

## Digest 7/2023: Monitoring and Assessment of the EU-Ukraine AA implementation and EU *acquis* alignment progress, September

### Executive Summary

One month ahead of the expected announcement by the European Commission on the assessment results of the 7 steps implementation by war-torn Ukraine, on 26 September, the Prime Minister of Ukraine, Denys Shmyhal, [concludes](#) that, “the Government has fully completed the implementation of the seven recommendations.” In the meeting of the Cabinet of Ministers that day, the State Target Programme “Unity in Diversity”, which aims to create conditions for the realisation of the rights and opportunities of national minorities and indigenous peoples, is approved. It is identified by the Prime Minister as the final milestone on the path towards the EU accession negotiations. The Programme, which is meant to unify and empower ethnic minorities by ensuring that their voices are heard, and their languages are supported, gets published in [Ukrainian only](#).

The same official statement by the Cabinet of Ministers also concludes that, “The Government has developed a legal framework to combat money laundering in line with FATF standards. In addition, the recommendations of the Venice Commission on the implementation of the anti-oligarchic law have been implemented, and legislation on media and advertising has been put into effect.” A few days later, the Higher Anti-Corruption Court (HACC) [closes](#) the infamous Rotterdam+ case, writing off years of investigations by NABU and admitting the assessed by the investigation losses for the Ukrainian electricity consumers of UAH 20 billion or €645 million during 2016-2017.

The independent assessment by a consortium of NGO’s [reports](#) the next day after the Cabinet of Ministers’ meeting that the 7 steps are at the 81% level of implementation. A significant development indeed from the 68% in May, but the Unity to Diversity Programme is mentioned there as a minor element and, certainly, not as the one that would complete the entire implementation process.

As tax audits by the State are expected to renew in October, a leading law enforcement higher education institution [hosts a panel discussion](#) on “Tax regulations transformation during martial law and on the path to the EU” on 26 September. The event claims to host over 100 participants from the state tax authorities, tax law academicians, judges, and international peer organisations. No leading companies, business associations or civil society organisations get invited to participate at the event, which declares the European values and standards as a core topic of the discussion.

Only two laws from a long list towards the EU *acquis* approximation get adopted by the Ukrainian Parliament in September. Both of them are not new to the Verkhovna Rada. Both are meant to fix earlier legislative shortcomings and after pressure from CSOs and International partners. The MPs adhere to internal and external calls for proper anti-corruption measures and renew mandatory electronic asset declarations for civil servants. The Parliament also takes into account the recommendations by the Venice Commission on the ethnic minorities' legislation. In other areas of legislative activities, the Parliament’s work in September is unproductive; it is also marked by a vivid interest to state and communal assets' privatisation – with record five draft laws on the subject submitted by different MP groups but none of them voted for eventually.

## Introduction

While self-screening by the Ministries of the Ukrainian Government serves as a basis of the Association Agreement implementation general assessment by the European Commission, the 7 recommendations received by Ukraine along with the Candidate Status in June 2022 enable a quick check of reform trends and capacities in the most critical areas of democratic good governance.

A group of Civil Society organisations of Ukraine has followed the implementation status of the seven steps and published the fifth Candidate Check on 27 September. The positive pace of improving to 8.1 overall score in September from 6.8 score of the fourth assessment in May has left though some major concerns open in two of the seven areas. The Constitutional Court reform and combatting money laundry both received a 6.0 score.

The independent assessment is somewhat different from the optimistic self-assessment by the Government of Ukraine and addresses particular shortcomings in detail: [Candidate Check 5](#).

## Company law

Chapter 6 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 company law. The focus was made on the need to align with more recent EU *acquis* and further attention to administrative capacity and practical implementation of the approximating legislation in the area of public oversight in particular. Certain steps have been made in the meantime, with another milestone achieved in September.

On 19 September, the Government [approved](#) the Resolution [on the Methodology for determining the Ultimate Beneficial Owner of a legal entity](#). As stipulated in the official statement, this is one of the key elements in creating a comprehensive system for verifying information about the ultimate beneficial owner (UBO). The Methodology is a regulatory document that helps to establish a unified approach to determining real company or NGO owners.

Public informing about beneficiaries is one of the requirements of the EU-Ukraine Association Agreement and is a key for the implementation of the FATF International Financial Monitoring Standards into Ukrainian legislation. With the new methodological document, the Ministry of Finance of Ukraine suggests that it has fully implemented the UBO Guidelines published by the FATF in March 2023.

