



REPORT

**ON IMPLEMENTATION OF
THE ASSOCIATION
AGREEMENT BETWEEN
UKRAINE AND THE
EUROPEAN UNION
2022**

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FOREWORD OF THE DEPUTY PRIME MINISTER FOR EUROPEAN AND EURO-ATLANTIC INTEGRATION OLHA STEFANISHYNA

Undoubtedly, 2022 was the most tragic year in the history of independent Ukraine. Full-scale Russia's war against our state, which started on February 24, 2022, affected every Ukrainian, but did not break our people. This brutal armed aggression brought a clear understanding that freedom and independence are the highest values worth fighting for. Every Ukrainian felt the support of the free world, more than ever felt to be a member of the big European family. Everyone understood the importance of our foreign policy choice, namely the full integration of Ukraine into the European and Euro-Atlantic structures.

Despite this terrible and brutal war, despite difficult economic situation and almost daily shelling of the civilian population, we did not abandon the path of implementing European integration reforms, but on the contrary accelerated our movement.

On February 28, 2022, Ukraine submitted an official application for a membership in the European Union. Since then, we have launched the process of official accession to the EU. The painstaking work on filling out two parts of the questionnaire for obtaining the EU candidate status, which took up thousands of pages, was completed in the shortest time possible.

As a result of the well-coordinated work of all branches of government, major demand of Ukrainian society for further democratic reforms, and the EU's political readiness to take historically important decisions, on June 23, 2022, Ukraine received the status of a candidate for the EU membership. We are currently finalizing implementation of seven recommendations of the European Commission necessary for further progress towards the EU membership.

During the year, we also continued active implementation of the Association Agreement between Ukraine and the EU, including the Deep and Comprehensive Free Trade Area. Ukraine has already fulfilled 72% of the obligations under the Association Agreement, which is an important element of Ukraine's integration into the EU internal market.

We have implemented many important structural reforms, and plan to continue to maintain high dynamics of the European integration processes. At the moment, the task is to ensure that in 2023 the European Union takes the next historic decision – on starting negotiations on Ukraine's membership in the EU. Ukrainian society deserves a clear signal that Ukraine and the European Union continue to build a common future. We are ready to make every effort to achieve this.

**GLORY TO UKRAINE!
GLORY TO THE ARMED FORCES OF UKRAINE!**

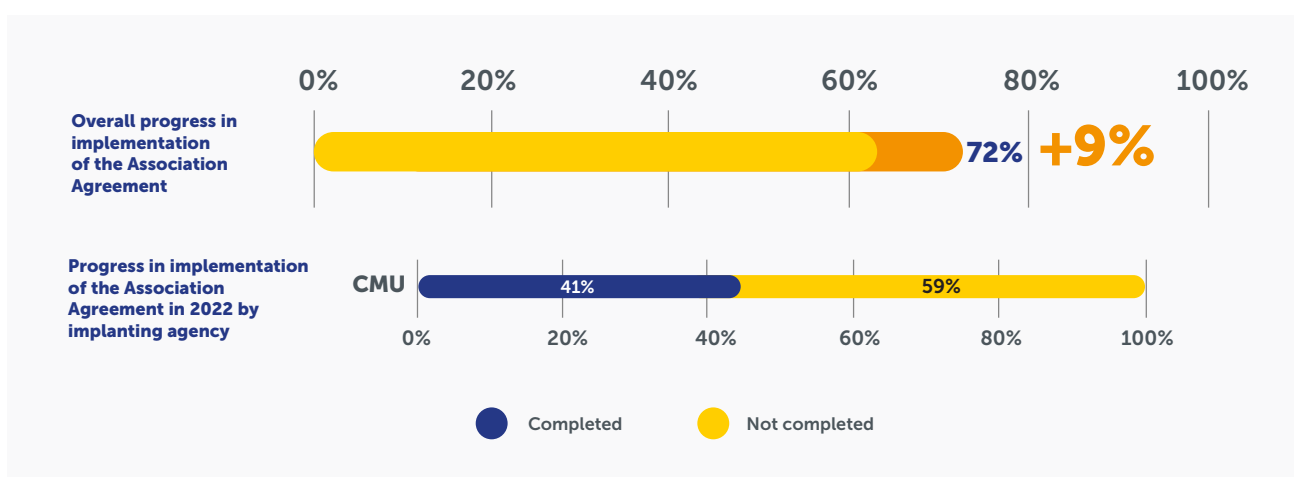
PROGRESS IN IMPLEMENTING THE ASSOCIATION AGREEMENT IN 2022

Overall progress in the implementation of the Association Agreement between the European Union, the European Atomic Energy Community and their member states, on the one part, and Ukraine on the other part (hereinafter referred to as the Association Agreement) for the period of 2014-2024 increased from 63% in 2021 to **72% in 2022, i.e. by 9%**.

In 2022, the progress achieved in the implementation of tasks under the Association Agreement is 39%. At that, the Cabinet of Ministers of Ukraine has completed 41% of its tasks. And the progress of completing tasks for 2023 is already 83%.

Overall progress for 2014-2022:

- the Cabinet of Ministers of Ukraine – 70% of tasks were completed + 1% in the process of implementation.
- The Verkhovna Rada of Ukraine – 61% of tasks were completed.
- Other public authorities – 59% of tasks were completed.



Overall progress for 2014-2022 by three groups of responsible entities

Cabinet of Ministers of Ukraine

70%

Measures completed

Verkhovna Rada of Ukraine

61%

Measures completed

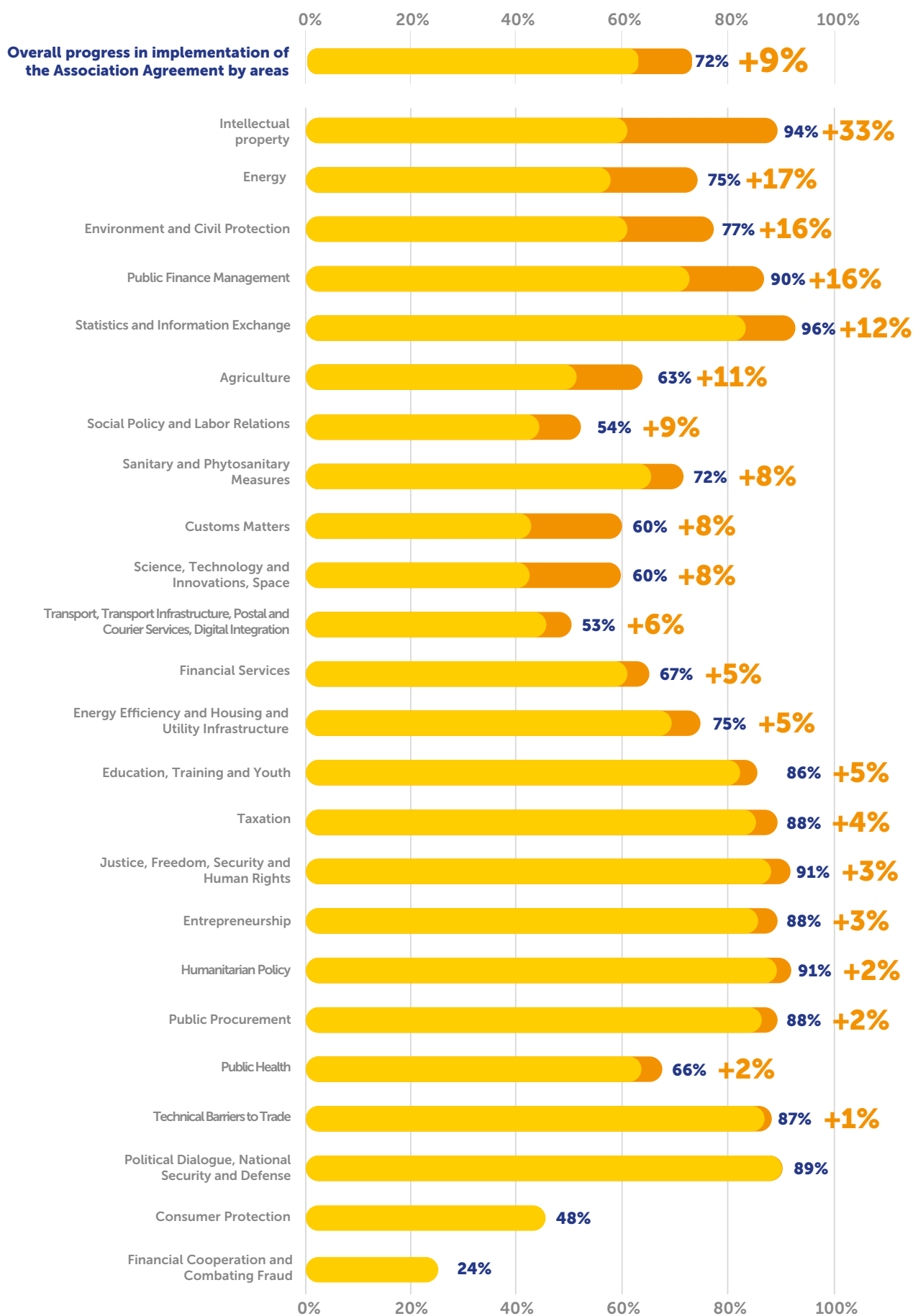
Other public authorities

59%

Measures completed

1. It includes all public authorities that do not belong to the legislative and executive branches of government (for example, the NBU, NABU, SBU, etc.).

OVERALL PROGRESS IN IMPLEMENTATION OF THE ASSOCIATION AGREEMENT BY AREAS



SECTION I.

UKRAINE'S STATUS OF A CANDIDATE FOR THE EU MEMBERSHIP

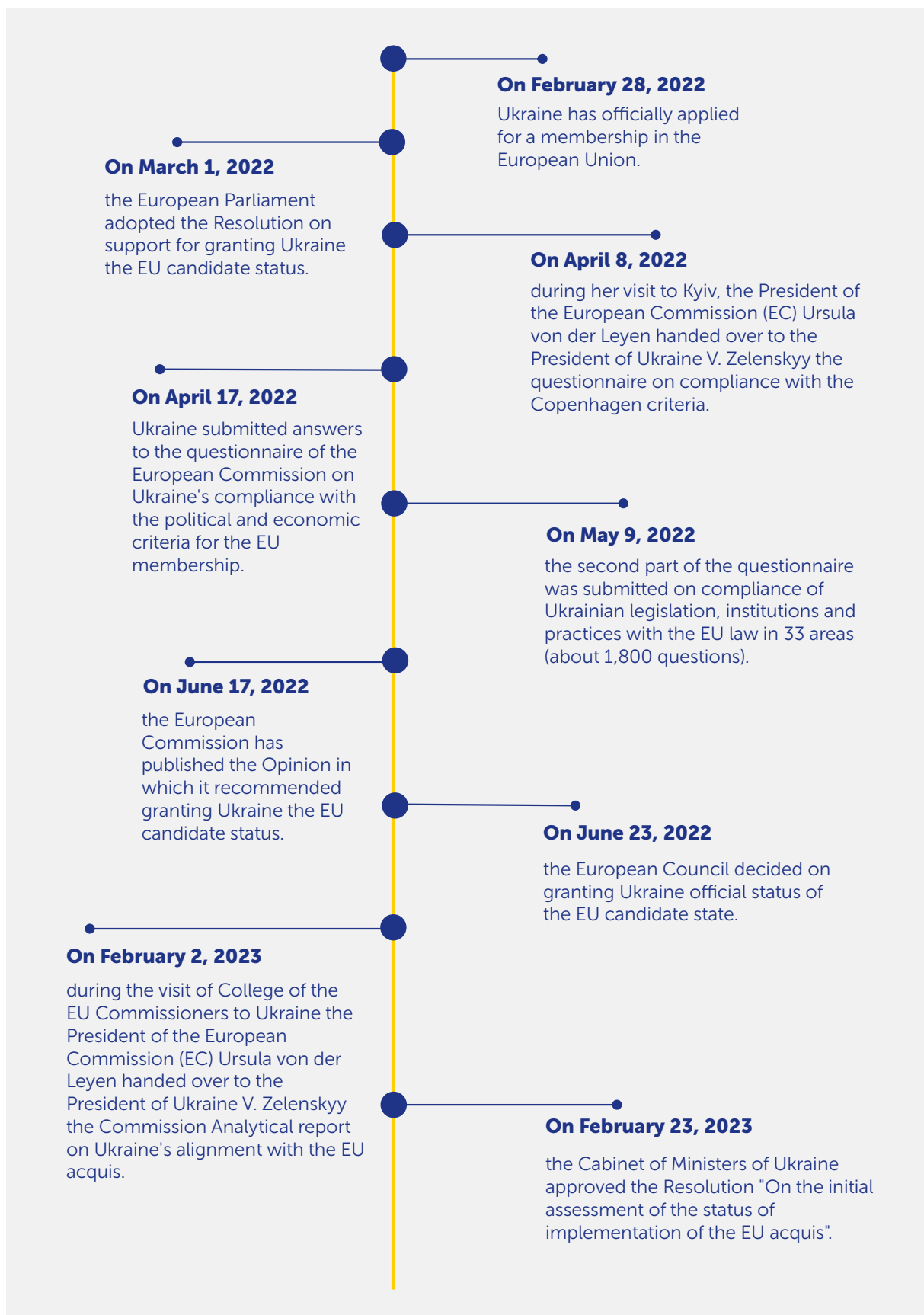
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UKRAINE'S STATUS OF A CANDIDATE FOR THE EU MEMBERSHIP



On February 28, 2022 Ukraine has officially applied for a membership in the European Union.

On March 1, 2022 the European Parliament adopted the Resolution on support for granting Ukraine the EU candidate status, and on March 10-11, 2022, at the informal summit of the European Council in Versailles, the EU leaders recognized Ukraine's European aspirations and European choice, as indicated in the Association Agreement, and supported the decision of the EU Council to request the Commission to submit its Opinion on this application in accordance with the provisions of the relevant Treaties.

On April 8, 2022, during her visit to Kyiv, the President of the European Commission (EC) Ursula von der Leyen handed over to the President of Ukraine V. Zelenskyy the questionnaire on compliance with the Copenhagen criteria for assessing the state's ability to fulfil its obligations regarding the EU membership and obtain the status of the EU candidate state.

On April 17, 2022 Ukraine submitted answers to the questionnaire of the European Commission on Ukraine's compliance with the political and economic criteria for the EU membership. On May 9, 2022 the second part of the questionnaire was submitted on compliance of Ukrainian legislation, institutions and practices with the EU law in 33 areas (about 1,800 questions).

On June 17, 2022 the European Commission has published the Opinion in which it recommended granting Ukraine the EU candidate status. The European Commission's positive assessment created prerequisites for corresponding decision of the European Council. At that, seven recommendations were identified for Ukraine, which need to be implemented for gaining further progress on the EU membership path (in particular, fight against corruption, law enforcement sector reform, implementation of anti-oligarchic law, etc.).

According to the assessment of the EU institutions given in the above documents, Ukraine in general:

as regards political criteria:

- Achieved the stability of institutions that guarantee democracy, the rule of law, human rights and respect for and protection of minority rights.

as regards economic criteria:

- Continued its strong macroeconomic development, demonstrating a noteworthy resilience with macroeconomic and financial stability ensured also after Russia's invasion in February 2022. This reflects not only a very strong political determination, but also relatively well-functioning institutions. At the same time, ambitious structural reforms to remove corruption, reduce the State footprint and the influence of oligarchs, strengthen private property rights and enhance labour market flexibility need to continue in Ukraine to improve the functioning of its market economy.

as regards the capacity to fulfil the obligations of membership:

Since 2016, Ukraine has worked on implementation of the Association Agreement between Ukraine and the EU, including Deep and Comprehensive Free Trade Area. These agreements already capture an unprecedented amount of the EU acquis. Ukraine has gradually approximated to substantial elements of the EU acquis across many chapters.

On June 23, 2022 the leaders of 27 EU Member States made a historic decision of the European Union to grant Ukraine official status of the EU candidate state. The official EU candidate status commenced the process of Ukraine's accession to the EU.

Further preparations for the EU membership will include the post-war reconstruction of our state, completion of a comprehensive transformation, and the restoration of stable functioning of democratic institutions. This will create appropriate conditions for bringing the standard of living, well-being and legal protection of Ukrainians closer to the European ones.

The candidate status also opens up opportunities for Ukraine to receive financial assistance in order to transform state institutions, legal system, economy and other spheres of public life on the way to the EU membership, as well as to keep the country's European integration reforms in the focus of the overall state policy.

Ukraine has already implemented a significant part of the recommendations provided for in the Opinion of the European Commission on Ukraine's application for membership in the European Union.

At the meeting of the EU General Affairs Council on December 13, 2022, a consensus was reached that in the spring of 2023, the European Commission will provide an update on Ukraine's progress in implementing the seven recommendations in addition to the regular report under the 2023 enlargement package, as stipulated by the European Council's Decision in June 2022.

During the visit of College of the EU Commissioners to Ukraine on February 2, 2023 the President of the European Commission (EC) Ursula von der Leyen handed over to the President of Ukraine V. Zelenskyy the Commission Analytical report on Ukraine's alignment with the EU acquis. The document is based on reviewed Ukraine's responses to the second part of the European Commission questionnaire on Ukraine's application for the EU membership.

The assessment was done against generally accepted assessment scale for candidate countries:

- 1 – early stage,
- 2 – some level of preparation,
- 3 – moderately prepared,
- 4 – good level of preparation,
- 5 – well advanced.

As of the end of February 2023, the highest level of Ukraine's preparedness under the EU acquis chapters is as follows:

4 - good level of preparation in 4 sections ("Energy", "Customs Union", "Foreign Relations", "Foreign, Security and Defense Policy").

The European Commission will continue consultations with Ukraine and methodological assistance to further align Ukrainian legislation with the EU standards and norms that make up the EU acquis.

7 RECOMMENDATIONS OF THE EUROPEAN COMMISSION ON UKRAINE'S APPLICATION FOR THE EU MEMBERSHIP

CONSTITUTIONAL COURT REFORM

On 13 December 2022 the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On introducing amendments to some legislative acts of Ukraine regarding improvement of the procedure of competitive selection of candidates to the position of a judge of the Constitutional court of Ukraine" No. 2846-IX. By introducing amendments to the Law of Ukraine "On the Constitutional Court of Ukraine", the Rules of Procedure of the Verkhovna Rada of Ukraine, the Law ensures, in particular, involvement in the selection procedure for judges of the Constitutional Court of Ukraine of a new special body - an Advisory Group of Experts, which is formed to assist the bodies appointing judges of the Constitutional Court in evaluating the integrity and professional skills of the candidates for the position of a judge of the Constitutional Court of Ukraine.

Currently, the work continues on introducing amendments to legislation taking into account additional recommendations of the Venice Commission.

JUDICIAL REFORM

Currently, the implementation of judicial reform in Ukraine is focused on finalizing the reform of High Council of Justice (hereinafter referred to as the HCJ) and resuming the work of the High Qualification Commission of Judges of Ukraine (hereinafter referred to as the HQCJ), which is carried out by the Ethics Council and the Selection Commission.

On November 9, 2022 the Ethics Council, consisting of Ukrainian and international experts, celebrated the anniversary of its formation. Since the early days of its work, the Ethics Council received numerous positive opinions both in Ukraine and abroad. In particular, Venice Commission has provided positive assessment of the Ethics Council work in its Opinion, as well as Council of Europe Directorate General Human Rights and Rule of Law.

THE HIGH COUNCIL OF JUSTICE

As of March 2, the High Council of Justice is authorized: 17 out of 21 members have been elected to it.

Presidential quota (2 members, including 1 vacant position)

On March 1, 2023, the Ethics Council completed interviews with candidates for members of the HCJ under the President's quota. On March 13, an official meeting of the Expert Council will be held, where the results of the candidates will be announced.

Quota of the Verkhovna Rada of Ukraine (2 members)

Two members of the HCJ who successfully passed the Ethics Council check were elected.

Quota of the Council of Judges of Ukraine (10 members, including 8 vacant positions)

On January 12-13, 2023, 8 members of the HCJ were elected at the Congress of Judges of Ukraine.

Quota of the All-Ukrainian Conference of Prosecutors (2 members, vacant positions)

On February 28, 2023, by the decision of the All-Ukrainian Conference of Prosecutors two members were elected to the HCJ.

Quota of representatives of law schools and scientific institutions (2 members, 1 position is vacant)

On August 19, 2022, during the continuation of the Conference of Representatives of Law Schools and Scientific Institutions, 1 member of the HCJ was elected.

On March 13, an official meeting of the Expert Council will be held, at which the list of candidates admitted to the interview for the vacant position of the second member of the HCJ will be announced. The Conference of Representatives of Law Schools and Scientific Institutions is scheduled for April 21.

Ukrainian National Bar Association quota (2 members, vacant positions)

The Congress of the Ukrainian National Bar Association did not initiate competitive procedures.

HIGH QUALIFICATION COMMISSION OF JUDGES OF UKRAINE

Interviews were conducted with all 64 candidates for the position of a member of the HQCJ. From March 10 to 16, the Selection Commission plans to hold a strategic session, following which it will hold an official meeting to announce the winners of the competition (a list of 32 candidates recommended for election to the position of a member of the HQCJ).

The High Council of Justice will appoint 16 members of the HQCJ.

FIGHT AGAINST CORRUPTION

On July, 2022, by the Order of the Prosecutor General, Oleksandr Klymenko was appointed Deputy Prosecutor General-Head of the Specialized Anti-Corruption Prosecutor's Office.

The competitive selection for the Director of the National Anti-Corruption Bureau of Ukraine is at the final stage.

On February 28 – March 2, the selection commission conducted interviews on the candidates' compliance with the competence criteria.

On March 4, the selection commission met to consider the issue of determining three selected candidates for the position of the NABU Director.

The Law of Ukraine "On the basic principles of state anti-corruption policy for 2021-2025" entered into force.

On March 4, 2023 the government approved the State Anti-Corruption Program for 2023-2025.

COMBATING MONEY LAUNDERING

In terms of ensuring compliance of the national legislation with international standards in preventing and countering the legalization (laundering) of proceeds from crime, terrorist financing and financing of the proliferation of weapons of mass destruction, on November 4, 2022 Ukraine adopted the Law "On amending certain laws of Ukraine on protecting financial system of Ukraine from actions of the state carrying out armed aggression against Ukraine, and the adaptation of the legislation of Ukraine to certain standards of the Financial Action Task Force (FATF) and the requirements of the EU Directive 2018/843" No. 2736-IX, which entered into force on November 19, 2022.

The provisions of the Law No. 2736-IX, in particular:

- improved regulation and supervision of Designated Non-Financial Businesses and Professions (DNFBP) (bringing legislation in line with the 28th Recommendation of the Financial Action Task Force (FATF));
- designated the arts objects sellers and intermediaries in such sales and business entities that provide intermediary and/or consulting services in real estate rent as DNFBP.

In addition, the Law of Ukraine "On amendments to certain laws of Ukraine on improving the regulation of ultimate beneficial ownership and ownership structure of legal entities" dated September 6, 2022, 2571-IX, which entered into force on December 29, 2022, improved the procedure for verifying ultimate beneficial owners (bringing legislation in line with the 25th FATF Recommendation).

LAW ENFORCEMENT SECTOR REFORM

On November 11, 2022, Interdepartmental Working Group (IWG) was established by the Order of the Prosecutor General. The IWG shall develop a draft Overarching Strategic Plan for Reform of the Law Enforcement Sector as part of the security and defense sector of Ukraine. The IWG consists of the heads of law enforcement agencies, attracted experts, including from the technical assistance projects and international organizations.

On January 11, 2023, at a meeting of the IWG chaired by the Prosecutor General, the draft Overarching Strategic Plan for Reform of the Law Enforcement Sector was approved and submitted to the Presidential Office for approval.

IMPLEMENTATION OF ANTI-OLIGARCH LAW

The amendments to the anti-oligarch law are being prepared, in particular the Law of Ukraine “On preventing threats to national security associated with excessive influence of persons with significant economic and political weight in public life (oligarchs)” based on the recommendations of the Venice Commission.

A number of draft laws have been developed on:

- minimizing potential oligarchic influence on political parties, improving state funding for parties;
- improving the procedure for bringing to justice for administrative offenses related to corruption;
- ensuring the safety of electricity and natural gas supplies.

The Regulation on the Register of Oligarchs, its development and introduction was approved by the NSDC.

The National Council for Television and Radio Broadcasting has approved the Procedure for checking business reputation when buying media.

A list of critical infrastructure facilities for the fuel and energy complex has been created.

MEDIA SECTOR REFORM

Taking into account the proposals of the public and European experts, the Law of Ukraine “On Media” (No. 2849) was adopted on December 13, 2022, which comes into force on March 31, 2023. The Law of Ukraine “On Media” guarantees independence of the media regulator, introduces additional mechanisms for protecting national information space, improves the application of sanctions, defines the principles of online media functioning and introduces a definition of the concept of “media literacy” at the legislative level.

Main innovations of the Law:

- introduces a fundamentally new approach to the division of media outlets, based on the criterion of editorial control, regardless of the technology of delivering content to the viewer, which puts players on an equal footing;
- performs general regulation of areas that were partially regulated or were in a gray area (video sharing platforms, online media, on-demand audiovisual services);
- simplifies regulation of areas that do not relate to a limited radio frequency resource, such as satellite broadcasting;
- separates procedures related to transparency of the ownership structure in a separate direction, in order to provide the regulator with effective tools to ensure maximum transparency in the field of media;

- introduces new tools for financial transparency of a number of media entities, which is an additional step towards openness in the market;
- separates the regulation related to the armed aggression of the Russian Federation into a separate block;
- establishes a clearer categorization of responsibility for various types of violations, which contributes to predictability in the media sphere;
- introduces differentiation of responsibility of different subjects in the field of media, which allows to take into account the specifics of their activities;
- unifies the regulation of the media market by combining disparate norms and laws into a single structured document, which will reduce cases of conflicts between different norms;
- regulates the principles of self-regulation of media entities.

