduced, their appointments are approved according to the results of the open selection procedure (**see Annex 1**);
- the scheme of interaction of central government executive authorities in the sphere of European integration was approved (**see Annex 2**).

In accordance with the GoU Resolution No. 700 dated 10.12.2014 № 700 "On preparing and holding meetings of specific Ukraine-EU Association bilateral bodies", the issues of the Agreement implementation, preparation of the meeting, implementation of the decisions and recommendations of the Association Council and Association Committee and its Sub-committees are discussed respectively at a special meeting of the Cabinet of Ministers on European integration issues and the Government Committee on European integration.

b) In order to ensure a proper organization the activity of the Association Council and Association Committee from the Ukrainian Side, and in accordance with Articles 461-466 of the Agreement:

- by the Resolution of the GoU No. 700 "On issues of preparing and holding meetings of specific Ukraine-EU Association bilateral bodies" it has been determined that from the Ukrainian Side the members of the Association Council are Ministers, and the members of the Association Committee – Deputy Ministers on European integration, the Deputy Minister of Economic Development and Trade – Trade Representative of Ukraine, Deputy Heads of other central government executive authorities, to the functions of which belong the issues of implementation of the Agreement;
- by the Resolution of the GoU No. 1209-p dated 10.12.2014 "On issues of the GoU delegation's participation in the meeting of the Ukraine-EU Association Council" the directives and composition of the delegation were approved, as well as draft resolutions of the Association Council.

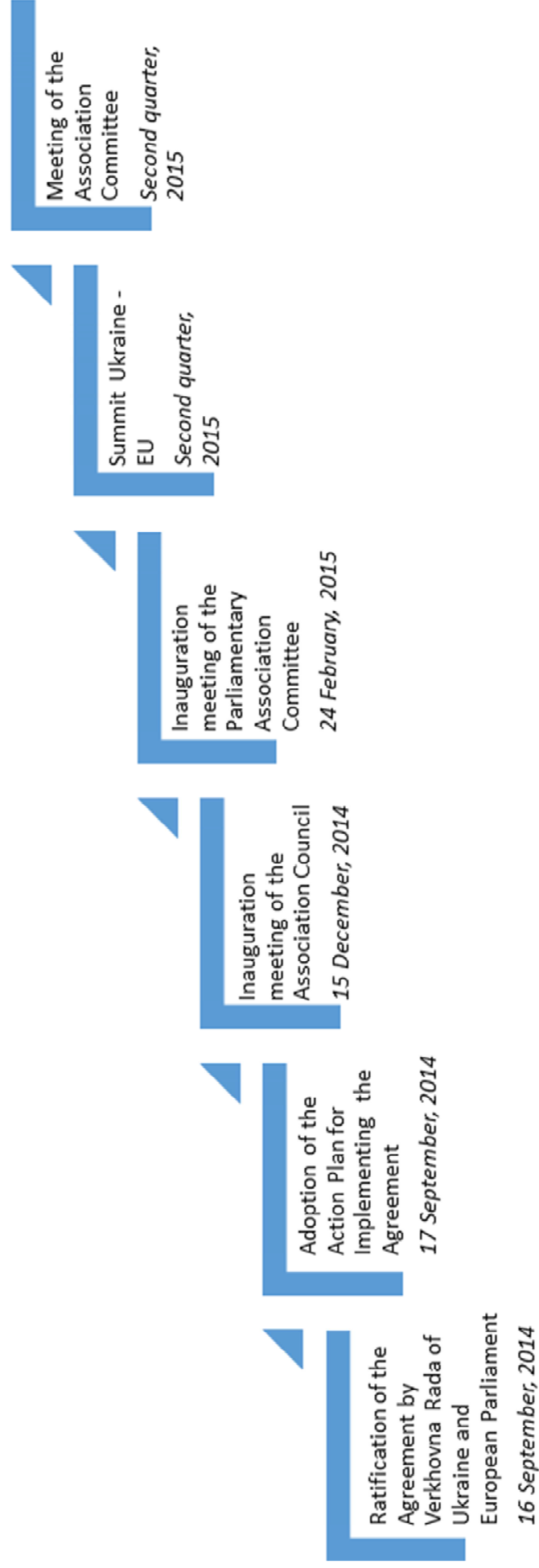
c) On the 15th of December, 2014 in Brussels the first meeting of the Ukraine-EU Association Council was held. At this meeting, in order to ensure the proper work of the Association bilateral bodies, the following decisions of the Association Council were approved:

- on the adoption of the regulations of the Association Council, the Association Committee and its Sub-committees (No. 1/2014);
- on establishment of two sub-committees (the Sub-committee on freedom, security and justice and the Sub-committee on economy and other sector cooperation – No. 2/2014);
- on delegating by the Association Council certain powers of the Ukraine-EU Association Committee to Sub-committee for trade (No. 3/2014).

d) Currently, the preparation for the first meeting of the Association Committee and the Ukraine-EU Summit has been started, as well as for the meetings of relevant Sub-committees.

e) Holding of the joint meeting in the format: Government of Ukraine and the European Commission College is being discussed with the EU Side.

Fig. 2. Schedule of preparation and implementation of the Agreement



2) Preparation of Plans for Implementation of the EU Legislation

To implement the Action Plan ministries and other central government executive bodies are preparing plans for implementation of the EU legislation that has to be approved by the GoU.

Those implementation plans are aimed at ensuring detailed planning, proper preparation for the implementation and comprehensive monitoring of implementing the relevant EU legal acts. This preparation is carried out in accordance with the developed unified methodology, taking into account the relevant experience of the EU Member States, candidate countries and peculiar characteristics of the governance system in Ukraine. According to the methodology of planning the implementation of EU legislation, it should fully take into account not only the aspect of the approximation of legislation, but also the relevant implementation measures, including institutional and organizational ones, as well as conducting appropriate consultations with the stakeholders. Such approach would enable to ensure coherence, transparency and consistency in fulfilling obligations of Ukraine under the Association Agreement, efficient and consistent monitoring of implementation of the EU legislation.

In general, it is planned to approve implementation plans for about 180 EU legislation acts² in the spheres determined by the Agreement for the period of 2014-2017.

As of February 5, 2015 10 resolutions of the Cabinet of Ministers on approving 53 implementation plans of 60 EU legislation acts³ were taken, in particular:

- Ministry of Health – 8 implementation plans of 13 EU legislation acts (Resolution of the Cabinet of Ministers No. 1141 dated 26.11.2014);
- Ministry of Infrastructure – 16 implementation plans of 17 EU legislation acts (Resolutions of the Cabinet of Ministers No. 1148, 1159, and 1160 dated 26.11.2014);
- Ministry of Justice – 2 implementation plans of 2 EU legislation acts (Resolution of the Cabinet of Ministers No. 1146 dated 26.11.2014);
- Ministry of Agrarian Policy and Food – 3 implementation plans of 3 EU legislation acts (Resolution of the Cabinet of Ministers No. 1144 dated 26.11.2014);
- Ministry of Economic Development and Trade – 3 implementation plans of 3 EU legislation acts (розпорядження КМУ № 1150 від 26.11.14);
- Ministry of Social Policy – 14 implementation plans of 14 EU legislation acts (Resolution of the Cabinet of Ministers No. 34 dated 21.01.2015);
- Ministry of Education and Science - 1 implementation plan of 1 EU legislation act (Resolution of the Cabinet of Ministers No. 74 dated 04.02.2015);
- State Committee for Television and Radio Broadcasting - 1 implementation plan of 1 EU legislation act (Resolution of the Cabinet of Ministers No. 79 dated 04.02.2015).

During the process of working out implementation plans general issues were identified, in particular: the definition of priorities and consistency in implementing the tasks stipulated by the EU legislation, as well as the valuation and annual planning of resources, including financial.