## Competition policy

Chapter 8 of the EU *acquis*

On 8 September, a new EU-funded "Competition and State Aid Rules Alignment with the EU *acquis*" (COMPASA) Project was [officially launched](#) to bolster competition and State aid regulations in

Ukraine. This three-year initiative will help the Anti-Monopoly Committee of Ukraine (AMCU) to align Ukraine's legal framework with the EU standards.

Earlier this year, the AMCU [reported](#) a successful completion of a three-year EU Twinning Project. We reported in our August Digest that the draft law No. [5431](#) on improving the functioning of the AMCU was adopted on 9 August in the second reading. 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*. 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.

The COMPASA Project should re-assure further implementation of the EU-Ukraine Association Agreement and the alignment of the Ukrainian legislation with the European *acquis communautaire*; as well as improve AMCU's practices in accordance with the best practices in competition and State aid of the EU member states.

## Transport

### Chapter 14 of the *EU acquis*

The European Commission assessment [published](#) in February 2023 indicated *some level of preparation* (2 points out of 5) in the area of transport policy in Ukraine and emphasised the need for Ukraine to implement legislation that aligns with the Port Services [Regulation 2017/352](#). These regulations mandate that tariffs for pilotage services are set in a transparent, objective, non-discriminatory, and proportionate to the cost of the service. However, Ukraine has not made any progress in bringing national legislation closer to this regulation. In terms of transparency of the sector, no transport data was provided under the regulated statistics, according to the report.

To date, the tariff for pilotage services in the seaports of Ukraine has been established without any economic justification. In the first decade of October, as this Digest was finalised, the Ministry for Communities, Territories and Infrastructure Development of Ukraine (MTU) proposed a [draft order](#) on Tariffs. The initiative was meant to increase the pilotage dues rate by 20% in the seaports of Izmail, Reni, and Ust-Dunaysk, including the fee for keeping a pilot on board a vessel. The reason given for raising the tariff was solely to boost the income of the Ukrainian Sea Ports Administration ([USPA](#)).

The rise in port tariffs presents a tough decision for the domestic agricultural sector. The Ukrainian farmers are forced to choose between losing money due to expensive logistics or accepting low prices on the Ukrainian internal market in high competition conditions. Metallurgical and agrarian industries, as well as manufacturers that use imported raw materials, could benefit from lower port tariffs and thus bring higher revenues into the Budget of Ukraine.

The same problem exists with port dues, which are port infrastructure charges according to Regulation 2017/352. For the past 11 years, the MTU has not been able to develop and approve a methodology for calculating port dues rates required by Article 22 of the Law of Ukraine [On Seaports](#). As a result, the elements serving as a basis for determining the structure and the level of

# EUROSCOPE

the port infrastructure charges have remained unknown, which contradicts with the principles set out in the [Regulation 2017/352](#) and [Directive 2019/883](#).

Furthermore, a portion of the port fees is allocated to activities unrelated to vessel utilisation of the seaport infrastructure. As per several by-laws, the USPA uses income from port dues to fund the maintenance, restoration, and safety of navigation on [inland waterways](#). It also finances the operations of the River Information Service (RIS) and the [Maritime Search and Rescue Service \(MSRS\)](#).

In May, the Parliament of Ukraine registered a draft law No. [9283](#) on the regulation of activities in the safety of life and search and rescue of people at sea. The draft law proposes to enshrine the financing of the search and rescue at sea (SAR) at the expense of port dues, but without specifying the maximum ceiling percentage of funds. In the [absence](#) of prior financial and economic forecasting of the SAR system funding, the port dues might increase with the boost in the MSRS' expenses, thereby increasing the logistics costs in seaports for exporters and importers. The alternative draft law No. [9283-1](#) has less chance of being voted on due to the [position](#) of the Ministry of Finance of Ukraine and the Parliamentary Committee on Budget, which are critical of financing the SAR from the state budget.

