

Digest 6/2023: Monitoring and Assessment of the EU-Ukraine AA implementation and EU *acquis* alignment progress, August

Executive Summary

Ukraine's Agricultural producers continued to report [record high](#) yields of cereals, oil, technical crops in August and to look cautiously over Ukraine's western border as political campaigns in some frontline neighbouring countries [were trading](#) EU commitments for kremlin-fostered populism. While bigger Ukrainian producers could find their alternative trade routes and financing options easier, many smaller and medium farmers struggled to obtain trade financing or any reasonable prices for their crops. Ukraine should start an urgent transformation of its agri-food sector in collaboration with the EU and individual member states to prepare for the European Single Market integration.

The CAP reform and the European Green Deal ambitions have especially actualised as the month of August 2023 became the [warmest on record](#). The Climate challenge is dictating an urgent need for more sustainable transformation of agricultural production without jeopardising global food security.

Decarbonisation has become even more of a difficult subject of international discussion since russia launched a full-scale military aggression targeting, from the first day on, Ukraine's fuel reserves and oil processing, chemical plants, electric grid infrastructure; going as far as bombing the Kakhovka HPP and dam and [threatening](#) with similar terror at the occupied Europe's largest Zaporizhzhia Nuclear Power Plant on the left bank of the Dnipro River.

Ukraine has shown resilience on the battlefields as well as on the farming fields this summer of 2023. The war is turning many of the agricultural fields in the east and south of Ukraine into heavily contaminated and [environmentally devastated](#) vast territories. Most of them will never be able to return to the production of food. Some will have to be restricted for civilian access, similar to the Zone Rouge near Verdun in France.

The Climate warming and the threats to food security are urgent calls for the entire globe. Thus, a prompt, decisive global action is required more than ever to make the russian leaders stop and pay for the devastation of the planet. The Rule of Law may not protect humanity from the Climate Change, but it surely can and should be used to save the Common Planet from any further devastation by military means. Confiscation and full Sanctions are [justified](#) to protect Humanity.

The legislative work of the Parliament in August was prioritising targeted customs facilitation for military and rescue equipment imports liberalisation, social security for the military, police, and rescue servicemen and their families. Important laws for the implementation of the EU-Ukraine Association Agreement's Cluster 5 were adopted or initially reviewed by the Ukrainian Parliament covering the Agriculture and Food safety Chapters of the EU *acquis*. Amendments aimed at minimising the potential oligarchic influence on political parties and improving mechanisms for state financing of political parties were also considered by the Parliament, implementing one of the seven recommendations from June 2022 by the European Commission.

Introduction

The trend of civil servants leaving the civil service is still evident in Ukraine. Every quarter, the National Agency on Civil Service conducts an analysis of the number of civil servants. On 1 August, 2023, the NACS [published a report](#) on the quantitative composition. The statistics show that the trend of a gap between those hired and those dismissed from the service continues. A positive sign is the increase in recruitment rates compared to the previous reporting period. It is also worth noting that the number of civil servants abroad is decreasing. However, [as noted by the NACS](#), the stay of civil servants abroad is still the main problem of staff outflow.

In August 2023, the Head of the National Agency [noted](#) that the system was ready to resume competitions for civil service positions. The resumption of civil service competitions, where the security situation allows it, is necessary to ensure public authorities' human and institutional capacity. Competitive selection makes it possible to recruit more qualified employees to the civil service. This issue, among other things, is an essential factor for ensuring a stable European integration process. Recruitment to civil service positions on a competitive basis is part of the public administration reform in general and is an essential aspect in implementing fundamental reforms for Ukraine's accession to the EU.

Activity continues on remuneration reform, in particular on finalising the draft law No. [8222](#) on Amendments to the Law of Ukraine “On Civil Service” on the Implementation of Unified Approaches to Remuneration of Civil Servants Based on Position Classification, which was adopted by the Verkhovna Rada as a basis with an extension of the preparation period on 28 July 2023. The draft law is relevant and should be adopted, but needs to [be revised to improve the wording](#). Adopting the revised draft law allows the introduction of a transparent remuneration system, establish a clear distinction between wages and remuneration, and ensure the predictability and stability of monthly salaries. Thus, on 1 September 2023, the Cabinet of Ministers of Ukraine adopted a protocol decision “On the introduction of a system of remuneration for civil servants based on the classification of positions from 1 January 2024”. Adopting this draft law and introducing the corresponding remuneration system is part of the public administration reform, which is also a condition for Ukraine to receive financial support from the EU under the Ukrainian Facility.

On 30 August 2023, the Government finished [the second stage of the initial assessment](#) of the implementation of the EU acquis (self-screening). Based on the results of the second stage, 34 reports were prepared by the main executors of the negotiation sections with the participation of other authorities. The next step is to prepare a National Programme for the regulatory approximation of the Ukrainian legislation to the EU acquis. A significant drawback is the need to publish complete reports to enable civil society to evaluate and provide recommendations. Government should more actively engage civil society and independent experts in the European integration process. This is significantly related to implementing fundamental reforms, where most of the reforming is left to the state's discretion.

Intellectual property law

Chapter 7 of the EU *acquis*

Information society and media

Chapter 10 of the EU *acquis*

Ukraine continues to implement the recommendations in the fields of Intellectual property law and digital transformation and media included in the February's [assessment](#) of the European Commission.

In August, the Ukrainian parliament adopted another important novation considering new challenges in the field of intellectual law related to digital media and services. The law No. [6576](#) on digital media (content) and digital services and related changes to the Civil Code by law No. [6447](#) implemented provisions of the Directives (EU) [2019/771](#) and [2019/770](#) of the European Parliament and of the Council.