Central government authorities, which involved EU experts or EU technical assistance projects, developed their implementation plans in a more professional manner and more quickly.

² The final number of legislation acts might slightly vary, since the application of a comprehensive approach to the implementation of obligations in the relevant field may require the inclusion to the plans additional acts of EU legislation, in particular those with the implementation term of more than 3 years fixed in the Agreement, or implementation of which is not defined in the Agreement.

Moreover, part of the obligations will be implemented in accordance with the relevant roadmaps, preparation of which is presupposed directly by the Agreement (see the tasks for the first quarter of 2015).

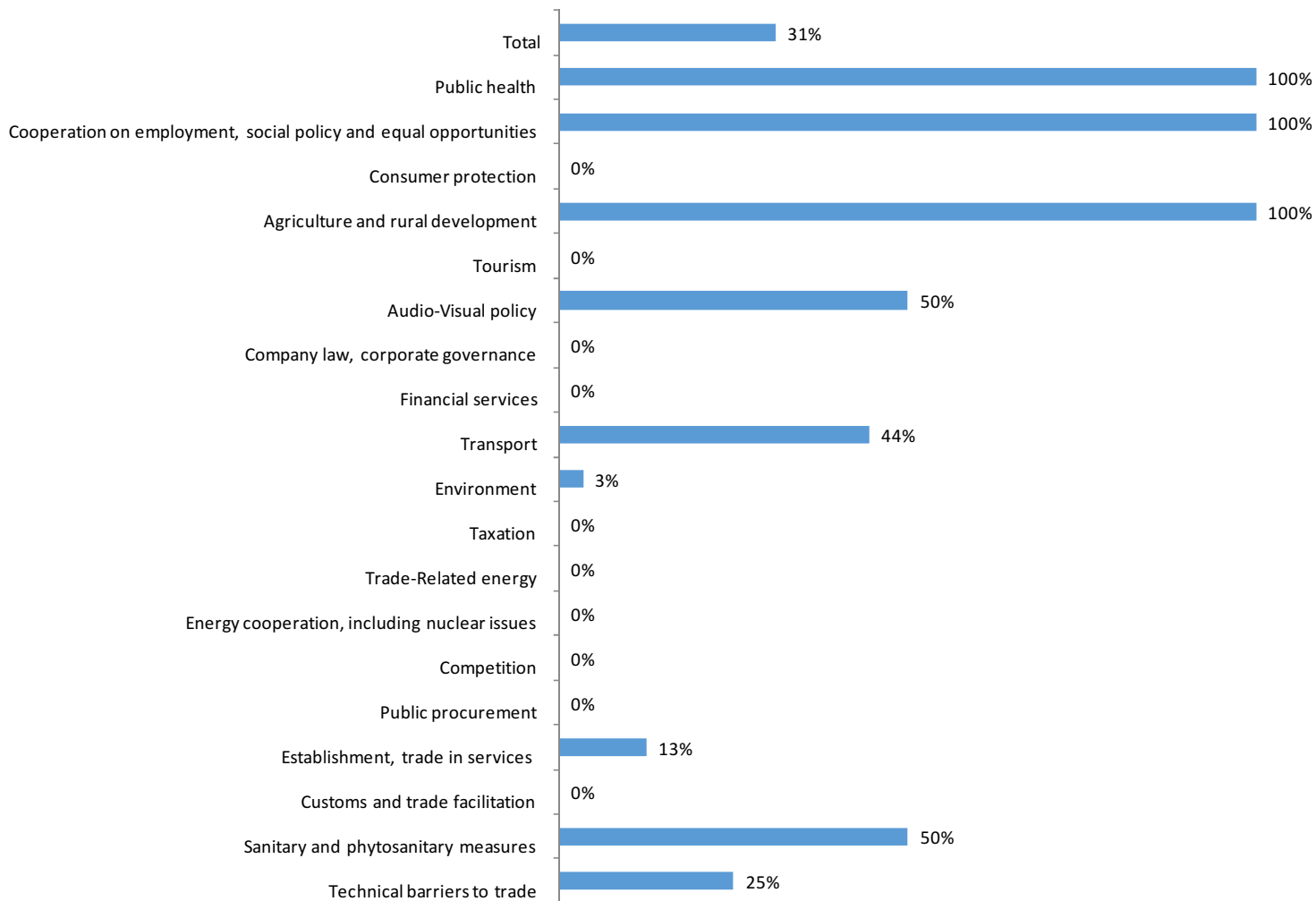
In some spheres the Agreement does not clearly define the list of the EU legislation acts. Hence, the preparation of the relevant implementation plans is carried out in a comprehensive manner according to the financial provisions of the Agreement and the proposals of responsible authorities (for example, in the sphere of intellectual property, as for today, implementation of 12 EU legislation acts is tentatively planned).

³ Implementation plans are available at the GoU website in the section "European integration".

Thus, in general, the major challenge for the implementation of the Agreement is building public administration institutional capacity for implementation of EU legislation, including not only the approximation of legislation, but also the direct application of the provisions of the relevant acts, which requires an optimal combination of professional knowledge in relevant spheres and the EU law.

Figure 3.

Status of preparing plans for implementation of the EU legislation (by spheres)



3) Overall status and problem issues in implementing the Action Plan

The Action Plan contains about 490 activities to be accomplished, including:

- 23 activities with the deadline in 2014;
- 99 activities with the deadline in 2015, including 22 to be accomplished in the first quarter of 2015;
- about 360 activities with the deadline in the later periods;
- 10 activities with the deadlines that depend on approval of draft laws by the Verkhovna Rada (Parliament) of Ukraine, cooperation with the EU, etc.

As a result of analyzing information received from central government executive authorities and other public bodies as of January 30, 2015 out of 23 activities with the deadline in 2014, 16 were fully implemented, 4 were partly implemented, and 3 were not implemented on time. In addition, 2 activities with the deadline in 2015 were implemented ahead of schedule.

A significant challenge for implementation of the Agreement and the respective Action Plan became the limited budget financing. However, under condition of severe budget austerity policy, which GoU is pursuing, this cannot be considered a valid reason for holding down the implementation of activities at this stage. Moreover, a number of authorities are beneficiaries of the EU technical assistance projects, and EU experts can assist in the implementation of respective tasks.

Table 1.

**Progress in implementing activities of the Agreement Implementation Plan with the deadlines
«September, 2014 – January, 2015»**

Activities with implementation deadlines of September, 2014 – January, 2015	Implemented	Partly Implemented	Not Implemented	Information not available
CHAPTERS II and III «Political Dialogue» and «Justice, Freedom and Security»				
1	-	-	-	1
CHAPTER IV «Trade and Trade-related Matters»				
16	11	3	2	-
CHAPTER V «Economic and Sector Cooperation»				
9	6	2	1	-
CHAPTER VII «Institutional, General and Final Provisions»				
2	1	-	1	-
Total: 28	18	5	4	1

Major accomplishments in implementing the Agreement and AA priorities by chapters are presented below.

II. POLITICAL DIALOGUE AND REFORM, POLITICAL ASSOCIATION

1) Ukraine continues to practice adherence to the statements and addresses of the EU representatives on international issues, in particular in the framework of international organizations (the UN and its organs and agencies, OSCE, IAEA, etc.).

As of 1 January, 2015 Ukraine adhered to 4017 statements out of 4903, which equals 81,93%. During the year of 2014 Ukraine adhered to 402 statements out of 497, which equals 80,88%.

In order to develop cooperation in the field of security and defence **GoU** on 14th of October, 2014 **granted consent to negotiations and signing of the Administrative agreement between the Ministry of Defense of Ukraine and the European Defence Agency**. Consultations with the EU side regarding the preparation for negotiations and determination of the date are ongoing.

On September 19, 2014 **the Agreement** between the Cabinet of Ministers of Ukraine, the Government of the Lithuanian Republic and the Government of the Republic of Poland **was signed concerning the establishment of a joint military unit**. On February 4, 2015 the Verkhovna Rada ratified this Agreement.