REFORM OF THE LEGAL FRAMEWORK FOR NATIONAL MINORITIES

On December 13, 2022, the Law of Ukraine "On National Minorities (Communities) in Ukraine" (No. 2827-IX, enters into force on 01.07.2023) was adopted. The law is aimed at improving the legal regulation of the rights and freedoms of persons belonging to national minorities (communities), and the legal basis of state policy in the field of protection and ensuring the rights of national minorities (communities) of Ukraine. For the first time at the legislative level, the law establishes the powers of the central executive authority that ensures the implementation of state policy in the field of protecting the rights and freedoms of persons belonging to national minorities (communities).

Currently, bylaws are being developed aimed at implementing the provisions of the law, in particular, draft Concept of the state national and cultural targeted program "Unity in Diversity" and the corresponding program.

SECTION II.

ACTIVITIES OF BILATERAL BODIES OF THE ASSOCIATION AND HIGH-LEVEL DIALOGUE BETWEEN UKRAINE AND THE EU

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THE EU-UKRAINE BILATERAL BODIES OF ASSOCIATION

In accordance with Section VII “Institutional, general and final provisions” of the Association Agreement between Ukraine and the European Union, the Parties hold regular meetings of the Bilateral Bodies of Association.

During 2022, within the framework of joint meetings of the relevant sub-committees of the EU-Ukraine Association Committee, including the EU-Ukraine the Association Committee in Trade Configuration and Dialogue, the Parties discussed a wide range of issues related to the implementation of the Association Agreement, as well as agreed on further steps to deepen cooperation, taking into account Ukraine’s EU candidate status.

Subcommittee on Economic and Sectoral Cooperation of the EU-Ukraine Association Committee

The subcommittee operates on a cluster basis:

7th Meeting of Cluster 3 (Energy Cooperation, including nuclear issues, environment, including climate change and civil protection, transport), January 25-26, 2022, video conference Kyiv-Brussels

Key results:

- informing the EU Party on the development of an action plan for the implementation of the Updated Nationally Defined contribution of Ukraine to the Paris Agreement, and on approximation of the national legislation to the provisions of the Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management flood risk;

- discussion of the implementation of the provisions of the updated Annex XXVII to Chapter 1 “Energy cooperation, including nuclear issues” of the Association Agreement, and integration of gas and electricity markets, including the European Commission’s support for the process of technical synchronization of electricity grids of Ukraine and the EU; the progress in signing the Protocol to the Agreement on international occasional carriage of passengers by coach and bus (INTERBUS Agreement) was noted and the intention to update the regional maps of the Trans-European Transport Network (TEN-T) was confirmed.

7th Meeting of Cluster 4 (Cooperation in science and technology, information society, audiovisual policy, education, training and youth, culture, cooperation sports and physical culture), November 11, 2022, Brussels - Kyiv video conference

Key results:

- the Parties discussed the current state of Ukrainian education in the context of a large-scale war, the state of implementation of the reform of general secondary education “New Ukrainian School”, measures taken to ensure freedom of speech, media and

protection of journalists' rights under martial law, in particular, information on gradual approximation with the EU law on audiovisual policy in accordance with Annex XXXVIII of the Association Agreement;

- the issues of Ukraine's participation in educational and scientific programs of the European Union, in particular "Erasmus+" and "Horizon Europe", "Creative Europe" and "Digital Europe" programs were discussed;

- the issues of intensifying cooperation with the EU through Ukraine's participation in initiatives and programs of the European Commission on youth and sports were discussed, in particular, providing participants from Ukraine with access to European reviews and research, Ukraine's joining the European educational information system "Eurydice Network".

7th Meeting of Cluster 5 (Agriculture and rural development, fisheries and maritime policy, Danube region, transboundary and regional cooperation), December 7, 2022, Brussels - Kyiv video conference

Key results:

- the Parties stressed the importance of strengthening cooperation and agreed to hold additional consultations to discuss further steps that Ukraine should take towards the EU membership and integration into the EU's Common Agricultural Policy, as well as development and implementation of the corresponding roadmap;

- the Parties agreed to hold consultations on the implementation of Council Directive 91/676/EEC of December 12, 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources and on the issue of soil restoration due to armed aggression of the Russian Federation;

- the issues of transboundary and regional cooperation were discussed, in particular Ukraine's participation in the EU Strategy for the Danube Region; recent changes and reforms in fisheries and maritime policy were discussed; deepening of cooperation on the implementation of smart specialization in Ukraine and further exchange of experience in this area was agreed.

7th Meeting of Cluster 6 (Cooperation in employment, social policy and equal opportunities, health), October 26, 2022, Brussels - Kyiv video conference

Key results:

- Ukrainian delegation informed the EU Party on main achievements in the field of health-care, informed the participants about measures and reforms aimed at implementing the Association Agreement between Ukraine and the EU in the social sphere, employment and labour market, social dialogue, occupational health and safety;

- the European Party welcomed the progress in adaptation of Ukrainian legislation to the EU standards in these areas, and also noted positive changes in the reform of the health-care, social sphere and developments in the reform of the employment sector;

- the EU Party has introduced a new online tool "EU Talent Pool Pilot" to facilitate job search by Ukrainian citizens who use the temporary protection mechanism.

7th Meeting of the EU-Ukraine Association Committee in Trade Configuration, October 25-26, 2022, Brussels (mixed format)

Key results:

- the Parties discussed the full range of issues of bilateral cooperation in trade, as well as adopted a joint Decision of the Committee on Amendments to Annex XV (Approximation of Customs Legislation) to Chapter 5 of the Association Agreement between Ukraine and the EU, reached an agreement on material update of the EU-Ukraine Priority Action Plan for the Implementation of the DCFTA for 2023-2024, and outlined further steps towards “industrial visa-free regime” - the conclusion of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA);
- in the result of the meeting, the EU Party provided positive assessment of Ukraine’s implementation of Stages I and II provided for in Annex XXI-B and Annex XXI-C to Chapter 8 “Public Procurement” of the Association Agreement between Ukraine and the EU;
- Ukrainian Party called on the EU Party to consider the possibility of extending the validity of Regulation (EU) of the European Parliament and of the Council No. 2022/870 on temporary trade liberalization measures supplementing the trade concessions applicable to Ukrainian products under the Association Agreement between Ukraine and the EU, until the end of 2024.

5th meeting of the EU-Ukraine High-Level Dialogue on horizontal and industrial issues, July 6, 2022, Brussels - Kyiv video conference

Key results:

- the Parties discussed the state of Ukrainian industry in the context of russia’s military aggression against Ukraine and outlined ways of further cooperation to restore it with the participation and support of the EU institutions;
- the EU Party expressed its readiness to continue providing macro-financial, technical and humanitarian assistance, as well as to provide comprehensive support to domestic small and medium-sized industrial enterprises that suffered as a result of the war of the russian federation against Ukraine and were relocated from the territories of active military operations;
- the Parties stressed the importance of further development of cooperation between Ukraine and the EU in the industrial sphere, in particular, using the opportunities provided by the multi-cluster interaction mechanism.

6th meeting of the Subcommittee on geographical indications of the EU-Ukraine Association Committee in Trade Configuration, October 21, 2022, Brussels - Kyiv video conference

Key results:

- discussion of the state of development of legislation and policy on geographical indications in Ukraine and the EU, and technical issues encountered when reviewing the list of proposed geographical indications;
- Ukrainian Party expressed hope for accelerating the review by the EU Party of the list of Ukrainian geographical indications for the purpose of recognizing their protection in accordance with the Association Agreement between Ukraine and the EU;
- the Parties exchanged information on the enforcement and protection of geographical indications.

6th meeting of the Customs Cooperation Subcommittee of the EU-Ukraine Association Committee in Trade Configuration, November 30, 2022, Brussels - Kyiv video conference

Key results:

- discussion of the results of the EU initiative Solidarity Lanes aimed at assisting in solving logistic, humanitarian and food problems;
- discussion of the progress in updating Annex XV to the Association Agreement related to the approximation of Ukrainian customs legislation to the European Union legislation;
- the EU Party noted Ukraine's significant success in implementing the Union Customs Code and confirmed its readiness to further support Ukraine in this direction;
- discussion of the situation on granting Ukrainian enterprises the status of Authorized Economic Operators (AEO), and Ukraine's accession to the Convention on Common Transit and the Convention on the Simplification of Formalities in Trade in Goods;
- the Parties noted the start of work in the EU Customs Program and discussed the opportunities that open up under the program.

7th Meeting of the Sanitary and Phytosanitary Management Subcommittee (SPM) of the EU-Ukraine Association Committee in Trade Configuration, November 30, 2022, Brussels – Kyiv, videoconference

Key results:

- the results of mutual fruitful cooperation on the approximation of SPM legislation, the implementation of mutual trade, and prompt resolution of issues related to the transit of Ukrainian products through the EU territory were noted;
- discussion of recognition of approaches to zoning animal diseases in terms of the EU legislation and international legislation; recognition of the system of the EU feed additives

authorization in Ukraine; export to the EU of meat and meat products, live fish, fish caviar, shellfish (rapa whelk), live shrimp for human consumption; procedures for accreditation in the EU of Ukrainian carriers of live animals;

- discussion of the status of Ukraine's application for the EU's recognition of the equivalence of certification of oilseeds produced in Ukraine, and prospects for revising the status of Ukraine as a country that meets the EU requirements for the fight against rabies, in order to simplify the movement of pets in terms of accompanying documents;

- the parties considered the possibility of deepening cooperation on the implementation of the Information Management System for Official Controls (IMSOC) and its system components (TRACES NT) in Ukraine with simultaneous training of Ukrainian veterinary inspectors and market operators to work in the system.

19th meeting of the EU-Ukraine Dialogue on intellectual property rights, January 27, 2022, Brussels - Kyiv video conference

Key results:

- discussion of the progress of the intellectual property reform;
- development of legislation;
- creation of a specialized IP court;
- fight against offenses, in particular, in physical and online markets;
- activities of collective rights management organizations.

2nd meeting of the EU-Ukraine Cyberdialog, September 29, 2022, Warsaw, Republic of Poland

Key results:

- the Parties confirmed their intention to continue preparing the draft Working agreement between ENISA, the National Cybersecurity Coordination Centre of Ukraine (NCCC) and the State Service of Special Communications and Information Protection of Ukraine;

- the Parties confirmed their intention to continue preparing the draft Cooperation Agreement with CERT-EU;

- the Parties agreed to strengthen cooperation on cybersecurity issues between Ukraine and Europol;

- the Parties agreed to strengthen coordination and cooperation between Ukraine and the EU on the side-lines of the UN, the Council of Europe, the Organization for Security and Co-operation in Europe, as well as to create a separate working group to discuss issues related to the use of cyber sanctions against the aggressor state.

* At the request of the EU Party, some meetings of the bilateral Association Bodies were postponed till the first half of 2023 (Association Committee; Cluster 1; Cluster 2; Human Rights Dialogue; Subcommittee on Freedom, Security and Justice of the Association Committee).

ASSOCIATION COUNCIL

On September 5, 2022 The European Union and Ukraine held the Eighth Meeting of the EU-Ukraine Association Council in Brussels.

The meeting discussed the EU-Ukraine bilateral agenda, in particular the implementation of the Association Agreement and current state of cooperation between Ukraine and the European Union. Special attention was paid to the discussion of the EU support since the beginning of Russian armed aggression, as well as Ukraine's application for membership in the European Union.

The EU-Ukraine Association Council confirmed that the future of Ukraine and its citizens was in the European Union, and gave a positive assessment of the progress of reforms in Ukraine, in particular in the fight against corruption, fraud, money laundering and the rule of law. They also agreed on further joint steps to integrate Ukraine into the EU internal market, primarily in terms of deepening sectoral integration, and discussed progress in implementing sectoral "visa-free regime" with the EU, primarily customs, industrial, and transport.

On the side-lines of the Eighth Meeting of the EU-Ukraine Association Council, five international agreements were signed, in particular:

- Agreement on Ukraine's participation in the Digital Europe Program (2021-2027);
- Agreement on Ukraine's participation in the Customs Cooperation Program;
- Agreement on Ukraine's participation in the Tax Cooperation Program Fiscalis;
- Agreement on providing budget support to Ukraine in the amount of 500 million euros to reduce vulnerability and improve food security in Ukraine by supporting the affected population and agricultural production;
- Supplement Agreement to the Agreement on funding the EU Special Measures for Support of Ukraine Program, which, in particular, provides for an increase in grant support in the amount of 122 million euros for state authorities, local governments and public organizations.

JOINT CONSULTATIONS OF THE GOVERNMENT OF UKRAINE AND THE COLLEGE OF THE EUROPEAN COMMISSIONERS

On the eve of the Twenty-Fourth EU-Ukraine Summit, on February 2, 2023, a historic visit of members of the European Commission to Ukraine headed by President of the European Commission (EC) Ursula von der Leyen took place.

Within the framework of the event, progress in all areas of mutual cooperation was assessed, and priorities for sectoral cooperation were identified in the context of implementing Ukraine's course towards the EU membership.

An agreement was reached between the Ukrainian ministers and their counterparts, the EC commissioners, to sign joint work plans for 2023.

As a result of the event, Ukraine and the EU signed an Agreement on Ukraine's participation in the EU's Single Market Program. This program, with the budget of 4.2 billion euros (estimated for 2021-2027), is aimed at ensuring "green" and digital transformations and will contribute to the development of competitiveness of Ukrainian businesses. Ukraine and the EU also signed a Memorandum on strategic partnership in the field of renewable gas, which will contribute to building a sustainable and innovative energy system in Ukraine.

This visit was a powerful signal of the European Union's support for Ukraine during the unjustified armed aggression of the Russian Federation, as well as an important milestone in deepening comprehensive EU-Ukraine agenda.

24th EU-UKRAINE SUMMIT

On February 3, 2023, the Twenty-Fourth EU-Ukraine Summit was held in Kyiv, in which Ukraine participated for the first time as a candidate for the EU membership. The summit was attended by the President of Ukraine Volodymyr Zelenskyy, President of the European Council Charles Michel and the President of the European Commission Ursula von der Leyen.

The EU Party positively assessed Ukraine's reform efforts, in particular, implementation of seven recommendations outlined in the relevant European Commission's Opinion on candidate status, and noted Ukraine's determination to meet necessary requirements to start pre-accession negotiations as soon as possible, and also noted its readiness to work closely together and support Ukraine's efforts to ensure full compliance with all conditions.

Ukrainian Party stated its readiness to continue working hard to prepare for the negotiation process and in this context announced the initiative to start the process of self-screening for compliance of Ukrainian legislation with the EU law on the basis of the Analytical report on Ukraine's alignment with the EU acquis submitted by the European Commission.

The EC has provided an Analytical report that complements the Opinion of the European Commission on Ukraine's application for the EU membership, adopted on June 17, 2022. It is noted that from the moment of receiving the EU candidate status, Ukraine is subject to an annual assessment as part of the enlargement package (in October 2023). It is indicated that the European Commission plans to present and provide to Ukraine updated information on the implementation of 7 recommendations in the spring of 2023.

Following the results of the 24th EU-Ukraine Summit, a Joint Statement was published that defines the guidelines for cooperation for the next year. It is important that it contains powerful signals of the EU's support and commitment to the independence, sovereignty and territorial integrity of Ukraine within its internationally recognized borders.

Other key results of the EU-Ukraine Summit are as follows:

- the EC is ready to provide technical support for the Government of Ukraine in preparing the National Program for the Adaptation of the Acquis (NPAA) on the basis of the Analytical Report on the compliance of Ukrainian legislation with EU law in accordance with the EC's Opinion on Ukraine's application for membership of the European Union;

- the EU Party expressed support for Peace Formula suggested by the President V. Zelenskyy and desire to actively cooperate with Ukraine on the implementation of the proposed peace plan;
- the European Union supported the development of an international centre for the prosecution of the crime of aggression in Ukraine (ICPA) in The Hague with the objective to coordinate investigation of the crime of aggression against Ukraine;
- the revised Priority Action Plan for enhanced implementation of the DCFTA for 2023-2024 was approved in order to simplify Ukraine's access to the EU's internal market;
- an agreement was reached to step up the work of the EU's preliminary assessment missions and other necessary steps with a view to starting negotiations on the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA);
- the EU's intention to consider extending the validity period of the autonomous trade measures for Ukrainian exports to the European Union has been confirmed;
- the EU confirmed its commitment to provide continuous support to Ukraine in the framework of current projects and programs;
- additional support in the amount of 25 million euros was announced for Ukraine to support humanitarian mine action in the liberated territories that were temporarily occupied by the Russian Federation.

In addition, the European Union confirmed its commitment to provide Ukraine with further political and military support, including military assistance in the amount of more than 3.6 billion euros under the European Peace Facility and the launch of the EU Military Assistance Mission to Ukraine. Together with the military support provided by the EU Member States, the overall EU military support to Ukraine from the EU is estimated at close to 12 billion euros.



SECTION III.

THE EU'S ASSISTANCE TO UKRAINE

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COOPERATION IN THE FRAMEWORK OF MACRO-FINANCIAL ASSISTANCE PROGRAMS

Since the beginning of the armed aggression of the Russian Federation, the economic and financial systems of Ukraine suffered a significant blow, which in a negative scenario could lead to disastrous consequences for the state. Timely external support played a significant role in maintaining the Ukrainian economy at an acceptable level.

The most important element of this work was the commencement of an intensive dialogue with partner countries, the EU, international financial and donor organizations in terms of attracting external financial resources to finance the state budget deficit.

Thus, in 2022, Ukraine and the EU promptly introduced three macro-financial assistance programs: the EU Emergency Macro-Financial Assistance Package (MFA-VI of up to 1.2 billion euros in March 2022) and two exceptional EU macro-financial assistance programs (MFA-VII up to 1 billion euros in July and MFA-VIII up to 5 billion euros in October 2022).

The successful implementation of these programs made it possible to receive all the tranches provided for by the programs and attract financial resources totalling 7.2 billion euros to the state budget.

In addition, on January 13 and 16, 2023, the Parties signed a Memorandum of Understanding and a Loan Agreement (regarding the instrument for providing support to Ukraine for 2023 (macro-financial assistance +) in the amount of up to 18 billion euros.

It is envisaged that soft loan assistance under these agreements will be provided to Ukraine evenly on a quarterly basis throughout 2023.

The total amount of macro-financial assistance received by Ukraine in 2022

7,2 billion euros

On January 13 and 16, 2023, the Parties signed a Memorandum of Understanding and a Loan Agreement (regarding the instrument for providing support to Ukraine for 2023 (macro-financial assistance +) in the amount of up to 18 billion euros.

MFA-VI
(March 2022)



up to **1,2 billion euros**

MFA-VII
(July 2022)



1 billion euros

MFA-VIII
(October 2022)



5 billion euros

THE EU FINANCIAL AND TECHNICAL ASSISTANCE

In order to minimize the consequences of the Russian invasion and potential future crisis situations in Ukraine, the following Funding Agreements were signed in 2022 for a total amount of 1,038.075 million euros:

- State and Resilience Building Contract (120 million euros);
- The EU Emergency Package for Ukraine (330 million euros);
- Funding Agreement for the operations to reduce vulnerability and improve food security by supporting the affected population and agricultural production in Ukraine (State and Resilience Building Contract) (500 million euros);
- Supplementary agreement No. 4 between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to Funding Agreement for Support to Comprehensive Reform of Public Administration in Ukraine program (extension of the implementation period);
- Supplementary agreement No. 5 between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to Funding Agreement for Support to Comprehensive Reform of Public Administration in Ukraine program (12.075 million euros);
- Supplementary agreement No. 2 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission acting on behalf of the European Union to the Funding Agreement for U-LEAD with Europe: Ukraine – Local Empowerment, Accountability and Development Programme – phase two (extension of the implementation period);
- Supplementary agreement between the Government of Ukraine and the European Commission acting on behalf of the European Union on introducing amendments to funding agreements (redirecting funds);
- Supplementary agreement No. 2 between the Government of Ukraine and the European Commission acting on behalf of the European Union on amendments to Funding Agreement for the measures Energy Efficiency Support Program for Ukraine - EE4U-II (ENI/2018/041- 189)" (extension of the implementation period);
- Supplementary agreement No. 2 between the Government of Ukraine and the European Commission acting on behalf of the European Union on amendments to the Funding Agreement for the operation Energy Efficiency Support Program in Ukraine - EE4U-II (ENI/2017/039-641) (extension of the implementation period and increase in the amount of co-financing from Germany by Euro 10 million);
- Supplementary agreement No. 1 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission acting on behalf of the European Union to the Funding Agreement for the event "EU Emergency Support Program for Ukraine" (NDICI-GEO-NEAR/2022/ACT60748)" (changes in the distribution of the indicative budget, taking into account the reassessment of the needs of the population and the ability of implementers to implement them; an increase in the budget component for providing grants directly from the EC by Euro 122 million);
- Government of Ukraine and the European Commission acting on behalf of the European Union to the Agreement on financing the event "EU support for Ukraine in Revival of the Economy" (EU SURE)" (ENI / 2015 / 032-789)"(extension of the implementation period); ants directly from the EC by Euro 122 million);

— Supplementary agreement No. 3 (in the form of an exchange of letters) between the Government of Ukraine and the European Commission acting on behalf of the European Union to the Agreement on financing the event “EU support for Ukraine in Revival of the Economy” (EU SURE) (ENI / 2015 / 032-789) (extension of the implementation period);

— Supplementary agreement No. 1 between the Government of Ukraine and the European Commission, acting on behalf of the European Union, to the Funding Agreement for the operation Reducing vulnerability and improving food security by supporting affected population and agricultural production in Ukraine (State and Resilience Building Contract) (NDICI-GEO-NEAR/2022/ACT-61256) (additional state budget funding in the amount of 66 million euros).

Also, in 2022, Ukraine joined a number of the EU programs: EU4Health, LIFE, Customs, Fiscalis, Digital Europe².

In addition, in 2022, Ukraine started the process of joining the following EU programs: “Connecting Europe Facility”, the Rights and Values Program, Justice Program, Combating Fraud Program, Civil Protection Mechanism.

FINANCIAL ASSISTANCE FROM INTERNATIONAL FINANCIAL ORGANIZATIONS

In 2022, the following agreements on cooperation in the energy sector were concluded and/or entered into force:

— On October 11, 2022 the Guarantee agreement between Ukraine and the EBRD dated September 07, 2022 and the Loan agreement between NJSC Naftogaz of Ukraine and the EBRD dated June 14, 2022, concluded within the framework of the project Recovery loan for Emergency Gas Purchase by Naftogaz, entered into force, which will allow NJSC Naftogaz of Ukraine to attract EBRD loan funds in the amount up to 300 million euros to finance the purchase of imported natural gas;

— On December 13, 2022 Ukraine and the EBRD signed a Guarantee Agreement (Ukrenergo Transmission Network Emergency Restoration Project) to ensure the fulfillment of Ukrenergo’s debt obligations under the loan in the amount of 300 million euros raised under the Loan Agreement of December 13, 2022 (Ukrenergo Transmission Network Emergency Restoration Project) between Ukrenergo and the EBRD in order to maintain liquidity and sustainability of operations. The measures necessary for the entry into force of the Guarantee Agreement and the Loan Agreement are being implemented;

— On December 19, 2022 a Guarantee Agreement was signed between the Cabinet of Ministers of Ukraine (“the Guarantor”) and KfW, Frankfurt am Main (“KfW”) on the project “Improvement of the Efficiency of Electricity Transmission (Substations Modernization) II” (32.5 million euros), which aims to increase the efficiency and reliability of the UES of Ukraine for its integration with ENTSO-E by replacing outdated equipment of high-voltage substations with simultaneous transition to modern switchgear schemes and installation of automated process control systems at substations of NJSC “Ukrenergo”. Measures are being taken to ensure the entry into force of the agreement.

2. As part of the European Union’s support for Ukraine in the face of a full-scale invasion of the Russian Federation, Ukraine was exempted in 2022 of paying contributions stipulated by the terms of these EU programs.

SECTION IV.

RESULTS OF IMPLEMENTATION OF THE ASSOCIATION AGREEMENT IN 2022

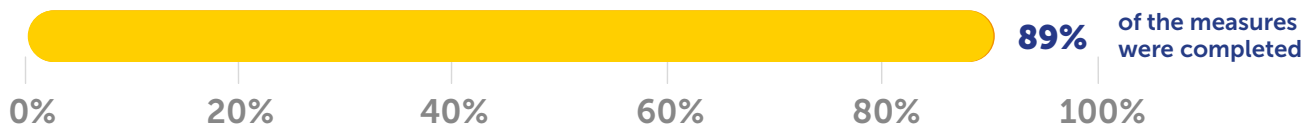
ЕШУА

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POLITICAL DIALOGUE, NATIONAL SECURITY AND DEFENSE



POLITICAL INTERACTION WITH THE EU INSTITUTIONS

During 2022, the dynamics of the EU-Ukraine political dialogue was unprecedented (more than 30 contacts only at the level of the President of Ukraine and the President of the European Council; the President of Ukraine took part in meetings of the European Council 6 times).

President of the European Commission Ursula von der Leyen visited Ukraine three times and President of the European Council Charles Michel visited Ukraine twice, visits to Brussels to the EU institution by the Prime Minister of Ukraine D. Shmyhal and 3 visits by Deputy Prime Minister for European and Euro-Atlantic Integration O. Stefanishyna.