The draft law No. [1193-1](#), which promotes the harmonisation of legislative acts of Ukraine regulating the carriage of dangerous goods through [Directive 2008/68/EC](#), has been discussed for four years. In December 2021, the European Business Association publicly [criticised](#) this draft law since it could impose licensing on the storage and transshipment of dangerous goods, which contradicts the principle of deregulation. The [observations](#) of the Main Scientific and Expert Department of the Parliament referred to the exemption of urban transport and the clarification of certain terms and the powers of authorised bodies in the field of carriage of dangerous goods. It also highlighted the need to regulate the procedure of certification of authorised officers responsible for the safety of transportation of dangerous goods. Consideration of this draft law is expected at the [current session](#) of the Verkhovna Rada of Ukraine.

Ukraine continues creating specific rules to enforce the law on inland waterways adopted in 2020. By order No. [462](#) of 30 May 2023, the MTU approved a new version of the Regulation on the River Information Service (RIS), which would become effective in February 2024. This by-law was developed to align with the [Directive 2005/44/EC](#) and [Commission Regulation \(EC\) No 414/2007](#) and in order to determine the RIS' organisational and legal status and functions. It also provides for a register of inland waterways on which harmonised information services are provided, and the procedure for exchanging information between the RIS and its users.

In May 2023, the MTU, for the third time, published a draft order on the approval of the [Procedure](#) for authorising a classification society (recognised organisation) to supervise the fulfilment of merchant shipping by sea vessels requirements. The two prior draft orders were [not approved](#) by the State Regulatory Service of Ukraine, as they did not comply with the current laws and principles laid down in the [Directive 2009/15/EC](#) and [Regulation No 391/2009](#).

In particular, the *recognised organisation* term is stipulated in point "g" of Article 2 of the [Directive 2009/15/EC](#). It provides that an EU member state can delegate the authority of convention certification exclusively to recognised organisations approved by the European Commission in the

# EUROSCOPE

manner specified by [Regulation No 391/2009](#). The draft order does not mention that the relations of the Shipping Administration with the classification societies should be related to the decisions of the European Commission. In addition, the document does not resolve the existing conflict of interests of the Shipping Administration and its subordinated classification society, aka Shipping Register of Ukraine. Furthermore, it grants the Shipping Administration discretionary powers, and establishes control procedures that contradict the Law of Ukraine [on the principles of state supervision](#) (control) in the field of economic activity.

The [Directive 2013/54/EU](#) concerning certain flag state responsibilities for compliance with and enforcement of the Maritime Labor Convention, 2006 ([MLC 2006](#)) has not been yet aligned with by Ukraine as the Verkhovna Rada has still not ratified the Convention. The minimum global standards outlined by the MLC 2006 aim to guarantee decent living and working conditions for all seafarers, regardless of their nationality or the flag of the ships they serve on. Additionally, it strives to prevent social dumping and promote fair competition among shipowners who observe the seafarers' rights. The last attempt to ratify the MLC 2006 in 2021 ended with the [refusal](#) by the State Regulatory Service of Ukraine to approve a [draft law](#) developed by the MTU due to the shortcomings of the regulatory impact analysis.

## Energy

Chapter 15 of the EU *acquis*

In September, Ukraine focused its efforts on enhancing cooperation with foreign partners and finalising preparations for the winter season. Legislative initiatives were directed on the issues related to renewable energy, projected threats to the nuclear power and the natural gas sectors.

Ukraine conducted numerous meetings with [officials](#) from the [EU](#) and the [USA](#) aimed to increase [pressure](#) on russia for the de-occupation of the Zaporizhzhia Nuclear Power Plant and to impose sanctions on the russian nuclear sector.

Significant efforts were directed at preparing the energy sector to function during the winter period and potential massive russian attacks. Ukraine purchased and received aid from its European and international partners, including [power transformers](#) from Lithuania and [Japan](#), as well as spare parts from [Italy](#).

In the second part of September, russia started directed [attacks](#) against energy infrastructure.

### Draft laws

Two groups of parliamentarians registered draft laws No. [9629-1](#) and No. [9629-2](#) on payments to the renewable energy producers with generation on the temporarily occupied territories. The draft law No. 9629-1 aims to improve draft law No. [9629](#) by introducing a moratorium on payments for loans issued to build renewable energy objects on temporarily occupied territories and preconditions to recover losses from the aggressor state. The draft law No. 9629-2 proposes a procedure to account the paid amounts to the owners of renewable energy objects on occupied territories as debt coverage for previous periods.

# EUROSCOPE

State-owned enterprises Guaranteed Buyer and Ukrenergo introduced in July 2023 a [temporary moratorium](#) on payments to owners of renewable energy objects on occupied territories. At the same time, electricity market stakeholders with interests in the amendments, submitted the above draft laws to propose a clear vision for settlement procedures with the state and the creditors for the martial law period and after its abolition.

