



***Conclusions of the fourth joint meeting of the European and Ukrainian Domestic Advisory Groups under the EU-Ukraine Association Agreement***

**Kyiv - Brussels  
22 October 2020**

The representatives of the European and Ukrainian Domestic Advisory Groups (DAGs), set up under the Trade and Sustainable Development Chapter of the Association Agreement between the European Union and Ukraine, held their fourth joint meeting on 22 October 2020. Due to the COVID-19 pandemic, the meeting was held virtually.

The participants expressed their commitment to fulfil the mandate laid down in the Trade and Sustainable Development Chapter of the Association Agreement, to monitor the implementation of the Chapter and to provide advice to the Parties to the Agreement. They agreed on the need to carry out an assessment of the trade impact on sustainable development, including on economic growth, employment and the environment, in line with Article 298 of the Association Agreement, using the OECD methodology.

They also welcomed the joint statement adopted by the Parties following the EU-Ukraine Summit held on 6 October 2020 and took note of the willingness to start reviewing market access liberalisation under the commitments of the DCFTA.

However, they deplore the fact that the Group of Experts has still not been established on the Ukrainian side.

In addition to the socio-economic impact of the COVID-19 health crisis, the two DAGs discussed the following issues:

- labour issues
- economic pillar of sustainability
- environment
- sustainable forest management

They agreed that the above issues would remain high on the agenda of the DAGs as long as the necessary measures have not been taken in Ukraine, in order to address the situation in a satisfactory manner and in accordance with international and European standards.

With regard to **labour issues, the DAG members:**

1. reiterate that Ukraine continues to disregard a number of core labour obligations under the Association Agreement and DCFTA, such as freedom of association, collective bargaining, enhanced capacities of the social partners, decent work and non-discrimination, and that Ukraine must continue working to align its labour legislation with the EU acquis and to enforce it. Therefore, they call on the Government of Ukraine to develop and implement socio-economic policies aimed at promoting decent work, reducing poverty and unemployment and ensuring fair taxation and wages, equality and non-discrimination, and high quality and affordable public services in close consultation with the national social partners;
2. note the positive effect of the support programme for employees and enterprises tackling the partial unemployment caused by COVID-19 quarantine restrictions, but emphasise the complexity of the procedure, the opacity of the results of the funds distributed to applicants and the pitiful amount of assistance;
3. underscore the importance of providing general and adequate social protection and of regulating new or insufficiently regulated areas of labour relations, such as digital or indirect forms of employment and remote or domestic work;
4. emphasise that the spread of COVID-19 has worsened labour market problems and increased poverty, unemployment and violations of workers' rights. By 1 September 2020, 467 000 people were registered as unemployed. The subsistence level set without negotiation with the social partners at UAH 2 118 is half the current level. The average salary in Ukraine is UAH 11 446 (EUR 352), one of the lowest in Europe. This increases social tension and individual and collective labour conflicts, and causes mass labour migration of Ukrainians who, despite COVID-19 restrictions, are prepared to risk exploitation in order to earn better wages in the EU, particularly in neighbouring countries;
5. emphasise that the parliamentary agenda includes a draft law on trade unions, which clearly violates ILO Conventions 87 and 98, restricts the right to freedom of association and undermines the right of workers to organise or join the trade union of their choice, especially employees in small and medium-sized enterprises. It also gives supervising state bodies broad powers to control the activities of trade unions, undermines the bargaining power of employees by abolishing the obligation that the employer inform trade unions about the economic results of the company's production in the context of collective bargaining and gives the Government the right to confiscate the property of trade unions;
6. in this regard and in the context of the recent miners' protests in Kryvyi Rih, are alarmed by the clear violation of the right of trade unions to perform their activities independently, and call for a peaceful resolution of labour conflicts with the help of social dialogue, ensuring that workers' rights, including as regards industrial action, are upheld with no retaliation;
7. note that the draft labour law prepared by the Government without proper social dialogue and disapproved by the International Trade Union Confederation, the European Trade Union Confederation and Ukrainian trade unions, as well as by the Ukrainian ombudsman and human

rights organisations, was technically withdrawn. However, the Government is continuing its efforts to restore tough labour reforms sidestepping social dialogue. Therefore, they again underline the importance of fully involving the social partners in negotiations on amendments to labour and social legislation, including the development of the labour code, as well as to laws on trade unions, social dialogue and collective bargaining;