Implementation of the Agreement will promote more active participation of Ukraine in the regional initiatives aimed at strengthening peace and stability.

2) With the aim of further development and improvement of legislation in the field of **fighting corruption** on October 14, 2014 the Verkhovna Rada approved the following acts⁴:

- The Law of Ukraine "On the National Anti-Corruption Bureau" (No. 1698), which defined the legal basis of the organization and activities of the National Anti-Corruption Bureau of Ukraine.

In accordance with the provisions of the Law, the Competition Commission for selection of candidates for the position of Director of the National Bureau, composed of 9 persons, was formed; the Commission started its work on January 9, 2015.

In accordance with Article 7 of the Law "On the National Anti-Corruption Bureau of Ukraine», the announcement on the conditions and terms of the competition, as well as the list of required documents to be submitted by candidates within 30 calendar days after publication of the announcement, was posted on the official web-site of the President of Ukraine on January 12, 2015.

Three candidates, selected by the Competition Committee, will be submitted for consideration by the President of Ukraine to determine one candidate, who will be then submitted for consideration to the Verkhovna Rada of Ukraine, which should grant consent for his/her appointment.

To ensure functioning of the National Anti-Corruption Bureau of Ukraine the State Budget of Ukraine for 2015 will provide expenditures of 249 million UAH.

- The Law of Ukraine "On Principles of the State Anti-Corruption Policy in Ukraine (the Anti-Corruption Strategy) for 2014 – 2017" (No. 1699), which provides a set of priority measures aimed at preventing corruption in Ukraine and establishing preconditions for further anti-corruption reforms;

- The Law of Ukraine on the Prevention of Corruption "(No. 1700) (will enter into force on April 26, 2015), which stipulates the establishment of a separate independent preventive anti-corruption body – the National Agency for the Prevention of Corruption (a central government executive authority with a special status).

⁴ On February 12, 2015 the Parliament also adopted the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Relating to Ensuring the Activity of the National Anti-Corruption Bureau and the National Agency for the Prevention of Corruption" (No. 1660-d), aimed at improvement of anti-corruption legislation in the part of functioning of the National Anti-Corruption Bureau, the National Agency for the Prevention of Corruption, and the prosecutor system of Ukraine, as well as elimination of inconsistencies in the laws of Ukraine, adopted on October 14, 2014, which are the obstacles for implementation of the anti-corruption legislation package. The law introduces amendments to the Code of Ukraine on Administrative Offences, the Commercial, Civil Procedure, Criminal and Criminal Procedure Codes of Ukraine, as well as to laws of Ukraine "On Prosecutor's Office", "On Operational Search Activity", "On the National Anti-Corruption Bureau of Ukraine", "On the Prevention of Corruption", etc.

The Agency will be empowered with the functions to coordinate the development and implementation of anti-corruption programs by government authorities within their competence, to ensure public servants' compliance with the legislation on preventing and settling conflicts of interest and the rules of ethical conduct, to apply financial control measures to them, etc.

To ensure the functioning of the National Agency for the Prevention of Corruption, the State Budget of Ukraine for 2015 provides expenditures in the amount of 112,5 million UAH.

With the purpose of practical implementation of the provisions of the new anti-corruption legislation the Ministry of Justice is currently preparing a draft law "On Amendments to Certain Legislative Acts of Ukraine in Connection with the Adoption of the Law of Ukraine "On the National Anti-Corruption Bureau of Ukraine"; it has also developed draft resolutions the Cabinet of Ministers of Ukraine on approval of the Regulation for the competition for selection of candidates to the positions at the National Agency for the Prevention of Corruption, the Rules of Procedure of the Competition Commission for selecting members of the National Agency for the Prevention of Corruption, as well as the Procedure for organizing and conducting competition to set up the Public Board of the National Agency for the Prevention of Corruption.

- The Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Relating to Determination of Final Beneficiaries - Legal Persons and Public Figures" (No. 1701).

The National Council on Anti-Corruption Policy as a consultative-advisory body of the President of Ukraine was also established (Decree of President of Ukraine No. 808 dated October 14, 2014). The main tasks of the National Council are: preparation of proposals on the definition and improvement of anti-corruption strategy, systematic analysis of preventing and combating corruption measures, efficiency of implementation of anti-corruption strategy and activities. The National Council will assess the state of implementation of the recommendations of GRECO, OECD and other international organizations on prevention and combating corruption. It has been decided that the National Council will be composed of representatives of non-government organisations, the Ukrainian National Association of Local Authorities, associations of entrepreneurs, the Council of Judges, Cabinet of Ministers and the Verkhovna Rada.

In order to further improve anti-corruption legislation the Verkhovna Rada of Ukraine is currently considering the draft law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Relating to Ensure Proper Functioning of the Anti-Corruption Authorities" (Reg. No. 1741 dated 14.01.2015), aimed at implementation of the relevant recommendations of the IMF.

The above mentioned draft law in the part of ensuring proper functioning of the National Bureau, among other things, provides for:

- improving and specifying the procedure for competitive selection of candidates for vacant positions;
- regulating the issues of employees' access to information and reference systems, registers and data banks, including the information contained in the system of depository accounts;
- introducing the regulation on interaction with other law enforcement bodies and government agencies;
- fixing in legislation the issues of remuneration of employees ;
- clarifying the notion of investigative jurisdiction liability, in particular regarding spreading it over to the President of Ukraine, whose powers are terminated;
- fixing in legislation the ban on appointing individuals, who over the past five years had been working in specially authorized departments for combating corruption in law enforcement bodies.

3) The reform of the judicial system in order to ensure access to justice and efficient judicial protection according to European standards is one of the key tasks of the GoU Action Programme, approved by Resolution of the Verkhovna Rada of Ukraine No. 26-VIII dated December 11, 2014, by the Parliament Coalition Agreement, as well as by

Sustainable Development Strategy "Ukraine – 2020", approved by Decree of the President of Ukraine No. 5 dated January 12, 2015.

To this end, currently the Verkhovna Rada is considering the following draft laws of Ukraine "On Amendments to the Law of Ukraine "On Judiciary System and Status of Judges", aimed at improving the principles of organization and functioning of judiciary power in accordance with the European standards" (Reg. No. 1497 dated 17.12.2014, submitted by the MPs of Ukraine), and "On ensuring the Rights to a Fair Trial" (Reg. No. 1656 dated 26.12.2014, submitted by the President of Ukraine); those draft laws propose a comprehensive reform and improvement of the judicial system and execution of justice.

Those draft laws provide for the revision and new edition of the Law of Ukraine "On Judiciary System and Status of Judges", as well as for introducing systemic changes to the procedural codes and other legislative acts which are aimed, in particular, at improving the issues of selection, career and responsibility of judges on the basis of transparent and objective criteria, ensuring the guaranteed right of access to justice, including direct access to the Supreme Court of Ukraine and strengthening its role in ensuring the integrity of judicial practice, optimization of the rules for execution of justice, as well as strengthening the independence of the judiciary and enhance the efficiency of the court proceedings.

4) With the aim of strengthening local and regional government, implementation of decentralization reform the following acts were approved:

- The Law of Ukraine "On Amendments to the Budget Code of Ukraine Relating to the Reform of Intergovernmental Budget Relations" (No. 79-VIII dated December 28, 2014), aimed at regulation of the budgetary issues related to introducing the new model of funding local budgets and intergovernmental budget relations, decentralization of responsibilities and funds, providing local budgets with budgetary and financial independence, improving services of the Treasury for budget funds, increasing responsibility of the main administrators of budget funds, functioning of the budget system of Ukraine in a special period, establishing a new mechanism for budget equalisation, simplifying procedures of providing local guarantees and borrowings from the international financial institutions;
- The Law of Ukraine "On Voluntary Association of Territorial Communities (adopted on February 5, 2015), aimed at establishing viable and self-sufficient communities that would own material and financial resources, territory and objects of social infrastructure, necessary for the efficient execution of tasks and functions delegated to their local self-government authorities, improving the quality of administrative, social and public services to the residents of local communities;
- The Law of Ukraine "On Principles of the State Regional Policy" (adopted on February 5, 2015), which determines the basic legal, economic, social, environmental, humanitarian and organizational principles of the State regional policy as an integral part of national internal policy of Ukraine.