The registered draft law No. [10086](#) of 25.09.2023 aims to extend a moratorium on enforcement proceedings, measures to enforce decisions, and initiation of bankruptcy cases of state-owned coal mining enterprises. It should be extended for one year until 1 January 2025 to ensure further uninterrupted functioning of such enterprises.

The Main Scientific-Expert Department expresses [concerns](#) regarding compliance with constitutional rights on equal treatment of creditors vs. coal mining enterprises.

The draft law No. [9456](#) submitted in September to the Ukrainian Parliament aims to facilitate biomethane customs clearance. The [Bioenergy Association](#) of Ukraine fully supported this draft law as the legal basis for exporting biomethane and developing a new economic branch for domestic agriculture and energy markets in cooperation with foreign and domestic investors.

## Governmental decisions

With the Resolutions No. [942](#) of 5 September and No. [994](#) of 18 September, the Cabinet of Ministers of Ukraine has amended by the procedures of state support allocation to the energy enterprises which were affected by the war. The state-owned Entrepreneurship Development Fund will cover interest rates on the loans for reconstruction, renovation, and substitution of damaged equipment of the thermal power stations enlisted by the Ministry of Energy as critical infrastructure for the 2023/2024 and 2024/2025 winter periods. The procedures are quite complex due to the need to confirm war-related damages and reconstruction expenses and to the dependence on the availability of financial resources.

The Cabinet of Ministers of Ukraine has presented for public consultations the [draft resolution on gas reserves](#) aimed to ensure uninterrupted gas supply. It proposes an obligation for natural gas suppliers to have at least 3% of planned volumes in the underground storage for each of the next month of supply, starting from 1 October 2023. Given the 10% gas reserve obligations in 2022, it means a lower load on gas suppliers and reliance on the sufficiency of stored energy resources to pass through the winter period.

The Cabinet of Ministers of Ukraine appointed, by its Resolution No. [793-r](#) of 12 September, LLC Gas Supply Company Naftogaz of Ukraine, without any competition for the martial law period, to serve as a natural gas supplier of last resort. The Naftogaz will thus undertake all responsibilities for the supply of natural gas to end consumers, while requiring more resources to ensure gas reserves. The company will also extend further its domination in the market. The supplier of last resort is a voluntary option on the European natural gas market. In 2020-2022, many European countries appointed suppliers of the last resort as an instrument to ensure uninterrupted gas supply.

## International cooperation

# euroscope

At a plenary session of the 67th IAEA General Conference on 28 September Ukraine was [elected](#) to the IAEA Board of Governors for the 2023–2024 period. The Board of Governors is one of the two policy-making bodies of the IAEA, along with the annual General Conference of the IAEA Member States. As a Board member, Ukraine will aim at the consolidation of international efforts in making russia stop its nuclear blackmailing and withdraw from the occupied Zaporizhzhia Nuclear Power Plant (ZNPP). The IAEA General Conference adopted Resolution [GC\(67\)/RES/16](#) on Nuclear safety, security, and safeguards in Ukraine calling for russia's immediate withdrawal of its military and other personnel from the ZNPP and its return to full control of Ukraine.

Ukraine successfully uploaded [nuclear fuel](#) produced by Westinghouse Electric Sweden AB into a VVER-440 reactor of the Rivne NPP. This operation realised a technical solution for the substitution of the russian nuclear fuel in many Central European countries with the alternatives. By implementing this substitution, the EU can introduce nuclear sanctions on Rosatom and the entire russian nuclear sector.

Ukraine enhances cooperation with international partners during the development of the national energy and climate plan ([NECP](#)). The first draft of the document is expected by the end of November 2023. The final version of the document is to be approved in June 2024. During this period, Ukraine plans to conduct discussions, clarifications, and consultations with all stakeholders. Because of the war, scenario modelling is a very challenging task. Ukraine lacks significant portion of statistical data for 2022-2023. Moreover, when developing the NECP both recovery plan and green transition need to be considered. Significant military spending also limits national reserves for the ambitious NECP goals. Ukraine is planning to apply for various international support for achieving the goals set up for 2030 and beyond, following the accession to the EU.