8. point out the ongoing issue of unpaid wages in both the private and public sectors which is affecting around 160 000 employees. They emphasise the inadequate efforts taken by the Government to protect workers' wages (in accordance with ILO Convention 95 ratified by Ukraine), which have resulted in wage arrears increasing to UAH 3.4 billion (equivalent to EUR 105 million) as of 1 August 2020. They warn that workers are becoming increasingly frustrated and their protests may turn radical;
9. reiterate that there are still legislative, judicial and administrative obstacles to the proper functioning of labour inspections, with clear violations of the ratified ILO Conventions 81 and 129. There is still a possibility of a moratorium on inspections; this moratorium was introduced in spring 2020 due to the COVID-19 pandemic. The powers and capabilities of the labour inspection office remain limited, and the mechanisms for enforcing regulations are weak.

With regard to the **economic pillar of sustainability** under the provisions of the TSD Chapter, the DAG members:

10. call on the Government of Ukraine and on the EU to support the integration of Ukrainian producers into EU industrial production chains, and specifically to ensure that the Agreement on conformity assessment and acceptance of industrial products (ACAA) is signed as swiftly as possible and that Ukrainian technical regulations are further harmonised with European ones, including as regards eco-design and energy labelling;
11. call on the Government to ensure that the legislation governing public procurement fully promotes employment and the observance of labour rights, and that the tendering process is transparent with due regard for sustainability criteria;
12. point out that according to the Association Agreement, the state may cover up to 40% of the relevant expenses of Ukrainian producers seeking to modernise production in order to move towards the new European environmental standards. They stress the need to introduce instruments and criteria to ensure that this aid is appropriate.

With regard to the **environment**, the DAG members:

13. welcome the objectives of the European Green Deal (EGD) as well as Ukraine's commitment to approximate its policies and legislation with the EGD objectives by developing and approving the joint Roadmap on the EGD for Ukraine. They believe that Ukraine's alignment with the EGD goals must not be seen as an additional cost or regulatory burden but rather as a clear economic, environmental and climate opportunity;

14. point out that effective approximation of Ukrainian legislation with EU requirements in all fields covered by the EU-Ukraine Association Agreement is an unconditional priority for enhancing the cooperation between the EU and Ukraine in the area of EGD;
15. in this regard, note that Ukraine's environmental and climate policy should be approximated with the goals and objectives of the EGD, taking into account the establishment of an ambitious goal: to achieve a climate-neutral Europe by 2050. This means that ambitious de-carbonisation targets must also apply to sectors such as industry, transport and agriculture;
16. in response to the impact of COVID-19, call on the Government of Ukraine and on the EU to promote a sustainable, inclusive, "green" recovery and remove remaining direct and indirect fossil fuel subsidies;
17. welcome the approval of two important laws in the field of climate change (Law of Ukraine "On monitoring, reporting and verification of greenhouse gases emissions" and Law of Ukraine "On substances that deplete the ozone layer and fluorinated greenhouses gases") as well as the by-laws for their implementation. They call for the continued implementation of EU legislation in this field, the approval of a more ambitious contribution to the Paris Agreement, to be determined nationally, and the development and approval of the strategy on adaptation to climate change;
18. call for a more effective approximation of the 29 EU legal acts in the field of the environment, with particular attention to areas in which progress has been unsatisfactory, notably industrial pollution and waste management, air quality and nature protection. It is particularly concerning that the Ukrainian Ministry of Energy intends to postpone implementing the requirements of the National Plan for Reducing Emissions from Large Combustion Plants. In this regard, they also reiterate that insufficient progress has been made in the area of waste management in Ukraine, and point out that a negligible percentage of waste is recycled and the rest is dumped in official or illegal landfills;
19. underscore the need to improve both state policy on promoting trade in environmental goods and the policy of companies manufacturing products using environmentally-friendly technologies. They emphasise the importance of raising awareness among consumers and producers about international systems for environmental certification and eco-labelling (including voluntary, non-state systems) and their importance, principles and methods, particularly as regards certification of products in different categories;
20. in this regard, reiterate that the notion of environmental goods and the definition thereof has to be in line with EU standards. This requires not only approval of the corresponding legislation, but also guides to methodology, recommendations and state monitoring of the proper use of the approved requirements;
21. call for appropriate development of trade in environmentally-friendly products and services (green market). They point out that particular attention needs to be paid to strengthening cooperation by state bodies with organisations involved in the creation of the green market, to creating guidelines on environmentally-friendly products and services, and to strengthening state