The draft law "On Amendments to Certain Legislative Acts of Ukraine Relating to Decentralization of Powers in the Field of Architectural-Construction Control and Improvement of City Planning Legislation" (*Reg. No. 1546 dated 22.12.2014*) was adopted as a basis; it provides for transfer functions to execute state architectural- construction control from the central government executive authority, which is responsible for public policy in this field, to local self-government and local government executive authorities, as well as for simplification of some permit and authorization procedures in the sphere of construction.

5) On October 14, 2014 the Law of Ukraine "On Prosecutor's Office" (No. 1697-VII) was adopted; it determines the legal framework for **organization and functioning of the Prosecutor's Office and prosecutory self-government, stipulates bringing them into conformity with international standards, deprives prosecutor's office of excessive powers to supervise the observance of laws (general supervision functions).**

According to this Law, Prosecutor's Office has been assigned the following functions:

- support public prosecution in court;
- representation of the interests of the citizen or the State in court in cases determined by law;
- supervision of the observance of laws by bodies that conduct operational-search activity, inquiry and pre-trial investigation;

- supervision of the observance of laws during implementation of judicial decisions on criminal matters, as well as during application of other enforced measures related to restriction of personal freedom of the citizens.

Regarding the function of supervision over the observance of the rights and freedoms of a person and a citizen, observance of laws on these matters by the government executive authorities, local self-government authorities and their officials and public servants, since this function according to the Constitution of Ukraine currently assigned to Prosecutor's Office, so it will be carried on until introducing the relevant amendments to the Constitution of Ukraine.

Meanwhile, the powers of the Prosecutor's Office regarding the exercise of this function have been significantly limited by the Law, and will be exercised only in the form of representation of interests of the citizen and the State in court (this regulation took effect starting from 26.10.2014).

6) With the purpose to **further reform of the internal affairs bodies**, the draft law submitted by the GoU "On Amendments to Certain Legislative Acts of Ukraine Relating to Reform of Internal Affairs Bodies" (Reg. No. 1550) was adopted by the Parliament in the first reading on February 5, 2015⁵; it is aimed at optimizing the structure of internal affairs bodies, dividing and eliminating duplication of their powers, depriving internal affairs bodies' units of functions uncharacteristic for them.

On October 22, 2014 the Cabinet of Ministers approved the Concept of the reform of internal affairs bodies and the respective Strategy (Resolution No. 1118).

7) With the purpose of humanization of penalty system the Verkhovna Rada on February 5, 2015 adopted the Law of Ukraine "On Probation" (Reg. No. 0921), which provides for **establishment in Ukraine the system of probation** as a system of supervisory and socio-educational measures, applied by court decisions and in accordance with the law to persons who are supposed to be brought or were brought to criminal responsibility.

8) The following Laws of Ukraine aimed at improving legislative regulation in the field of **combating terrorism** were adopted:

- "On Amendments to the Laws of Ukraine Relating to Combating Terrorism", which in particular specifies the notion of "counter-terrorism operation", determines the subjects for combating terrorism and their powers (No. 1313-VII dated 05.06.2014);
- "On Amendments to the Criminal and Criminal Procedural Codes of Ukraine Relating the Inevitability of Penalty for Certain Crimes Against National Security, Public Safety, and Corruption Crimes" (No.1689-VII dated 07.10.2014);
- "On Preventing and Counteracting Legalization (money laundering) of Incomes Obtained in a Criminal Manner, Financing Terrorism and Proliferation of Weapons of Mass Destruction" (No.1702-VII dated 14.10.2014, will take effect in February, 2015).

In the framework of the dialogue with the EU on counteracting separatism, extremism and terrorism the candidate for the position of the National Coordinator of the OSCE Counter-Terrorism Network (CTN) was defined.

9) With the aim to reform the information sector in accordance with the recommendations of the PACE (Parliamentary Assembly of the Council of Europe) and the EU, in particular on **establishing public television and radio broadcasting and enhancing the independence of mass media** while ensuring observance of the principle of political pluralism, and in the framework of implementation of the Law of Ukraine "On Public Television and Radio Broadcasting of Ukraine»:

- On November 7, 2014, the Government established the public joint stock company "National Public Television and Radio Company of Ukraine"; 100 percent of its shares belong to the State;
- On January 13, 2015 the draft law of Ukraine "On Amendments to Certain Laws of Ukraine on Public Television and Radio Broadcasting of Ukraine (Reg. No. 1357) was approved in the first reading.

10) On December 1, 2014 the official **launch of the EU Advisory Mission for Civilian Security Sector Reform (EUAM Ukraine) operations took place.**

⁵ On February 12, 2015 the Law was approved as a whole.

The Mission's activities focus on supporting the elaboration of revised security strategies and the rapid implementation of reforms, primarily reform of internal affairs bodies (including police and the National guards) and system of justice, establishing coordination between law enforcement bodies, judicial system, security and border authorities, defence units. In addition, the EU mission will monitor implementation of the decisions taken, and provide assistance in conducting training for the staff of the civilian security sector.

On February 4, 2015 the Verkhovna Rada ratified the Agreement between the EU and Ukraine on the status of the EU Advisory Mission for Civilian Security Sector Reform.

11) On September 13, 2014 the Agreement between the EU and Ukraine on financing the program "Support to Civil Society in Ukraine" was signed (*with the total budget of 10.8 million EUR*), in the framework of which the assistance will be given to strengthening involvement of civil society into decision-making processes and improving interaction between government authorities and civil society in Ukraine.

III. JUSTICE, FREEDOM AND SECURITY

The priority of cooperation between Ukraine and the EU in the field of justice, freedom and security is to ensure the fulfillment of the criteria of the second phase of the Action Plan on EU Visa Regime Liberalization for Ukraine.

1) On September 20, 2014, the **National Plan of activities for implementation of the second phase of the Action Plan on EU Visa Regime Liberalization for Ukraine** was approved (*Resolution of the Cabinet of Ministers No. 805-p*). This Plan of activities was elaborated with regard to the decision approved by the European Council on Foreign Relations on transition to the second phase of the Action plan; it is aimed at fulfilling the criteria of the second phase.

In the period from September 2014 to February 2015 the following **EU expert missions took place to assess implementation of the Action plan** on EU Visa Regime Liberalization for Ukraine:

- 15-26 September, 2014 – on Block 1 (*Document security, including biometrics*) and Block 2 (*Illegal immigration, including readmission*) of the Action plan;
- 24-28 November, 2014 – on Block 3 (*Public order and security*);
- 9-13 February, 2015 – on Block 3 (*Personal data protection*) and on Block 4 (*External relations and fundamental rights*).

Judging from the missions' findings, **one can state positive results in fulfillment of Block 2 benchmarks (regarding issues of border management, migration and asylum policy)** and the benchmark of Block 3 (*regarding provision of legal assistance in criminal matters*).

In February-March, 2015 the following expert missions are expected:

- second half of February 2015 – on Block 1 (*Document security – additional mission on biometrics issues*);
- second half of March 2015 – on Block 3 (*Public order and security – on issues of preventing and fighting corruption, money laundering and financing of terrorism*).

By results of expert missions' findings on all blocks of the Action plan the European Commission will submit to the EU Member States a report on the fulfillment of the Action plan criteria/benchmarks by Ukraine.