Ukraine and the USA signed a [memorandum](#) of understanding supporting the resilience of the Ukrainian energy sector. Among the areas of funding application are the renovation of critical infrastructure, development of distributed renewable energy, and low-carbon transformation. The deal is to provide \$522 million for purchasing network equipment and physical protection of the critical energy infrastructure, including \$100 million of conditional funding that will require furthering the corporate governance reform and REMIT compliance.

Ukraine started exporting [uranium](#) to a Canadian strategic partner for processing it at the facilities of the CAMECO company and further use by the Ukrainian NPP's. The full production process will include enrichment by the British URENCO and nuclear fuel production by Westinghouse.

Ukraine and Germany signed a [declaration](#) of intentions to construct a Wind Power Station at the vicinity of the Chornobyl NPP. Respective talks were held during the visit of the German Minister of Foreign Affairs, Annalena Baerbock, to Ukraine on 11 September.

## Statistics

Chapter 18 of the EU *acquis*

In September, Ukrainian government took several steps in the field of statistical system towards its accession to the EU's standards.

# EUROSCOPE

On 5 September, the list of indicators of the Digital Economy and Society Index (DESI) [was approved](#) by the government, as well as the EU Methodology of procedure for collecting and sharing data. DESI reports are published annually by the European Commission. They summarise the progress by the EU member states in achieving the objectives of the Europe's Digital Decade Program until 2030. The inclusion of Ukraine in the DESI index will help to realize its digital competitiveness potential, and will contribute to accession to EU's Single Digital Market, the ministry of Digital transformation [comments](#).

On 15 September, the Program for the Development of the Official Statistics until 2028 [was approved](#) by the Cabinet of Ministers of Ukraine. The compliance with the European Statistics Code of Practice was identified as one of the goals of the new program. And the harmonization of the national statistical system with international and European norms and standards was identified as one of the three areas of development of official statistics. This includes strengthening the coordinating role of the State Statistics Service in the national statistical system and ensuring the consistence of terminology, definitions, statistical classifications and methods with European statistical practice.

On 29 September the government [completed the creation](#) of the National Council for Statistics. The creation of the Council was an obligation based on the EU-Ukraine Association Agreement. The National Council for Statistics is formed as an advisory body which ensures compliance of Ukraine's statistical system with the principles of UN's Fundamental Principles of Official Statistics, European Statistics Code of Practice and the Statistical Requirements Compendium (SRC).

## Social policy

Chapter 19 of the EU *acquis*

The draft law No. [9610](#) amending the Law of Ukraine on National Minorities (Communities) of Ukraine was adopted on 21 September 2023 fulfilling one of the seven recommendations of the European Commission and recognising further [opinion](#) by the Venice Commission published in June. The amendments include an updated definition of national minorities (communities), which is based on an inclusive approach and corresponding to the [Framework Convention](#) on the Protection of National Minorities of 1995, and access to free textbooks for national minorities students.

The new law provides for the use of the national minorities (communities) languages in advertising, public cultural and entertainment events, emergency assistance, assistance to domestic violence victims and nursing home residents. It also sets criteria for the methodology of localisation of national minorities residence and the use of national minorities' languages, as well as defines particular terms such as *specialised bookshops*, etc.

On 26 September, the Government approved the State Target Programme [“Unity in Diversity”](#), which aims to create conditions for the realisation of the rights and opportunities of national minorities and indigenous peoples. The Programme was earlier [made available](#) for public discussion by the State Service for Ethnic Policy and Freedom of Conscience (DESS). The DESS will also be responsible for the implementation of the Programme. It might be complicated to promote the Programme effectively, however, as the [website](#) and other public sources of the DESS have been available in the Ukrainian language only.



# EUROSCOPE

In September 2023, two institutions acting in child protection sphere were established by the government: All-Ukrainian [Centre of Motherhood and Childhood](#) of the National Academy of Medical Sciences of Ukraine and the [State Service for Children](#).

The State Service for Children, as a central executive body, will implement state policy in the field of child's rights protection, social support of families with children, development of family formats of upbringing and adoption. The main tasks of the newly created State Service for Children include coordination of social support and social services to families with children (also under guardianship), fostering families and adopters. The Service will also monitor compliance by executive bodies and local community authorities, businesses, public organisations, and individuals with the legislation on child's rights protection. Specialists in communities of over 1400 residents will be able to receive methodical assistance in establishing effective local systems of child protection. In addition, the Service will support liaison with diplomatic missions of Ukraine abroad to ensure the protection of the rights of children-citizens of Ukraine and their return to Ukraine.