The laws extend the Civil Code regulations on virtual assets and digital media and frame relationships between authors and consumers of digital media content and digital services while establishing requirements for such content and services. The new legislation also stipulates liability related to non-compliance with the requirements. The law introduces the concept of digital object into the Ukrainian legislation to include virtual assets, digital content, online accounts, money, and securities that exist exclusively in digital form.

According to the [Ministry of digital transformation](#), the laws will stimulate the development of the digital economy and enable the new sector of the economy to attract additional investments into Ukraine. The legislation will help Ukrainians to protect virtual assets in various metaverse projects.

Legal experts [noted](#) that the laws mainly comply with the European regulations in intellectual law and complete the provisions of the law on [consumer rights protection](#) adopted in June.

The draft law No. [9293](#) on cloud services aims to implement the provisions of the Association Agreement and the Directives of the European Parliament and Council [2016/1148](#) and [2022/2555](#). The draft law defines the legal relations in the field of cloud services and regulates the use of cloud services by government bodies. According to the authors of the draft law, it will improve the quality of cloud services, strengthen cybersecurity, and contribute to the enhancement of public administration.

On 17 August the draft law No. [7357](#) on gov.ua domains, adopted earlier by the Parliament of Ukraine, was signed by the President. The new law requires gov.ua domains used by all state bodies in Ukraine to be administered directly by a new dedicated central government body. The law also introduces an audit of all government websites. Although such an initiative is unlikely to have significant negative consequences on accession to the European Union, it can be viewed as a redundant element of centralisation of public administration without any positive effect on cybersecurity.

On 11 August 2023, the Ukrainian government adopted a [Resolution](#) on Trusted Lists, which implements the Regulation (EU) No [910/2014](#) by establishing a system of qualified digital services.

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Electronic trust services in Ukraine now meet EU and international standards on Trusted Lists. In particular, Ukrainian services have become technically compatible. From now on, Ukrainian electronic signatures can be fully used in the EU, in particular when conducting business. The Resolution marks an important milestone in the process of Ukraine's accession to the EU in the area of digital services.

Competition policy

Chapter 8 of the EU *acquis*

The February's [assessment](#) of the European Commission suggested that Ukraine had some level of preparation (level 2 out of 5) in the area of competition policy. In August, Ukraine made an attempt to advance in aligning its legislation on competition and State aid with the relevant parts of the EU *acquis* as was recommended by the European Commission: a new law was adopted but failed to meet the conditions of the Association Agreement.

The draft law No. [5431](#) on improving the functioning of the Antimonopoly Committee of Ukraine (AMCU) was adopted on 9 August in the second reading by the Ukrainian Parliament. A day before, the Parliamentary Committee on Ukraine's integration into the EU [stated](#) that the draft law contradicted the EU-Ukraine Association Agreement in the part of State aid and had to be improved further to align with the EU *acquis*. Similar concern were [presented](#) by the Parliamentary Legal Department. Despite a considerable number of [critical remarks](#) by the expert community directly referring to non-compliance with the European legislation, the new law was [promptly admired](#) by the AMCU.

Some members of the Ukrainian Parliament were [less complimentary](#) and pointed out the unbalanced delegation of power over private business activities including merger control to a state authority without proven capacity and reputation. Given the expressed concerns, the absence of clarifications from the AMCU, and the lack of established practice, some new wording used in the law leaves a certain ambiguity. The failure to meet the EU *acquis* alignment requirements does not relate to some limited capacity of the AMCU which had reported a successful completion of a [three-year EU Twinning Project](#) back in February 2023. Such oversight of the recommendations by the European integration Committee lawmakers, the Legal Department Counsels of the Parliament, and independent experts by the AMCU undermines public trust in the first stage of the declared competition law reform.

Agriculture and rural development

Chapter 11 of the EU *acquis*

The EU's common agricultural policy (CAP) supports farmers and ensures Europe's food security. Ukraine's agricultural policy has been leaning historically towards large-scale agriholdings stimulation before 2019 when the Ministry of Agricultural Policy and Food (MAPF) was embedded into the Ministry of Economy, along with food safety, veterinary, and fisheries agencies. It has not publicly declared any changes in priorities since it was re-established in 2021. The current policies implemented by the MAPF include [military service exemption](#) only for bigger-sized farming enterprises of over 500HA and over 20 employed workers, and not for family farms or small farms that form the basis of food security.

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According to the European Commission assessment published in February 2023, the wine sector of Ukraine did not have a register of grape and wine producers or a vineyard cadastre. There was no official data or statistics on the number or size of households and farms producing grapes. The report also suggested that in June 2022, the MAPF, with the support of the EU, launched a situation analysis aimed at creating a vineyard register and new viticulture zoning of wine-growing areas.

Part of this effort was a new draft law No. [9139](#) on grapes and grape products voted for by the Parliament of Ukraine this August. Its review has only begun, while another relevant draft law No. [9030](#) on craft wines submitted earlier by the small winemakers' community was adopted by the Parliament in August. The draft was improving the conditions for small scale wine production in Ukraine, which, despite the agricultural positioning and extensive vineyards, currently has only 30 officially registered small winemakers compared to over 28,000 in Slovak Republic and 48,000 in Italy.

The small winemakers received a number of [simplified regulations](#), including annual reporting as opposed to monthly earlier, no licensing prerequisite, use of third-party grapes or wine material for own production, and the use of stainless steel and aluminium retail containers.

The lack of state policy by the MAPF, however, has been regarded by the community representatives as a major risk factor of any effective implementation of more progressive legislation on the way of aligning with the EU *acquis*. In addition, consistent efforts by the Parliamentary Committee on Finance, Banking, Tax, and Customs Policy to interfere in any improving business conditions in Ukraine is seen as a [constant threat](#) to the agricultural sector by the majority of stakeholders.