Active contacts were maintained between Foreign Minister D. Kuleba and the EU High Representative for Foreign Affairs and Security Policy J. Borrell. At the invitation of the High Representative, the Minister repeatedly addressed the participants of the meetings of the EU Council on Foreign Affairs, which contributed to the adoption by the foreign ministers of the EU Member States of a number of decisions in support of Ukraine in the war with the Russian Federation, in particular on the provision of weapons and assistance within the framework of the European Peace Facility, the introduction of sanctions against the Russian Federation.

High dynamics of dialogue with the European Parliament was ensured, including within the framework of established inter-parliamentary contacts (Parliamentary Association Committee, Euronest, COSAC). 15 resolutions were adopted in the result of methodical work with MEPs concerning various aspects of supporting Ukraine and countering Russia. In March 2022, an extraordinary plenary session of the European Parliament was held in Brussels (the only item on the agenda was the discussion of Russia's aggression against Ukraine).

Regular events of political and sectoral dialogue were conducted, including the Eighth meeting of the EU-Ukraine Association Council.

Convergence in the foreign and security policy of Ukraine with the EU, in particular by joining the relevant EU statements, including on restrictive measures, is a prerequisite in the context of our state's strategic course towards the EU membership. Positive dynamics in this process was noted following the results of the 24th EU-Ukraine Summit. As of February 2023, the convergence rate in this area has reached 95%.

SANCTIONS AGAINST RUSSIA

Increased sanctions pressure on the Russian Federation has been ensured. During the period from February 2022 to February 2023, 10 packages of the EU restrictive measures were introduced against Russia and Belarus. The sanctions policy was implemented by strengthening the regimes of individual restrictive measures (the lists include more than 1,560 individuals and 239 legal entities), sectoral sanctions and restrictive measures in response to the illegal recognition, occupation or annexation of certain territories of Ukraine by the Russian Federation.

MILITARY-POLITICAL DIALOGUE WITH THE EU

On October 17, 2022, during a meeting of the EU Foreign Affairs Council, it was decided to launch the EU CSDP Military Assistance Mission in support of Ukraine (EUMAM Ukraine). EUMAM Ukraine provides individual, collective and specialized training for the Armed Forces of Ukraine, including the Territorial Defense Forces. The Mission also coordinates and synchronizes the activities of the EU Member States and other international partners in conducting training activities and will be open to the participation of third countries.

The EUMAM Ukraine mandate will initially last for two years, and the basic total amount of funding for this period will be 106,700,000 euros.

Cooperation with the EU was expanded within the framework of the newly created European Peace Facility (EPF) in order to improve the defense potential of the Armed Forces of Ukraine. Seven packages of financial assistance for the needs of the Armed Forces of Ukraine under the EPF were approved for the amount of 500 million euros each. The total amount of funds is 3.6 billion euros. At the 24th EU-Ukraine Summit, the readiness to continue military assistance to Ukraine was emphasized. In particular, the approval of the seventh package for the needs of the Armed Forces of Ukraine under the EPF was noted, and the aspiration to double, by the end of 2023, the total number of trained representatives of the Armed Forces of Ukraine within the framework of the EU Military Assistance Mission in support of Ukraine (EUMAM Ukraine) of what was announced before the start of its operation (about 30 thousand people).

Also, additional assistance in the amount of 25 million euros was announced for Ukraine to support humanitarian mine action in the liberated territories that were temporarily occupied by the Russian Federation. Additional funding will include the necessary equipment for state-owned mine action operators in Ukraine and support for the ability of the Ukrainian authorities to effectively manage the national mine action sector.

Work continues on the new draft of the Law of Ukraine "On state control over international transfer of strategic goods", developed taking into account the provisions of the EU Regulation No. 2021/821 of May 20, 2021 setting up a Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items (recast).

SSU REFORM

The Verkhovna Rada of Ukraine is considering a draft Law "On amendments to the Law of Ukraine "On the Security Service of Ukraine" on improving the organizational and legal framework for the activities of the Security Service of Ukraine" (Reg. No. 3196-d). The draft law is aimed at improving the institutional capacity of the Security Service of Ukraine to ensure state security and bring the legislation of Ukraine regulating its activities in line with modern challenges and threats to the state security of Ukraine, which should be countered by the Security Service of Ukraine.

In order to improve and reform certain areas of activity of the Security Service of Ukraine during the war period, the draft Law of Ukraine "On amendments to certain laws of Ukraine on improving counterintelligence activities and strengthening the institutional capacity of the entities implementing such activities in repelling armed aggression against Ukraine" was developed (Reg. No. 7684-d).

ELECTORAL LAW REFORM

In order to further improve the electoral legislation, the Verkhovna Rada of Ukraine is discussing a number of draft laws, in particular:

“On amendments to the Election Code of Ukraine concerning the right to be a candidate for the post of the President of Ukraine for the second term” (Reg. No. 6552 of January 25, 2022);

“On amendments to the Election Code of Ukraine concerning the guaranteed inclusion of participants of military operations in electoral lists” (Reg. No. 7405 of May 25, 2022);

“On amendments to the Election Code of Ukraine concerning ensuring equal suffrage for parties and candidates for People’s Deputies of Ukraine in terms of financing the election campaigns” (Reg. No. 7682 of August 18, 2022);

“On amendments to the Election Code of Ukraine concerning the improvement of regulation of information support for elections and the implementation of pre-election campaigning” (Reg. No. 8310 of December 27, 2022);

“On amendments to the Election Code of Ukraine”, the purpose of which is to solve the problem of informing voters about candidates who during the last six months before the election day changed their last name and/or proper name (one of their own names or all their own names), and/or patronymic by entering such information in information posters, information booklets, in the ballot, as well as the publication of this information by the Central Election Commission and the territorial election commission (Reg. No. 4440 dated November 30, 2020).

The above-mentioned draft laws are followed up by the government for the purpose of analysis for compliance with the European electoral standards, compliance with Ukraine’s international obligations and taking into account the recommendations of international organizations, including the OSCE/ODIHR.

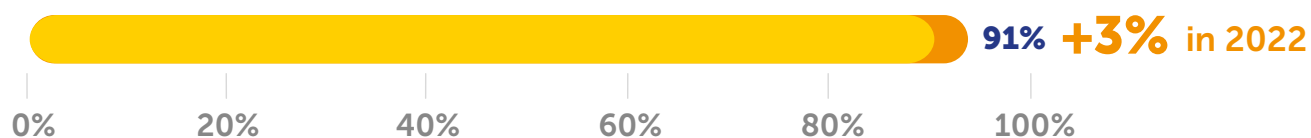
PUBLIC ADMINISTRATION REFORM

On November 16, 2022, the Verkhovna Rada of Ukraine adopted new draft of the Law of Ukraine “On service in local self-government bodies” (draft law No. 6504) as a basis with reduced preparation period.

The draft Law of Ukraine “On amendments to the Law of Ukraine “On civil service” on improving the procedure for entering, serving, and terminating civil service” is under consideration by the Parliament (Reg. No. 6496).

As part of the implementation of the Human Resource Management Information System (HRMIS), 111 government agencies were connected during the year and information on 23,800 employees was entered. 588 agreements were signed with state bodies on granting access (connection) to the Human Resource Management Information System in state bodies.

JUSTICE, FREEDOM, SECURITY AND HUMAN RIGHTS



Progress on certain issues related to justice, freedom and security is outlined in the previous sections. This section provides information on other areas and progress in implementing reforms in this area.

IMPROVEMENT OF ANTI-DISCRIMINATION LEGISLATION

On June 20, 2022, the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On ratification of the Council of Europe Convention on preventing and combating violence against women and domestic violence” (Istanbul Convention) (No. 2319-IX). The Istanbul Convention criminalizes psychological, physical, and sexual violence, expands the possibilities of protecting the rights of victims in international courts in relation to crimes that are gender-based or related to domestic violence, and obliges member states to take a wide range of preventive measures, including informational and educational ones.

In terms of countering multiple discrimination, the draft Law of Ukraine “On amendments to certain legislative acts of Ukraine (regarding the harmonization of legislation in the field of preventing and countering discrimination with the law of the European Union)” (Reg. No. 0931) was followed up.

In order to strengthen responsibility for discrimination and hate crimes, a draft Law “On amendments to the Code of Ukraine on Administrative Offenses and the Criminal Code of Ukraine on combating discrimination” has been developed (Reg. No. 5488).

LEGAL COOPERATION

In the context of the implementation of Paragraph 2 of Article 24 of the Association Agreement on the development of further judicial cooperation between Ukraine and the EU in civil cases on the basis of relevant multilateral legal documents, in particular the conventions of the Hague Conference on private international law in international legal cooperation, judicial process, and child protection, the following laws were adopted in 2022:

- Law of Ukraine “On ratification of the Protocol on the law applicable to maintenance obligations” (dated July 1, 2022 No. 2339-IX);
- Law of Ukraine “On amendments to certain legislative acts of Ukraine in connection with the ratification of the Convention on choice of court agreements” (dated September 21, 2022 No. 2627-IX);
- Law of Ukraine “On ratification of the Convention on Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters” (dated July 01, 2022 No. 2342-IX);

— Law of Ukraine “On amendments to the law of Ukraine “On Ukraine’s accession to the Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Co-operation in Respect of Parental Responsibility and Measures for the Protection of Children (dated July 8, 2022 No. 2357-IX);

— Law of Ukraine “On amendments to the Law of Ukraine “On private international law” in connection with the ratification of the Protocol on the law applicable to maintenance obligations” (dated December 1, 2022 No. 2802-IX).

Work continues on the draft laws “On compensation of damage to victims of violent criminal offenses”, “On amendments to the Code of Ukraine on Administrative Offenses and the Criminal Procedure Code of Ukraine on providing a mechanism for compensation of damage to victims of violent criminal offenses”.

ROME STATUTE

In the context of ratification of the Rome Statute of the International Criminal Court:

On May 3, 2022 the Law of Ukraine “On amendments to the Criminal Procedure Code of Ukraine and other legislative acts of Ukraine concerning cooperation with the International Criminal Court” (No. 2236-IX) was adopted.

On September 20, 2022 the Law of Ukraine “On amendments to Article 624 of the Criminal Procedure Code of Ukraine on improving cooperation with the International Criminal Court in conducting procedural actions in the territory of Ukraine” (No. 2598-IX) was adopted.

Currently, the cooperation with the International Criminal Court is underway on the basis of Ukraine’s statements on recognition of the International Criminal Court jurisdiction and Section IX-2 of the Criminal Procedure Code of Ukraine “Specifics of cooperation with the International Criminal Court”.

In addition, on March 3, 2023, the government approved a draft Agreement between the Cabinet of Ministers of Ukraine and the International Criminal Court on the establishment of an Office of the International Criminal Court in Ukraine.” The conclusion of this Agreement will create legal grounds for the identification, criminal prosecution and trial of perpetrators and accomplices of acts committed in the territory of Ukraine, starting from November 21, 2013, in accordance with paragraph 3 of Article 12 of the Rome Statute.

FIGHT AGAINST CORRUPTION AND CRIME

On June 20, 2022, the Verkhovna Rada of Ukraine adopted an Anti-Corruption Strategy that will be valid until 2025 (Law No. 2322-IX). The Strategy is based on 5 main principles:

— optimization of the functions of the state and local self-government, in particular, it is envisaged to eliminate excessive powers of state bodies as well as the duplication of their functions.

- reduction of the “human factor” and increase in transparency and efficiency of the state’s relations with citizens and organizations through the introduction rules of the general administrative procedure and digitalization most processes and services;
- creation of convenient and legal alternatives to corrupt practices;
- ensuring effective state control over public servants’ compliance with the rules of ethical conduct and requirements of anti-corruption legislation;
- ensuring the inevitability of liability for corruption and corruption-related offenses.

The anti-corruption strategy covers the functioning of the general system of corruption prevention, defines priorities for preventing corruption in specific sectors of public administration and pays significant attention to the issue of liability for corruption.

It is envisaged that the National Agency on Corruption Prevention (hereinafter referred to as the NACP) will annually evaluate the implementation of the Anti-Corruption Strategy, preparing a national report on the implementation of the principles of anti-corruption policy.

On March 4, 2023 the government has adopted the State Anti-Corruption Program, which sets clear performance indicators for each government body for strategy implementation.

Due to the systematic measures taken by the state’s law enforcement agencies, 395 organized groups and criminal organizations were neutralized during 2022. In particular, 36 organized groups with corrupt connections were neutralized, 23 of which operated in government and administrative bodies, 40 organized groups that used interregional, and 11 criminal groups that used transnational connections.

The Office of the Prosecutor General, as the central body for international cooperation in criminal proceedings, cooperates with the competent authorities of the EU countries by creating joint investigation teams (JITs) in the framework of pre-trial investigation of criminal proceedings related to corruption, terrorism, organized crime. Coordination of activities related to the conclusion of agreements on the creation of joint investigative teams is carried out by Eurojust.

In accordance with the provisions of the Law of Ukraine of March 3, 2022 No. 2115-IX “On protection of the interests of subjects of reporting and other documents during the period of martial law or state of war” during the period of martial law or state of war, any checks on the timeliness and completeness of submission of any reports or documents of a reporting nature are not carried out by authorized bodies.

Thus, the NACP currently does not conduct full checks of declarations of persons authorized to perform the functions of the state or local self-government.

Taking into account that ensuring, formation and implementation of the state anti-corruption policy are the main tasks of the NACP, within the scope of its powers, the configuration settings of its “Unified state register of declarations of persons authorized to perform the functions of the state or local self-government” were updated, which are aimed at analysing declarations and searching for signs of unjustified assets and/or illegal enrichment in order to further initiate lifestyle monitoring.

Separately, measures are being taken to expand and restore access to registers, including access to databases of the State Migration Service of Ukraine, the State Customs Service of Ukraine and the Tax Block IS.

In 2022, 26 (14 – in 2021) agreements on the creation of JITs (documents on the extending the timeframe of their activities, changing the heads and composition) were signed between Ukraine and the EU countries, and participation of the representatives of the Prosecutor’s Office was ensured in 35 (25 – in 2021) coordination meetings of Eurojust.

For the purpose of practical implementation of the Strategy for Combating Organized Crime, the Ministry of Internal Affairs has developed a draft Action Plan, which was approved by the Order of the Cabinet of Ministers of Ukraine No. 850-R of September 27, 2022.

On January 26, 2022, the Cabinet of Ministers of Ukraine adopted Resolution No. 59 “On certain issues of introducing the SOCTA Ukraine assessment system into the activities of state bodies”. On November 02, 2022, the first working meeting of the interdepartmental working group on coordinating the implementation of the SOCTA Ukraine assessment system in the activities of central executive bodies was held, where the concept of law enforcement activities guided by analytics as one of their tools in the fight against organized crime and its role in the EU and SOCTA political cycle were presented.

Proposals for the creation of working subgroups within the interdepartmental working group on coordination of the implementation of the SOCTA Ukraine Assessment System in the activities of central executive bodies have been developed, also the data collection for the analysis of the threats of the organized and serious crime was organized.

Amendments to the Instructions on the organization of intelligence activities and covert work by criminal intelligence units of the National Police of Ukraine regarding the secret segment of SOCTA reporting are being prepared.

Currently, the National Police is involved in the implementation of all 15 intelligence action plans within the framework of the European Multidisciplinary Platform Against Criminal Threats (EMPACT) aimed at combating organized crime.

COUNTERING HUMAN TRAFFICKING

Work continues on the draft State Social Program on Combating Human Trafficking up to 2025, as well as the Strategy of the State Drug Policy up to 2030.

In order to implement the Strategy of the State Migration Policy of Ukraine up to 2025, the Action Plan for 2022-2025 is being developed. At the same time, due to military operations, new challenges and threats, and with the view to taking into account the recommendations of IOM and the EU experts, the amendments to the Decree of the Cabinet of Ministers of Ukraine "On amendments to the Decree of the Cabinet of Ministers of Ukraine of July 12, 2017 No. 482-R "On approval of the Strategy of the State Migration Policy of Ukraine up to 2025" are being finalized.

READMISSION AND BORDER CONTROL

Work is underway to conclude implementation protocols with EU Member States on the implementation of the Agreement between the European Community and Ukraine on readmission of persons, in particular, during 2022, the government approved the texts of implementation protocols with Latvia, Romania, Spain, Hungary and authorized the Head of the State Migration Service to sign them.

In order to regulate the organization of joint control at checkpoints on the Ukrainian-Romanian border in Chernivtsi region, the equipment of Krasnoilsk checkpoint has been finished and it was opened on November 10, 2022, and the construction of the Dyakovtsy checkpoint continues. The Resolution of the Cabinet of Ministers of Ukraine dated November 04, 2022 No. 985-R provides for amendments to the Agreement (in the form of an exchange of notes) between the Cabinet of Ministers of Ukraine and the Government of Romania on the opening of checkpoints for international traffic, in order to make changes to the nature of transportation, the mode of operation and the schedule of work of checkpoints "Krasnoilsk – Vicovu de Sus", "Dyakovtsy – Rakovets". This will reduce the burden on existing checkpoints and contribute to the further development of trade and economic ties between the two countries.

Negotiations were held, as a result of which the text of the draft new Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Poland on cooperation in the control of persons, vehicles and goods at joint checkpoints was agreed.

PERSONAL DATA PROTECTION

On October 25, 2022 the Verkhovna Rada of Ukraine has registered a new draft Law of Ukraine "On personal data protection" (Reg. No. 8153).

The draft law is designed to harmonize Ukrainian legislation with the European standards in personal data protection and bring the legislation in compliance with the requirements of the updated Convention 108+ by implementing Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (GDPR), as well as EU Directives 2016/680 and 2002/58 (on protection of natural persons in relation to the processing of personal data by the competent authorities; processing of personal data and protection of confidentiality).

The Verkhovna Rada of Ukraine has also registered a draft Law of Ukraine “On the National Commission for Personal Data Protection and Access to Public Information” (Reg. No. 6177). This draft law provides for the creation of a new supervisory body in personal data protection - the National Commission for Personal Data Protection and Access to Public Information, and defines the status, powers, organizational framework and operating procedures of this body.

FIGHT AGAINST TORTURES

On December 1, 2022 the Verkhovna Rada adopted the Law of Ukraine “On amendments to the Criminal Code of Ukraine on improving responsibility for torture” No. 2812-IX, which is aimed at bringing the provisions of the Criminal Code of Ukraine in line with the provisions of the UN Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

FIGHT AGAINST TERRORISM

In order to adapt national legislation in the field of prevention and combating terrorist activities to the European and Euro-Atlantic standards, strengthen the capabilities of the counter-terrorism system and deepen cooperation between Ukraine and NATO member states in the exchange of relevant information, a draft Law of Ukraine “On amendments to the Criminal and Criminal Procedure Codes of Ukraine in connection with the ratification of the Additional Protocol to the Council of Europe Convention on the Prevention of Terrorism, and to certain legislative acts of Ukraine on improving the fight against terrorism” has been developed (Reg. No. 8146).

During 2022, the Security Service of Ukraine initiated 369 criminal proceedings on the fact of committing crimes against public security, 172 persons were notified of suspicion. 6 terrorist acts were prevented at the stage of preparation.

As part of countering international terrorism, cooperation of the Security Service of Ukraine with foreign partner security services has been ensured. As a result of the measures taken, 357 foreigners involved in the activities of international terrorist organizations (ITO) and religious extremist organizations (REO) were banned from entering Ukraine. 24 people from this category were identified and 3 detained. 35 people were expelled from the territory of Ukraine, the period of temporary stay of 107 persons was reduced, and 86 foreigners were forcibly returned to their countries of origin due to suspicion of involvement in ITO/REO.

1,913 anonymous terrorist messages were recorded. 92 performers were identified.

INVESTIGATION OF RUSSIAN WAR CRIMES

In 2022, to ensure a coordinated investigation of the most serious international crimes committed by Russia in the territory of Ukraine, a joint investigation team was created, which, apart from Ukraine, included Lithuania, Poland, Latvia, Estonia, Slovakia, Romania, Eurojust and the ICC Prosecutor’s Office.

In addition, as of now, the competent authorities of 16 EU states have launched their own investigations or evidence collection to investigate crimes committed in Ukraine as a result

of russian aggression, in particular Lithuania, Poland, Estonia, Latvia, Slovakia, Romania, Belgium, Czech Republic, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden.

10 departmental agreements of the Office of the Prosecutor General with the competent authorities of the EU states were signed on joint efforts to investigate war and other international crimes (Lithuania (March 2, 2022), Latvia (March 8, 2022), Poland (March 11, 2022), Slovakia (March 12, 2022), Spain (March 13, 2022), Romania (March 14, 2022), Bulgaria, Estonia (March 29, 2022), Austria (June 23, 2022), France (June 24, 2022).

On March 18, 2022, a Working cooperation agreement was signed between the Office of the Prosecutor General and the European Public Prosecutor's Office (EPPO).

The Office of the Prosecutor General also actively cooperates with the ICC. A general algorithm of cooperation with this institution has been developed (in terms of familiarization with the materials of criminal proceedings), taking into account the requirements of Section IX-2 of the Criminal Procedure Code of Ukraine "Specifics of cooperation with the International Criminal Court".

In addition, as part of the search, arrest and subsequent confiscation or forced seizure of assets of persons involved in the armed aggression against Ukraine, as well as objects of property rights of the russian federation and its residents, Ukraine has established cooperation with Freeze and Seize Task Force of the European Commission.

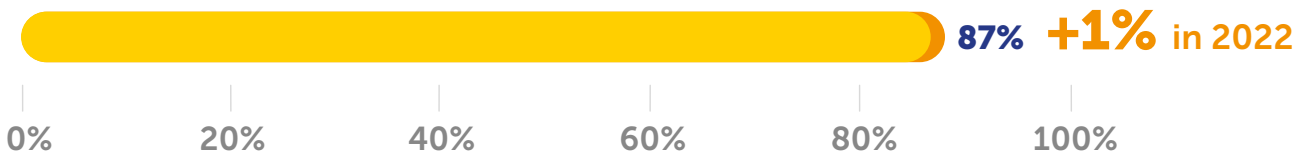
As part of countering attempts by the russian special services to attract foreign citizens, including members of the ITO, to participate in military operations against Ukraine as mercenaries, the Security Service of Ukraine, in cooperation with Foreign Intelligence Service of Ukraine (FISU), Main Intelligence Directorate (MID) of the Ministry of Defense of Ukraine and partner special services of the United States, Canada, France and Poland, identified 250 mercenaries, primarily military personnel of the Armed Forces of the Syrian Arab Republic (SAR), 7 recruiters (SAR armed forces), as well as the location of centres for recruitment of mercenaries among local citizens on the territory of the SAR. Illegal activities are being documented and appropriate response measures are being taken.

Security Service of Ukraine initiated 198 criminal proceedings under Article 438 of the Criminal Code of Ukraine on the fact of violation of the laws and customs of war, ill-treatment of prisoners of war or the civilian population, in which 33 persons were notified of suspicion. 1 court verdict has entered into legal force.

In order to bring representatives of the aggressor state to justice, the materials of the investigation of illegal actions by russian military personnel were provided to experts of the International Criminal Court and investigators of the joint group of Poland, Lithuania and Ukraine.

The plans of the staff of the main directorate of the general staff of the russian armed forces to commit a high-profile terrorist act (shooting down a civilian plane) with subsequent accusation of Ukraine in its commission were thwarted in the result of the operational measures of the Security Service of Ukraine.

TECHNICAL BARRIERS TO TRADE



Ukraine's obligations in the area of technical barriers to trade are provided for in Chapter 3 "Technical Barriers to Trade" of Title IV "Trade and Trade-Related Matters" of the Association Agreement. The adoption of the horizontal and vertical legislation of Ukraine, harmonized with the EU legislation, as well as its enforcement in the areas of technical regulation, conformity assessment, standardization, metrology and market supervision, made it possible to translate into practice the issue of signing the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA).

In 2022, as part of the Phase II of the EU preliminary assessment mission, the EU assessment mission on the readiness of Ukraine's quality infrastructure for the conclusion of the ACAA agreement continued its work, which conducted an assessment of: metrology systems (January), accreditation and conformity assessment systems (July).

Based on the results of the assessment of the metrology, accreditation and conformity assessment system, the EU experts provided a number of recommendations that need to be regulated.

Thus, the EU experts assessed the formation and implementation of the state policy of the Ministry of Economy on standardization, metrology, accreditation and conformity assessment, as well as the activities of the national standardization body, technical standardization committees, the national accreditation body of Ukraine, businesses participating in European Technical Committees and operating in three priority sectors of industrial products. Ukraine's active participation in the European and international organizations for standardization, accreditation and metrology was emphasized, which is an important factor for recognizing the national quality infrastructure of Ukraine at the European and international levels.

Taking into account the recommendations of the European experts on the results of the assessment, the tracking spreadsheet for implementation of the recommendations on national law adaptation to the EU law and comparative table of compliance of the developed regulations with the EU law were analyzed, updated and sent to the EU Party.

At the same time, the national standardization body of Ukraine adopted 20,268 European regulatory documents CEN/CENELEC as national regulatory documents by the confirmation and entering into force on December 31, 2023.

Pursuant to its obligations under the Association Agreement and expert recommendations, Ukraine received the status of an associate member in the European Association of National Metrology Institutes (EURAMET) in November 2022. The General Assembly of the European Committee for Standardization and the European Committee for Electrotechnical Standardization (CEN/CENELEC) approved Ukraine's application for obtaining the status of an affiliated member in CEN-CENELEC from January 1, 2023.

According to the EU Party, it is planned to discuss, shortly, the program of the next assessment missions on the market supervision system and the activities of conformity assessment bodies of Ukraine.

