

THIRD JOINT REPORT OF THE JOINT COMMITTEE OF THE EU-UKRAINE ASSOCIATION AGENDA TO THE EU-UKRAINE COOPERATION COUNCIL

IMPLEMENTATION OF THE ASSOCIATION AGENDA

SUMMARY

The EU-Ukraine Association Agenda serves as the main reference point for EU-Ukraine structured dialogue and encompasses the reform agenda in Ukraine.

This report takes stock of recent developments and summarises the progress achieved in implementation of the Association Agenda, with a special focus on the 90 priorities for action. The report also highlights areas where more reform efforts need to be undertaken.

BACKGROUND

Following the adoption of the Association Agenda (AAG) and the establishment of the Joint Committee (JC) regular contacts between the EU and Ukraine have taken place via written exchange of documents and information notes and supplemented by several bilateral meetings.

Whereas both sides have reconfirmed that the AAG is applicable in its entirety, a list of 90 priorities for actions had been selected to serve as a basis for evaluating progress towards overall implementation of the AAG in the course of 2011-12 and to identify where rapid and effective implementation is crucial in order to prepare for the entry into force of the EU-Ukraine Association Agreement (AA), including its Deep and Comprehensive Free Trade Area (DCFTA).

At the EU-Ukraine Summit in December 2011, the completion of Association Agreement negotiations was announced. Following the initialling of the AA on 30 March 2012, the process of technical preparation for its signature has been launched.

In order to upgrade the monitoring and implementation of the Association Agenda, the JC has developed dedicated guidelines for Subcommittees¹ to assist the JC in its role. Both sides have also endorsed an overview² setting out the responsibilities of joint EU-UA bodies for monitoring the implementation of the Association Agenda.

IMPLEMENTATION OF THE ASSOCIATION AGENDA

Since the AAG became operational, both sides have started practical implementation of the commitments within it. Ukraine has confirmed its ambition to implement fully a set of reforms, including those contained in the AAG. While underlining that it is for Ukraine to drive forward the reform agenda, the EU side confirmed its commitment to assist Ukraine in its implementation through a variety of instruments available. The implementation of AAG priorities is carried out with the support of technical and financial assistance of the EU and its Member States. The ENPI National Indicative Programme 2011-2013 (€470.05 million) includes a focal area dedicated to support to Ukraine in its preparation for the Association Agreement/DCFTA.

¹ "Guidelines for Sub-committees in relation to the EU-Ukraine Association Agenda"; Note of the Joint Committee

of the EU-Ukraine Association Agenda to the EU-Ukraine Cooperation Council, 7 May 2012.

² "EU-UA Association Agenda: Bodies responsible for monitoring implementation"

SPECIFIC PROGRESS AND CHALLENGES

In 2011-12 Ukraine took important steps to establish a framework for reform, notably by launching the Programme of Economic Reforms for 2010-14 presented by the President of Ukraine. However, a lot of work still remains to be done as regards the implementation of the reforms set out in the Association Agenda in order for both sides to be able to benefit fully from the opportunities that the future Association Agreement will bring.

The following progress/achievements can be highlighted: cooperation in the area of Common Foreign and Security Policy, notably Ukraine's constructive role in the 5+2 talks as well as its engagement in CSDP missions and Battle Groups; the decision to launch the preparation for the *constitutional reform* via a Constitutional Assembly as an auxiliary and advisory body to the President; several steps to advance the *reform of judiciary*, including adoption of a new *Criminal Procedural Code*, adoption of the "*Law on the Bar and the Practice of Law*"; the start of implementation of the "*Law on Free Legal Aid*"; the adoption of a "*Law on Public Associations*"; the adoption of a "*Law on Administrative Services*"; as well as steps towards improving the work of the Ombudsperson's office, including through adoption of amendments to the "*Law on the Ombudsperson*" with a view to the establishment of a National Preventive Mechanism against torture and ill-treatment.

As regards the new legislation adopted but not yet consulted, it will be important that Ukraine seeks post-adoption assessment by the Council of Europe/Venice Commission and takes their recommendations into account while preparing further reform steps and implementing the AAg joint commitments.

With the purpose of preparing for the implementation of the Association Agreement, efforts are undertaken to strengthen the capacity for institutional building of the executive bodies of Ukraine in the area of European integration in the framework of the EU funded Comprehensive Institution Building Program.