Food safety, veterinary and phytosanitary policy

Chapter 12 of the EU *acquis*

The draft law No. [5839](#) on the regulation of cultivation and circulation of GMOs in Ukraine was adopted by the Ukrainian Parliament following years of debates and failed attempts of stopping the [smuggling](#) of the illicit GM seeds into Ukraine (allegedly with full awareness of patent owners). In its second reading, the draft law was amended to prohibit the cultivation and import of genetically modified corn, while the cultivation of GM sugar beets and rapeseed will only be prohibited for five years. Further amendments to [related legislation](#) have also been reviewed by the Ukrainian Parliament.

According to the MAPF [statement](#), the Law will come into effect three years after its entry into force, which it is the day following the day of its publication. The State Register of GMOs is to be created and managed by the Ministry of Agrarian Policy and Food of Ukraine. But, it is still unclear, how the law would actually be implemented in the daily farming operations conditions during martial law. Earlier, the MAPF [admitted](#) that “de facto, in recent years, a shadow market of GMO products has formed in the country, which is in circulation without any control.” Industry experts estimate 60-70% of soybeans, 10-25% of rapeseed, and 1-3% percent of corn produced in Ukraine for export is genetically engineered. The Customs Service of Ukraine has never commented on how patented GM seeds could enter the territory of Ukraine despite the full prohibition of the GM crops cultivation, or how they would control further the illicit supply of 150-200 thousand tons of GM seeds per year.

Some agricultural sector groups had [called](#) for the compliance with the EU's GMO regulation and the prohibition of the GM plants cultivation in open field systems. The agri-food experts have shared the

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concerns that the first hearing version could be in conflict with EU Directive [2001/18/EC](#) on the deliberate release into the environment of genetically modified organisms and thus jeopardise the EU *acquis* [approximation efforts](#). Those concerns have been considered in the final version of the GMO Law, but it remains unclear how the interim risks would be handled by the MAPF and the Customs Service of Ukraine.

Energy

Chapter 15 of the EU *acquis*

In August 2023, Ukraine made some progress in the corporate governance reform of state-owned entities through further consultations with the OECD and the start of its practical implementation in the gas transmission system operator. Public authorities intensified efforts to prepare the energy sector for the next winter season. The government corrected a large-scale reconstruction programme of damaged and destroyed energy infrastructure while keeping the main focus on generation capacities renovations and maintenance, particularly, of nuclear reactors and thermal power stations. Ukraine received several tranches of technical support from the Ukraine Energy Support Fund and transformers, spare parts, equipment and [financial resources](#) for accumulating fuel stocks and improving the [security](#) of nuclear power stations from [individual partner countries](#). At Zaporizhzhia nuclear power station, occupied by russians, was an [accident occurred](#) that damaged a water supply grid of the fourth nuclear reactor.

Ukraine introduced affordable terms for using the national underground gas storage facilities by European traders, while the EU supported Ukraine in August with emergency electricity supplies to cover peak consumption in the period of low availability of domestic generation capacities.

Strategic changes

The Law of Ukraine No. [3293-IX](#) on the optimization of the structure of the gas transmission system operator (GTSO) of Ukraine entered into force after a long way through the Parliament. Based on its provisions, the Ministry of Energy initiated on 05.09.2023 as the only shareholder the [termination](#) of the legal entity “Main Gas Pipelines of Ukraine” due to reorganization. It will remove the double corporate structure of the GTSO and open a way to the adoption of a new charter and, the selection and appointment of a new independent supervisory board. However, all these processes are due to be completed by 31 October 2023 which leaves limited time for proper recruitment and consultations with the European partners.

Adopted laws

The Parliament adopted on 10 August 2023 the draft law No. [9024-d](#) on minimal oil and oil product stocks to consider further improvements towards the second reading.

The Committee on Ukraine’s Integration to the EU has [assessed](#) the draft law as not contradicting Ukraine’s international legal obligations and the EU *acquis*. It made several recommendations to achieve compliance with the Council Directive [2009/119/EC](#) to maintain minimum stocks of crude oil and/or petroleum products. In particular, the draft law does not have definitions of oil stocks, emergency stocks, commercial stocks, and specific stocks, as stipulated in the Directive.

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To comply with the Directive, Ukraine should establish arrangements for the identification, accounting, and control of those stocks in order to allow them to be audited at any time. The Directive proposes to set up a central stockholding entity in the form of a body or service without profit objective and acting in the general interest and which shall not be considered to be an economic operator. The proposed draft law provides for obligations for the acting economic operators to create and maintain respective stocks and their availability on the market.

The specific stocks, according to the Directive, can only be composed of one or more of the following product categories: ethane, LPG, motor and aviation gasoline, jet fuels, fuel oil, bitumen, and some others. These categories are not considered in the proposed draft law. The Directive also includes biofuel in the list of stocks, while the draft law does not mention it as part of possible stocks.

Governmental decisions

The Ministry of Energy has extended by Resolution No. [896](#) a social obligation for Naftogaz of Ukraine to supply natural gas for household heat suppliers at a fixed price of UAH 7,400 per th. cubic meters through the end of the 2023/2024 heating period ending 15 April 2024.

The National Energy and Utilities Regulation Commission (the Regulator)

The Regulator [published](#) a draft resolution on amendments to the Gas distribution code and methodology of distribution tariff calculation. The gas distribution operators should include energy efficiency measures in their network development plans, providing a clear list of supportive documents to confirm the results of the investment programme implementation. They also have to introduce digital information exchange and transparent calculation of distribution tariffs that cover investment programme expenses.