The Government Resolution on State Service for Children has not been published, leaving concerns regarding powers and responsibilities of this new body. Potential responsibilities' duplication relate to the Ministry of Social Policy, the National Social Service, the Coordination Center for the Development of Family Upbringing and the Child Care, as well as regional and local authorities.

On 15 September 2023, a [National Strategy](#) for overcoming gender pay gap by 2030 and an operational plan for its implementation in 2023-2025 were approved by the Cabinet of Ministers of Ukraine. The Strategy aims to achieve a sustainable reduction of the gender pay gap by 2030 (by 5% compared to 2021) by "creating favourable conditions and developing effective mechanisms to ensure progress in the relevant field".

The implementation of the Strategy would require improving legislation on equal pay, overcoming stereotypes and gender discrimination related to particular occupations, enabling family and professional life balance.

On 18 September, the Government Commissioner for Gender Policy, Kateryna Levchenko, presented the Platform for Ensuring Gender Mainstreaming and Inclusion in Reconstruction. The platform is a joint platform of state authorities, civil society, business representatives, development partners and international organisations on the way to gender-responsible recovery. It was decided to apply a gender approach to all priority areas of recovery (energy, transport, agriculture, infrastructure, IT industry, human capital).

The Ministry of Social Policy should create a system of integration of gender approaches. Concerns of different groups of women and men are to be taken into account when developing legislation, no matter what field it relates to. Gender-responsive recovery focuses on the needs of different groups of women and men, including by ensuring their equal participation in the reconstruction in war-affected regions and communities.

Country Gender Profile ([CGP](#)) provides a snapshot of gender equality issues in Ukraine as of July 2023. It summarises achievements in the field of gender equality, as well barriers to equality and gender inequalities that persist, analysing their root causes and suggesting recommendations to

address them. This is an updated version of the CGP developed in 2021 by the EU4Gender Equality Reform Helpdesk project, funded by the European Union.

## Judiciary and fundamental rights

Chapter 23 of the EU *acquis*

The Law on legislative (law-making) activity was signed by the President of Ukraine on 18 September. Discussions on adopting the law had lasted for some years. The draft law No. [5707](#) was submitted to the Ukrainian Parliament in June 2021. The experts of the Centre of Policy and Legal Reform (CPLR) prepared then a corresponding [analysis](#) of the draft law.

A systemic law that would stipulate unified standards for developing legislation and include all stages of analysis and consultation has been highly relevant in the Ukrainian legislative context and given a long path ahead of aligning with the EU *acquis*. CPLR experts once again analysed the adopted law and provided [their assessment](#). The experts found a number of inaccuracies and incorrect provisions that need to be revised. They also believe that some tasks assigned by the law to the committees of the Verkhovna Rada of Ukraine and the Cabinet of Ministers of Ukraine have unrealistic deadlines.

In addition, it is also important to note that the draft law's final text, submitted for voting before the second reading, was not properly discussed with all the stakeholders. Thus, civil society had no opportunity to assess the final version of the draft law either before the committee meeting or before the voting in the second reading.

The Law of Ukraine on Law-Making Activity attracted substantial attention and support from Ukraine's international partners and was very well explained by the [EU-UNDP Parliamentary Reform Project](#). It enshrines a number of legislative novelties and essential provisions that are useful and will potentially strengthen the legal system of Ukraine. However, from the point of view of content and technical legal design, the Law was not given proper consideration by the MPs. As a result, it requires a further thorough revision; and the time available before its implementation must be used effectively.

On 6 September, the National Agency for Corruption Prevention of Ukraine (NACP) [announced](#) the launch of the [Unified Whistleblower Reporting Portal](#), where citizens can report corruption facts that they have managed to record.

On 20 September, the amended draft law No. [9534](#) was voted again at the Ukrainian Parliament. The law was aimed to restore electronic asset declaration by officials and was first adopted by the MPs at the beginning of August. It included critical exemptions and delays in implementation, and faced fierce criticism within the Ukrainian CSO's and among Ukraine's [international partners](#). Appeals came from the National Agency for Corruption Prevention ([NACP](#)), specialised [NGOs](#), and the Ukrainian citizens who signed a corresponding [petition](#) to the President, who vetoed the law. After the amendments to open declarations immediately were made, the repeated convincing voting for the ["corrected" version of the law](#) was positively reviewed in Ukraine and internationally.