In the framework of the first (legislative) phase of the **Visa Liberalisation Action Plan (VLAP)**, Ukraine adopted a national plan containing practical implementation measures. Subsequently, a number of key international instruments were ratified, and some necessary legislation, strategic and policy documents were adopted in areas such as the legal status of foreigners, border and migration management, asylum, trafficking in human beings, drugs and mutual assistance in criminal matters. The Joint Committee took also note of the recent adoption of the Law "*On the Unified State Demographic Register and documents certifying the citizenship of Ukraine, proving the identity or its special status*" and the amendments to the Law "*On Personal Data Protection*". The agreement amending the Visa Facilitation Agreement between Ukraine and the EU was signed on 23 July 2012.

In the framework of measures to preserve **macroeconomic stability**, the adoption of a Programme of Economic reforms for 2010-14 linked to significant fiscal consolidation was an important step. The adoption of framework *legislation on Public Procurement* (while recognising that important additional steps will need to be taken to ensure further alignment with EU and international standards), the adoption of a *concept on reform of the public finance management* system, as well as the adoption of new *tax and customs codes* can be acknowledged as positive reform steps.

Several important steps in order to pave the way towards further sectoral reform in **energy** as stipulated under the Energy Community Treaty were taken, including the adoption of a Gas Sector reform law, amendments to the Law "*On pipeline transportation*" (on reforms in oil and gas complex); "*On electricity*" (to ensure a reliable -uninterrupted - power supply to consumers and investment in infrastructure), the procedure for determining guaranteed

suppliers of natural gas and the order of accession to a single transportation system of Ukraine were adopted.

Another achievement presents the signature of the Protocol to the PCA establishing the framework for Ukraine's participation in EU programmes and agencies.

The Parties agreed to continue joint efforts in 2013 to build on these above mentioned achievements and to step up efforts where progress still needs to be done.

For the future of EU-Ukraine's **political association**, the Parties will step up their cooperation in order to strengthen their commitment to common values of rule of law, respect for human rights and fundamental freedoms (including freedom of the media and assembly, anti-discrimination), and democratic standards.

Additional efforts are expected with a view of a comprehensive and inclusive *constitutional reform*; ensuring the effectiveness, fairness and transparency of the *electoral framework* and environment in accordance with international standards for democratic elections; as well as further steps in the framework of a comprehensive *reform of the judiciary* to guarantee fair, impartial and independent proceedings.

A comprehensive reform of the *Prosecutor's Office* in line with European standards, together with a new *Law on the Police*, the revision of the *Criminal Code* as well as of the role of the *High Council of Justice*, the laws on the *Judicial System* and the *Status of Judges* need to be undertaken. The Parties intend to launch an *informal dialogue on judiciary reform* to facilitate these reforms.

The Parties intend to step up their cooperation on improving the *Law on Civil Service* providing for a civil service reform with the aim of building a professional, politically neutral and merit-based civil service.

Ukraine also will reflect the EU's preliminary comments on the legislation on *anti-discrimination, anti-corruption, biometrics and amendments to data protection legislation* as well as strengthen its efforts in these areas, including the protection of persons belonging to minorities in order to progress in the VLAP process. Data protection standards are equally relevant for the negotiation and conclusion of the agreements with Europol on operational cooperation and Eurojust.

As regards **economic integration** issues, considerably greater efforts are needed to improve the *business and investment climate*, to improve the *budget planning* process, and to modernise the *tax regime*. The adoption of the jointly agreed Action Plan of a comprehensive strategic reform on *public finance management* with implementation timelines based on the adopted concept will be important when considering budget support payments.

The Parties will continue active work as for the further approximation of the Ukrainian legislation in the sphere of *Public Procurement* with the EU legislation in line with best international standards. The effective implementation of the AA_g will pave the way for economic integration with the EU and allow for access to the internal market. The Parties intend to launch an *informal business-dialogue on investment environment* to facilitate these reforms.

The ongoing administrative reform should be aimed at reinforcing of departments of European integration within the Ukrainian state authorities and efficient coordination lines (establishing of efficient coordination mechanism for European integration) to follow up on the implementation of the measures agreed and to engage in intensified dialogue with the EU.

CONCLUSIONS

The Parties acknowledge the importance for adequate preparation for the future entry into force of the Association Agreement through swift progress in implementing the Association Agenda in its entirety. This will require a coordinated and concerted action by all actors involved, both in Ukraine and the EU.

Both sides agree to swiftly launch the process of updating the Association Agenda, taking into account the initialling of the Association Agreement.

Both Parties agreed to continue having further regular and informal exchanges in the upcoming year in order to ensure the best possible bilateral cooperation in implementing agreed reforms under the AAg. They reconfirm their commitment to enhance their cooperation in order to create the right conditions to move towards political association and economic integration, which should be supported by strong institutions and sound planning. In addition, both sides acknowledged the importance of the parliamentary dimension for the reform process, in particular related to the passing and adoption of new legislation, as well as the contribution and monitoring of civil society.

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