International cooperation

The Economic Development Committee of the Parliament [cooperates](#) with the Organization for Economic Cooperation and Development (OECD) Secretariat to ensure compliance of the draft law No. [5593-d](#) On improving the corporate governance of state-owned entities (SOEs) with the OECD Guidelines on Corporate Governance of SOEs. The draft law will be submitted to the second reading after incorporating OECD recommendations in its text to meet the October 2023 deadline, agreed upon in the [IMF programme](#). This draft law is supposed to strengthen accountability and broaden the powers of supervisory boards so that they have the ultimate authority to appoint and dismiss CEOs.

USAID's Energy Security Project [completed](#) an independent technical review of stress-test scenarios for the 2023/2024 winter season and positively estimated possibilities for European traders to store natural gas in Ukraine's underground storage facilities.

"The technical robustness of its system is a token for the security of supply of both the EU and the Energy Community", said [Artur Lorkowski](#), the Director of the Energy Community Secretariat.

The Supervisory Board of the Transmission System Operator Ukrenergo [has elected](#) as a Chairman an independent member Daniel Dobbeni, former President of the European Network of Transmission System Operators for Electricity (ENTSO-E).

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The Ukrenergo Supervisory Board should consist of independent members and representatives of the Government, where the independent should have a majority. There are now only three independent members and three governmental representatives, which is not compliant with the charter of Ukrenergo. It is the Government's responsibility to select and appoint the fourth independent member. The Supervisory Board should also create at least three committees – on audit, on nomination, and one on remuneration to comply with the provisions of the Law of Ukraine [on joint stock companies](#) (Art.76 (2)).

The Office of the President of Ukraine and the Government held the [fifth meeting](#) on 12 August with the representatives of 58 foreign diplomatic missions accredited in Ukraine within the framework of the Peace Formula. Energy security and preparations for the upcoming winter period were the main subjects reviewed. Ukraine is building up a multi-level protection of energy facilities, storing energy resources, and decentralising generation to improve energy system resilience. Ukraine also offers European gas traders several options for storing gas in underground storage facilities for ensuring more predictable prices and strengthening EU's energy security. Ukrainian officials stressed the importance of further air defence improvements and cooperation in information exchange and cybersecurity to minimise the consequences of possible Russian attacks.

The Ministry of Energy of Ukraine informs to have prepared a [draft concept of energy security](#) in Europe to combine national and global efforts in confronting challenges from Russia and other countries. It includes provisions on establishing air defence shields around critical energy infrastructure, equipment and spare parts decentralised storage, and international monitoring of energy infrastructure, particularly, nuclear stations. The draft proposes joint operation and coordination through the development of decentralised energy systems, alternative supply routes for fossil fuels, and expansion of grids to facilitate trade and emergency support. On the global level, the draft concept suggests amendments to the international conventions and agreements to strengthen responsibility for the politically motivated utilization of energy resources.

The Ministry of Energy [held a meeting](#) with the EBRD and PricewaterhouseCoopers to return to the project of low-carbon reconstruction of generation units in Ukraine. According to the ministry, it was agreed to establish a list of thermal power stations that were severely damaged and develop an action plan for their rebuilding as low-carbon generation units. The agreement can facilitate fulfilling Ukraine's climate commitments and create an instrument for energy sector recovery, based on sustainable and energy-efficient technologies.

Statistics

Chapter 18 of the EU *acquis*

The European Commission in February [rated](#) Ukraine's level of preparation in the area of statistics at 3 points out of 5 (some level of preparation). The EC noted that Ukraine "has taken initial steps to align itself with some EU *acquis*". At the same time, the Commission concluded that "administrative capacities of the institutions involved need to be strengthened and coordination among them improved". The commission also noted that Ukraine cooperates with the Eurostat and shares data on a voluntary basis.

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The central statistical body and the main producer of official statistical data in Ukraine is the State Statistics Service of Ukraine (SSSU). The national statistical system also includes the National Bank of Ukraine and the Ministry of Finance of Ukraine. Many other government bodies (in particular, ministries) collect and disseminate official statistics and coordinate their statistical forms with the State Statistics Service.

The draft law No. [5886](#) on official statistics was adopted last year, in August 2022, and meant to harmonise Ukraine's state statistics with the European standards. The law aligns with the three regulations of the European Parliament ([223/2009](#), [759/2015](#) and [1922/2006](#)), the implements the Article 355 of the EU-Ukraine Association Agreement, and [the European Statistics Code of Practice](#).

The law entered into force on 1 January 2023. Among other novations, it strengthened the coordinating role of the State Statistics Service of Ukraine, improved the institution's access to administrative data, launched standardised access to statistical microdata, introduced the advisory body of the National Council on Statistics, prohibited the application of paper reports to foster transition to paperless format.

The new law also started the process of digitization of the State Statistics Service of Ukraine. The reform will make SSSU “look more like an IT-company” ([according to the definition](#) of Mykhailo Fedorov, the Minister of Digital Transformation), where all processes, from uploading data to its distribution, would be automated. The new website of the State Statistics Service is planned to be presented soon.

The reform also includes [plans to reduce](#) the number of staff of the SSSU. In 2022, the number was already reduced from more than 6 000 employees to 4 600. The ultimate goal is to reduce 30% of the original staff number.

The current [national strategy for the development](#) of statistical system covers 2019-2023. Currently, [the draft of the new strategy](#) for 2024-2028 is at the approval stage. One of the main priorities of the new strategy is to ensure compliance of bodies of state statistics with the [European Statistics Code of Practice](#). In particular, to adopt the EU statistical classifiers (such as ISCO and COICOP).