The parties maintain constant communication in order to continue the EU preliminary assessment mission.

SANITARY AND PHYTOSANITARY MEASURES



Production, trade, including exports, of goods covered by sanitary and phytosanitary measures (hereinafter referred to as SPM), make up a significant part of Ukraine's GDP and the lion's share of exports. Effective state SPM policy, complying with the EU legislation, is an important prerequisite for the production of healthy and safe agricultural and food products. The SPM is a key element of the EU's "the farm to fork" strategy, which in turn is the basis of the European Green Deal.

Ukraine's SPM obligations are provided for in Chapter 4 "Sanitary and Phytosanitary Measures" of Title IV "Trade and Trade-Related Matters" of the Association Agreement.

In 2022, in compliance with the Association Agreement and to approximate domestic legislation with the EU law:

1. The following laws of Ukraine were adopted:

- "On materials and objects intended to be in contact with food" (No. 2718-IX of 03.11.2022), which sets out the requirements for materials and objects in contact with food products, the specifics of their labelling, as well as the requirements for good manufacturing practice, taking into account the relevant provisions of the EU law. The law is aimed at ensuring the protection of citizens' health and consumer interests.
- "On amendments to certain laws of Ukraine on improving state regulation in handling pesticides and agrochemicals" (No. 2775-IX of November 16, 2022), which increases the efficiency and transparency of procedures for state regulation of circulation and use of pesticides and agrochemicals, introduces an electronic register of pesticides, actualizes the requirements for the content of labels, labelling and packaging of pesticides and agrochemicals, training of persons who directly apply pesticides, and brings into compliance terms and definitions with the EU law in this sphere.
- "On amendments to certain legislative acts of Ukraine concerning bringing legislation on protection of rights to plant varieties and seed and seedling production in line with the provisions of the legislation of the European Union"³ No. 2763-IX of November 16, 2022.

2. Adopted in the first reading:

- draft law of Ukraine "On state regulation of genetic engineering activities and state control over the turnover of genetically modified organisms and genetically modified products to ensure food security" (Reg. No. 5839 of August 05, 2021, adopted in the first reading on November 16, 2022), which aims to introduce a European model of GMOs regulation, including requirements for labelling products containing, produced with or consisting of GMOs.

3. For more information, see the section "Agriculture".

3. In order to create a comprehensive and complete regulation, taking into account the relevant provisions of the EU legislation, the following legislation was adopted in the areas of:

- veterinary medicine and animal welfare and in compliance with the Law of Ukraine “On Veterinary Medicine” - 10 regulations that implement the EU standards in the field of animal health and welfare;

- safety and individual indicators of food quality and in compliance with the Law of Ukraine “On basic principles and requirements for food safety and quality” - 8 regulations that introduce hygienic requirements for milk, fast-frozen food products, food products of animal origin, requirements for identification mark that is applied in order to ensure traceability, as well as requirements for materials and products that come into contact with food;

- plant quarantine - 1 regulation that introduces requirements for detection, localization and elimination of the *Anoplophora Chinensis* Forst and *Bursaphelenchus xylophilus*.

In addition, the World Bank, as part of the implementation of the program “Accelerating Private Investment in Agriculture in Ukraine”, confirmed that Ukraine has regulated the issue of traceability of food products by implementing the relevant provisions at the legislative level.

Also in 2022, the following orders of the Ministry of Health were adopted in pursuance of implementation of the Action plan, in particular regarding the implementation of Commission Decision 2010/169/EC, Commission Directive 93/11/EEC and Directives 78/142/EEC, 84/500/EEC, 2007/42/EC, respectively:

- “On non-inclusion of 2,4,4'-trichloro-2'-hydroxydiphenyl ether in the list of additives which may be used in the manufacture of plastic materials and articles intended to come into contact with foodstuffs” dated September 24, 2022 No. 1735, registered with the Ministry of Justice on October 11, 2022 under No. 1222/38558;

- “On approval of criteria for the release of the N-nitrosamines and N-nitrosatable substances from elastomer or rubber teats and soothers”, dated September 24, 2022 No. 1734, registered with the Ministry of Justice on October 14, 2022 under No. 1241/38577;

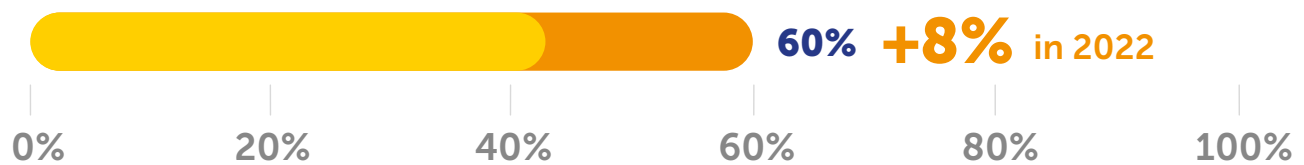
- “On approval of requirements for materials and articles which contain vinyl chloride monomer and are intended to come into contact with foodstuffs”, dated December 5, 2022 No. 2199, registered with the Ministry of Justice on December 21, 2022 under No. 1641/38977;

- “On approval of requirements for ceramic articles intended to come into contact with foodstuffs”, dated December 29, 2022 No. 2373 (sent for state registration to the Ministry of Justice);

- “On approval of requirements for materials and articles made of regenerated cellulose film intended to come into contact with foodstuffs”, dated December 29, 2022 No. 2374 (sent for state registration to the Ministry of Justice).

4. <http://documents.worldbank.org/curated/en/09961250222323513/IDU017d7bac6020008b29038c5edf6bade>

CUSTOMS MATTERS



ACCESSION TO THE CONVENTION ON COMMON TRANSIT AND THE CONVENTION ON SIMPLIFICATION OF FORMALITIES IN TRADE IN GOODS

In June 2022, Ukraine successfully completed the international testing the national application of the New Computerized Transit System (NCTS).

On August 25, 2022, the Ukrainian Party received an invitation from the General Secretariat of the EU Council to join the Conventions on the Common Transit and on Simplification of Formalities in Trade in Goods from October 1, 2022.

In order to start international application of the New Computerized Transit System (NCTS) and expand the system of customs clearance simplifications, an appropriate regulatory framework has been prepared:

- Law of Ukraine No. 2555-IX of August 30, 2022 “On Ukraine’s accession to the Convention on the Common Transit”;
- Law of Ukraine No. 2554-IX of August 30, 2022 “On Ukraine’s accession to the Convention on Simplification of Formalities in Trade in Goods”;
- Law of Ukraine No. 2510-IX of August 15, 2022 “On amendments to the Customs Code of Ukraine concerning certain issues of implementation of Chapter 5 of Title IV of the Association Agreement between the European Union, the European Atomic Energy Community and their member states, on the one part, and Ukraine on the other part”, which put in compliance certain provisions of government regulations with Convention on Common Transit and Convention on Simplification of Formalities in Trade in Goods.

All necessary bylaws have been adopted to implement the provisions of these laws.

Since October 1, 2022, Ukraine has become a full party to the Convention on Common Transit and the Convention on Simplification of Formalities in Trade in Goods and has started international application of NCTS.

Since the beginning of the international application of the Convention on Common Transit, more than 700 declarations have been issued under the Common Transit Procedure. In 444 transits, Ukraine acted as the customs of departure, and in 264 transits Ukraine acted as the customs of destination.

Work on NCTS application in Ukraine is underway, in particular, the transition to NCTS P5 is in the process of preparation, which is scheduled for the fourth quarter of 2023.

AUTHORIZED ECONOMIC OPERATOR (AEO) PROGRAM

All regulations envisaged by Customs Code of Ukraine to ensure the functioning of the Institute of Authorized Economic Operator (AEO) in Ukraine with the aim of simplification of customs procedures for foreign economic entities meeting the established criteria have been adopted to date. These regulations provide for conducting an assessment (granting AEO authorization to enterprises) and monitoring the compliance of enterprises with the AEO criteria.

The State Customs Service operationalized AEO software package allowing to receive applications for AEO authorization in electronic format and enter the results of the assessment.

The AEO Unified State Register was created allowing to use the benefits of priority customs clearance of the AEO goods, decrease by the automated customs clearance system of the risk level for setting customs formalities in customs clearance.

Also, the adopted Law of Ukraine No. 2510-IX of August 15, 2022, among other things, provides for simplification of customs formalities for all reliable enterprises, and not just authorized economic operators, defining a list of conditions for granting authorization (permission) for the application of a specific simplification.

APPROXIMATION OF NATIONAL CUSTOMS LEGISLATION TO THE EU CUSTOMS LEGISLATION

The following legislation was adopted:

— Law of Ukraine No. 1999 of January 25, 2022 “On amendments to the Customs Code of Ukraine concerning the customs payments for goods that are transported (sent) in international mail, international express shipments, and the procedure for their declaration”.

— Law of Ukraine No. 2458-IX of July 27, 2022 “On amendments to the Customs Code of Ukraine concerning the regulation of preparing customs declarations for goods under one commodity heading according to Ukrainian Classification of Goods for Foreign Economic Activity (UCGFEA), in accordance with the Union Customs Code”, which provides for the implementation of the provisions of the Union Customs Code (Regulation (EU) No. 952/2013), Implementing Regulation No. 2447/2015 regarding the provisions of the procedure of preparing customs declarations for goods that fall under different commodity subheadings under the UCGFEA within the same commodity heading of the UCGFEA.

— Law of Ukraine No. 2510-IX of August 15, 2022 “On amendments to the Customs Code of Ukraine concerning certain issues of implementation of Chapter 5 of Title IV of the Association Agreement between the European Union, the European Atomic Energy Community and their member states, on the one part, and Ukraine on the other part”. For the implementation of the provisions of the above-mentioned Law of Ukraine No. 2510-IX of August 15, 2022, a number of bylaws have been adopted that open access for an unlimited number of Ukrainian businesses to authorizations and simplifications similar to those that exist in the EU, regulate the issue of procured payment of customs duties when importing and/or moving through the territory of Ukraine in transit.

- Law of Ukraine No. 2697-IX of 19.10.2022 “On the customs tariff of Ukraine”.

UPDATING ANNEX XV

By the Decision No.1/2022 of the EU-Ukraine Association Committee in Trade Configuration of October 25, 2022, Annex XV (Approximation of Customs Legislation) to the Association Agreement was updated.

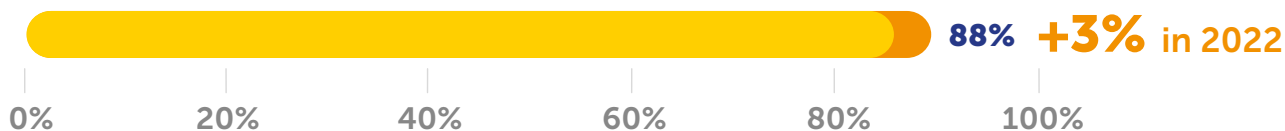
Draft Law of Ukraine “On amendments to the Customs Code of Ukraine on ensuring Ukraine’s compliance with international legal obligations in the field of European integration” is being prepared with the aim of approximation of Ukrainian customs legislation with the EU customs legislation in accordance with the amended Annex XV.

PARTICIPATION IN THE EU CUSTOMS PROGRAM

On September 5, 2022 in Brussels, the Parties signed an Agreement between Ukraine and the EU on Ukraine’s participation in the EU Customs program for cooperation in the customs sphere.

Ukraine’s participation in the Customs Program will allow to enjoy all the advantages of this program regarding cooperation between customs administrations (development and operation of European electronic systems, research and innovation activities, joint communication activities, etc.).

ENTREPRENEURSHIP



ACCOUNTING, FINANCIAL REPORTING AND AUDIT

For the purpose of implementing the EU legislation in the fields of accounting and audit the following legislation was **adopted**:

— Law of Ukraine No. 2435-IX of July 19, 2022 “On amendments to the Law of Ukraine “On accounting and financial reporting in Ukraine”. The law improved the legislative framework for accounting and financial reporting in accordance with the provisions of the European legislation, and increased the transparency and comparability of financial reporting indicators of Ukrainian enterprises, which will contribute to the investment climate improvement in Ukraine.

— Law of Ukraine No. 2597-IX of September 20, 2022 “On amendments to certain laws of Ukraine concerning the improvement of the legal framework of audit activities in Ukraine”.

The law implemented a number of government initiatives, in particular:

— implementation of the provisions of European legislation and improvement of certain provisions regarding the requirements for the auditor and the audit firm;

— improvement of auditors’ certification procedure in order to reduce the cost of the exams, improve the quality of exam tasks preparation, create conditions for young people and experienced specialists to enter the profession;

— clarification of the quality control procedure for audit services, professional responsibility of auditors and audit entities, as well as the procedure for disciplinary proceedings, etc.

On October 03, 2022 the amendments to the National regulation (standard) of public sector accounting 121 “Fixed Assets” were approved by the Order of the Ministry of Finance No. 312.

On September 19, 2022 additional Agreements were concluded between the Ministry of Finance of Ukraine and the International Federation of Accountants on permission to translate and publish copyrighted materials, according to which IPSAS 41 Financial Instruments, IPSAS 42 Social Benefits, IPSAS 43 Leases and Improvements to IPSAS 2019, 2021 were received for translation. As part of the EU4PFM project, the translation of Improvements to IPSAS 2019 has already been received.

The provisions of Annex XXXV to Chapter 13 Company law, Corporate Governance Accounting and Auditing are being updated.

ESTABLISHMENT AND OPERATION OF COMPANIES

In order to implement the provisions of the EU Directives No. 2007/36/EC of June 11, 2007 on the exercise of certain rights of shareholders in listed companies and No. 2017/1132/EC of June 14, 2017 relating to certain aspects of company law (codification), the Law of Ukraine No. 2465-IX of July 27, 2022 "On joint-stock companies" was adopted, which entered into force on January 1, 2023.

The law, inter alia:

- introduces of a mechanism for using electronic voting in general meetings;
- brings the provisions on shareholders' representation in line with the EU legislation, in particular, the provisions of Directive 2007/36/EC of June 11, 2007 on the exercise of certain rights of shareholders in listed companies;
- envisages the possibility of introducing a one-tier company management structure in joint-stock companies;
- regulates of the issue of liability of officials of the joint-stock company;
- brings the rules on mergers, acquisition, separations and divisions of joint-stock companies in line with the provisions of Directive (EU) 2017/1132 of June 14, 2017 relating to certain aspects of company law (codification).

COMPETITION AND STATE AID

Regarding the implementation of the inventory of state aid that existed on the date of entry into force of the law of Ukraine "On state aid to business entities", the Ukrainian Party has committed itself to provide the EU Party with the results of the inventory of existing state aid, setting the deadline for implementation – the second quarter of 2022.

In order to fulfil this obligation, a test register of current state aid was sent to the Ministry of Economy of Ukraine by the Letter No. 19 of the Antimonopoly Committee of Ukraine (hereinafter referred to as the AMCU) dated March 29, 2022, which contained more than 60 decisions of the AMCU on the evaluation of current state aid programs, for further transmission of this information to the EU Party through the contact point of the Ukrainian Party for the exchange of information within the framework of the implementation of the Association Agreement in terms of trade and trade related matters. The AMCU also provided the EU Party with information on the transparency of state aid in accordance with Article 263 of the Association Agreement, namely, it noted that Ukraine ensured the reporting of state-owned enterprises in accordance with Part Three of Article 263 of the Association Agreement and Directive 2006/111/EC by submitting annual reports in the form established by the Order No. 205 of the Ministry of Economic Development and Trade of Ukraine dated March 2, 2015, registered with the Ministry of Justice of Ukraine on March 19, 2015 under No. 300/26745.

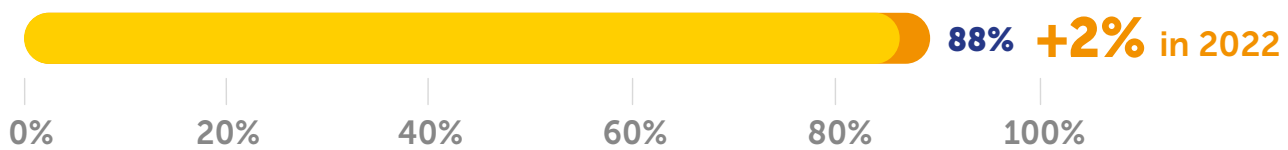
On October 25-26, 2022, the Seventh meeting of the EU-Ukraine Association Committee in Trade Configuration was held, where, in particular, the finalization of the test register of existing state aid and transparency of state aid were discussed.

The AMCU put state aid schemes in compliance with the criteria set in Articles 262 and 264 of the Association Agreement.

18 state aid schemes contained in the test register of current state aid are considered to be allowable state aid, including as a result of fulfilling the obligations set in AMCU's decisions.

The AMCU provided recommendations to the Ministry of Strategic Industries of Ukraine, the Ministry of Social Policy of Ukraine, the Ministry of Youth and Sports of Ukraine on bringing 19 state aid schemes in the test register of current state aid in compliance with the Law of Ukraine "On state aid to business entities" and the Association Agreement. Also, in order to bring state aid in the form of tax arrangements in line with the requirements of state aid legislation, the AMCU provided an explanation dated November 17, 2022 6-yy/dd on the enforcement of state aid legislation to support provided by local self-government bodies to business entities in the form of tax measures.

PUBLIC PROCUREMENT



In 2022, the Cabinet of Ministers of Ukraine adopted Resolution No. 1178 of October 12, 2022 “On approval of the specifics of public procurement of goods, works and services for customers provided for by the Law of Ukraine “On Public Procurement” for the period of martial law in Ukraine and within 90 days from the date of its termination or cancellation”.

The Resolution stipulates the following:

— customers are prohibited from procurement of goods, works and services from legal entities-residents of the Russian Federation/Republic of Belarus of state ownership, legal entities created and/or registered in accordance with the legislation of the Russian Federation/Republic of Belarus, and legal entities whose ultimate beneficial owners (owners) are residents of the Russian Federation/Republic of Belarus, and/or from individuals (sole proprietors) - residents of the Russian Federation/Republic of Belarus, as well as procurement from other business entities that sell goods, works and services originating from the Russian Federation/Republic of Belarus, with the exception of goods, works and services necessary for repairs and maintenance of goods procured before the entry into force of this Resolution;

— a report about the procurement contract concluded without electronic procurement system in accordance with the Resolution of the Cabinet of Ministers of Ukraine dated February 28, 2022 No. 169 “Some issues of defense and public procurement of goods, works and services under martial law”, and the procurement contract, all appendices and amendments thereto are published by the customer within 90 days from the date of termination or cancellation of the legal regime of martial law in Ukraine, if the customer has not published such report, the procurement contract, all appendices and amendments thereto before the entry into force of this Resolution;

— procurement of goods, works and services initiated before the entry into force of this Resolution are completed in accordance with the procedure in force before the entry into force of this Resolution.

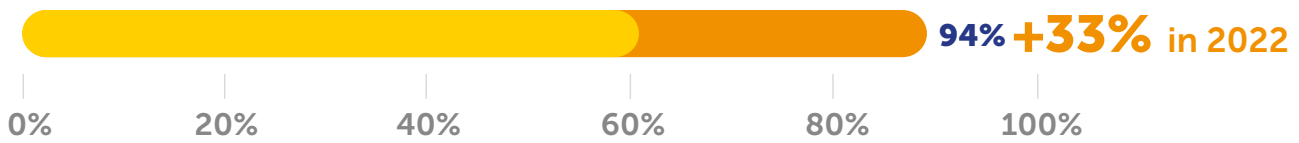
Draft Law of Ukraine “On amendments to the law of Ukraine “On Public Procurement” regarding fulfilment of European integration obligations” has been developed. The draft law is aimed at public procurement improvement and meeting the requirements of Annexes XXI-D and XXI-E to Chapter 8 “Public Procurement” of Title IV “Trade and Trade Related Matters” of the Association Agreement.

The draft Law introduces a number of amendments to the Law of Ukraine “On Public Procurement”, in particular:

- open bidding procedures by customers for concluding reserved contracts, which will allow to strengthen state support for the employment of persons with disabilities.
- procurement by customers/centralized procurement organizations using a dynamic procurement system. The dynamic procurement system is a way of public procurement of goods, works or services by a customer/centralized procurement organization using an electronic procurement system in accordance with the procedure and conditions determined by the Cabinet of Ministers of Ukraine for the participants qualified for such a dynamic procurement system.
- opportunities for innovations procurement by the customers using the Innovation Partnership Procedure. This procurement procedure is aimed at long-term cooperation between a customer and partner participant(s), in order to create an innovative product.
- regulate the use of the procurement negotiations for concluding a procurement contract based on the results of the project tender in accordance with the legislation for the implementation of the relevant project under the conditions defined in the winning project.

Within the framework of the Seventh meeting of the EU-Ukraine Association Committee in Trade Configuration (October 25-26, 2022), the EU Party gave positive assessment of Ukraine’s implementation of Stages I and II provided for in Annex XXI-B and Annex XXI-C to Chapter 8 “Public Procurement” of the Association Agreement between Ukraine and the EU.

INTELLECTUAL PROPERTY



Ukraine's obligations regarding intellectual property are provided for in Chapter 9 "Intellectual property" of Title IV "Trade and Trade Related Matters" of the Association Agreement. Within the framework of the Association Agreement, obligations in the field of intellectual property provide for simplifying the procedure of creating and commercial use of innovative and creative products in the territory of Ukraine and the EU member states, and achieving an appropriate and effective level of protection of intellectual property rights. The obligations under the intellectual property rights stipulated in the Association Agreement shall be fulfilled by the end of 2023 as set in the Action Plan on Implementing the Association Agreement.

In 2022, pursuant to the Association Agreement and for the approximation of the national legislation with the EU law, the following measures were implemented:

COPYRIGHT AND RELATED RIGHTS

The following legislation was adopted:

— The Law of Ukraine "On copyright and related rights" (dated December 1, 2022 No. 2811-IX), aimed at regulating relations on the acquisition, exercising and protection of personal non-property and property copyright and related rights, as well as on special rights (*sui generis*) concerning the copyright and related rights.

— The Law of Ukraine "On amendments to the Code of Ukraine on Administrative Offenses and the Criminal Code of Ukraine concerning liability for violation of copyright and (or) related rights" (dated December 1, 2022 No. 2803-IX), which strengthens administrative and criminal liability for violation of copyright and related rights and excludes administrative and criminal liability for the absence of control marks on copies of audiovisual works, phonograms, videograms, computer programs, databases.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

The draft Law "On amendments to certain legislative acts of Ukraine concerning strengthening the protection of intellectual property rights" (Reg. No. 6464 of December 24, 2021) was adopted as a basis, the draft law is being prepared for the second reading. The draft law aims to implement Directive 2004/48/EC envisaged by the Association Agreement in terms of general obligations, civil measures, procedures and means of protecting intellectual property rights.

To this end, the draft law proposes to amend a number of general and sectoral regulations, in particular the Civil Code of Ukraine, the Civil Procedure Code of Ukraine, the Economic Procedure Code of Ukraine, the laws of Ukraine "On the protection of rights

to industrial designs”, “On the protection of rights to marks for goods and services”, “On the protection of rights to inventions and utility models”, “On the protection of semiconductor topography right”, “On the legal protection of geographical indications”, “On copyright and related rights”.

Thus the amendments to:

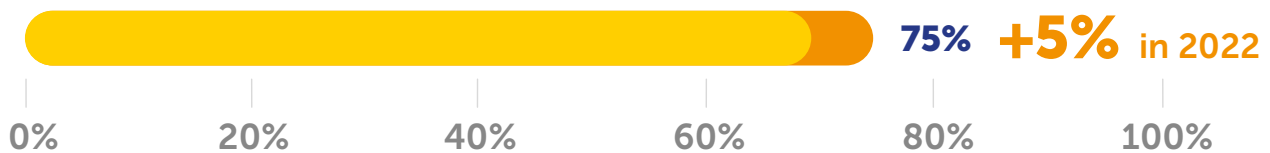
— the Civil Code of Ukraine and special laws in the field of intellectual property rights, in particular, clarify and enhance the civil liability for violation of intellectual property rights by introducing compensation to the right holder for property damage in a way compensation for losses or payment of compensation and/or non-property (moral) damage, they also set conditions for court deciding on the amount of losses and compensation for objects of intellectual property rights;

— civil procedural and economic procedural legislations provide for the possibility of requesting evidence from a certain circle of persons in the form of information about the origin and distribution networks of goods or services (sales channels) that violate intellectual property rights, or in respect of which there are sufficient grounds to believe that the distribution of such goods or the provision of such services violates intellectual property rights. It also provides the court with the right to replace, at the initiative of the defendant, the security for a property claim for violation of intellectual property rights by depositing funds to the court’s deposit account in the amount of the plaintiff’s claims or providing a guarantee to the bank.

GEOGRAPHICAL INDICATIONS

For the purpose of proper approximation of national legislation on geographical indications of alcoholic beverages and on production of alcoholic beverages with the EU acquis, the Law of Ukraine “On geographical indications of alcoholic beverages” (dated December 1, 2022 No. 2800-IX) was adopted. It implements Regulation of the European Parliament and of the Council (EU) No. 2019/787 and stipulates the specifics of the use and protection of geographical indications of alcoholic beverages, as well as liability for violations in this area, establishes the rules for labelling alcoholic beverages with geographical indications and the use of geographical indications of alcoholic beverages when labelling and presenting other food products.

ENERGY EFFICIENCY AND HOUSING AND UTILITY INFRASTRUCTURE



Ukraine's obligations related to energy efficiency and housing and utility infrastructure are provided for in Chapter 1 "Energy cooperation including nuclear issues" of Title V "Economic and Sectoral Cooperation" of the Association Agreement.