2) Starting from January 12, 2015 30 territorial units of the State Migration Service **began accepting documents for issuing of machine readable biometric international passports for Ukrainian citizens.**

Plan of activities is being implemented on issues of introducing documents that confirm Ukrainian citizenship, provide identity of a person or his/her special status with entrenched contactless electronic device, and on establishing a national system of biometric verification and identification of the citizens of Ukraine, foreigners and stateless persons in the period of 2014-2017 (*Resolution of the Cabinet of Ministers No. 780 dated 20.08.2014*).

With the EU financial assistance (*first installment in the amount of 35.7 million UAH received in the framework of the Agreement on financing the programme "Support to sectoral border management policy in Ukraine"*) **started the establishment of information-communication infrastructure of the State Migration Service information system for issuing machine readable biometric international passports for Ukrainian citizens.** With the aim of further development of such information-communication infrastructure the Cabinet of Ministers on November 5, 2014 allocated 150 million UAH to purchase more than 600 terminals for issuing biometric passports (*Resolution No. 613*).

The GoU approved the following:

- sample of the form, technical description and the Procedure for issuance, exchange, transfer, withdrawal, return to the State, extinction, temporary detention and confiscation of a machine readable biometric international passport of the citizen of Ukraine (*Resolution of the Cabinet of Ministers No. 152 dated 07.05.2014*);
- sample of the form, technical description and the Procedure for issuance, exchange, transfer, withdrawal, return to the State, and extinction of a crewmember identity document (*Resolution of the Cabinet of Ministers No. 622 dated 12.11.2014*);

- Procedure for obtaining, withdrawal from the Single State Demographic Register, and extinction of electronically scanned fingerprints of a person (*Resolution of the Cabinet of Ministers No. 669 dated 26.11.2014*);
- sample of the application form for entering information into the Single State Demographic Register (*Order of the Ministry of Internal Affairs No. 1279 dated 26.11.2014*).

In the framework of cooperation in the field of readmission:

- on September 10, 2014 the Implementation Protocol between the Cabinet of Ministers of Ukraine and the Government of the Czech Republic to the Agreement between the EU and Ukraine on the Readmission of Persons was approved by *Resolution of the Cabinet of Ministers No. 433* (the Protocol was signed on October 21, 2013, but did not enter into force due to the fact that Ukraine did not receive the respective notification from Czech Side);
- On January 14, 2015 the Implementation Protocol between the Cabinet of Ministers of Ukraine and the Government of the Republic of Estonia to the Agreement between the EU and Ukraine on the Readmission of Persons was signed.

IV. TRADE AND TRADE-RELATED MATTERS

It is assumed that the temporary application of the provisions of Chapter IV of the Agreement "Trade and Trade-related Matters" will start from January 1, 2016. Currently, the GoU works on preparation for the establishment of a free trade area between Ukraine and the EU.

1) A series of regulations aimed at creating **conditions for the functioning of a free trade area** between the EU and Ukraine have been adopted.

The Ministry of Finance issued orders that regulate the following issues:

- issuance by customs' offices a certificate for transportation of goods, EUR. 1 (*No. 1142 dated 18.11.2014*); the issuance of this certificate provides for the procedure of identifying the Ukrainian origin of goods, which grant them the status of products of preferential origin, thus allowing after importing the goods on the territory of the EU to use the trade preferential terms in accordance with the provisions of the Agreement.
- control over the application of tariff quotas (*No. 1203 dated 11.12.2014*).

In accordance with Annex-A I of the Agreement Ukraine introduces tariff quotas for imports into Ukraine of sugar, pork and poultry meat from the EU Member States. The approved procedure for the control over the application of tariff quotas sets up the regime for applying and obtaining the tariff quotas for the import of those goods into Ukraine from the EU Member States during transitional period.

The State Fiscal Service has developed **mechanisms for application of the special measures** envisaged by the Association Agreement on imports of second-hand clothes, originating from the EU Member States, the gradual cancellation of export duties rates, as determined by the provisions of Article 31, Chapter IV and Appendix I-C of the Agreement, as well as for applying by customs offices special protective measures, stipulated in the Agreement, with respect to certain types of goods subject to export duties. **Those mechanisms** will be integrated into centralized information systems of the State Fiscal Service **and will become operational from the date of enactment of Section IV of the Agreement.**

2) Reform of the system of standardization and metrology continue.

Starting from January 2015 the new edition of the Law of Ukraine "On Standardization" was enacted. The law provides for bringing the national system of standardization in conformity with the European model and takes into account the conclusions of the Twinning project "Strengthening of Standardization, Market Surveillance, Metrology and Legal Metrology, Conformity Assessment and Consumer Policy in Ukraine".

The national authority on standardization has been determined – the State Enterprise "Ukrainian Scientific Research and Training Centre for Standardisation, Certification and Quality Issues (UkrNDNC), establishment of which is stipulated by the Agreement (*Resolution of the Cabinet of Ministers No. 1163-p*). By the Order of the Ministry of Economic Development and Trade No. 1491 dated December 30, 2014, the new edition of the Statute of the UkrNDNC State Enterprise relating to the performance of the functions of the national authority on standardization was approved.

According to the European practice, the functions of the national authority on standardization will be performed by an institution, which is not a government authority. This will promote the independence in making decisions regarding adoption and repeal of national standards, taking into account the fact that according to the WTO Agreement on technical barriers to trade the standards are defined as voluntary.

Moreover, the Law of Ukraine "On Standardization" provides for establishment of the Management Board as an advisory and supervisory body of the national authority on standardization, and that will ensure participation in its management of all stakeholders (government authorities, scientific institutions, non-government organisations, business entities, other public associations and trade unions).

In 2014 2313 national regulatory documents were adopted, and 1998 of them were harmonized with international and European ones.

The total number of national standards adopted in Ukraine, which are harmonized with international and European standards, amounts to 8849. Depository of national standards includes 29.6 thousand documents.

Starting from 2006, 3934 inter-government standards (GOSTs) were annulled, 122 of them became invalid in 2014.

The comprehensive electronic database of regulation documents contains 10,800 texts of regulation documents and bibliographic information to them; 343 regulation documents were entered into this database in 2014.

The new version of the Law of Ukraine "On Metrology and Metrological Activity" has been adopted. The Law is aimed at harmonizing the legislative acts with acts of the International Organization of Legal Metrology, European Cooperation in Legal Metrology (WELMEC) and acts of the EU.

The Law of Ukraine "On Technical Regulations and Conformity Assessment" has been adopted, which establishes common legal and organizational principles for the development, adoption and application of technical regulations and conformity assessment procedures according to the European requirements and provisions of the the WTO Agreement on technical barriers to trade, cancellation of the centralized registration of certificates of conformity in the State certification system. The adoption of this Law creates a legal basis for the adaptation of the "vertical (sectoral) legislation", stipulated by Paragraph 2 of Annex III of the Agreement.

According to the scheduled plan it has been envisaged to develop legislation and regulation acts in order to implement the provisions of this Law, including working out of the following draft acts:

- 12 acts of the Cabinet of Ministers of Ukraine (*on definition of spheres of activity, in which central government executive bodies carry out technical regulation functions; on rules of preparing technical regulations drafts to be approved by the Cabinet of Ministers of Ukraine on the basis of the EU legislation; on approval of the conformity assessment modules and rules of their application for the development of the conformity assessment procedures, on approval of the form and description of the mark of conformity with technical regulations and rules and conditions for its application, etc.*);
- 16 acts of the Ministry of Economic Development and Trade (*on approval of the form and description of the mark of conformity with technical regulations and rules and conditions for its application; on approval of the Procedure of forming and maintaining a register of designated authorities and recognized independent organizations; on approval of requirements to designated authorities on certification in the State certification system; on approval of the plan for working out technical regulations for one year/years, etc.*).