It is still too early to evaluate the effectiveness of the ministry's reforms, but Ukrainian experts [mostly support](#) any significant changes in the work of SSSU and traditionally imperfect and outdated Ukraine's statistical system.

Regarding the statistics system in various fields, the report notes that energy statistics is in line with the relevant *acquis* while no transport data is provided under the regulated statistics; domestic tourism statistics lack frequency and environmental statistics are partially aligned with the *acquis*.

Martial law norms lead to significant problems for the statistics system in Ukraine. Natural persons and entrepreneurs during martial law are not obliged to send statistical and financial reports. Moreover, a large part of open data systems are not being published today. According to the calculations of Ukrainian data analysts, Ukraine's economy [lost 36 billion](#) hryvnias (\$1 billion) during the first 12 months of the full-scale war due to the closure of citizens' access to the open data.

The long-term concern for the statistical system in Ukraine is a long delay in conducting the national census. The last census was conducted in 2001, the next one was planned for 2011, but it was

constantly postponed. In 2021, Mykhailo Fedorov [announced the plans](#) to conduct a new census in 2023, but the idea was postponed after the start of the full-scale war.

Social policy

Chapter 19 of the EU *acquis*

In August, Ukrainian authorities initiated numerous legal acts to enhance the social protection of veterans and servicemen. Among them, the Parliamentary Resolution No. [3308-IX](#) on comprehensive regulation of state social guarantees for veterans and their families. It aims a comprehensive and systematic facilitation of the veterans' social status, extending it to their families, and members of the families of defenders who have died fighting in the war or because of wounds and injuries.

In its [opinion](#), the Parliamentary Committee on Rules of Procedure and Ethics proposed developing a more detailed definition of a veteran and the term categories. Also, it requested to verify the mandate in order to avoid functional duplications of the proposed Parliamentary Committee on Veterans and the Ministry of Veteran Affairs of Ukraine.

The Parliament started reviewing the draft law No. [9638](#) on enhancing social protection of the military, police, and rescue servicemen. The draft law secures social protection of the servicemen held captive or missing, deceased, and discharged from the service. It also shortens the period for the draft law finalisation and submission for the second reading.

The Main Legal Department of the Parliament was [concerned](#) about the absence of financial and economic justification of the draft law by Art 91 of the Rules of Procedure of the Parliament and Art. 27 of the Budget Code of Ukraine. The draft law should also receive an expert evaluation of the Government on compliance with the Art. 116 of the Constitution of Ukraine. The Department also proposed to extend proposed social protection to the servicemen without citizenship and those of foreign nationalities who volunteered to serve in Ukraine.

Judiciary and fundamental rights

Chapter 23 of the EU *acquis*

In August, legislative activity to unblock the disciplinary function of the High Council of Justice (HCJ) was continued. In particular, on 9 August, Verkhovna Rada adopted draft law No. [9261](#). The law stipulates that before the disciplinary inspectors start, the temporary powers of a disciplinary inspector are exercised by a member of the HCJ Disciplinary Chamber – the rapporteur (i.e., a member of the HCJ). These changes will allow the resumption of consideration of disciplinary complaints against judges suspended since August 2021. After signing by the President, the law will be enacted from the date of entry into force of the law that will determine the procedure for the formation of the service of disciplinary inspectors.

The latter law in question will likely be the draft law No. [9483-2](#), adopted in the first reading on 8 August. The draft law stipulates that disciplinary inspectors will be appointed based on the results of a competition held by a specially created HCJ competition commission. The commission will consist of six people, three of whom will be temporarily appointed based on proposals from international partners. The members delegated by the international partners will have the decisive vote.

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On 14 August, a new composition of the Public Integrity Council [was elected](#). On 31 August, it held its [first organisational meeting](#) and a meeting with members of the High Qualification Commission of Judges of Ukraine. The qualification assessment of current judges is expected to resume in October this year.

On 18 August, the President signed Law No. [3277-IX](#), adopted by the Parliament in July and aimed at implementing the European Commission's recommendation to reform the procedure for selecting judges of the Constitutional Court of Ukraine (CCU). This allows the beginning of forming an Advisory Group of Experts soon. This group will select future CCU judges and subsequently fill existing vacancies.

On 1 September, the [Hague Convention](#) on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (2019) came into force. The Ukrainian Parliament ratified this Convention in July 2022. The Convention [aims to introduce](#) a global mechanism of unified rules for recognising and enforcing foreign judgments. As the EU has also joined this convention, it will improve the procedure for recognising and enforcing foreign court judgments in Ukraine and within the EU.

On 9 August, the Verkhovna Rada of Ukraine considered the draft Law No. [9419-1](#) on amendments to certain legislative acts of Ukraine aimed at minimising the potential oligarchic influence on political parties, improving mechanisms for state financing, and enhancing state control over the activities of political parties (draft law No. 9419-1) in the first reading. It proposed to restore the political parties' reporting on their property and finances, the adjustment of the electoral threshold for the party's budgetary support, and the authorization for political parties to deposit funds in deposit accounts.

The VRU Committee on Ukraine's Integration into the EU, in its [conclusion](#) to the first reading, noted that the resumption of submission of financial reports by political parties and control by the supervisory authority over the targeted spending of public funding is not contrary to the Association Agreement and will contribute to the implementation of the recommendations of the European Commission provided in the Opinion on Ukraine's application for EU membership. However, the Committee noted that some of the proposed provisions pose risks of restricting public access to complete information on the financial obligations of political parties, making it more challenging to verify the legitimacy of their property, income, and expenditures. The Committee noted that such provisions contradict international standards and should be amended.