In order to implement the provisions of Directive 2004/8/EC and Directive 2012/27/EU, on February 24, 2023, the Verkhovna Rada of Ukraine adopted the Law of Ukraine "On amendments to the Law of Ukraine "On combined production of heat and electric energy (cogeneration) and use of waste energy potential" aiming at the development of highly efficient cogeneration.

The Verkhovna Rada of Ukraine also adopted the Law of Ukraine of July 09, 2022 No. 2392-IX "On amendments to certain laws of Ukraine on conditions for comprehensive thermal modernization of buildings", aimed at removing barriers to large-scale implementation of projects on the introduction of energy-efficient measures and thermal modernization of residential and public buildings in accordance with the provisions of Directive 2010/31/EU of the European Parliament and of the Council on energy performance of buildings.

The following regulations were adopted:

- Resolution of the Cabinet of Ministers of Ukraine No. 1238 of November 04, 2022 "On approval of the Procedure for providing information on certification of energy and/or environmental management systems of business entities";
- Resolution of the Cabinet of Ministers of Ukraine No. 1315 of November 25, 2022 "On approval of the procedure for information exchange between the State Agency for Energy Efficiency and Energy Saving and qualification organizations";
- Order of the Ministry of Energy of Ukraine dated October 20, 2022 No. 360 "On approval of the procedure for forming, publishing and updating the list of energy services providers, potential energy service facilities", registered with the Ministry of Justice of Ukraine on November 25, 2022 under No. 1466/38802. The Order was prepared by the State Agency for Energy Efficiency and Energy Saving;
- Decree of the Cabinet of Ministers of Ukraine No. 908-R of October 14, 2022 "On approval of the Concept of implementing smart grids in Ukraine until 2035".

The regulations aimed at implementing the Law of Ukraine "On energy efficiency", which implements Directive 2012/27/EU of the European Parliament and of the Council are being prepared.

In particular, the following regulations were developed:

- Resolution of the Cabinet of Ministers of Ukraine "On approval of the procedure for maintaining and publishing the database of extracts from an energy audit report, independent monitoring of extracts from energy audit reports, independent verification of energy audit reports";

- Resolution of the Cabinet of Ministers of Ukraine “On approval of the procedure for confirming the qualifications of individuals intending to carry out energy audits of processes, transport; and approval of qualification requirements for energy auditors”;
- Decree of the Cabinet of Ministers of Ukraine “On approval of the Long-term strategy for thermal modernization of buildings for the period up to 2050”;
- Resolution of the Cabinet of Ministers of Ukraine “On approval of the procedure and requirements for energy audits of buildings, processes, transport”;
- Resolution of the Cabinet of Ministers of Ukraine “On setting the amount of payment for independent verification of energy audit reports at the request of the energy audit customer”;
- Resolution of the Cabinet of Ministers of Ukraine “On approval of the Procedure for accreditation of qualification organizations that confirm the qualifications of individuals intending to carry out energy audits in relevant area (buildings, processes, transport)”;
- Order of the Ministry of Regional Development “On approval of the methodology for setting basic annual level of consumption of fuel and energy resources and housing and utility services in physical terms and in cash at prices (tariffs) in force on the date of the announcement of the procurement procedure for procuring energy services”.

ENERGY LABELING AND ECO-DESIGN

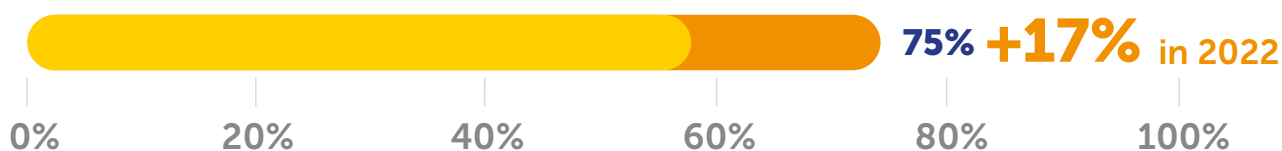
In order to fully meet the obligations assumed by Ukraine in accordance with the Association Agreement between Ukraine and the European Union, and under the Treaty Establishing Energy Community, Ukraine is implementing a system of energy labelling and establishing requirements for the eco-design of energy-consuming products in accordance with the updated EU legislation.

To date, 29 technical regulations on eco-design and 16 technical regulations on energy labelling of energy-consuming products have been adopted.

In particular, the following documents were adopted in 2022:

- technical regulation for energy labelling of energy-consuming products (approved by Order No. 164 of the Ministry of Energy of Ukraine dated April 27, 2022, registered with the Ministry of Justice of Ukraine on June 09, 2022 under No. 615/37951);
- technical regulation on eco-design requirements for air heaters, coolers, high-temperature industrial coolers and fan coil units (adopted by the Resolution of the Cabinet of Ministers of Ukraine “On approval of the technical regulation on eco-design requirements for air heaters, coolers, high-temperature industrial coolers and fan coil units” dated September 13, 2022 No. 1023);
- technical regulation on eco-design requirements for local solid fuel heaters (adopted by the Resolution of the Cabinet of Ministers of Ukraine “On approval of the technical regulation on eco-design requirements for local solid fuel heaters” dated May 03, 2022 No. 532).

ENERGY



Ukraine's energy obligations are provided for in Chapter 1 "Energy cooperation including nuclear issues" of Title V "Economic and Sectoral Cooperation" of the Association Agreement. The EU energy legislation is being adopted in accordance with the schedule defined in Annex XXVII to the Association Agreement.

It should be noted that the European Commission in its Opinion on Ukraine's application for membership in the European Union⁵ highly appreciated the legislation of Ukraine on energy policy and compliance with EU requirements in the field of energy.

ELECTRICITY SECTOR

During 2022, despite the full-scale military aggression of the Russian Federation against Ukraine, the state policy on electricity market operation continued to be implemented. To this end, a number of draft laws, draft orders and resolutions of the Cabinet of Ministers of Ukraine have been developed aimed at ensuring the availability of electric energy for domestic consumers, reducing the financial burden on state-owned electricity producers and the proper functioning of the electricity market, in particular. The following legal acts were adopted:

- Law of Ukraine "On amendments to certain laws of Ukraine concerning the development of energy storage installations" dated February 15, 2022 No. 2046-IX, aiming at legislative regulation of the energy storage activities and determining the status of energy storage systems and the operator of the energy storage system in accordance with the provisions of Directive 2019/944 of the European Parliament and of the Council of June 5, 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU;

- NEURC Resolution No. 1305 of October 11, 2022 "On approval of amendments to the Transmission System Code" and Resolution No. 1306 of October 11, 2022 "On approval of amendments to certain NEURC resolutions", which amended the Procedure of tariff setting for dispatching (operational and technological) management services and the procedure of tariff setting (forming) for electric energy transmission services in order to implement the relevant provisions of the EU acquis and ensure adaptation of the regulatory framework of the Regulator to the provisions of Regulation (EU) No.838/2010 of October 23, 2010 on laying down guidelines relating to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging.

5. https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-02/SWD_2023_30_Ukraine.pdf

Separately, it should be noted that in accordance with the powers granted by the Law of Ukraine "On the electricity market", more than 50 orders of the Ministry of Energy were developed and approved in order to stabilize the electricity market, ensure competition and reduce indebtedness in the electricity market during martial law.

On September 20, 2022, the Verkhovna Rada of Ukraine adopted as a basis the draft Law No. 5322 of April 1, 2021 "On amendments to certain laws of Ukraine on the prevention of abuse in wholesale energy markets", the purpose of which is to transpose Regulation (EU) No. 1227/2011 October 25, 2011 on wholesale energy market integrity and transparency (the draft law is being prepared for the second reading).

In 2022, the priority and strategic goal of synchronization of the United Energy System of Ukraine with the energy system of continental Europe (ENTSO-E) was achieved.

Coordinated work with the EU is the driving force for effective energy reforms and towards the full integration of Ukraine's energy markets into the EU markets.

As part of the implementation of the Catalogue of Measures under the Agreement on the conditions for the future unification of the energy systems of Ukraine and continental Europe, on February 24, 2022, the United Energy System (UES) of Ukraine and the energy system (ES) of Moldova were transferred to an isolated mode of operation and system tests of the operation of the energy system in an isolated mode were successfully completed within one day.

On March 11, 2022, at a meeting of the ENTSO-E Regional Group Continental Europe (RGCE), a decision was taken on emergency synchronization of the UES of Ukraine and the EU of Moldova with the energy system of continental Europe. Physical operations to connect power systems were carried out on March 16, 2022. Starting from this day, the UES of Ukraine started synchronous operation with the European energy system in a test mode without commercial exchange. On April 26, 2022, an Agreement was signed on Ukrenergo's membership in ENTSO-E as an observer, which is an important step towards the company's full membership in the European Energy Community in the future.

On June 7, 2022 at the meeting of the ENTSO-E Regional Group Continental Europe (RGCE) it was decided that the available capacity of intersections between the energy systems of Ukraine and the EU (Romania, Slovakia and Hungary) will be opened as Ukraine implements the technical measures necessary to ensure the safety and stability of the expanded energy system. Already on June 28, 2022, the association confirmed that PJSC Ukrenergo and neighbouring countries had completed necessary technical measures to start the first phase of export/import resumption. After a positive assessment of the safety and stability of the united network in the context of electricity exchange, the available capacity for exports from Ukraine and imports from neighbouring EU countries are gradually increasing.

In 2023, it is planned to switch to permanent parallel operation with the ENTSO-E energy system of continental Europe. The timeframe of such transition will depend on the fulfilment of the requirements of the Catalogue of Measures under the Agreement on the conditions for the future unification of the energy systems of Ukraine and continental Europe, as well as the implementation of measures to improve the dynamic stability of the energy unification.

We highly appreciate the political support of the European Union for the process of integration of the Ukrainian energy system into the European network (ENTSO-E) and support for further implementation of energy sector reforms in order to fulfil the obligations on Ukrainian energy legislation approximation to the EU legislation in accordance with the updated Annex XXVII of the Association Agreement and the obligations assumed under the Treaty Establishing Energy Community.

OIL AND GAS SECTOR

Pursuant to the requirements of Directive (EC) 2009/119 of September 14, 2009 imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products, a draft Law of Ukraine "On minimum stocks of oil and petroleum products" was developed and submitted to the Verkhovna Rada of Ukraine. The draft law is registered under No. 9024 and is being reviewed in the committees of the Verkhovna Rada of Ukraine.

In order to implement the amendment to the Regulation (EC) No. 715/2009 of July 13, 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005, which was implemented by Ukraine in accordance with Annex XXVII to the Association Agreement between Ukraine and the EU, pursuant to the Decision of the Ministerial Council of the Energy Community No. 2022/01/MC-EnC of September 30, 2022, the following regulations were adopted:

- Law of Ukraine "On amendments to certain legislative acts of Ukraine concerning certification of the gas storage operator and extension of measures to prevent bankruptcy of State Joint Stock Company Chernomorneftegaz" No. 2850-IX of December 13, 2022;
- NEURC Resolution No. 110 "On approval of the procedure of gas storage operator certification" dated January 24, 2023.

In order to fulfil Ukraine's obligations under the Association Agreement with the EU, in particular regarding the implementation of Directives (EC) 2009/72 and 2009/73, a draft Law of Ukraine "On amendments to certain laws of Ukraine (concerning the regulation of ensuring the security of electricity and natural gas supplies)" has been developed. The law provides for strengthening responsibility for violation of legislation regulating the functioning of electricity and natural gas markets, including increasing the fine for violating license conditions; strengthening the institutional capacity of the Ministry of Energy in terms of ensuring the safety of electricity and natural gas supplies, in particular, regarding the proper functioning and planning of the development of generating capacities and network infrastructure; strengthening the functions of the State Inspectorate of Ukraine for Energy Supervision in terms of supervision (control) over compliance by producers, transmission system operators, distribution system operators and certain categories of consumers with the requirements of regulatory legal acts in the field of electric power.

ENERGY INFRASTRUCTURE

In order to implement the requirements of the Regulation (EU) No. 347/2013 of the European Parliament and of the Council of April 17, 2013 on guidelines for trans-European energy infrastructure, a draft Law of Ukraine “On projects of national interest in the energy sector” was developed.

Also, the Energy Community Secretariat, by letter No. UA-MC/O/alo/31/23-11-2022 dated November 23, 2022, supported this draft law as fully transposing the provisions of the Regulation (EU) 347/2013 on guidelines for trans-European energy infrastructure.

NUCLEAR ENERGY

Issues of cooperation in the field of nuclear safety are provided for in the Association Agreement in Article 342 and the updated Annex XXVIII (Section “Nuclear Energy”), which includes the implementation of the provisions of the following directives: Council Directive 2013/59/Euratom, Council Directive 2006/117/Euratom, Council Directive 2014/87/Euratom, Council Directive 2009/71/Euratom and Council Directive 2011/70/Euratom.

As a result of the implementation of legislative initiatives prepared within the framework of approximation of the national legislation of Ukraine on nuclear energy safety to the provisions of the EU acquis in 2022 the following was **adopted**:

- the Law of Ukraine “On amendments to the Law of Ukraine “On the use of nuclear energy and radiation safety” concerning the radiation protection expert” (dated November 16, 2022 No. 2758-IX), as part of the implementation of the provisions of Council Directive 2013/59/Euratom pursuant to the subparagraph 1 of paragraph 740 of the Action plan on Implementation of the Association Agreement between Ukraine and the EU. The goal is to introduce the Institute of radiation protection expert;

- the Law of Ukraine “On amendments to the Law of Ukraine “On the use of nuclear energy and radiation safety” (dated November 16, 2022 No. 2762-IX), as part of the implementation of the provisions of the Council Directives 2013/59/Euratom, 2009/71/Euratom and 2014/87/Euratom for the implementation of paragraphs 189, 190 of the Resolution of the Verkhovna Rada of Ukraine dated February 2, 2021 No. 1165 “On the plan of law drafting activities of the Verkhovna Rada of Ukraine for 2021”. The goal is to improve the terms of nuclear energy use, taking into account the EU law, as well as to bring certain provisions of the Law of Ukraine “On the use of nuclear energy and radiation safety” in line with EU law, legal norms, taking into account the practice of the Law enforcement;

- the Law of Ukraine “On amendments to certain laws of Ukraine concerning the improvement of permits issuance for nuclear energy use” (dated November 16, 2022 No. 2755-IX), as part of the implementation of Council Directive 2013/59/Euratom pursuant to paragraph 187 of the Resolution of the Verkhovna Rada of Ukraine dated February 2, 2021 No. 1165 “On the plan of law drafting activities of the Verkhovna Rada of Ukraine for 2021”. The goal is to improve the procedure for issuing permits for nuclear energy use;

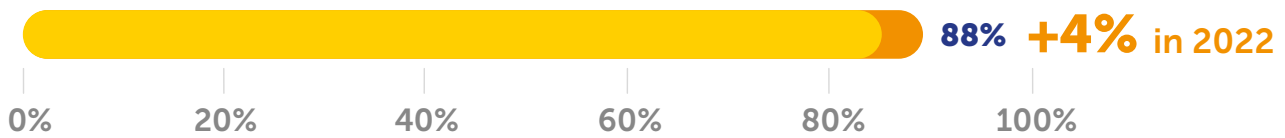
The following documents were developed:

— draft Law of Ukraine “On the National Nuclear Regulatory Commission”, as part of the implementation of Council Directive 2011/70/Euratom, Council Directive 2013/59/Euratom and Council Directive 2014/87/Euratom on the implementation of paragraph 414 of the Plan of law drafting activities of the Verkhovna Rada of Ukraine for 2022, approved by Resolution of the Verkhovna Rada of Ukraine No. 2036-IX of February 15, 2022. The goal is to enshrine at the legislative level the status of the state regulator of nuclear and radiation safety as a central executive authority with a special status, which will serve to increase the efficiency of its activities and independence in making regulatory decisions, taking into account the provisions of European Union legal documents, IAEA documents and the acquired experience of state regulation of nuclear and radiation safety.

The following documents are being agreed with the interested parties:

— draft Law of Ukraine “On amendments to the Law of Ukraine “On human protection against impact of ionizing radiation”, within the framework of the implementation of the provisions of Council Directive 2013/59/Euratom, pursuant of paragraph 415 of the Plan of law drafting activities of the Verkhovna Rada of Ukraine for 2022, approved by the Resolution of the Verkhovna Rada of Ukraine of February 15, 2022 No. 2036-IX. The goal is to introduce a system of radiation protection for personnel and the public in situations of exposure, taking into account the provisions of the EU legal documents and the acquired experience of state regulation of nuclear and radiation safety. Submitted by the Cabinet of Ministers of Ukraine to the Verkhovna Rada of Ukraine (Reg. No. 8223 of November 23, 2022).

TAXATION



IMPLEMENTATION OF COUNCIL DIRECTIVE 2011/64/EU

During 2022, the Ministry of Finance worked with the EU Party to develop comparative tables on Directive 2011/64/EU, in particular regarding the definition of tobacco products.

On December 20, 2022 the Ministry of Finance received a letter from the Mission of Ukraine to the EU stating that pursuant to the notification from DG TAXUD dated December 9, 2022, finalized and provided by the Ministry of Finance comparative tables on Council Directive No. 2011/64/EU dated June 21, 2011 on the structure and rates of excise duty applied to manufactured tobacco (based on current legislation with relevant comments) provide answers to the questions raised by the EU, so the process of discussing the implementation of the provisions of the Association Agreement regarding excise taxes on tobacco products can be considered closed.

IMPLEMENTATION OF COUNCIL DIRECTIVE 92/83/EEC

As of today, the EU Party continues to review comparative tables prepared by the Ministry of Finance on the compliance of national legislation with the relevant provisions of Council Directive 92/83/EEC of October 19, 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages.

Detailed clarifications on the excise duties on alcoholic beverages (determination of the tax base, rates, exemptions, special regimes, the fact of occurrence of tax liabilities, etc.) were provided to the EU Party as part of the preparation of responses to Part II of the European Commission questionnaire to form an opinion on granting Ukraine the EU candidate status.

During the Eighth meeting of the Association Council between Ukraine and the EU (September 5, 2022), Ukrainian Party drew attention of the EU Party to the importance of receiving an opinion/comments on the comparative tables of implementation of Council Directive 92/83/EEC sent to the EU Party.

IMPLEMENTATION OF COUNCIL DIRECTIVE 2003/96/EC

On October 13, 2022 the Ministry of Finance sent to the Delegation of the EU to Ukraine comparative tables on the implementation of Council Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity in the part of the list of excisable goods in order to be sent to DG TAXUD.

Detailed clarifications on the excise tax on energy products (list of excisable energy products, tax base, exemption, special regimes, the fact of occurrence of a tax liability, etc.) were provided to the EU Party as part of the preparation of responses to Part II of the European Commission questionnaire to form an opinion on granting Ukraine the EU candidate status.

IMPLEMENTATION OF COUNCIL DIRECTIVE 2006/112/EC

The Ministry of Finance received an opinion from DG TAXUD on the implementation of Directive 2006/112/EC on the common system of value added tax (letter No. Ares (2021) 592349 dated January 25, 2021) confirming that Ukrainian value added tax legislation generally complies with the EU legislation.

According to this opinion, certain articles of the Tax Code of Ukraine (hereinafter referred to as the Code) require attention or future actions regarding possible harmonization with the EU legislation.

Due to the receipt by Ukraine in June of this year of the opinion of the European Commission on the Ukraine's application for membership in the European Union, there is a need to implement measures to further adapt the provisions of the Code to the provisions of Directive 2006/112/EC, including those that at the time of receiving the opinion from the Directorate-General for Taxation and Customs Union of the European Commission were irrelevant for Ukraine.

The National Council for the Recovery of Ukraine from the War in accordance with Presidential Decree No. 266/2022 of April 21, 2022, within the framework of the Working Group "Functioning of the financial system, its reform and development", prepared an action plan for the post-war recovery and development of Ukraine, which, in particular, provides for a roadmap for the implementation of the EU legislation in national legislation, including Directive 2006/112/EC.

IMPLEMENTATION OF COUNCIL DIRECTIVE 86/560/EEC (THIRTEENTH DIRECTIVE)

Annex XXVIII of the Association Agreement stipulates that from the date of entry into force of the Association Agreement, the Association Council will determine the schedule for the implementation of the Thirteenth Directive - Council Directive 86/560/EEC of November 17, 1986 on the harmonization of the laws of the Member States relating to turnover taxes - Arrangements for the refund of value added tax to taxable persons not established in Community territory.

Based on the understanding reached on the results of the Fourth meeting of Cluster 2 of the Subcommittee on Economics and Sectoral Cooperation of the Association Committee (July 3, 2020), the deadline for the preparation of the draft Decision of the Association Council between Ukraine and the EU on the schedule for the gradual implementation of the Thirteenth EU Directive was agreed with the EU party - December 2021.

On October 26, 2021, the Ministry of Finance sent to the EU Party a draft Decision of the Association Council between Ukraine and the EU on the implementation of the Thirteenth Directive.

As of today, no response has been received from the EU Party, which means that the schedule for the gradual implementation of the Thirteenth Directive in national legislation has not been determined by the EU Party.

TRANSPARENCY, REPORTING AND EXCHANGE OF FINANCIAL ACCOUNT INFORMATION

On August 19, 2022 the State Tax Service of Ukraine (STS), as the competent authority of Ukraine, has joined the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information. The purpose of joining this agreement is to introduce Ukraine to the international system of automatic exchange of financial account information in accordance with the Common Reporting Standard (CRS), which will contribute to creating a more transparent tax environment and improving the image of Ukraine as a reliable and equal partner in international information tax relations.

On November 3, 2022 STS, as the competent authority of Ukraine, joined the Multilateral Competent Authority Agreement on Automatic Exchange of Reports by Country. Joining the Multilateral Agreement is carried out, in particular, for the purpose of implementing the BEPS Action Plan (Base Erosion and Profit Shifting), in particular, step 13 of BEPS – the introduction of additional transfer pricing reporting for international groups of companies.

On November 16, 2022 the Verkhovna Rada of Ukraine adopted in the first reading the draft Law of Ukraine "On amendments to the Tax Code of Ukraine concerning the implementation of the international standard for automatic exchange of financial account information" (Reg. No. 8131). The draft law is aimed at introducing by Ukraine of Common Reporting Standard and proper verification of financial account information, which provides for an annual international automatic exchange of financial account information.

On May 13, 2022 Order of the Ministry of Finance No.139 approved the Action plan for the STS implementation of the provisions of the Tax Code of Ukraine on automatic exchange of reports of the groups of companies in the context of countries.

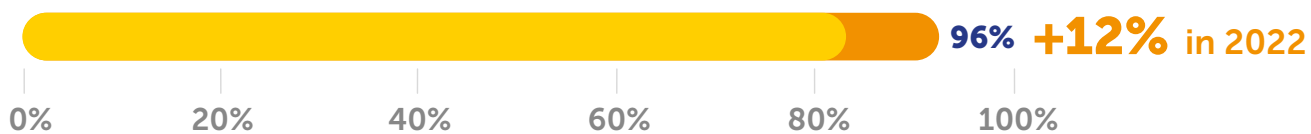
As part of the introduction of the rules of taxation of a controlled foreign company, the Order of the Ministry of Finance of August 25, 2022 No. 254 approved the form of the Report on controlled foreign companies, the abridged form of the Report on controlled foreign companies, the Procedure for filling out and submission to the supervisory authority of the Report on controlled foreign companies, the abridged form of the Report on controlled foreign companies and Amendments to the form of the tax return on corporate income tax.

PARTICIPATION IN THE EU FISCALIS PROGRAM

On September 5, 2022 in Brussels, the Parties signed an Agreement between Ukraine and the European Union on Ukraine's participation in the EU Fiscalis program for cooperation in the field of taxation.

The program is aimed at supporting tax authorities to improve the functioning of the internal market, promote competitiveness and fair competition in the EU.

STATISTICS AND INFORMATION EXCHANGE



In 2022, the provisions of the Chapter “Statistics” of the EU-Ukraine Association Agreement (articles 355-359) continued to be implemented. One of the achievements aimed at creating a reliable legal framework in accordance with the Association Agreement was the adoption on August 16, 2022 by the Verkhovna Rada of the Law of Ukraine “On official statistics”, developed on the basis of the Regulation (EC) No. 223/2009 of the European Parliament and of the Council of March 11, 2009 On European statistics and Generic Law on Official Statistics (GLOS) developed for the countries of the EECCA region. The law entered into force on January 01, 2023.

This is a significant event for the national statistical system of Ukraine, in particular due to the implementation of the principles and provisions of the European Statistics Code of Practice (ESCoP) in Article 4 of the Law. The adoption of the Law created appropriate legal conditions for fulfilling the obligations stipulated in the Association Agreement and harmonizing state statistical activities with the requirements of European statistics and the best world statistical practices.

In addition, in order to fulfil the task “Introduction of structural observations in agriculture”, the Action Plan on the Implementation of the Association Agreement was prepared and approved by the Order of the State Statistics Service of December 12, 2022 No. 300 Methodological provisions for the state observations in statistics “Integrated statistics of agricultural (agrarian) farms”.

These methodological provisions were developed taking into account the requirements of the EU Regulation No. 2018/1091 of July 18, 2018 and contain general description of the main provisions, rules and methods of conducting structural observations in agriculture by state statistics bodies. It should be noted that for conducting the agricultural census, which is the main type of structural supervisions in agriculture, the legislative framework already exists, namely the Law of Ukraine “On the agricultural census”. In addition, a wide range of state observations in statistics of agricultural activities of legal entities, which are currently conducted by the State Statistics Service, already provide answers to the main questions defined by the agricultural census program.