oversight so as to avoid unfair competition based on consumer fraud involving inaccurate information about environmental specifications or the advantages of products or services;

22. emphasise the need to introduce in Ukraine statistical reporting on trade in environmental goods and services in accordance with Articles 356 and 357 of the Association Agreement by: (a) amending the Programme for the Development of State Statistics until 2023 on the implementation of EU Regulation 691/2011 regarding environmental goods and services; (b) approving the methodology for reporting, taking into account Eurostat guidelines; (c) compiling and collecting statistical reports;
23. welcome the approval of by-laws needed to implement the legislation on organic production, processing and labelling in Ukraine;
24. note the need to reform the environmental tax system in Ukraine and to strengthen the use of instruments to develop the market in environmental goods and services, including state support, the creation of a good investment climate and sustainable (green) public procurement;
25. call on the Association Council to make a decision to update and amend Annex XXX and Annex XXXI to the Association Agreement, particularly on environmental liability issues, waste transportation, registration, evaluation, authorisation and restriction of chemicals (REACH and CLP), plastic products and animal welfare;
26. given the significance of animal welfare and sanitary and phyto-sanitary (SPS) requirements in the area of sustainability, are pleased that on 17 June 2020 the Parliament of Ukraine adopted the draft Law "On veterinary medicine and animal welfare" at the first reading (Reg. No. 3318), which aims to approximate Ukrainian legislation with EU legislation and international standards in the field of health and animal welfare. Nonetheless, they regret that Ukraine has not taken further steps to align its standards in both areas with EU legislation. The EU and Ukrainian DAGs call on Ukraine to adopt the relevant legislation as soon as possible and to shorten the transition periods planned for this legislation;
27. are pleased that Ukraine intends to sign up to the Minamata Convention on Mercury and call on the Government of Ukraine to pay attention to the need to implement those international conventions that are important for achieving the goals of the EGD, namely the Paris Agreement, the Energy Community Treaty and the Convention on Biological Diversity.

**With regard to sustainable forest management**, the DAG members:

28. express deep concern regarding the unending illegal deforestation, particularly in protected areas inhabited by endangered species of bear and lynx, which has caused more natural disasters, more floods and more droughts. They point to the role played by deforestation and biodiversity loss in the spread of zoonoses. Considering the increasing EU demand for cheap timber, call on the EU to continue to strengthen its legislation preventing imported deforestation;
29. underline that Ukraine ranks fourth in Europe in the area of certified forests under the Forest Stewardship Council (FSC) system, which confirms the sustainable level of forest management

based on internationally defined risk assessment criteria (4.36 million hectares on 1 January 2020, or 42% of the country's forests). In January 2020 alone, the area of certified forests in Ukraine increased by 50 000 hectares.

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