In its [conclusion to the second reading](#), the VRU Committee on Ukraine's Integration into the EU reiterated these shortcomings and recommended that the draft law be revised to ensure full compliance with international financial reporting standards.

In addition, experts of the Center of Policy and Legal Reform, in their [policy analysis](#), noted that the Draft Law contains a number of shortcomings that create risks of conflicts within the law itself. First of all, this concerns the provision on the placement of the funds of state funding of a political party's statutory activity into a current or deposit bank account to receive passive income in the form of interest. This provision contradicts the provisions of Art. 17-3, according to which these funds are credited exclusively to a separate account opened for their receipt, and the possibility to place budget funds on a deposit account means that they are not spent, therefore providing grounds for discontinuing the state financing of political party's statutory activities.

In addition, the experts pointed out that the provision of the VRU Committee on Ukraine's Integration into the EU, which stipulates that political parties may not report financial liabilities if they were incurred and repaid in the reporting period, is risky because it creates an opportunity to repay financial liabilities at the expense of third parties and not report them.

On August 23, 2023, the Draft Law was adopted in the second reading. The text of the Draft Law retained the shortcomings emphasised by the VRU Committee on European Integration and Civil Society.

Justice, freedom and security

Chapter 24 of the EU *acquis*

On August 23, 2023, the Verkhovna Rada of Ukraine adopted the Draft Law on Amendments to the Criminal Procedure Code of Ukraine on the Peculiarities of Calculating the Pre-trial Investigation Terms under Martial Law. The law eliminates the calculation of pre-trial investigation terms in criminal proceedings for war crimes and genocide crimes for which a person has not been notified of suspicion and improves the procedure for calculating the pre-trial investigation terms registered under martial law.

[In their analysis](#), experts of the Centre of Policy and Legal Reform noted that after introducing the so-called "Lozovyi amendments", there were significant problems in criminal legislation, including in the calculation of terms. This situation has become more acute in the context of war crimes investigations.

Experts of the Centre of Policy and Legal Reform noted in August 2023 that in order to solve the problem with the investigation timeframe for international crimes and all crimes investigated during martial law, the adoption of draft law No. 9314-d is necessary as a minimum measure. At most, it is necessary to return to the system of calculating the investigation timeframe that existed before March 15, 2018.

Also, on August 23, 2023, the Verkhovna Rada of Ukraine adopted the Draft Law on Amendments to the Criminal Code, the Criminal Procedure Code, and Other Legislative Acts of Ukraine on Improving the Types of Criminal Punishment under Martial Law. The explanatory note to the draft law states that it was developed in connection with the implementation of the CMU's order of December 16, 2022, "On Approval of the Strategy for Reforming the Penitentiary System for the Period up to 2026 and Approval of the Operational Plan for its Implementation in 2022-2024".

[Experts of the Centre of Policy and Legal Reform have previously analysed a draft law proposing](#) introducing similar provisions. In the previous analysis, experts have repeatedly noted that such legislative initiatives contain many threats and contradictions. In particular, the provisions on probation supervision cannot be a punishment measure. Probation supervision is a procedural category that refers to exemption from punishment under certain conditions (as opposed to suspended sentences, which do not impose sufficient correctional obligations on a person to achieve the purpose of punishment).

In addition, this draft law was analysed by the Main Legal Department and the Main Scientific and Expert Department. In their opinions, experts include the conclusions and comments which

legislators primarily ignored. Such an approach to the legislative process causes problems and leads to the adoption of poor quality draft laws.

Also, adopting the above-mentioned MPs' draft law and ignoring the government's draft law again actualises the challenge of imbalance in policymaking. The government has the institutional and human resources capacity to comprehensively analyse the situation in the sector and develop legislative initiatives to address the issues. This is especially relevant if legislative initiatives are aimed at implementing CMU-approved policy documents.

Education and culture

Chapter 26 of the EU *acquis*

Out of total 159 projects that [were selected](#) for funding by the EU's Erasmus+ Programme, 20 projects involving 58 universities and other organisations were from Ukraine. The selection results were announced in August: Ukraine's count is the biggest in the Eastern Partnership Region and among the top 8 Participating Countries of the Programme. Erasmus+ aims to support, through lifelong learning, the educational, professional and personal development. Ukraine's Parliament recommended a draft law No. [7039](#) on adult education for the first reading earlier in January this year, aiming to foster lifelong learning and to synchronise with the European best practices.

ANTS NGO and the European Studies project (within the framework of the MATRA Programme by the Embassy of the Kingdom of the Netherlands in Ukraine) launched a free [online course](#) "Ukraine on the way to the EU" in August. As of early September, almost 500 students have signed up for the course. The course is aiming to inform the wide public about the challenges and benefits of the accession of Ukraine to the EU and to prepare potential specialists who would be further involved in the process of accession negotiations.

An important step on the way of Ukraine's accession to the European research environment was made by the Ukrainian government in August with the [adoption](#) of a Resolution on the Research Foundation. The resolution [establishes](#) the Horizon Europe Office in Ukraine on the basis of the [National Research Foundation of Ukraine](#) and opens the possibility of signing a grant agreement between the NRFU and the European Commission.

Environment (Climate Change)

Chapter 27 of the EU *acquis*

Ukraine was relatively stagnant regarding new environmental legal developments in August because of the summer break. The Parliament has not adopted or considered any draft laws in this area. The Government of Ukraine showed some activities in waste management reform, such as improving the [Resolution](#) "On Submitting a Waste Declaration". It allows tracing the "life cycle" of each ton of waste, including who created it, where it is disposed to, and how it will be processed further. The Government also approved a [Resolution](#) "On Termination of the Status of Waste," indicating what can be processed and used as raw materials. The resolution is part of Ukraine's EU integration obligation on introducing circular economy to reduce emissions when restoring the country.