Also in the reporting period, the implementation of the provisions of the Chapter “Statistics” was carried out through the implementation of the EU acquis in accordance with the Statistical Requirements Compendium of the EU (hereinafter referred to as the EU Compendium), which is an Annex to the Agreement (XXIX) and its integral part and serves as a reference document on the EU acquis in statistics.

In this context, the State Statistics Service carried out the reform and improvement of national statistics in accordance with the Program for the Development of State Statistics up to 2023. Also, in order to develop the national statistical system and introduce the best international practices and international standards in statistics, the State Statistics Service in 2022 conducted a review (inventory) of state observations in statistics in accordance with the EU compendium.

In 2022, in accordance with the plan of state observations in statistics, 85 state observations in statistics (hereinafter referred to as SOS) were conducted (in 2021 – 90 SOS), including 82 SOS by the State Statistics Service (in 2021 – 88 SOS).

In addition, the State Statistics Service takes measures to further improve the methodology for collecting, processing and analysing statistical information, adapt the national methodological principles of statistics to the requirements of international and European standards, improve the structure of state observations in statistics, optimize their number and improve content. This area of work is organized and coordinated by the Commission for the Improvement of Methodology and Reporting Documentation (hereinafter referred to as the Commission), which takes into account the assessments and suggestions of users and producers of statistical information.

During 2022, the Commission reviewed and approved 88 methodological documents developed and improved on various statistical topics (in 2021 - 57).

In particular, the Commission approved amendments to the Methodological framework for evaluating key statistical indicators in case of lack of data due to extraordinary and insurmountable circumstances; amendments to the Methodological recommendations for designing statistical methodology. The methodological provisions are supplemented with a section on the specifics of conducting state statistical observation in emergency and insurmountable circumstances (in particular, in the conditions of the legal regime of martial law in Ukraine).

At the same time, in accordance with Article 16 of the Law of Ukraine “On state statistics”, the State Statistics Service coordinated preparation of the methodology and reporting documentation related to the collection and use of administrative data. During the reporting year, methodological and reporting documentation of 9 state bodies, institutions, and organizations was approved (in 2021 - 13).

Within the framework of cooperation with the statistics authorities of the European Union and international organizations, in 2022, we participated in global consultations of the UN Statistics Division – Expert Group on international statistical classifications. Specialists of the State Statistics Service provided proposals for the draft updated Classification of statistical activities (CSA, version 2.0), the draft revised structure of the International standard industrial classification of all economic activities (ISIC Rev. 4), Core Products Classification (CPC ver. 2.1) in order to prepare a new version of it.

In order to comply with the principles of harmonization of national classifiers with international ones, in 2022 the table of concordance was updated between the Main Product Nomenclature, which is the national equivalent of the EU Statistical Classification of Products by Activities (CPA ver. 2.1), and the EU Combined Nomenclature (MPN 2020-CN 2015-2022).

In order to improve the classifications of national accounts statistics, consumer prices, household conditions survey and introduce amendments in the presentation of statistical information on the consumption of goods and services, work has started on the development of draft Classification of individual consumption according to purpose (draft COICOP-2025) based on the Classification of Individual Consumption According to Purpose (COICOP 2018) to replace the current Classification of Individual Consumption According to Purpose (COICOP), harmonized with the Classification of Individual Consumption According to Purpose of the European Union (COICOP HBS).

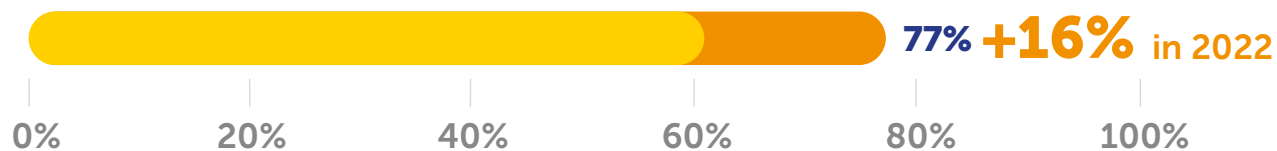
During the reporting year, work continued on revising, improving and updating statistical classifiers and lists of codes that are also used for conducting SOSs. In order to ensure harmonization with international classifications, the Nomenclature of Industrial Products 2022 (NIP) and the Classification of Foreign Economic Services (CFES) were prepared and approved.

In order to improve and bring in compliance with the provision of the current legislation, Amendment No. 9 to the National classifier DC 002:2004 "Classification of organizational and legal forms of economic activities" was developed, which was approved by the Order of the Ministry of Economy dated November 11, 2022 No. 4552, and the draft Amendment No. 2 to DC 009:2010 "Classification of economic activities" was prepared and submitted for approval to the Ministry of Economy.

In order to implement the action plan on the implementation of the State Statistics Development Program until 2023, the National classifier NC 028:2022 "Statistical classifier of territorial units of Ukraine" was developed and approved (Order of the Ministry of Economy No. 1381 of May 25, 2022).

The Order of the State Statistics Service of October 06, 2022 No 248 (as amended) approved the Procedure for maintaining the classification feature of institutional sector the economy in the Register of statistical units, which establishes the criteria and rules applicable to determining and encoding the classification feature of institutional sector according to CISE.

ENVIRONMENT AND CIVIL PROTECTION



Ukraine's obligations in the area of "Environment and Civil Protection" are provided for in Chapter 6 "Environment" Title V "Economic and Sectoral Cooperation" of the Association Agreement.

The following legislative acts were adopted:

— the Law of Ukraine "On waste management" of June 20, 2022 No. 2320-IX, which comes into force on July 9, 2023. The law introduces effective mechanisms of waste management both at the stage of generation and reuse of components with resource value, and at the stage of collection, processing and disposal. The law is based on the principles and best practices of the European legislation defined by the Directive 2008/98/EC of the European Parliament and of the Council of November 19, 2008 on waste and repealing certain Directives.

— the Law of Ukraine "On chemical safety and management of chemical products" dated December 1, 2022 No. 2804-IX. The law will provide a legislative framework for the implementation in national legislation of the requirements of the Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of December 18, 2006 concerning the registration, evaluation, authorisation and restriction of chemicals (REACH) and Regulation (EC) No. 1272/2008 of the European Parliament and of the Council of December 16, 2008 on classification, labelling and packaging of substances and mixtures, amending and repealing Directives 67/548/EEC and 1999/45/EC, and amending Regulation (EC) No 1907/2006.

— the Law of Ukraine "On amendments to certain legislative acts of Ukraine on improving the legislation on subsoil use" dated December 1, 2022 No. 2805-IX. The law is aimed at creation of transparent, simple and understandable system of subsoil use, reduction of excessive state influence on the industry, increasing competition and legalizing relations in the field of subsoil use, in order to implement in national legislation the requirements of Directive 2003/4/EC of the European Parliament and of the Council of January 28, 2003 on public access to environmental information and repealing Council Directive 90/313/EEC; Council Directive 1999/31/EC of April 26, 1999 on landfill of waste and Regulation 401/2009 of the European Parliament and of the Council of April 23, 2009 on the European Environment Agency and the European Environment Information and Observation Network.

— Decree of the Cabinet of Ministers of Ukraine "On approval of the Water Strategy of Ukraine until 2050" dated December 09, 2022 No. 1134. The strategy is designed to solve the main water problems of the country. Among them: ensuring equal access to high-quality and safe for human health drinking water; achieving a "good" ecological condition of water; preventing droughts, floods and other harmful effects of water; sustainable water resources management according to the basin principle.

The Ministry of Environmental Protection issued orders with the aim of assessing the quality of atmospheric air and measures to improve it, for zones and agglomerations where the level of pollutants exceeds any of the limits or any target indicator or there is a risk of exceeding such limits or indicators: Order of No. 268 dated August 1, 2022 "On approval of the procedure for developing and approving plans for atmospheric air quality improvement", registered with the Ministry of Justice of Ukraine on September 16, 2022 under No. 1071/38407; and Order No. 267 dated August 2, 2022 "On approval of the procedure for developing and approving short-term action plans", registered with the Ministry of Justice of Ukraine under No. 1086/38422 on September 20, 2022.

During 2022, the following regulatory documents were prepared:

- draft Law of Ukraine "On disposal of wastewater in settlements" Reg. No. 6478, which was adopted by the Verkhovna Rada of Ukraine as a basis in the first reading on July 1, 2022;
- draft laws of Ukraine "On packaging and packaging waste", "On extractive industry waste", with the aim of further development of waste management legislative regulation;
- draft Law of Ukraine "On amendments to certain legislative acts of Ukraine concerning the state environmental monitoring system, environmental information and information support for environmental management" was developed (Reg. No. 7327 of April 28, 2022). This draft law will serve as a prerequisite for creating a system of public information in the process of making important environmental decisions and providing access to environmental information.

During 2022, with the support of the German government through the German Agency for International Cooperation (GIZ) within the framework of the project "Support for the establishment of an emissions trading scheme (ETS) in Ukraine", work continued on the creation of an electronic Unified Register for Monitoring, Reporting and Verification of Greenhouse Gas Emissions (hereinafter referred to as the Unified Register). The design and functionality of the Unified Register software has been developed; the boundaries, modules and functions of the Unified Register have been defined; a module for conducting state registration of operators in the Unified Register and a module for preparing and submitting monitoring plans have been developed; these modules are being tested. Currently, work is underway to place the module for state registration of operators in the Unified Register on the Unified Environmental Platform "EcoSystem".

CIVIL PROTECTION

In order to ensure control of major-accident hazards involving dangerous substances and the implementation of Directive 2012/18/EU during 2022 the following regulatory documents were **adopted**:

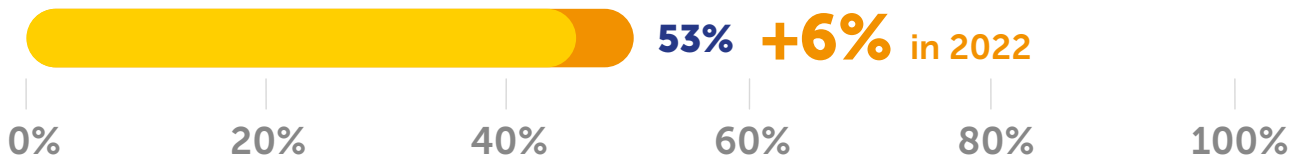
- Resolution of the Cabinet of Ministers of Ukraine No.1030 of September 13, 2022 "Some issues of identification of high-risk sites";

— Decree of the Cabinet of Ministers of Ukraine No. 985-R of October 08, 2022 “On approval of flood risk management plans in certain territories within river basin areas”, with the aim of implementing Directive 2007/60/EC.

Pursuant to the Law of Ukraine of July 15, 2021 No. 1686-IX “On amendments to certain legislative acts of Ukraine concerning high-risk sites”, draft orders of the Ministry of Internal Affairs “On approval of the procedure of reporting on safety measures at a high-risk site” and “On approval of the procedure for development of a polity on accidents prevention at a high-risk site” were prepared.

The work on Ukraine’s joining the EU Civil Protection Mechanism is underway. During the visit of Commissioner Janez Lenarčič to Ukraine on October 19, 2022, the Commissioner expressed the official position of the EU Party regarding support for Ukraine’s accession to this mechanism. The Parties agreed on the algorithm of Ukraine’s accession to the EU Civil Protection Mechanism, in particular, Ukrainian Party was given a questionnaire on self-assessment of the level of readiness for international cooperation in the field of civil protection and crisis management within the Civil Protection Mechanism and a draft Agreement between the European Union, on the one part, and Ukraine, on the other part, on Ukraine’s participation in the EU Civil Protection Mechanism.

TRANSPORT, TRANSPORT INFRASTRUCTURE, POSTAL AND COURIER SERVICES, DIGITAL INTEGRATION



AIR TRANSPORT

The Verkhovna Rada of Ukraine adopted the Law of Ukraine No. 2067-IX of February 17, 2022 "On ratification of the Common Aviation Area Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part."

Action Plan on the implementation of the Common Aviation Area Agreement was approved by the Decree of the Cabinet of Ministers of Ukraine No. 593-R dated July 12, 2022. Draft Decree of the President of Ukraine "On the delegation of Ukraine to participate in the work of the Joint Committee established in accordance with the Common Aviation Area Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part " was prepared.

In December 2022, Ukraine and the European Aviation Safety Agency concluded the Agreement on launching the European Aeronautical Solidarity Fund.

TRANSPORT SAFETY

In order to implement Council Directive 96/53/EC of July 25, 1996 laying down for certain road vehicles circulating within the Community the maximum authorized dimensions in national and international traffic and the maximum authorized weights in international traffic, the Road Traffic Regulations and the Procedure of dimensional and weight control and collection of tolls for public roads were amended by adopting Resolution of the Cabinet of Ministers of Ukraine No.105 of February 9, 2022 "On amendments to the Resolutions of the Cabinet of Ministers of Ukraine of October 10, 2001 No.1306 and of June 27, 2007 No. 879".

SEA, RIVER AND RAIL TRANSPORT

On January 1, 2022, the Law of Ukraine "On inland water transport" entered into force. In order to implement it, a number of regulations were adopted during 2022 based on the EU legislation and in accordance with Ukraine's obligations under the Association Agreement:

- Resolution of the Cabinet of Ministers of Ukraine No. 94 of February 09, 2022 "On amendments to the Resolution of the Cabinet of Ministers of Ukraine of May 21, 2012 No. 451 and repealing certain resolutions of the Cabinet of Ministers of Ukraine", which introduced changes to state border crossing by individuals; road, water, rail and air vehicles of carriers and goods moved by them;

- Resolution of the Cabinet of Ministers of Ukraine of April 29, 2022 No. 535 “On amendments to the Resolution of the Cabinet of Ministers of Ukraine of December 23, 2015 No. 1186”, which amended the licensing conditions for transportation of passengers, dangerous goods and hazardous waste by river and sea transport.
- Order of the Ministry of Infrastructure of January 28, 2022 No. 55 “On certain issues of maintaining a ship log of an inland navigation vessel”.
- Order of the Ministry of Infrastructure of January 31, 2022 No. 62 “On approval of the Procedure for assigning and applying to inland navigation vessels of a unique European Number of Identification”;
- Order of the Ministry of Infrastructure of February 17, 2022 No.108 “On approval of stability requirements for ro-ro passenger ships”;
- Order of the Ministry of Infrastructure of October 10, 2022 No. 767 “On approval of requirements for a double hull or equivalent design for single-hull oil tankers”;
- Order of the Ministry of Infrastructure of December 19, 2022 No. 948 “On approval of amendments to the rules for transportation of passengers, baggage, cargo and mail by rail of Ukraine”.

At the same time, draft laws of Ukraine were developed “On amendments to certain legislative acts of Ukraine concerning merchant shipping and navigation on inland waterways”, “On amendments to certain legislative acts of Ukraine concerning the regulation of activities in the field of life protection and search and rescue of people at sea” and “On amendments to the Criminal Code of Ukraine regarding the responsibility of ship captains for failure to provide assistance to people who are in distress or have suffered”, which are currently undergoing the procedure of internal approval.

ROAD TRANSPORT

On October 19, 2022 the Verkhovna Rada of Ukraine adopted as a basis, with a reduction in the period of preparation for the second reading, the draft Law of Ukraine “On amendments to certain legislative acts of Ukraine concerning the regulation of the market of road transport services in Ukraine in order to bring them in line with the acts of the European Union” (Reg. No 4560 of December 30, 2020).

On June 29, 2022 in Lyon (French Republic) the Agreement between Ukraine and the European Union on the Carriage of Freight by Road was signed, which eliminated the need for Ukrainian carriers to obtain appropriate permits for bilateral and transit transportation to the EU states and allowed to avoid stopping the export of Ukrainian products through automobile checkpoints.

Draft laws of Ukraine were developed “On certain issues of import into the customs territory of Ukraine and first state registration of vehicles” and “On amendments to certain legislative acts of Ukraine on stimulating the use of vehicles equipped with electric motors”.

POSTAL AND COURIER SERVICES

On November 3, 2022 the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On Postal Communications” (entered into force on November 25, 2022 and will be enforced on May 25, 2023). The law defines the legal framework for providing postal services, in particular the powers of the central executive bodies and the national regulator in the field of providing postal services (the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services (NCEC)), defines the rights and obligations of postal operators and users of these services; regulates the principles of responsibility of postal operators and users of services in this area. The law harmonizes national legislation with the EU legislation in the provision of postal services by implementing the provisions of the Directive 97/67/EC.

For the purpose of practical implementation of the Law of Ukraine “On Postal Communications”, in compliance with the relevant instructions of the Prime Minister of Ukraine, the NCEC, as a regulatory body in the field of postal services, is working to ensure the adoption and alignment the relevant regulations with this Law.

On July 08, 2022, NCEC, as an independent regulatory body, has acquired permanent observer status in the European Regulators Group for Postal Services (ERGP), which ensures coordination and cooperation between the postal services regulators of the EU Member States and their interaction with the European Commission in order to develop and strengthen the internal market in the postal services sector and ensure consistent application of legislation in the field of postal communications.

DIGITAL INTEGRATION AND ELECTRONIC SERVICES

The EU’s annual report on Ukraine’s implementation of the Association Agreement (published in July 2022) indicates that Ukraine continues to achieve significant success in the field of digital transformation.

The European Commission, in its Opinion on Ukraine’s application for membership in the European Union, noted the progress made by Ukraine in the digital sector, namely, particularly good results in the field of the information society and media, in which the government carried out an in-depth sectoral reform and approximated legislation to the EU acquis on the Digital Single Market.

In January 2022, the Law of Ukraine “On electronic communications” (dated December 16, 2020 No.1089-IX) came into force. This law defines the legal and organizational framework of state policy in electronic communications and radio frequency spectrum, as well as the rights, obligations and responsibilities of individuals and legal entities participating in relevant activities or using electronic communication services. The law introduces the EU Electronic Communications Code simultaneously with the EU states.

In February 2022, the Law of Ukraine “On the National Commission for the State Regulation of Electronic Communications, Radio Frequency Spectrum and the Provision of Postal Services” (dated 16.12.2021 No. 1971-IX) came into force. The law ensures at the legislative level the legal status of the regulatory body in electronic communications - NCEC, its powers and independence fully comply with European approaches.

The adoption of these laws is an important step for Ukraine’s integration into the European Single Digital Market, as electronic communications are the basis for the development of digital services. In accordance with the adopted laws, the bylaws are being updated.

Thus, during the year, the NCEC has already adopted 23 bylaws. In addition, in order to ensure predictability and timeliness of decision-making, openness, transparency and publicity of the state regulation process, informing the public about the plans and results of its work, creating conditions for public participation in the development of draft regulations, the NCEC Decision No. 257 of December 14, 2022 approved the Activity Plan for the preparation of NCEC draft regulations of regulatory nature for 2023 and the Activity Plan for the preparation of NCEC draft regulations of the Cabinet of Ministers of Ukraine for 2023.

As part of the implementation of the EU Technical Assistance Project “Support for digital policy of Ukraine”, work has started on the development of a Strategy of electronic communications development (preparation of which is provided for by the Law of Ukraine “On electronic communications” of December 16, 2020 No. 1089-IX).

In September 2022, an Agreement between Ukraine and the EU on Ukraine’s participation in the EU Digital Europe Program (2021-2027) was signed. The program provides funding for projects in the following areas: supercomputer, artificial intelligence, digital skills, ensuring the widespread use of digital technologies in the economy and society, cybersecurity (participation for Ukraine is not envisaged) for a total amount of 7.5 billion euros for 7 years. Accordingly, participation in the Program will contribute to Ukraine’s accession to the EU Digital Single Market. Participation involves the payment of financial contributions. According to the Agreement on Ukraine’s participation in the program, the EU Party exempted Ukraine from paying contributions in 2021 and 2022 (the possibility of prolongation is envisaged depending on the military and economic situation in the country), and a 95% discount for financial contributions during 2023-2027 is also stipulated.

In December 2022, the European Commission supported the application of the International POTENTIAL Consortium (which includes Ukraine) to develop a European Digital Identity Wallet. The pilot project is scheduled to be implemented in the period from 2023 to 2025.

According to the EU assessment on the implementation of obligations in the telecommunications services sector under the Association Agreement (implemented in 2020), the provisions of Directive 2000/31/EC of the European Parliament and of the Council of June 8, 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (“Directive on electronic commerce”) are transposed into Ukrainian legislation at large.

Work continues to address the gaps identified by the EU assessment: fixing in Ukrainian legislation the provisions on online resolution of consumer disputes, refusing to send unsolicited commercial electronic messages and providing access to information about sellers. In particular, the draft Law of Ukraine "On consumer rights protection" (dated October 5, 2021 No. 6134) includes a provision on the state portal "E-buyer" which will have the mechanism for eliminating the above-mentioned gaps. The draft law was adopted as a basis in October 2022, and preparations for the second reading are currently underway.

For ensuring accessibility of digital solutions and services, work continues on connecting Ukraine to high-speed 4G internet and introducing a new promising 5G technology. The deployment of 5G networks in Ukraine is expected to start in 2024.

Harmonization of the use of radio frequencies in Ukraine with the EU has been ensured (based on Decision No. 676/2002/EC of the European Parliament and of the Council of March 7, on a regulatory framework for radio spectrum policy in the European Community (Radio Spectrum Decision), in particular for:

- safety-related applications of intelligent transportation systems (frequency range 5875-5905 MHz);
- equipment that uses ultra wide-band technology.
- use of short-range devices.

During the year, measures were undertaken aimed at harmonizing frequency bands with the EU for:

- international movable (mobile) communication (IMT) of the fourth and fifth generations-1920-1980 MHz, 2110-2170 MHz and 2500-2690 MHz for terrestrial systems;
- ground-based systems capable of providing electronic communication services - 3400-3800 MHz;
- implementation of wireless access systems, including local radio networks – (WAS/RLANs) - 5 GHz;

as well as the introduction of harmonized terms of use of the spectrum for:

- using wireless audio equipment for program making and special events (PMSE);
- simplification of mobile communication on airplanes;
- introduction of new technologies and frequency bands for mobile communication services on shipboards.

In order for Ukraine to join the Connecting Europe Facility (CEF) program, a negotiation process has been launched with DG CONNECT regarding Ukraine's participation in the Digital direction. We have previously agreed on cooperation in the field of internet backbone connections. The EU is also working on the possibility of cooperation on 5G corridors.

Based on the agreements reached during the meeting of the EU-Ukraine Association Council in September 2022, Ukraine and the EU prepared a draft Decision of the EU-Ukraine Association Committee in Trade Configuration on amendments to Appendix XVII-3 (Rules applicable to telecommunications services) of Annex XVII to Title IV of the Association Agreement with the aim of Ukraine's accession to the EU policy "Roam Like at home". Final approvals of the text of the draft Decision are continuing.

In April 2022, a Joint Statement was signed between the EU and Ukrainian mobile operators, which allows Ukrainians staying in the EU to stay in touch with their relatives in Ukraine through affordable roaming calls. The Joint Statement was valid for 3 months. Accordingly, during 2022, the validity period of the Joint Statement was extended several times. Consultations between Ukraine and the EU on further extension of its validity period are currently underway.

TRUST SERVICES

A joint plan for electronic trust services with the EU is being implemented with the prospect of concluding a corresponding agreement in the future. This will provide new opportunities for online cooperation between European and Ukrainian enterprises and provide an opportunity for citizens to receive online services across the border.

In particular, in October 2022, the Law of Ukraine "On amendments to the Code of Ukraine on Administrative Offenses and the Criminal Procedure Code of Ukraine on electronic identification and electronic trust services" (dated October 18, 2022 No. 2685-IX) was adopted.

In December 2022, the Law of Ukraine "On amendments to certain legislative acts of Ukraine on ensuring the conclusion of an agreement between Ukraine and the European Union on mutual recognition of qualified electronic trust services and implementation of European Union legislation in electronic identification" (dated December 1, 2022 No. 2801-IX) was adopted.

The draft Law of Ukraine "On amendments to the Customs Code of Ukraine concerning electronic identification and electronic trust services" (Reg. No. 6086 of September 23, 2021) and the draft Law of Ukraine "On amendments to the Tax Code of Ukraine concerning electronic identification and electronic trust services" (Reg. No. 6085 of September 23,

2021) are being considered by the Verkhovna Rada of Ukraine.

In order to ensure cross-border interaction of electronic trust services systems Resolution of the Cabinet of Ministers of Ukraine was adopted "On the implementation of a pilot project on mutual recognition of electronic trust services between Ukraine and the European Union" dated November 22, 2022 No. 1311.

The work is underway on creating technical capability to verify Ukrainian e-signatures in the EU. The deployment of the eIDAS electronic identification node in Ukraine in accordance with the specifications of the European Union is at the final stage. This will enable Ukrainians to log in to the information systems of the EU Member States to receive electronic services in their countries of stay.

SCIENCE, TECHNOLOGY AND INNOVATIONS, SPACE



Ukraine is an associate member of the EU Horizon Europe and Euratom programs: domestic procedures for Ukraine’s accession to the Framework Program for Research and Innovation and Euroatom Training and Research Program (2021-2025) were completed.

The Verkhovna Rada of Ukraine adopted:

- the Law of Ukraine No. 2233-IX of May 3, 2022 “On ratification of the Agreement between Ukraine, of the one part, and the European Union and the European Atomic Energy Community, of the other part, on Ukraine’s participation in the Framework Program for Research and Innovation and Euroatom Training and Research Program (2021-2025), complementary to the Horizon Europe Research and Innovation Framework”;
- the Law of Ukraine No. 2842-IX of December 13, 2022 “On amendments to the Law of Ukraine “On scientific and technical activities” concerning the National Research Foundation of Ukraine”.