Out of 27 acts of the European sector legislation specified in Annex III to the Agreement, Ukraine adopted 24 technical regulations, 17 of which have already become binding to apply.

With the aim of maximizing the harmonization of technical regulations with the relevant European directives, the review of technical regulations is taking place. Currently, 8 technical regulations are almost in compliance with the EU legislation.

In total, Ukraine adopted 45 technical regulations, 43 of them are developed on the basis of the EU legislation acts, 34 technical regulations are already binding to apply.

In the field of accreditation, on October 16, 2014 at the 18th meeting of the General Assembly of the International Laboratory Accreditation Cooperation (ILAC) the National Agency of Ukraine for Accreditation became the full member of ILAC on testing and calibration in accordance with the ISO/IEC 17025 international standard "General competence requirements to testing and calibration laboratories" (the respective Agreement was signed).

The issue on applying the national mark of conformity to certain types of products, which testifies their conformity with the requirements of technical regulations has been settled (*Resolution of the Cabinet of Ministers No. 312 dated 06.08.2014*)

3) The contact point on implementation of sanitary and phytosanitary measures in order to ensure proper exchange of information between Ukraine and the EU on these issues has been determined – the State Veterinary and Phytosanitary Service of Ukraine.

The GoU submitted for consideration by the Verkhovna Rada the draft law of Ukraine "On the By-products of Animal Origin Not Intended for Human Consumption" (*Reg. No. 0905 dated 22.07.2014, approved in the first reading*), which provisions are based on the requirements of EU Regulations of the 21 October 2009 No. 1069/2009 and of the 25 February 2011 No. 142/2011.

4) The Board of Business Ombudsman's Office was established and its Status was approved (*Resolution of the Cabinet of Ministers No. 691 dated 26.11.2014*), as a permanent consultative and advisory body of the Cabinet to promote transparency of the activities of government authorities and entities, which belong to the sphere of their management, to prevent corruptive acts and/or other violation of the legitimate interests of businessmen.

5) In order to ensure compliance with procedures for control of transfer pricing according to the principles of the OECD the Law of Ukraine "On Amendments to the Tax Code of Ukraine Relating to Improvement of Tax Control over Transfer Pricing" (No. 72-VIII dated 28.12.2014) aimed at eliminating tax evasion schemes was adopted

Within the comprehensive deregulation reform the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine Relating to Facilitation of Conditions for Doing Business" (deregulation) was adopted on February 12, 2015, which, in particular, brings legislation in specific areas in accordance with the EU legislation, namely in the agricultural sector (promotion of sustainable use of agricultural land and simplification of lease relations), in proceedings of economic activity of production and circulation of organic agricultural products, as well as in carrying out exploration work and work with objects in pipeline transportation, construction of oil and gas wells.

V. ECONOMIC AND SECTOR COOPERATION

Cooperation in the field of energy

Fulfillment of Ukraine's commitments in this field, stipulated by the Agreement, are carried out comprehensively together with implementation of obligations related to the membership of Ukraine in the EU Energy Community.

1) Within Ukraine's commitment to improve energy efficiency and diversify sources of energy supply:

- the action plan to implement the Directive of the European Parliament and the Council 2009/28/EC on promotion of the use of energy produced from renewable energy sources was approved (*Resolution of the Cabinet of Ministers No. 791 dated 03.09.2014*);
- the National action plan on renewable energy for the period up to 2020 and plan of activities on its implementation (*Resolution of the Cabinet of Ministers No. 902 dated 01.10.2014*) aiming, in particular, at ensuring implementation of the provisions of the Directive of the European Parliament and the Council 2009/29/EC of the 23 April 2009 on the promotion of the use of energy produced from renewable energy sources, and which introduces amendments to, and subsequently reverts the Directives 2001/77/EC and 2003/30/EC had been approved;
- plans for implementation of Directive 2006/32/EC of the European Parliament and of the Council of the 5 April 2006 on the efficiency of the end use of energy and energy services; Directive 2010/30/EC of the European Parliament and of the Council of the 19 May 2010 on pointing out by means of labeling and standard product information to the consumption of energy and other resources; Directive 2010/31/EC of the European Parliament and of the Council of the 19 May 2010 on the energy efficiency in buildings (*Resolution of the Cabinet of Ministers No. 1150 dated 26.11.2014*) had been approved

In the framework of Ukraine's chairmanship in the Energy Community the meeting of the Permanent High Level Group and the 12th Ministerial Council of the Energy Community took place in Kyiv on the 22 – 23 September, 2014, where participants discussed the implementation of the Treaty establishing the Energy Community and topical issues of cooperation in the field of energy.

In order to attract loans for the implementation of the investment project "Reconstruction, Capital Repair and Technical Re-equipment of the Pipeline Urengoy – Pomary – Uzhgorod" on December 1, 2014, the Prime Minister of Ukraine and the President of the European Investment Bank signed the respective Financial agreement. On December 15, 2014 the Credit Agreement between Ukraine and the European Bank for Reconstruction and Development was signed. The total amount of the loan from the EBRD for reconstruction of the pipeline is 150 million EUR. The Project will be carried out during four years (the term of loan repayment is 19 years), it provides for full replacement of pipes over 120 kilometers and modernization of two compressor stations.

On February 10, 2015 Ukraine and the World Bank signed a Loan Agreement for provision to Ukraine of 378,4 mln. USD to finance the project on the development of national electric networks. The loan includes 330 million USD directly from the World Bank, and 48,4 million USD from the Clean Technology Fund. The loan would be directed at implementation of the "Second project on transmission of electricity", the beneficiary of which is the National energy company "Ukrenergo".

2) The GoU completes the development of the draft law of Ukraine "On the Natural Gas Market." The main purpose of the Law is to create a competitive environment in the market of natural gas, taking into account the obligations of Ukraine concerning the implementation of the requirements of the "Third energy package of the EU".

The draft law provides for:

- legal, economic and organizational principles of functioning of the natural gas market;
- ensuring non-discriminatory access to the market of natural gas for its actors and consumers;
- establishing in Ukraine a full-fledged market of natural gas, based on the principles of free competition with the proper level of protection of consumers (including those categories of consumers who need special protection) and reliability of energy supply, as well as the capability to integrate into the natural gas markets

of the parties of the European Energy Community, including through the establishment of regional natural gas markets.

The establishment of a full-fledged and a competitive natural gas market in Ukraine would increase the efficiency of decision-making in the energy sector, the depoliticisation of the market; enhance the attractiveness of economic activity in the market for its actors, creating the conditions for long-term investment in the sector, reducing risks and dependence on external monopoly suppliers of the natural gas, strengthening the energy security of Ukraine and the prospects for a new quality of Ukrainian gas market integration into the EU market.

Public finance management: budget policy, internal control and external audit

The Accounting Chamber of Ukraine has elaborated a new version of the Law of Ukraine "On the Accounting Chamber"⁶.

The draft law defines the status of the Accounting Chamber as an independent body for external government control (audit), establishes the functional, organizational and financial independence of the Accounting Chamber, which is necessary to perform the tasks entrusted to it. The draft law provides for performing by the Accounting Chamber control over money transactions to the State budget of Ukraine, maintaining and use of State property in accordance with the standards of the International Organisation of Supreme Audit Institutions (INTOSAI).

Taxation

The Law of Ukraine "On Amendments to the Tax Code of Ukraine and Certain Laws of Ukraine Relating to Tax Reform" was adopted on December 28, 2014 (No. 71), which establishes the norms that would promote balancing the interests of regulatory agencies and taxpayers.

The Law, in particular, provides for:

- harmonized book-keeping and tax accounting and defining the object of taxation on profits of enterprises, namely by the rules of book-keeping accounting;
- introduction of a new mechanism for the administration of VAT, which is one of the first steps in reforming the tax system.