## Consumer and health protection

### Chapter 28 of the EU *acquis*

The Ministry of Health of Ukraine informed of a [75% level](#) in their scope of implementation of the EU-Ukraine Association Agreement as of September 2023. Maryna Slobodnichenko, the Deputy Minister of Health for the European Integration, stated that, “Ukraine has every chance to become a member of the EU by 2027. The results of the self-screening showed that Ukraine should implement about 3000 of EU common laws in the national legislation. As for the field of healthcare, there are more than 300 regulations and directives to be aligned with.”

The Ministry’s statement lists 9 recent Orders which have helped the synchronisation process. However, nothing is mentioned regarding the law No. [9147](#) on overcoming Tuberculosis (TB) in Ukraine, which was adopted by the Ukrainian Parliament in July. The law was adopted without public debates and was [criticised](#) by the expert community for failing to fully integrate the WHO’s [global strategy](#) and targets for tuberculosis prevention care and control after 2015, adopted in 2014 at the 67th World Health Assembly.

The EU-Ukraine AA’s Article 427 stipulates the need of implementation of the International Health Regulations in prevention and control of tuberculosis among other communicable diseases. Thus, the conformity of the self-screening provided by the Ministry of Health needs to be verified and upgraded.

## Foreign, security and defence policy

### Chapter 31 of the EU *acquis*

In September 2023, Ukraine continued further efforts towards obtaining international support for humanitarian demining. The Government reported about 40 partners from around the world that have [pledged](#) \$250 million in funding, including for special equipment. In turn, Ukraine proposes testing of the most advanced demining technologies, expansion of production, and joint development of a certification system for mine action operators.

Ukraine intensifies cooperation with foreign companies to produce locally weapons and ammunition. The most recent partnerships include those with the German [Rheinmetall](#) and a Czech producer of assault rifles, as well as with the manufacturers from the [US](#) and [France](#).

Ukraine gradually de-occupied the north-western part of the Black Sea and relaunched [shipping](#) of grain, metals, and other goods. Successful military strikes against Russian Black Sea Fleet and military targets in occupied Crimea forced Russian navy to the eastern part of the sea and minimized terroristic actions against civil ships.

### Strategic documents

By [amending](#) the Law of Ukraine “On the State Budget 2023”, the Parliament has increased expenditures on the security and defence sector by UAH 303 billion. This increase is primarily financed through state debt, with the government borrowing UAH 290.7 billion or \$10.6 billion. The

main sources are taxes by businesses and individuals, and war bonds, since the international aid cannot be used for military expenses.

As heavy hostilities continued at the nearly 900 km frontline, Ukraine was in the urgency of these budget amendments to ensure coverage of defence needs, production of weapons and military equipment. Main budget lines for the defence and security sector include:

UAH 195.7 billion for the Armed Forces of Ukraine;

UAH 39.7 billion for the National Guard;

UAH 20.4 billion for the State Border Service;

UAH 19 billion for the National Police;

UAH 13.2 billion for procurement and modernisation of military equipment and armaments;

UAH 4.4 billion for the Ministry of Strategy and Industry for the production of weapons and ammunition inside Ukraine.

The growing defence expenses are driving up the budget deficit. It creates additional challenges for preparing the 2024 state budget law, especially concerning recent discussions about a possible [decrease in the US support](#).

On the proposal of the President of Ukraine, the Parliament appointed by the Resolution No. [3376-IX](#) of 6 September Rustem Umerov as the new Minister of Defence. His prior post of the Chairman of the State Property Fund of Ukraine was marked by prominent privatisation results and zero scandals during one year in office.

The minister is [expected](#) to improve coordination within the defence forces, facilitate the supply of equipment and munition, and speed up domestic production of weapons. The new minister promised to build new partnerships, expand the geography of allies, and form new regional and industry alliances. Among other priorities, Mr. Umerov emphasised zero tolerance for corruption, digitalisation of all possible services, and harmonisation of all procurement procedures with the NATO international standards. Mr. Umerov is a [talented negotiator](#) trusted by the President of Ukraine to re-launch and improve the work of the ministry of defence.