The government approved the draft Law of Ukraine “On innovation parks” (Reg. No. 7658 of August 11, 2022), which is designed to set the legal and organizational framework for the creation and functioning of innovation parks in the territory of Ukraine to ensure the development of the Ukrainian economy in an innovative way.

The government adopted Resolutions of the Cabinet of Ministers of Ukraine:

No. 892-R of November 8, 2022 “On approval of the national plan for open science” (Ukraine has joined the cohort of the European countries that have approved state policy documents on Open Science);

No. 703 of June 21, 2022 “Some issues of Centres for collective use of scientific equipment” (improved the regulatory framework regarding the formation and functioning of Centres for collective use of scientific equipment as Centres for providing access to scientific equipment for research and scientific-technical (experimental) developments by subjects of scientific, scientific-technical and innovative activities);

No 536 dated May 3, 2022 “On amendments to the procedure for competitive selection and financing by the National Research Fund of projects for the implementation of scientific research and development” (the Fund has resumed providing grant support to projects that will be implemented jointly by Ukrainian and foreign scientific societies, institutions, organizations).

On March 30, 2022, Ukraine became the 39th full member of the COST Action, which provides innovators and researchers with opportunities to establish connections for strengthening their ability to deal with scientific, technological and social challenges.

SPACE

Ukraine continues to develop mutually beneficial cooperation with the EU in the field of civil space research and use of outer space, in particular, in such areas as global navigation satellite systems; Earth observation and global monitoring; space science and research; applied space technologies, in particular launch technologies and rocket engine technologies.

On November 4, 2022, the draft Law of Ukraine "On approval of the National target scientific and technical space program of Ukraine for 2021-2025" was adopted as a basis by the Verkhovna Rada of Ukraine and is being prepared for the second reading at Reg. No. 6129.

Decree of the Cabinet of Ministers of Ukraine No. 15-r of January 13, 2021 approved the Concept of the national target scientific and technical space program of Ukraine for 2021-2025.

Within the framework of cooperation in global navigation satellite systems, work has continued on preparing for signing of a draft Agreement between Ukraine and the European Union on the expansion of the European Geostationary Navigation Overlay Service (EGNOS) to the territory of Ukraine. Preparations are underway for the 3rd round of negotiations between Ukraine and the European Commission on the preparation of the draft Agreement.

Along with this, it is planned to prepare draft agreements between the State Space Agency (SSA) and the European operational satellite agency (EUMETSAT) on the technical operation of the space component of the Copernicus program.

The contacts between the State Space Agency of Ukraine and the European Space Agency (ESA), and ESA member states were intensified regarding Ukraine's integration into ESA.

In particular, in March 2022, work started on the acquisition of Ukraine's membership in the ESA (three online meetings of the SSA-ESA at the working level and one online meeting of the SSA-ESA at the high level were held). The official application of the SSA to the space agencies of the ESA member states regarding their support for the process of Ukraine's integration into ESA has been submitted.

In September 2022, a meeting was held within the framework of the 73rd International Astronautical Congress to form a positive position on Ukraine's acquisition of ESA membership.

On October 24, 2022, the 12th High-Level Group meeting between Ukraine and Germany on economic cooperation was held, during which development of cooperation in the space sector was discussed.

Based on the results of these measures, the position of the ESA and its member states was formed to support Ukraine's aspiration to acquire membership, with the application of a transition period for Ukraine in three stages in accordance with the existing (standard) mechanism for integrating states into the ESA. According to this mechanism, in the second half of the year, seven promising projects were identified for implementation.

FINANCIAL SERVICES



BANKING

In the light of the introduced martial law in Ukraine, continuous sustainable functioning of the state banks, ensuring the stability of the banking system, is of utmost importance for the economy and security of the state during the war and post-war periods.

The Cabinet of Ministers of Ukraine has approved the main (strategic) activities of state banks for the period of martial law and post-war economic recovery. State banks (JSC CB "PrivatBank", JSC "Ukrgasbank", JSC "Ukreximbank", JSC "Oschadbank") are included in the list of critical infrastructure facilities in the banking system of Ukraine and the list of authorized banks of Ukraine involved in the work (operations) in a special period.

Also, during the period of martial law, state banks are subject to higher requirements on the level and quality of corporate governance. In order to improve the corporate governance system, the composition of the supervisory board of JSC CB PrivatBank was determined based on the results of competitive selection, and the competitive selection of applicants for the positions of independent members of the supervisory boards of JSC Oschadbank and JSC Ukreximbank continues.

In order to implement the provisions of the comprehensive Law of Ukraine "On amendments to certain legislative acts of Ukraine on improving the organization of corporate governance in banks and other issues of functioning of the banking system" (which implemented in the national legislation the provisions of the EU law on banking regulation, in particular Directive 2013/36/EU and Regulation (EU) No. 575/2013), the National Bank of Ukraine has developed draft regulations on internal liquidity adequacy assessment process (ILAAP) in banks of Ukraine and banking groups; on the procedure of determining the regulatory capital by banks of Ukraine and leverage ratio by banking groups.

In addition, in order to improve the instruments of banking supervision the Decisions of the Board of the National Bank of Ukraine: improved approaches to the organization of Supervisory Review and Evaluation Process (SREP) of banks; approved the specifics of conducting SREP in 2022-2023, taking into account the specifics of the functioning of the banking market under martial law. A draft regulation on risk assessment and establishment by the National Bank of higher values of prudential standards for banks based on the results of the SREP has been developed.

INSURANCE SERVICES

The Cabinet of Ministers of Ukraine submitted to the Verkhovna Rada of Ukraine a new draft of the Law of Ukraine “On compulsory civil liability insurance of land vehicle owners” prepared by the National Bank of Ukraine, the purpose of which is to implement Directive 2009/103/EC, in particular, to improve the system of compulsory civil liability insurance of land vehicle owners and bring the mechanism for protecting victims of road accidents in compliance with the requirements of the EU legislation.

Work continues on the development of new regulatory legal acts of the National Bank and amendments to existing ones in order to ensure the implementation of the provisions of the Law of Ukraine “On insurance”, which takes into account the provisions of Directive 2009/138/EC, Directive (EU) 2016/97, Commission recommendations 92/48/EEC. The law comes into force on January 1, 2024, except for certain provisions.

PAYMENT SERVICES

On August 1, 2022, the Law of Ukraine “On payment services” developed by the National Bank was put into effect, which takes into account the provisions of Directive (EU) 2015/2366, Directive 2009/110/EU, Regulation (EU) No. 910/2014, aimed at modernizing and further developing the Ukrainian payment services market and laying the legal framework for the integration of the Ukrainian payment market with the European one.

Also in 2022, the National Bank developed/updated its own regulations in line with the provisions of this Law. The following Regulations were approved by the Resolutions of the Board of the National Bank of Ukraine: on notification of the state executive service bodies or private executors by account maintenance service providers on account opening/closing by the users entered in the Unified Register of Debtors; on deposit banking transactions and transactions with savings certificates of a bank carried out by banks of Ukraine; on issuing and acquiring payment instruments; on attracting commercial agents financial payment services provision; on overseeing payment infrastructure in Ukraine; on effecting payment instructions in foreign currency and bank metals by payment service providers; on establishing mandatory prudential standards for non-bank payment service providers, and determining the methodology for calculating them; on electronic money and payment operations with them; on authorizing the activities of payment service providers and limited payment services; on conducting on-site and off-site monitoring of objects of the payment infrastructure oversight. In addition, the resolutions of the Board of the National Bank approved instructions on users’ accounts opening and closing by accounts maintenance payment service providers; on non-cash payments in the national currency by payment services users; introduced the number of the user’s payment account and electronic wallet in Ukraine. Draft regulations on issuing requirements and corrective actions by the National Bank to objects of the payment infrastructure oversight and regulations on authentication and application of enhanced authentication in the payment market have been developed.

PROTECTION OF THE RIGHTS OF FINANCIAL SERVICES CONSUMERS

In order to implement the provisions of the Law of Ukraine “On amendments to certain laws of Ukraine on consumer protection in the settlement of overdue debts”, the Resolution of the Board of the National Bank established additional requirements for interaction with consumers of financial services and other individuals in the settlement of overdue debts (requirements for ethical behaviour).

Also, the Resolutions of the Board of the National Bank adopted a number of acts in the field of protection of consumers of financial services (including financial payment services): the regulation on the implementation by the National Bank of supervision over compliance of the supervised entities with the legislation of Ukraine on the protection of the rights of consumers of financial services and limited payment services, requirements for interaction with consumers in settlement of overdue debts and amendments to the regulation on the implementation by the National Bank of off-site supervision in the markets of non-banking financial services; a new version of the regulation on additional requirements for financial services agreements; provisions on additional requirements for payment services contracts concluded by non-bank payment service providers with consumers.

The Deposit Guarantee Fund in 2022 ensured: reduction of the terms of payments of compensation to depositors from the date of their funds inaccessibility in insolvent banks from 6 months to 20 working days, in particular, by paying them online, without personal presence of depositors in the bank’s institution; raising the maximum amount of compensation for deposits three months after the end of martial law from 200 thousand Hryvnia to 600 thousand Hryvnia (for the period of martial law, there are no limits on compensation for deposits); equal conditions in the banking market by including in the guarantee system of a single bank, which was not included in the guarantee systems until 2022 – Joint-Stock Company “State Savings Bank of Ukraine”.

LIBERALIZATION OF CAPITAL FLOWS

The National Bank has determined the specifics of the banking system’s operation in connection with the introduction of martial law in Ukraine. According to the Resolution of the Board of the National Bank “On the operation of the banking system during martial law” dated February 24, 2022 No. 18 for the period of martial law (from February 24, 2022), all capital flows in currency (purchase of foreign currency, transfer of currency valuables) are carried out by authorized institutions, taking into account the complex of restrictions/prohibitions established by this Resolution.

Appropriate actions under martial law are aimed at ensuring reliable and stable functioning of the country’s financial system, full satisfaction of the critical needs of the state’s economy and preventing unproductive capital outflows.

At the same time, the National Bank is reviewing a possibility of easing currency restrictions if there are prerequisites in the monetary (including foreign exchange) market.

SECURITIES AND STOCK MARKET

In 2022, the National Securities and Stock Market Commission adopted the following decisions:

“On approval of the Regulation on clearing activities” dated January 13, 2022 No. 5, registered with the Ministry of Justice of Ukraine on February 1, 2022 under No. 114/37450;

“On amendments to the Regulation on clearing activities” dated February 3, 2022 No. 95, approved by the Decision of the NSSMC dated January 13, 2022 No. 5, registered with the Ministry of Justice of Ukraine on February 7, 2022 under No. 162/37498;

“On approval of licensing conditions for professional activities in the organization of trade in financial instruments in the regulated market and on the organization of trade in financial instruments on the multilateral trading platform” dated April 29, 2022 No. 321, registered with the Ministry of Justice of Ukraine on June 14, 2022 under No. 638/37974.

Also in 2022, the NSSMC developed the following documents:

— draft decision of the NSSMC “On amendments to the Requirements for contracts concluded during professional activity in the stock market (securities market) - securities trading activities: brokerage, dealer activities, underwriting, securities management”, which was approved at the NSSMC meeting by Decision No. 1254 of December 24, 2021;

— draft decision of the NSSMC “On amendments to the requirements (rules) of the implementation of securities trading activities: brokerage, dealer activities, underwriting, securities management”, approved by the NSSMC Decision No. 1255 of December 24, 2021;

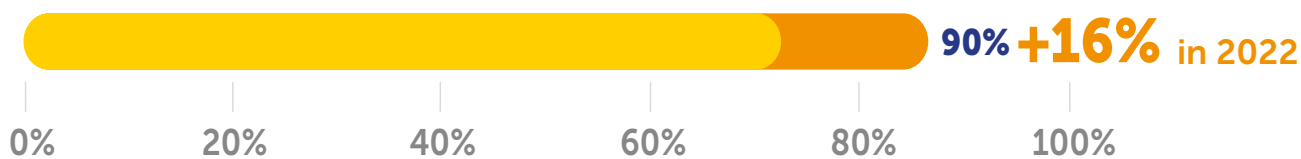
— draft decision of the NSSMC “On approval of the Regulations on the implementation of professional activities in the organization of trade in financial instruments”, which was approved by the NSSMC Decision No. 887 of October 5, 2021;

— draft decision of the NSSMC “On approval of licensing conditions for professional activities in the capital markets - trading in financial instruments”, approved by the NSSMC Decision No. 886 of October 5, 2021;

— draft decision of the NSSMC “On approval of licensing conditions for professional activities in the capital markets - trading in financial instruments”, approved by the NSSMC Decision No. 1256 of December 24, 2021;

— draft decision of the NSSMC “On approval of the Procedure for approval of a candidate for the position of the Head of an organized market operator, the central securities depository and requirements for the Head during his/her tenure”, which was approved by the NSSMC Decision No. 685 of August 26, 2021.

PUBLIC FINANCE MANAGEMENT



As part of the development of medium-term budget planning, on July 21, 2022, Order No. 207 of the Ministry of Finance approved Instructions for preparing proposals for the Budget Declaration, which sets out the framework for medium-term planning of the state budget.

In order to create conditions for effective interaction between the key budget holders and the Ministry of Finance when drawing up the draft state budget of Ukraine for 2023, the specifics of submitting budget requests during martial law were approved on July 21, 2022 by the Order of the Ministry of Finance No. 208.

Ukraine's position in the OBI score was strengthened in the result of ensuring compliance with budget transparency standards. Thus, in the OBI score for 2021, published in May 2022, Ukraine strengthened its position compared to the OBI score for 2019: 65 points out of 100 were obtained, which allowed to rise from 26 to 23 place among 120 countries and gain a foothold in the group of countries with access to material information (61-80 points).

In order to improve the quality of forecasting the movement of funds on the accounts of the State Treasury Service, the Cabinet of Ministers of Ukraine approved Resolution No. 970 of August 30, 2022 "On approval of the procedure for submitting information by key budget holders, recipients of budget funds, and other clients of the State Treasury Service of Ukraine to the Ministry of Finance of Ukraine for the purposes of managing the liquidity of the single treasury account and currency accounts of the State Treasury Service of Ukraine".

PROVIDING STATE GUARANTEES

Under martial law, the Ministry of Finance continued to use the instrument of state guarantees on a portfolio basis to support micro, small and medium-sized businesses. During 2022, resolutions of the Cabinet of Ministers (No. 497 of April 29, 2022, No. 625 of May 24, 2022, and No. 1330 of November 29, 2022) approved the lists of relevant creditor banks and the maximum amount of state guarantees provided to these banks on a portfolio basis.

Since the start of using the instrument of state guarantees on a portfolio basis, 17,614 loans totalling UAH 57.5 billion have been issued since December 2020. As of December 1, 2022, 27 creditor banks were servicing 15,611 loans worth more than UAH 50.2 billion. Liabilities under the main debt, which is partially secured by state guarantees on a portfolio basis, amounted to almost UAH 28.6 billion.

DEBT MANAGEMENT

The capacity of local self-government bodies in the field of debt management has been increased. As part of the improvement of the mechanism for monitoring local borrowings and guarantees, the Law of Ukraine No. 2709-IX “On amendments to the Budget Code of Ukraine regarding the updating and improvement of certain provisions” was adopted on November 3, 2022, which provides for the improvement of the mechanism of setting the limit of the total amount of local debt and guaranteed debt of the Autonomous Republic of Crimea, a regional council or city territorial community.

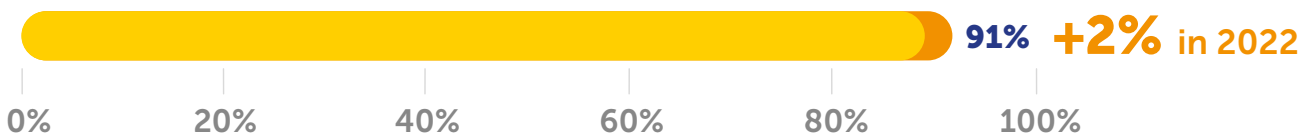
STATE FINANCIAL CONTROL

State financial control in the riskiest areas has been strengthened. As part of the improvement of the procedure for conducting inspections by the State Audit Service bodies, taking into account successful international practices, on October 8, 2022, the Cabinet of Ministers adopted Resolution No. 1123 “On amendments to the procedure for conducting inspections by the State Audit Service and its interregional territorial bodies”.

Consistent implementation of measures in the development of state internal financial control (SIFC) as an integral part of the public finance management reform was ensured:

- in order to improve the activities of internal audit units, improve the professionalism of internal auditors, on January 12, 2022, the Government of Ukraine adopted a Resolution “On the introduction of certification of employees of internal audit units and amendments to the Resolution of the Cabinet of Ministers of Ukraine No. 1001 of September 28, 2011”;
- to regulate the mechanism of certification of employees of internal audit units of state bodies, on May 18, 2022, the Order of the Ministry of Finance No. 144 “On approval of the procedure for certification of employees of internal audit units” was adopted;
- approaches to the implementation of internal audit activities were improved by amending the Internal Audit Standards and updating the form of the report on the results of the internal audit division’s activities.

HUMANITARIAN POLICY



In the context of the full-scale military aggression of the Russian Federation against Ukraine during 2022, thanks to active cooperation with the EU, sanctions were imposed against the Russian Federation in the fields of media and culture:

- 9 Russian propaganda TV channels were disabled in the EU;
- YouTube blocked leading Russian propaganda channels;
- more than 100 major international organizations and foreign cultural institutions have abandoned any form of cooperation in the field of culture with Russians;
- more than 100 Russian cultural figures and propagandists were included in the sanctions lists.

With the support of the European partners, more than 2,500 art events and projects were implemented abroad in support of Ukraine in 2022, including:

- audio guides in Ukrainian in the TOP museums of Europe and the world (in total, during 2021-2022, the project has already launched more than 50 audio tours in Ukrainian);
- opportunities were created for Ukrainian artists and applicants for art education to work in the EU countries through special grant programs, scholarships, residencies, mobility projects;
- Ukraine participated in leading international exhibitions and organized unprecedented exhibition projects: the 59th Venice Biennale of Contemporary Art, for the first time Ukrainian Pavilion Planeta Ukraine was presented at the Triennial in Milan, MIDA 2022 in Florence, Ukrainian modernism at the Thyssen-Bornemisza Museum (Madrid, Spain) "In anticipation of the storm";
- Ukrainian national stands are successfully presented at book fairs in Bologna, Paris, London, Warsaw, Frankfurt.

In cooperation with the European and international development partners, more than 20 projects created jointly with partners, volunteers and specialists from various fields were placed on the United Platform of Culture and Media during the war (<https://united.mkp.gov.ua/>):

- recording war crimes for the international community: Dattalion, War Evidence, Ukraine war today, War at a close look, #StandWithUkraine, Restore.MCIP;

- cultural heritage: crimes against cultural heritage, Authentic Ukraine;
- culture during the war: poetry of the free, Never Again, The Art of Victory, Ukraine war art collection;
- page on the Google Arts&Culture platform “Ukraine is here”, dedicated to Ukraine.

In order to preserve cultural heritage, more than 166 thousand museum objects, exhibits and cultural values were evacuated from more than 50 museums and nature reserves, and a platform and campaign were created to raise funds for cultural heritage sites that were damaged or destroyed due to russian aggression. (<https://restore.mkip.gov.ua/>).

Cooperation within international cultural organizations, primarily UNESCO, has been strengthened. In 2022, the element “Culture of cooking Ukrainian borsch” is included in UNESCO list of intangible cultural heritage that requires immediate protection, and the historical centre of Odessa is included in the main list of UNESCO World Heritage sites under an accelerated procedure.

Taking into account the damage to more than 1,200 cultural infrastructure objects in Ukraine as a result of russian aggression, the destruction and damage of 171 cultural heritage sites, 146 objects of valuable historical development, 58 monuments and works of art, cooperation with the European Commission and the EU Member States was strengthened in order to provide humanitarian assistance for the protection and preservation of Ukrainian cultural heritage through the EU Civil Protection Mechanism.

For supporting Ukrainians abroad, the projects “Books Without Borders”, “Ukrainian Book for Ukrainian Children” were implemented: more than 1 million books from publishers for Ukrainian children in the EU countries, the project “Ukrainian Bookshelves” was implemented in libraries in more than 20 countries of the world.

In total, the European Union has attracted about 50 million euros to support the activities of Ukrainian artists and cultural figures who were forced to temporarily move to the EU countries. Memoranda were signed on heritage support with UNESCO and on cooperation with the Louvre (scientific cooperation, joint exhibition activities).

The EU decided to exempt Ukraine in 2022 from paying the annual financial contribution for participation in the Creative Europe program (about 800 thousand euros). In autumn 2022, a special grant competition was announced to support and expand the participation of Ukrainian organizations in the projects of the Creative Europe Program in the amount of 5 million euros.

AGRICULTURE



Ukraine's obligations in the field of agriculture are provided for in Article 403 of Chapter 17 "Agriculture and Rural Development" of the Association Agreement.

Since the entry into force of the Agreement in full, Ukraine has fulfilled its obligations in the field of agriculture by 63%. Thus, in 2022, in compliance with the Association Agreement and with the aim of approximating national legislation with the EU law:

1) The following legislative acts were adopted:

Law of Ukraine No. 2572-IX of September 6, 2022 "On the peculiarities of legal protection of geographical indications of agricultural products and foodstuffs, protection of rights and application of quality schemes, including traditional guaranteed features of agricultural products and foodstuffs". The law ensures the fulfilment of Ukraine's obligations in the field of European integration in terms of coordinating the requirements of the current legislation of Ukraine on the protection of rights to geographical indications with the law of the European Union, in particular:

- introduces the concept of traditional guaranteed features, conditions for granting it legal protection, the concept and procedure for applying special quality indicators;
- specifies the conditions for granting legal protection to geographical indication for agricultural products and foodstuffs and the grounds for refusing to grant such protection;
- specifies the range of persons entitled to prepare specifications and other documents required for state registration of geographical indications for agricultural products and foodstuffs;
- reviews the requirements for documents for state registration of geographical indications and traditional guaranteed features;
- establishes the procedure for approving specifications and other documents required for state registration of geographical indication for agricultural products and foodstuffs, traditional guaranteed features;
- defines the requirements for the technical specifications that the product for which a geographical indication or traditional guaranteed feature is claimed shall meet;
- clarifies the list of rights and obligations arising from the state registration of geographical indications;
- establishes the procedure for certification of a product regarding its compliance with the specification of a product with geographical indication, traditional guaranteed feature.

Law of Ukraine No. 2763-IX of November 16, 2022 "On amendments to certain legislative acts of Ukraine concerning bringing legislation on protection of rights to plant varieties and seed and seedling production in line with the provisions of the EU legislation". The Law is aimed at effective fulfilment of the obligations provided for in Annex XXXVIII to Chapter 17 "Agriculture and Rural Development" of Title V "Economic and Sectoral Cooperation" by directions a) registration of varieties and b) seed certification. The law improves a number of regulatory provisions, which complicated the examination of new plant varieties and their state registration. Such complicated process resulted in a complex, unpredictable and long-term process of acquiring rights to the variety, hindered quick introduction into circulation and access of farmers to the latest varieties/hybrids, optimization of legal regulation in the field of obtaining rights to plant varieties, distribution and commercialization of the variety, liberalization of the process of circulation of experimental samples of seeds and planting material.

Law of Ukraine No. 2800-IX of December 1, 2022 "On geographical indications of alcoholic beverages", which establishes general rules for determining, describing, presenting and labelling alcoholic beverages, rules for using official names of alcoholic beverages. This, in turn, harmonizes the provisions of national legislation with the norms of the EU law, which are subject to implementation on the basis of the Association Agreement.

The adopted Law also contributes to the development of craft production of alcoholic beverages and job creation, in particular, in rural areas. Additional opportunities appeared for processing agricultural products and increasing domestic production of products with high added value.

At the same time, the following regulatory legal acts were adopted:

- Resolution of the Cabinet of Ministers of Ukraine No. 1274 of November 11, 2022 "On amendments to the procedure of certification, issuance and cancellation of certificates for seeds and/or planting material";
- Order of the Ministry of Agrarian Policy of October 17, 2022 No. 795 "On approval of requirements for coffee extracts and chicory extracts", registered with the Ministry of Justice of Ukraine on November 2, 2022 under No. 1356/38692.
- Order of the Ministry of Agrarian Policy of July 11, 2022 No. 442 "On approval of amendments to the regulation on identification and registration of horses and Instructions for the description of marks and signs of horses", registered with the Ministry of Justice of Ukraine on July 28, 2022 No. 845/38181.
- Order of the Ministry of Agrarian Policy of December 5, 2022 No. 974 "On approval of amendments to the Instructions for trade analysis and labelling of meat", registered with the Ministry of Justice of Ukraine on December 21, 2022 under No. 1643/38979.
- Order of the Ministry of Agrarian Policy of December 5, 2022 No. 975 "On approval of requirements for the sale of bovine meat of less than 12 months", registered with the Ministry of Justice of Ukraine on December 20, 2022 under No. 1635/38971.

2) The following documents were developed:

— Draft Law of Ukraine of Ukraine “On association of agricultural producers” (Reg. No. 8149 of October 24, 2022). The draft law is aimed at implementing the EU regulations 1308/2013 and 2016/232 in terms of defining the legal and organizational framework for state recognition of agricultural producers’ associations, granting such associations the status of representative ones, creating conditions for self-regulation of agricultural activities of their members by such associations, as well as conditions for delegating to representative associations of agricultural producers certain powers of state authorities in regulating agricultural activities.

— Draft Law of Ukraine “On amendments to the Law of Ukraine “On grapes and grape wine (new edition)” (Reg. No. 6010). The draft Law is aimed at implementing the EU regulations 1308/2013, 251/2014, 2019/33, 2018/274, 2018/273.