Electronic VAT administration should serve to ensure the relevant paid and accrued VAT, and also to prevent the fictitious VAT and its illegal compensation from the budget. The introduction of a new clear and transparent system of VAT calculation and payment would discipline payments to the budget and guarantee refund of the tax to enterprises and cease the practice of redistribution of the budget in favour of shadow businesses.

The number of groups of single tax payers were reduced to four with the increase of the maximum size of income that allows to stay on the simplified system of taxation (for the first and second groups), the rates of the single tax for small businesses have been reduced.

Statistics

The State Statistics Service of Ukraine approved by its orders the following documents: Methodology of forming the aggregate reporting units for selective examination of economic entities (legal persons) in the sphere of retail trade (№ 21 dated 29.01.2014; selective examination was put into effect from January 2015), as well as Recommendations for the preparation and approval of the standard quality report of the State statistical observation (№ 27 dated 05.02.2014). In 2014 on the basis of these recommendations it had been prepared and published on the official website of the State State Statistics Service the following documents:

- Standard quality report on the status of animal livestock
- Standard quality report on survey of enterprises for labor statistics
- Standard quality report on survey of innovation activity of enterprises.

The State State Statistics Service also approved:

⁶ On February 9, 2015 the draft law was submitted by the President of Ukraine to the Verkhovna Rada (Reg. No. 2072).

- Range of products of agriculture (No. 300 dated 15.10.2014) and fisheries products and aquaculture (No. 337 dated 13.11.2014)
- Methodology for calculating basic statistical indicators of production of animal products (14 No. 362 dated 24.11.2014)
- Methodology for calculating basic statistical indicators of crop production (№ 363 dated 25.11.2014)
- Methodology for calculating indicators of households' income and resources (№ 372 dated 28.11.2014. *It contains the definition of methods, algorithms of calculations and description of the components of the income and resources of households, calculated according to the State statistical observation of "Survey of living conditions of households", including the concept (methodological principles) of indicators of income calculated by the EU countries on the harmonized basis.*
- Methodology for calculating business expectations in accordance with the requirements of the Special dissemination standard of the International Monetary Fund (№ 411 dated 30.12.2014), *which describes procedures and algorithms of calculation of indicators of business confidence by types of economic activity, the indicator of business climate and economic sentiment in accordance with the EU requirements and tailored to national needs.*
- Methodological guidelines for structured surveys of credit institutions (№ 412 dated 30.12.2014), *which describes the main provisions and methods of structural surveys of banking and non-bank credit institutions to compile indicators of structural statistics, provided by the regulations of the European Parliament and of the Council (EC) No 295/2008 of the statistics regarding the structural 11.03.08 at of credit institutions.*

In 2014 the State Statistics Service of Ukraine introduced into statistical practice the updated Methodological Guidelines on statistics on international trade in goods (*in the edition of the Order of the State Statistics Service No. 413 dated 25.12.2013*), prepared on the basis of methodological recommendations of the statistics department of the UN "Statistics of International Trade in Goods: Concepts and Definitions, 2010".

Financial cooperation

1) Due to the progress in implementation of the relevant set of measures Ukraine, within the framework of the EU macro financial assistance, received:

- on November 12, 2014 – the second and third installments of the first EU macro financial assistance in the amount of 260 million EUR (*the total amount under Agreements is 610 million EUR, the first installment in the amount of 100 million EUR was received in May 2014, the last installment in the amount of 250 million EUR is expected in March 2015*);
- on December 3, 2014 – the second installment of the second EU macro financial assistance in the amount of 500 million EUR (*the total amount under Agreements is 1 billion EUR, the first installment in the amount of 500 million EUR was received in June 2014*).

In accordance with the terms of the Memorandums of understanding, the EU macro financial assistance funds would be used to reduce the external financial pressure on Ukraine, to improve its balance of payments and budgetary needs, and to strengthen its position regarding bank foreign exchange reserves.

2) Consultations continue regarding attraction of the third EU macro financial assistance (indicative amount is up to 1.8 billion EUR).

In October 2014 the EU and Ukraine signed an Agreement on financing the Program to support civil society in Ukraine.

The Programme budget is 10.8 million EUR. The Assistance will be provided to strengthen involvement of civil society into decision-making processes and to improve interaction between government authorities and civil society in Ukraine. It has been planned to transfer funds in 2015.

3) In November 2014 Ukraine and the EU signed an Agreement on financing sectoral budget support in the field of regional development.

The Program budget is 55 million EUR. The funds will go towards supporting the goals defined by the State Strategy on Regional Development for the period up to 2020.

In December 2014 consultations with the EC started on programming of the EU assistance to Ukraine for the period of 2015 – 2017. EU assistance is planned to support political and economic integration of Ukraine to the EU on the following three priorities:

- Reform of the system of justice and public administration;
- Development of trade and the private sector;
- Energy (energy efficiency).

It has been agreed to initiate the EU assistance program to support small and medium-sized business in Ukraine in 2015 (*indicative programme budget is 85 million EUR*).

Cooperation in the transport field

- 1) The GoU approved plans for implementation of 16 acts of EU legislation in the field of transport, including two Directives concerning transportation of hazardous goods (*Resolution No. 1159*), seven Directives and three Regulations of the EU on road transport (*Resolution No. 1160*), as well as three Directives and one Regulation on rail transport (*Resolution No. 1148*).

Implementation of the aforementioned plans' activities would allow to spur the progress in adaptation of Ukrainian transport legislation to the EU legislation in those fields, in particular regarding the issues of traffic safety, transportation of hazardous goods, working conditions of road transport workers, improving the market for automotive and railway transportation, optimizing the system of public administration in the field of rail transport, integration of the Ukrainian railway system to the rail system of the EU, etc.

- The work continues on raising the EU funds for the development of transport infrastructure: in order to implement the Transport Strategy of Ukraine for the period up to 2020 within the framework of the Transport Panel of the Eastern Partnership the project "Electrification of the Railway Dolyns'ka – Mykolayiv – Kolosivka" has been approved as a priority infrastructure project; the Guarantee Agreement between Ukraine and the European Investment Bank (EIB) and the Financial Agreement between the State Administration of Railway Transport of Ukraine (Ukrzaliznytsya) and the EIB was signed for the amount of 55 million EUR to finance the construction of the Beskyd Railway Tunnel (*entered into force 05.10.2014*).

Cooperation in science and technology

- 1) The work continues on the renewal of the Agreement between Ukraine and the EU on Scientific and Technological Cooperation (*currently, the required internal government procedures for approving the draft Agreement are taking place*), as well as on ensuring Ukraine's participation in the EU Research and Innovation Programme "Horizon 2020".

Ukraine's participation in the EU Program "Horizon 2020" (*indicative program funding – 80 billion EUR*) will foster the creation of the necessary preconditions for the research activities in different sectors (energy, transport, health, environment, food safety, space, etc.), in particular by providing access to research infrastructure, innovation development in the industry sector and development of new technology. Ukraine's participation assumes payment of annual financial contributions (*except for 2015*), totaling around 35 million EUR. The text of the respective Agreement has been accepted.

- 2) On 4-5 December, 2014 the International scientific conference "Integration of the National Technology Transfer Network (NTTN) into the Enterprise Europe Network" was held.

In the course of the Conference the Memorandum of Cooperation on Integration of NTTN into the Enterprise Europe Network (EEN) and the Agreement on Cooperation in Science and Technology between the NTTN Coordinator and the Foundation "Central European Academy for Studies and Certification (Republic of Poland)" were signed.

Industrial and enterprise policy

Consultations continue on concluding the Agreement on Ukraine's accession to the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME).

Participation of Ukraine in the COSME Program (*total budget of the Program – 2.3 billion EUR*) will enhance the economic presence of domestic exporters on EU markets, reduce their critical dependence on exports to the Russian Federation, creation of favourable conditions for establishing a free trade area between Ukraine and the EU, general improvement of the regulatory environment and business climate in Ukraine. Ukraine's participation assumes the payment of annual financial contributions in the amount of around 645 thousand EUR. The Ministry of Economic Development and Trade, which acts as a national coordinator for Ukraine's participation in the COSME Program, passed over the respective Letter of Intent to the EC in December 2014.