The draft law No. [10088](#) on reforming the Economic Security Bureau of Ukraine aims to introduce new procedures for appointing the head and deputies of the bureau, and to re-launch the bureau taking into consideration positive experience of other anti-corruption institutions.

The [Main Scientific-Expert Department](#) pointed out numerous legal inaccuracies and proposed a comprehensive reassessment of proposed amendments during the work in committees before the first reading. The draft law is [considered](#) an important requirement from Ukraine's foreign partners to improve the independence of the bureau and its head, staffing procedures, and its performance transparency.

The President of Ukraine issued order No. [576/2023](#) on verification of military medical commissions and medical social expertise commissions aims to limit corruption and violations during military medical examinations. Medical checks had been allegedly used by conscripts for service suspension and jeopardised national security by reducing the mobilisation capacities. While such efforts can be necessary during the martial law period, they might produce limited results as there are no proper procedures for inspecting and verifying the decisions made by military medical commissions. Only if

a corruption or criminal offence is suspected, law enforcement agencies can be engaged, and a case can be directed to court.

The President of Ukraine submitted a draft law No. [0225](#) aiming to approve Ukraine joining the Enlarged Partial Agreement on the Register of Damage Caused by the Aggression of the Russian Federation Against Ukraine. The respective Resolution [CM/Res\(2023\)3](#) was adopted by the Council of Europe in May to create an international claims commission for Ukraine. It corresponds with the calls by the U.N. General Assembly (UNGA) for the establishment of an international reparation mechanism for damages contained in Resolution [A/RES/ES-11/5](#) of November 2022.

The President of Ukraine submitted the draft law No. [0226](#) proposing to ratify the agreement between Ukraine and the EU on participation in the [EU Civil Protection Mechanism](#). After the ratification, Ukraine would become a fully-fledged member, contributing to the mechanism and providing aid to other countries in need. It will open Ukraine's access to the entire mechanism capacities, improve coordination of aid, and enable participation of EU member states forces in cases of natural, technogenic, and military emergencies in Ukraine.

The registered draft laws No. [10078](#) and [10079](#) aim to introduce temporary VAT and customs duty exemptions for imported drone for the period of martial law. The draft laws have been long awaited by numerous voluntary organisations, which have been the main supplier of drones to the Ukrainian military. According to the [Main Scientific-Expert Department](#), the draft laws will potentially impact the state budget revenues and the position of domestic drone producers that should be provided with similar exemptions on imported spare parts and other components.

## International cooperation

The [First International Forum of Defence Industries](#) took place on 29 September in Ukraine launching a new chapter in military cooperation with international partners and marking it with circa 20 signed cooperation agreements. Ukraine's ongoing warfare provides any new system and equipment a chance of intensive deployment to the frontline and testing in real combat conditions. Cooperation formats include joint production, localisation of production, exchange of technologies, and supply of components.

Ukraine and Czech Republic will launch [local assembly](#) of CZ BREN 2 assault rifles. The cooperation goes beyond just rifle manufacturing and includes ammo production, armoured vehicles, and more. CZ BREN 2 assault rifle can become a candidate for the main personal weapon of the Ukrainian Army to substitute Kalashnikov rifle.

Slovakia has raised funds to purchase a [Božena-5](#) demining vehicle for Ukraine at the manufacturer The Way Industries. The volunteer organization Darček pre Putina (A Gift for Putin) and the association Mier Ukrajine (Peace in Ukraine) have collected €650 000 for the project. The remotely controlled vehicle is expected to arrive in Ukraine by the end of 2023.

On 29 September, the Swiss Federal Council approved a CHF 100 million package to [demine](#) civilian and agricultural areas in Ukraine and aid the country's recovery. It will be earmarked for humanitarian demining between 2024 and 2027, funded in equal parts by the Department of Defence, Civil Protection, and Sport and the Federal Department of Foreign Affairs.

## **EUROSCOPE Analytical Team (part of ANTS Ukraine)**

Roman Makukhin, Various, Team Lead

Marianna Onufryk, Social Policy

Andriy Lubarets, Statistics

Andriy Chubyk, Energy, Defence

Kseniia Pidruchna, Transport



In cooperation with the Centre of Policy and Legal Reform, <https://pravo.org.ua/en/about/>

Contact: [euroscope@ants.org.ua](mailto:euroscope@ants.org.ua)

Websites: <https://euroscope.org.ua/en/>, <https://ants.org.ua/en/home-2/>

*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.*