The Ministry of the Environmental Protection and Natural Resources of Ukraine was mainly working on finding solutions to resume [water supply](#) to the southern regions of Ukraine deprived of fresh

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water because of the Kakhovka Dam terror. According to the Ministry, the [environmental damage increased five times](#) this year, and it grows daily. Still, the bigger picture will be clear after the de-occupation of all territories of Ukraine. About [1,000 dolphins died](#) in the Black Sea, not only on the coast of Ukraine but also in Bulgaria and Turkey. Also, [the delegation of 14 countries of the Danube basin and the European Commission approved a draft resolution condemning Russia's actions](#) causing severe environmental risks for the Danube River basin. The delegation urged that such a situation requires the development of measures to prevent pollution of the Danube waters.

The civil society also chained its focus to the drastic environmental damage caused by the war. [The Kakhovska Platform](#), which unites 18 leading Ukrainian environmental NGOs, held its first [coordination meeting](#) to find complex solutions for restoring territories around the Kakhovska HPP while considering both economic and, ecological and social dimensions. The Platform's participants underlined the importance of ensuring transparency in the governmental decision-making process and balanced consideration of all stakeholders' opinions.

NGO Environment.Law.People dedicated two analytical papers on the damage to [forest ecosystems](#) and [soils](#) caused by the war. 330 thousand hectares of forest fund were damaged by the fires. Fire extinguishing became complicated by the combat operations on the spot or mass mining of the territories. These activities led to forest soils and water contamination with heavy metals, fuel and lubricants and destruction in large areas of soil cover and vegetation. Damage is also caused by exposure to high temperatures during combustion. Last but not least, Ukraine became the country with the most mined territory in the world.

Customs policy

Chapter 28 of the EU *acquis*

Ukraine has a good level of preparation – 4 out of 5 – in the area of the customs union. Ukraine is connected to the general EU Customs Information System (Common Communication Network) and is using New Computerised Transit System (NCTS). Ukraine is part of the Common Transit Convention, which is 100% based on the Union Transit System. Customs legislation, although in majority approximated, requires some further alignment with the EU *acquis*, foreseen by the new Customs Code to be adopted in 2023.

The martial law restrictions and the need for more efficient supply of military equipment and ammunition resulted in a number of legislative initiatives such as the draft law No. [9402](#) on synchronisation of military equipment declaration adopted by the Parliament in August. An [exceptional](#) Customs law initiative is reviewed in the Chapter 31 of this Digest as it relates to the matters of Defence and security given the wartime.

The draft law No. [9315](#) on combatting tobacco smuggling was adopted by the Parliament and further signed by the President of Ukraine. The law is aimed to recover the current losses of UAH22 billion per year resulted by the smuggling of cigarettes and avoiding excise payments to the state budget.

Two draft laws related to maritime rescue and crew safety measures were adopted by the Ukrainian Parliament in August. The draft law No. [8176](#) on Tax Code customs duties taxing maritime rescue equipment and services and the draft law No. [8139-d](#) on amending the Customs Code jointly aim to provide easier access to imported life-rescuing equipment for the rescue operations on the sea.

In order to limit Russian attacks against civil infrastructure at seaports and to reopen possibilities for commercial maritime traffic, Ukraine started numerous operations against Russian military bases and navy forces in the Black Sea while using long-range missiles and maritime drones. The attacks against the large amphibious ship [Olenegorsky Gorniak](#) and the US-sanctioned Russian tanker [SIG](#) were followed by an [official statement](#) of Ukraine regarding the six Russian Black Sea ports becoming legitimate military targets. Following the statement, the Kerch [Bridge](#), the [bridges](#) from the occupied Crimea to Kherson region, and several Russian [military airports](#) were attacked.

At the same time, Ukraine conducted the first two days of [consultations at the level of diplomatic advisors](#) in Saudi Arabia to discuss a 10-point peace plan and find support for each from certain countries. Although no joint declarations were produced, Ukraine has called the meeting successful and paving a way to ending the full-scale war while preserving Ukrainian independence and territorial integrity.

In August, Ukraine adopted legislative changes to enhance the social protection of veterans and servicemen. The initiatives were [criticised](#) by some experts and NGOs for lacking a consistent approach. Numerous accusations of corruption and postponed delivery of prepaid weapons have forced changes in the leadership of the Ministry of Defence, with a [new minister](#) promoting further digitalisation and transparency of processes.

Adopted legislation

The Parliament returned the draft law No. [8316](#) on amendments to the Law on critical infrastructure for finalization and reconsideration in the second reading. The draft law provides for the introduction of temporary restrictions on the settlement of disputes in courts regarding state-owned objects of critical infrastructure during martial law. The original version was not supported by parliamentarians and received many critical remarks from the parliamentary committees.

The Committee on Ukraine's Integration into the EU [evaluated](#) the draft law as contradicting the [Recommendation CM/Rec\(2010\)12](#) adopted by the Committee of Ministers of the Council of Europe on judges independence, efficiency, and responsibilities. The Committee suggested that temporary measures can apply to critical infrastructure operators during martial law only as an exception, in line with the articles 472 and 143 of the EU-Ukraine Association Agreement.

The Committee on Energy, Housing, and Utilities Services [insisted](#) that the final draft law has to introduce temporary restrictions on court decisions regarding critical infrastructure during the martial law plus two years only if the state's stake is 50% or more.

The Parliament adopted the Resolution No. [3333-IX](#) on the priorities of state policy in the field of de-occupation, reintegration, and restoration of the Autonomous Republic of Crimea and the city of Sevastopol. The state policy in this area will prioritise the guarantees of human safety, the protection of rights and fundamental freedoms.