Culture

- 1) Consultations are going on regarding possible associated participation of Ukraine in the EU Program "Creative Europe".

The program "Creative Europe" aims to promote creative development, implementation of various cultural projects, as well as cooperation in the field of media, cinema industry, etc. (*indicative program funding – 1.46 billion EUR*). In December, 2014 the draft agreement on Ukraine's participation in the Program "Creative Europe" and its Sub-program "Media" was handed over to the Ukrainian Side. It has been agreed that the membership fee of Ukraine for 2015, in case of its participation, will be 1 EUR; in future the amount of annual contributions would require additional negotiations and agreement.

- 3) Starting January 1, 2015 a joint project of the EU and the Council of Europe "Community-led Urban Strategies in Historic Towns" (COMUS) was launched in Ukraine.

The purpose of the project is to assist national and local authorities in the implementation of strategic renewal and sustainable socio-economic development of small and medium-sized historic towns and their surroundings by revitalizing and adapting cultural heritage objects to contemporary needs, rehabilitation of the traditional urban environment, expanding the range of opportunities for its constructive use.

- The Government took decision to pay the membership fee for participation in the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM).

This decision would promote the exchange of experience and training of Ukrainian specialists in the field of protection and preservation of cultural heritage to acquire skills in innovative restoration technology.

Audio-Visual policy

On February 4, 2015 the GoU approved the plan for implementation of the EU Directive concerning the pursuit of television broadcasting activities and the European Convention on Transfrontier Television.

The purpose of the Directive is the creation of legislative conditions for harmonizing requirements concerning the production and distribution of television programs, ensuring conditions for fair competition in the common market and strengthening the role of the audio-visual media services to satisfy the public interests. Furthermore, it obliges Member States to ensure the independence of the body that regulates provision of audio-visual services at the national level.

Implementation of this Directive will take two years, and will foster the rapprochement of conditions of audio-visual services activities in Ukraine to those that exist in the EU, and enhance the protection of domestic consumers of audio-visual services.

VI. ACTIVITIES PLANNED UP TO 31 MARCH, 2015

1) Ensuring implementation of the second phase of the Action Plan for Liberalization of the EU visa regime for Ukraine and continuing implementation of the AA priorities (taking into account their upgrading);

2) Working out roadmaps for approximation of the Ukrainian legislation to the EU law in the following spheres:

- public procurement;
- telecommunication services;
- postal and courier services;
- financial services;
- international maritime transport;
- registration and circulation of medicines;
- reform strategy in the sphere of sanitary and phytosanitary measures.

Adoption and implementation of those roadmaps are direct obligations of Ukraine under the Agreement.

3) Developing the draft law of Ukraine aimed strengthening independence and administrative capacity of the national regulator in the field of communication (*developing the draft is in the works*);

4) Continuing work on reforming the system of technical regulation that would meet the needs of the economy and commitments of Ukraine defined by the Agreement, the basic provisions of the EU legislation and the norms and rules of WTO;

5) Defining/establishing contact points of processing information requests on specific issues related to the Ukraine-EU FTA regarding the measures of general application. This is a direct obligation fixed in Article 284 of the Agreement.

6) Establishing the Advisory Group on sustainable development with the aim of developing recommendations for implementing the provisions of the Chapter "Trade and Sustainable Development" of the Agreement and generating the list of Ukrainian representatives, who will take part in the work of Group of experts in the sphere of trade and sustainable development.

7) Generating the list of the representatives of Ukraine, which will be approved by the Committee on Trade, as arbitrators for the purpose of establishing arbitration groups, pursuant to Article 307 of the Agreement (*drafts of the respective acts undergo the approval procedure*);

8) Developing and submitting for consideration by the Cabinet of Ministers of the draft regulations in order to implement the provisions of the Directive 2009/73/EU concerning common rules for the natural gas internal market and of the Regulation (EU) No. 715/2009 on conditions for access to the natural gas transportation networks.

9) Developing and submitting for consideration by the Cabinet of Ministers of the draft law "On amendments to certain legislative acts in connection with the ratification of Protocol No.3 to the European Outline Convention on Transfrontier Co-operation between Territorial Communities or Authorities (Madrid Convention) concerning Euroregional Co-operation Groupings (ECGs), (*submitted to central government authorities for the second approval*).

10) Conducting consultations in accordance with the provisions of the Final Act dated 27 June, 2014, signed along with the Agreement, with the aim of determining the Agreement proceedings regarding illegally annexed territories of the Autonomous Republic of Crimea and the City of Sevastopol, that are not properly controlled by the authorities of Ukraine;

11) Developing and submitting for consideration by the Cabinet of Ministers draft regulations in order to implement the provisions of the Directive 2009/72/EU concerning common rules for the functioning of the internal market of electricity and of the Regulation (EU) No. 714/2009 on conditions for access to the network for cross-border exchanges of electricity (taking into account the need for a comprehensive approach to prepare plans for the implementation of the EU acts on electricity and gas market at the same time, since those EU acts are part of the so-called "Third Energy Package of the EU", and its implementation is the international obligation of Ukraine).

12) Selecting the coordinator and authorized persons from the Ukrainian Side under the "Early warning mechanism" concluded between Ukraine and the EU in order to ensure the efficient application of this mechanism by the Parties in case of problems with the supply of natural gas, oil or electricity.

Annex 1. Deputy Ministers on European Integration

No	Ministry	Deputy Minister on European Integration	Resolution of the Cabinet of Ministers of Ukraine on the appointment for the position
1.	Ministry of Internal Affairs	Tigran AVAKIAN	Resolution of the Cabinet of Ministers No. 749 dated 20 August, 2014
2.	Ministry of Foreign Affairs	Olena ZERKAL'	Resolution of the Cabinet of Ministers No. 752 dated 20 August, 2014
3.	Ministry of Justice	Vacancy	
4.	Ministry of Agrarian Policy and Food	Vladyslava RUTYTS'KA	Resolution of the Cabinet of Ministers No. 926 dated 17 September, 2014
5.	Ministry of Economic Development and Trade	Vacancy	
6.	Ministry of Infrastructure	Oksana REITER	Resolution of the Cabinet of Ministers No. 748 dated 20 August, 2014
7.	Ministry of Energy and Coal Industry	Open selection of the candidates for the position of the Deputy Minister on European Integration has been held.	
8.	Ministry of Culture	Andriy VITRENKO	Resolution of the Cabinet of Ministers No. 1202 dated 10 December, 2014
9.	Ministry of Youth and Sports	Mykola MOVCHAN	Resolution of the Cabinet of Ministers No. 754 dated 20 August, 2014
10.	Ministry of Defense	Vacancy	
11.	Ministry of Education and Science	Inna SOVSUN (assigned functions)	In accordance with the Minutes of the Cabinet of Ministers' Meeting No. 62 dated 13 August, 2014 (Chapter 5, Paragraph 3)
12.	Ministry of Ecology and Natural Resources	Vacancy	
13.	Ministry of Regional Development, Construction and Municipal Economy	Roman CHUPRYNENKO	Resolution of the Cabinet of Ministers No. 1271 dated 24 December, 2014
14.	Ministry of Health	Vacancy	
15.	Ministry of Social Policy	Serhiy USTYMENKO	Resolution of the Cabinet of Ministers No. 750 dated 20 August, 2014
16.	Ministry of Finance	Vitaliy LISOVENKO (assigned functions)	In accordance with the Minutes of the Cabinet of Ministers' Meeting No. 66 dated 13 August, 2014 (Chapter 5, Paragraph 3)

Coordination Mechanism for European Integration Policy