— Draft Order of the Ministry of Agrarian Policy “On approval of Requirements to eggs”.

— Draft Law “On hops and hop products”.

— Draft Law of Ukraine “On amendments to certain legislative acts of Ukraine concerning the improvement of state regulation in fisheries, conservation and sustainable use of aquatic bioresources and aquaculture”. (dated July 29, 2022 No. 7616); it was adopted as a basis. The draft Law provides for amendments to the laws of Ukraine “On fisheries, industrial fishing and protection of aquatic bioresources” and “On the List of permits in economic activity”. The main provisions of the draft law are aimed at accelerating the improvement of the procedure of obtaining permits in the market, simplifying the conditions for entering the market and minimizing corruption risks when passing all the necessary procedures.

A draft Law of Ukraine “On ensuring traceability of aquatic bioresources and products made from aquatic bioresources” has also been developed. The draft law is designed to ensure sustainable management of aquatic bioresources, prevent illegal, unreported and unregulated fishing, promote conservation, sustainable use, reproduction and protection of aquatic bioresources, create transparent mechanisms to ensure traceability of aquatic bioresources, as well as protect the rights and economic interests of business entities.

It is worth noting that in the field of fishing, the Ministry of Agrarian Policy has developed the following draft orders:

— “On approval of the rules of industrial fishing in the Azov Sea basin”;

— “On approval of the rules of industrial fishing in the Black Sea basin”;

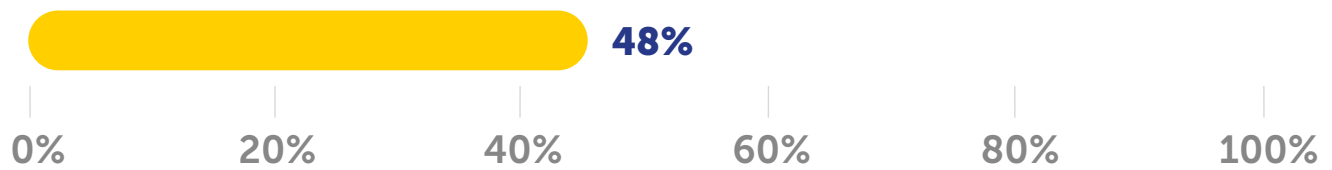
— “On approval of the rules of industrial fishing in internal fisheries water bodies (parts thereof)”.

A draft State strategy for the development of the fisheries sector of Ukraine up to 2030 was developed, which will define the key directions of development of the fisheries sector, in particular, taking into account the European integration course of Ukraine. This State Strategy defines priority tasks necessary for improving the state policy in fisheries, creating favourable conditions for increasing the extraction (catch) of aquatic bioresources, increasing the bio-productivity of internal water bodies of Ukraine, internal sea waters and territorial sea, increasing the production of fish products in order to guarantee food security of the state.

Ukraine is at the final stage of joining the Agreement on Port State Measures to prevent, deter and eliminate illegal, unreported and unregulated fishing. The relevant draft law was registered in the Verkhovna Rada of Ukraine under No. 0178 dated November 23, 2022 and is currently being considered in its committees.

Active work is underway on Ukraine's acquisition of full membership in the General Fisheries Commission for the Mediterranean, and in this regard, positions on Black Sea fisheries are being coordinated with the EU Party.

CONSUMER PROTECTION



Ukraine’s obligations in the field of consumer protection are provided for in Chapter 20 “Consumer Protection” of Title V “Economic and Sectoral Cooperation” of the Association Agreement.

In order to ensure a high level of consumer protection, achieve compatibility between the consumer protection systems of Ukraine and the EU, as well as in accordance with the obligations stipulated by the Association Agreement, the government submitted to the Verkhovna Rada of Ukraine a new version of the draft Law of Ukraine “On consumer protection” (Reg. No. 6134 of October 5, 2021).

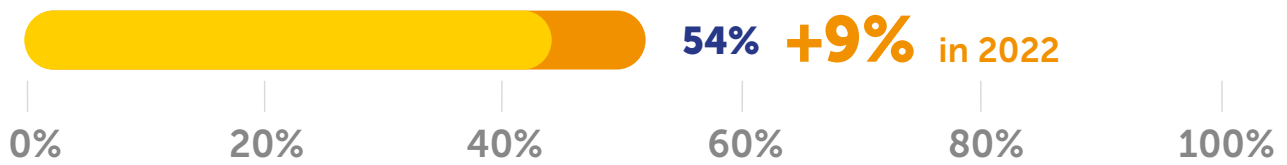
The draft law, among other things, proposes to:

- clearly delineate the control functions of state supervision (control) bodies in the field of consumer protection;
- entrust the State Service of Ukraine on Food Safety and Consumer Protection with additional powers in case of violation by business entities of the legislation on consumer protection;
- create a legislative framework for alternative resolution of consumer disputes.

In addition, the draft law is aimed at resolving issues related to guarantees for consumers, prohibition of unfair commercial practices, contracts with consumers, e-commerce, price communication, etc.

The draft law was adopted as a basis on October 6, 2022, and is awaiting a second reading.

SOCIAL POLICY AND LABOR RELATIONS



In 2022, work continued to strengthen the social protection of the most vulnerable segments of the population. Despite the complexity of wartime, about UAH 800 billion was allocated for social spending in 2022.

The continuity of social payments (various types of benefits, housing subsidies and benefits) was ensured, in particular, through a specially created system of centralized accrual during martial law. This mechanism allowed to accrue payments to those people who live in the territory of military operations and under occupation. More than 5 million families received payments, including 300 thousand - under a centralized mechanism.

With the introduction of martial law, the payment of the following previously assigned benefits was automatically extended without citizens' request:

- benefits for children under guardianship;
- for children with disabling conditions;
- children whose parents evade paying alimony;
- persons with disabilities from childhood and children with disabilities;
- persons who care for persons with disabilities of groups I and II due to a mental disorder;
- persons who are not entitled to a pension, and persons with disabilities.

The above-mentioned benefits will be paid for the period of martial law and one month after its termination or cancellation.

Under martial law, the system of compulsory state social insurance provided continuous financing of pensions for almost 11 million pensioners and insurance payments for about 10 million insured persons. Also, all planned increases in 2022, including indexation, were fully provided, including military pensions indexed for the first time. The implementation of the support program for pensioners 80+ has continued. In October 2022, those pensioners who turned 70 started receiving additional assistance. In total, UAH 575.2 billion of pensions were paid. The terms of payment and delivery of pensions for the period of martial law are defined by the Resolution of the Cabinet of Ministers of Ukraine dated February 26, 2022 No. 162 "On the specifics of payment and delivery of pensions, monetary benefits for the period of martial law".

Financing of pensions in the temporarily occupied territories did not stop. Currently, more than 6 million citizens are covered by one or another type of social assistance.

In most regions, the provision of social services to those in need continues (except for the temporarily occupied territories and the area of active military operations).

The Register of social service providers reflects information about more than 3 thousand subjects, of which about 1.5 thousand are of communal forms of ownership, in particular, almost 1 thousand providers which work directly in territorial communities (social service centres, centres for social services provision, territorial social service centres (centres for social services provision)). There are also 501 mobile teams providing social and psychological assistance to persons affected by domestic violence or gender-based violence. The system of social service centres employs about 300 psychologists and more than 3.6 thousand social workers.

The Verkhovna Rada of Ukraine adopted the Law of Ukraine "On amendments to certain laws of Ukraine concerning the provision of social services in the event of the introduction of a state of emergency or martial law on the territory of Ukraine (dated April 14, 2022 No. 2193-IX), which establishes the mechanism for providing social services during martial law, in particular in emergency (crisis) situation.

Pursuant to the above-mentioned Law, the Cabinet of Ministers of Ukraine adopted 11 regulations that simplified the criteria for the activities of social services providers; regulated the procedures for providing social services in an emergency (crisis) and drawing up an act on their provision; the procedures for making a decision on the provision of social services under one application during a state of emergency or martial law was simplified.

The system of social services for the population is being modernized, which is especially important in the context of decentralization.

As part of the development of Unified Information System of the Social Sphere (UISSS), the formation of a unified system for the administration of all social payments through the Pension Fund of Ukraine as a payment agency has started. The first stage is the centralized payment of housing subsidies and benefits, which made it possible to digitalize and accelerate the process of processing applications, people can apply throughout Ukraine, and not just to the social protection authorities at their place of residence. All data is securely stored on cloud servers.

To ensure social protection of internally displaced persons, the procedure for providing accommodation assistance to internally displaced persons has been approved (Resolution of the Cabinet of Ministers of Ukraine No. 332 of March 20, 2022). Almost 4.9 million internally displaced persons were registered, of which more than 3.5 million people moved after February 24, 2022. Assistance was paid to almost 2 million IDPs.

As a result of the armed aggression of the Russian Federation and military operations in Ukraine, the number of people with disabilities (including those with severe forms) is growing rapidly and will continue to increase both among civilians, in particular children, and among the defenders of Ukraine. The possibility for rehabilitation and obtaining auxiliary means of rehabilitation (prostheses, wheelchairs, etc.) was provided for all citizens who suffered as a result of the war without the need to obtain disability status (Resolution of the Cabinet of Ministers of Ukraine No. 454 of April 12, 2022).

A comprehensive draft of the Law of Ukraine “On amendments to certain laws of Ukraine concerning ensuring the right to employment of persons with disabilities” has been prepared (Reg. No. 5344-D of November 18, 2022). The draft Law provides for changing the mechanism for facilitating the employment of persons with disabilities by expanding the complex of follow up and support during employment and introducing incentives for employers, rather than sanctions.

Also, in order to preserve jobs of the persons with disabilities, the government decided to provide opportunities for socially significant enterprises, where protected employment conditions are provided, to use a preferential tax regime under martial law (Resolution of the Cabinet of Ministers of Ukraine No. 323 of March 19, 2022).

A single mechanism for administering aid from international donors through the eDopomoga platform has been formed. Applications were submitted by 10 million people, 3 million of which received payments for the total amount almost UAH 6 billion.

A Resolution of the Cabinet of Ministers of April 15, 2022 No. 447 was adopted, which expands the grounds for granting the status of an orphan child, a child deprived of parental care in war conditions, which makes it possible to accommodate such children in family forms of upbringing.

A Memorandum of Cooperation in the field of social protection of children affected by military operations and armed conflicts was signed with UNICEF (April 09, 2022) and an Agreement between the Ministry of Social Policy of Ukraine and the Ministry of Social Protection and Labour of the Republic of Lithuania on cooperation in the field of protection of children affected by the war in Ukraine as a result of the armed aggression of the Russian Federation (April 11, 2022).

A Political declaration was signed between the Ministry of Social Policy of Ukraine and the Ministry of Family and Social Policy of the Republic of Poland on social protection of children affected by military operations and armed conflicts (June 30, 2022).

The “Adoption in Diia” service was introduced, which allowed people to conveniently get all information about the adoption of children online and submit the necessary package of documents to obtain the status of an adoptive parent. 780 such applications have already been submitted.

On August 12, 2022, the government approved the State strategy for ensuring equal rights and opportunities for women and men for the period up to 2030 and approved the Operational plan for its implementation for 2022-2024 (Decree of the Cabinet of Ministers of Ukraine No. 752 of August 12, 2022). The Strategy is focused on achieving the Sustainable Development Goals of Ukraine until 2030.

Taking into account the new challenges, amendments were made to the National Action Plan for the implementation of UN Security Council Resolution 1325 “Women, Peace, Security” for the period up to 2025 (Decree of the Cabinet of Ministers of Ukraine No. 1150 of December 16, 2022).

Amendments have been made to some resolutions of the Cabinet of Ministers of Ukraine regarding specialized support services for persons affected by domestic violence and/or gender-based violence (Resolution of the Cabinet of Ministers of Ukraine No. 1372 of December 9, 2022).

In the field of labour relations in 2022, the following documents were adopted:

- Law of Ukraine “On amendments to certain laws of Ukraine concerning optimization of labour relations” (dated July 1, 2022 No. 2352-IX);
- Law of Ukraine “On amendments to certain legislative acts of Ukraine concerning the regulation of lab or relations with non-fixed working hours” (dated July 18, 2022 No. 2421-IX);
- Law of Ukraine “On amendments to certain legislative acts of Ukraine concerning strengthening the protection of employees’ rights” (dated 12.05.2022 No. 2253-IX).

The following draft laws are under consideration in the Verkhovna Rada of Ukraine:

“On amendments to the Code of Administrative Offenses of Ukraine on strengthening responsibility in the sphere of collective and contractual activities” (Reg. No. 7629 of August 2, 2022),

“On collective agreements and contracts” Reg. No. 7628 of August 2, 2022,

“On amendments to the Labour Code of Ukraine concerning legal succession in labour relations” (Reg. No. 8244 of November 29, 2022).

Work continues on the draft laws “On Labour” and “On employees’ health and safety at work”.

In 2022, orders of the Ministry of Health were adopted in the field of labour health and safety:

— “On approval of the Procedure for collecting and transmitting information on cases of acute and chronic occupational diseases (poisoning) to the automated system of accounting and analysis of acute and chronic occupational diseases” dated November 10, 2022 No. 2020, registered with the Ministry of Justice on November 28, 2022 under No. 1479/38815;

— “On amendments to the hygiene standard “List of substances, products, production processes, household and natural factors that are carcinogenic to humans” dated June 20, 2022 No. 1054, registered with the Ministry of Justice on August 11, 2022 under No. 910/38246;

— “On approval of the hygiene standard “List of substances, products, production processes, household and natural factors that are carcinogenic to humans” dated June 20, 2022 No. 1054, registered with the Ministry of Justice on August 11, 2022 under No. 910/38246;

— “On setting the procedure for providing free medical consultations by radio” dated November 29, 2022 No. 2162, registered with the Ministry of Justice on December 13, 2022 under No.1588/38924.

PUBLIC HEALTH



Despite the war, the transformation of the healthcare system continued, taking into account the challenges of wartime. The main objective healthcare system reform is to preserve and strengthen the health of the population, ensure equal and fair access of all citizens to healthcare services of proper quality, and protect the health and well-being of Ukrainians.

The essence of the healthcare reform is to change the system of funding in the healthcare sector so that a patient receives really free of charge, safe, affordable and high-quality medical care, and the budget funds are used effectively in the healthcare institutions of patient's choice. These changes have already proven to be effective.

On July 15, 2022, the EU4Health program was signed, which aims to improve and strengthen the health of the population of European countries, promote healthy lifestyles and prevent the spread of diseases, protect people from serious cross-border threats, improve the availability, accessibility and affordability of medicines and medical devices, and strengthen healthcare systems by improving their recovery and resource efficiency. Ukraine's participation in the program will allow to better prepare the healthcare system of Ukraine for European standards and facilitate Ukraine's sectoral integration with the European Union. The EU4Health Program supports government agencies, non-governmental organizations and sole proprietors, especially small and medium-sized enterprises, by providing them with grants and access to participation in specialized procurement.

In 2022, the Law of Ukraine "On the public health system" was adopted, and the preparation of draft regulations necessary for its implementation continues. This law defines the legal, organizational, economic and social framework for the functioning of the public health system in Ukraine. It regulates social relations in public health and sanitary and epidemic well-being of the population, defines the relevant rights and obligations of state bodies and local self-government bodies, legal entities and individuals in this area, establishes the legal and organizational framework of state supervision (control) in economic activity.

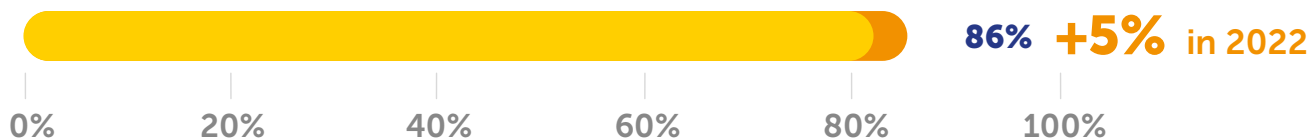
Work continues on amending the legislation to strengthen responsibility for violations of legislation in blood donation and blood components.

The legislation is approximated to the principles of the EU acquis, in particular, in the field of blood service. The State Service of Ukraine for Medicines and Drugs Control is the authorized body in the field of blood donation and blood components. In particular, it licenses the activities of the economic entities of the blood system and implements state

supervision (control) in this area. In order to investigate serious adverse reactions and serious adverse cases among blood donors and/or recipients, a mechanism for interaction between the subjects of the blood system and health care institutions in the event of such cases/reactions has been introduced, and a comprehensive investigation, hemovigilance, and traceability of the components of donated blood have been introduced.

Apart from that, pursuant to the Part Two of Article 6 of the Law of Ukraine "On basic principles and requirements for food safety and quality", in order to bring the requirements for baby food in line with the requirements of the European Union, the Order of the Ministry of Health of June 23, 2022 No. 1084 "On approval of safety requirements and certain quality indicators of baby food", registered with the Ministry of Justice of Ukraine on July 08, 2022 under No. 755/38091, implemented Regulation No. 609/2013 on food intended for infants and young children, food for special medical purposes, and total diet replacement for weight control.

EDUCATION, TRAINING AND YOUTH



The government approved the Strategy for Gender Equality in Education until 2030 and the Operational Plan for its implementation for 2022-2024 (Order of the Cabinet of Ministers of Ukraine No. 1163-r of December 20, 2022).

PROFESSIONAL EDUCATION

The students of vocational and technical schools got an opportunity to take advantage of academic mobility (Resolution of the Cabinet of Ministers of Ukraine No. 599 of May 13, 2022 "On amendments to certain resolutions of the Cabinet of Ministers of Ukraine on the settlement of academic mobility issues"). Every student, regardless of their actual place of stay within Ukraine, has the opportunity to study at any vocational educational institution (provided that they have training in the relevant profession). Academic mobility programs in 2022 have already been used by 316 students.

On August 26, 2022, the Law of Ukraine No. 2477-IX of July 29, 2022 "On ratification of the Finance Contract "Vocational Education and Training in Ukraine" between Ukraine and the European Investment Bank" came into force, which provides for the attraction of 58 million euros for the creation of Centres of professional excellence - educational centres that will play an important role in improving the national system of vocational (vocational and technical) education.

In addition, to strengthen the institutional capacity of educational institutions that ensure the implementation of the project, technical assistance grants in the amount of 8.5 million euros were attracted from the European Union's Neighbourhood Investment Platform (NIP).

HIGHER EDUCATION AND ADULT EDUCATION

As of the end of 2022, 326 out of 355 higher education standards have been developed (113 draft standards of the educational level "Bachelor", 18 draft standards of the educational level "Master", 95 draft standards of the educational and scientific level "Doctor of philosophy"). In 2023, it is planned to complete the full development of all other standards. 254 standards of higher education were approved, including: 109 standards of the educational level "Bachelor", 100 standards of the educational level "Master", 45 standards of the educational and scientific level "Doctor of philosophy".

In order to ensure the functioning of the quality assurance system of higher education in accordance with European standards and to fulfil recommendations on the quality of higher education, the draft Law of Ukraine "On Adult Education" was submitted and registered in the Verkhovna Rada of Ukraine on February 10, 2022 under No. 7039. On January 12, 2023, the draft law was adopted in the first reading.

Despite active military operations during 2022, Ukraine continued to participate in the current cycle of the European Union's education, training, youth and sports program Erasmus+ (2021-2027) as a partner country. Under the Jean Monnet direction, 93 of the 233 submitted applications were selected and are at the stage of signing Grant Agreements. 2022 was the most successful year out of all the years of Ukraine's participation in this area.

At the same time, the Ministry of Education and Science and the Ministry of Youth and Sports continue to work together to study the prospects for changes in the status of Ukraine as a program country - a corresponding project application has been submitted to the Plan for attracting external assistance from the European Commission in the framework of **TAIEX for 2023**.

Harmonization of the list of branches of knowledge and specialties with the International Standard Classification of Education (ISCE) has continued. **The List of branches of knowledge and specialties**, under which higher education students are being trained, **have been introduced** (Resolution of the Cabinet of Ministers of Ukraine No. 1392 of December 16, 2022).

The Ministry of Youth and Sports, together with the Ministry of Education and Science, initiated consultations with the European Party on revising the status of Ukraine in the EU Erasmus+ program, in particular, conducting a joint study with the EU on the advantages and opportunities of Ukraine's membership in the EU Erasmus+ program in the new status.

Within the framework of the European Year of Youth 2022, Ukraine has repeatedly appealed to the European Commission to pay special attention to Ukraine and Ukrainians and to hold events in the EU member states with the participation of Ukrainian youth as a manifestation of solidarity between European youth and the youth of Ukraine.

The Ministry of Youth and Sports, in cooperation with the United Nations Population Fund in Ukraine and the CSR Development Centre, ensured the implementation of the Pact for youth 2025 initiative as part of the European initiative, which conducted a survey to identify the challenges and urgent needs of employers related to the beginning of a full-scale invasion of the Russian Federation in the territory of Ukraine, in particular on employment issues.

The platform "SpivDiia" (spivdiia.org.ua) was created by active youth after the start of the full-scale war. It was created with the support of the Ministry of Youth and Sports together with the Coordination Headquarters for Humanitarian and Social Issues of the Office of the President of Ukraine with the aim of collecting needs of the civilian population and providing prompt response to them.

Within the framework of the SpivDiia initiative and with the support of the EU project "EU4YOUTH Youth Engagement Roadmaps", career consultants for young people were selected and prepared to help young people adapt to war conditions and find work in Ukraine.

Employment services were provided in 8 regions of the SpivDiia employment project (Poltava, Lutsk, Khmelnytsky, Cherkasy, Ternopil, Lviv, Odesa and Dnipro). Employment consultants have been adapted and trained briefly to get started with clients.

From the beginning of the project:

- 2,353 career guidance consultations were held;
- 400 people were employed (160 people - up to 35 years, 240 people - 36+ years);
- 2,245 applications were received, including applications from 74% of women and 26% of men.

In addition, regional consultants are working to fill the database of vacancies in the project regions. Currently, more than 110 employers are involved in cooperation in different regions offering more than 500 vacancies.

SPORTS AND PHYSICAL CULTURE

On July 15, 2022, the laws of Ukraine “On anti-doping activities in sports” and “On amendments to Article 52 of the Law of Ukraine “On physical culture and sports” concerning the activities of the National Anti-Doping Control Laboratory” came into force, which aim to bring the national anti-doping legislation in line with the requirements of the World Anti-Doping Code. The National Anti-Doping Centre of Ukraine actively cooperates with the National Anti-Doping Organizations of the EU Member States, in particular Poland, to exchange best practices in anti-doping activities.

FINANCIAL COOPERATION AND COMBATING FRAUD



In order to bring national legislation in line with the provisions set out in Annex XLIV to the Association Agreement and implement Directive (EU) 2017/1371, the Ministry of Internal Affairs has developed draft laws of Ukraine “On amendments to the Criminal Code of Ukraine regarding liability for illegal actions with funds of the budgets of the European Union” and “On amendments to the Criminal Procedure Code of Ukraine regarding liability for illegal actions with funds of the budgets of the European Union”.

During the meeting of the Association Council (September 8, 2022), the Parties decided to update the Annex in the form of a written procedure. At the moment the EU Council’s decision on updating the Annex XLIV is expected.

In December 2022, it was decided to hold consultations with the EC on the feasibility of introducing amendments (concerning the implementation of the provisions of the Association Agreement in the field of combating fraud directed against the financial interests of the EU) to the legislation of Ukraine and, if necessary, submit draft laws after updating Annex XLIV to the Association Agreement.

DEEP AND COMPREHENSIVE FREE TRADE AREA

The European Union is Ukraine's main trading partner. According to the results of 2022, the share of trade in goods and services with the EU amounted to 53.6% of the total volume of trade in Ukraine (in 2021 – 39.1%).

During the war, in 2022, exports of goods to the EU totalled 27.9 billion US dollars, imports totalled 27.0 billion US dollars, the positive balance is 0.9 billion US dollars.

The export of services in 2022 amounted to 3.4 billion US dollars, imports totalled 1.7 billion US dollars, positive balance is 1.7 billion US dollars.

Within the framework of the Seventh meeting of the EU-Ukraine Association Committee in Trade Configuration (October 25-26, 2022), the Parties discussed the full range of issues of bilateral cooperation in trade, as well as:

- adopted a joint Decision of the Committee on amendments to Annex XV (Approximation of customs legislation) to Chapter 5 of the Association Agreement between Ukraine and the EU;
- reached an agreement on a major update of the EU-Ukraine priority action plan for the implementation of the DCFTA for 2023-2024;
- outlined further steps towards “industrial visa-free” - the conclusion of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA).
- as a result of the above-mentioned meeting, the EU Party provided positive assessment of Ukraine's implementation of Stages I and II envisaged by Annex XXI-B and Annex XXI-C to Chapter 8 “Public Procurement” of the Association Agreement.

At the same time Ukrainian Party called on the EU Party to consider the possibility of extending the validity of Regulation of the European Parliament and of the Council No. 2022/870 on temporary trade liberalization, which complements the trade concessions applied to Ukrainian products under the Association Agreement, until the end of 2024. The regulation provides for the temporary suspension of all tariffs in accordance with Section IV of the Association Agreement, it entered into force on June 4, 2022 and will be applied until June 5, 2023.

Plan on the implementation of the DCFTA 2023-2024 was approved at the EU-Ukraine Summit on February 3, 2023 and concluded through an exchange of letters between the Ministry of Economy and the European Commission.

During the Fifth meeting of the EU-Ukraine High-Level Dialogue on horizontal and industrial issues (July 6, 2022), the Parties discussed the state of Ukrainian industry in the context of Russia's military aggression against Ukraine and outlined ways of further cooperation to restore it with the participation and support of the EU institutions.

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