Ukraine will implement a complex of military, diplomatic, economic, informational, and humanitarian measures to restore the constitutional order in Crimea. During the first stage, military, civil-military

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administrations, and temporary state authorities will be formed. They will facilitate the resumption of the Ukrainian educational system, independent media, public associations, territorial communities, and economic activities. The International Crimea Platform will extend its mandate to ensure long-term security in the Azov-Black Sea region. All Russian troops must leave the entire territory of Ukraine, and no territorial concessions are to be accepted to end the ongoing war.

The Parliament adopted the Law of Ukraine No. [3281-IX](#) on synchronisation of military equipment declaration with the EU and NATO procedures. The law introduces customs transit *Form 302* for the temporary import and export of the military equipment both for the EU and NATO troops and the Ukrainian Armed Forces. The *Form 302* will facilitate international cooperation of armed forces and participation in international exercises and drills.

The Parliament adopted the Resolution [3355-IX](#) on a temporary special commission for state policy and relations with ethnic minorities and indigenous groups of the Russian Federation. It provides for facilitating the relations with those groups towards eliminating military and political threats to the Ukrainian statehood and long-term peace. The ethnic minorities and indigenous national groups are considered to be the force which seeks to establish their states on the territories under the current temporary Russian oppression.

Yaroslav Yurchyshyn, the author of the Resolution, is [convinced](#) that access to the borders of 1991 without the disintegration of Russia would not be sufficient and would only push the Russian Federation to prepare another invasion of Ukraine in 10 or 20 years.

Draft laws under consideration by the Parliament of Ukraine

The draft law No. [9559-d](#) on extending the local authorities' rights of supporting the security and defence sector of Ukraine is being now reviewed by the Parliament. The draft law proposes that the local authorities adopt programmes supporting security and defence sector of Ukraine and finance them from their respective local budgets. It also suggests amending the procedures of distance voting, and appointing deputies in local councils.

The Association of Cities of Ukraine [supported](#) the legislative proposals to legalise support of the security and defence sector of Ukraine from local communities budgets.

A group of MPs registered the draft law No. [9659](#) on qualifying corruption as treason during wartime. The initiative aims to supplement the Criminal Code with Article 111-3 and to equate the punishment for corruption with the punishment for top treason during martial law. Officials charged with corruption would face 15 years in prison and assets confiscation. National Anti-Corruption Bureau, the Specialised Anti-Corruption Prosecutor's Office, and the High Anti-Corruption Court would handle such cases, and not the Security Service of Ukraine as currently stipulated for cases of treason by the Criminal Code of Ukraine.

Similar legislation was already [suggested](#) in May 2022 with a draft law No. [7348](#), but was not further reviewed by the Parliament. Yet, the perception of the anti-corruption measures as a matter of National Security has been a subject of many public debates in Ukraine.

At the same time, Civil Society and investigative journalists [have criticised](#) the changes in corruption qualifications and called for more responsibility, transparency, and legal certainty in general.

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According to Daria Kaleniuk of the Anti-corruption Action Center, the return of asset declarations for state officials would significantly reduce corruption risks. Hanna Hopko of the ANTS National Interests Advocacy Network highlighted that corruption was used as one of the core instruments of the Russian invasion.

Governmental decisions and International cooperation

The Commission for Coordination of Euro-Atlantic Integration of Ukraine [has elaborated](#) and discussed a list of priority areas for an adapted Annual National Programme (aANP) within the framework of the NATO-Ukraine cooperation. The priority areas include reforming law enforcement agencies, strengthening civilian control over and development of the security and defence sector, anti-corruption policy, and achieving interoperability with the NATO.

A conceptual vision of the aANP will be based on the list of these priority areas to ensure harmonised progress in European and Euro-Atlantic integration processes. The conceptual vision will be submitted to the NATO side for further joint discussion.

Ukraine and the British company BAE Systems [signed](#) a Framework Agreement for cooperation on repair, spare parts, and production of new L119 light guns and the Agreement on Cooperation to localise production of BAE Systems weapons in Ukraine. The establishment of a local legal entity is a sign of trust and confidence from the world-known defence company. The cooperation will facilitate the production, maintenance, repairs, and training of the Ukrainian servicemen.

Ukraine intensified its efforts to extend the “Jet coalition” by engaging new countries in training pilots to fly F-16 and receive the fighter jets. The training has already started in [Denmark](#). In August, the President of Ukraine visited the Netherlands and Denmark who [declared](#) their intention to provide jets to Ukraine. [Norway](#) has also joined the group and promised several F-16’s and two training jets.

Ukraine and Germany [have agreed](#) on further cooperation and support with military equipment and ammunition. In particular, Ukraine emphasised the effectiveness of German air defence systems, and fruitful cooperation within the tank coalition and asked for more armoured vehicles for medical purposes. In turn, Germany has acknowledged the results of the defence sector reforming under war conditions and the importance of experience sharing about combat operations, tactics on the battlefield, and the requirements to weapons and equipment in modern warfare.

On 21 August the Ukrainian President Volodymyr Zelenskyy [visited](#) Athens on his European capitals tour to meet with the Greek Prime Minister Kyriakos Mitsotakis. The meeting resulted in signing a joint declaration to reaffirm the commitments of both countries’ leadership to Ukraine’s efforts to become a member of the NATO in a short-term period.

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This publication has been made within the frameworks of the MATRA Programme supported by the Embassy of the Kingdom of the Netherlands in Ukraine. The opinions expressed are those of the author(s) only and should not be considered as representative of the Embassy's official position.