

EUROPEAN AGENDA FOR UKRAINE – 2014

Ukraine's European choice is irreversible.

Ukraine implicitly shares the basic principles of the European Union set out, in particular, in the EU's Copenhagen criteria – democracy, respect for human rights and freedoms, the rule of law, and competitive market economy.

Ukraine supports the European policy of Eastern Partnership and hopes for support of the European Union and the EU Member States. Ukraine's path to the European Union defines the fundamental principles of domestic and foreign policy of Ukraine.

In 2014 it is necessary to ensure radical acceleration of the modernization of Ukraine bringing it closer to the European standards and practices. For that reason, over the next year Ukraine has to perform the following tasks:

- 1. To organize a national dialogue on the European future of Ukraine.***
- 2. To ensure the continued political modernization.***
- 3. To accelerate economic reforms based on the European integration objectives.***
- 4. To develop and agree the European plan for Ukraine with EU institutions.***
- 5. To focus on a pragmatic format of relations with the Russian Federation.***

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I. TO ORGANIZE A NATIONAL DIALOGUE ON THE EUROPEAN FUTURE OF UKRAINE

An urgent task is to establish an effective national dialogue on Ukraine's European integration with all the social and political forces of the country.

The dialogue between citizens and the state. Active citizens' position manifested in mass actions in support of the Association Agreement between Ukraine and the EU should be embodied in a decision binding on all public authorities. The Head of State should support people's initiative and identify the Association Agreement with the EU as the main task of Ukraine's foreign policy in 2014.

Political dialogue. As demonstrated by the work of the Verkhovna Rada of Ukraine in September-November 2013, there is a constitutional majority in the Parliament which supports the European agenda. This majority is able to provide an effective legislative process of bringing Ukraine closer to the requirements of the association, comprehensive and deep free trade area, and visa-free regime.

It should be negotiated between the parliamentary political parties to form a joint action program for the development and adoption of laws necessary for Ukraine's rapprochement with the EU. The basis of this program is the requirements of the Association Agreement and recommendations of independent experts, in particular, prepared in the project "National Convention on the EU in Ukraine".

The dialogue between the regions. Given that the challenges and opportunities associated with association with the EU are perceived differently and have various effects on different regions of Ukraine, it is necessary to coordinate regional interests, to create joint inter-regional political, economic, cultural projects aimed at promoting the idea of European integration, and to develop (where necessary) loss compensators for some regions after the signing of the Association Agreement with the EU.

II. TO PROVIDE THE CONTINUATION OF THE COUNTRY'S POLITICAL MODERNIZATION

The main task of Ukraine's political modernization is confirmation of the EU basic principles in the country. In particular, the principle of the constitutional state, high democratic standards and the democracy principles providing, guarantees of civil rights and freedoms, an efficient and modern administrative system building, developed civil society and local government.

1. Rule of law. The first task is to provide progress in guaranteeing of the rule of law and a fair trial, as well as to prevent justice from punitive orientation. For this purpose Ukraine should:

- improve the practice of public access to a fair trial;
- achieve unconditional execution of legal resolutions;
- provide transparent procedures for the appointment of judges, bringing them to account, dismissal from office.

The second task is to make fundamental prosecutorial reform. It is urgent need to adopt the new Law of Ukraine "On Public Prosecution". At the same time it is necessary to provide the effective guarantee of judicial independence of prosecutors, the transparency of their appointment and promotion, to prevent the dismissal of prosecutors for political reasons.

The third task is to reform the law enforcement bodies. Ukraine should provide transparency and openness of the drafting the police reform concept and its following consideration at the National Security and Defense Council session. Creation a civil Ministry of Internal Affairs, the State Bureau of Investigation, a clear allocation of powers and responsibilities between law enforcement bodies and improving their functional ability should be the result of the reform.

The fourth task is to declare war on corruption. Ukraine should concentrate the activities of the law enforcement bodies to root out the corruption schemes. The officials who create the conditions for systemic corruption in certain spheres, which results in loss of the state budget and public distrust in government, should be attracted to justice. Activity of the National Anti-Corruption Committee as the coordinating body should become more intensive. Cooperation with civil society and media should be reinforced.

2. The development of civil society in Ukraine. It is necessary to ensure unconditional performance of tasks provided by Strategy of Public Policy to Promote Civil Society Development in Ukraine. Further legal regulation of the providing of the right to peaceful assembly, access to information, public benefit and socially relevant forms and practices of social self-organization is needed. Expansion of social partnership, networking advisory bodies under institutions of public authorities, other formats of public consultation should be provided. It is necessary to consider the initiative to declare 2014 the year of civil society in Ukraine.

3. Modernisation of the Constitution of Ukraine. Modernisation of the Basic Law should be carried out with the consideration of positions of political parties, the results of the Constitutional Assembly, and recommendations of the European institutions.

Ukraine has to create a European model of representative democracy which includes an active involvement of the Parliament and its political forces in forming the national government and control over its current activities. An important step is a Concept of amendments to the Constitution of Ukraine accepted by the Constitutional Assembly.

Empowering local governments needs to be fixed at the level of the Constitution in accordance with the principles of decentralization and subsidiarity as well as the strengthening of human rights and freedoms protection. The Concept of Reforming Local Government and Territorial Organization of Power in Ukraine should be adopted as soon as possible.

4. Reforming the electoral system in Ukraine. The creation of conditions for fair and transparent elections of people's deputies of Ukraine, the President of Ukraine, and local mayors and councillors is the main task for preparing the Election Code. It is necessary to ensure a strict adherence to the Law of Ukraine "On Amendments to Certain Legislative Acts of Ukraine concerning improvement of legislation on the elections" which is part of the European integration legislative package.

To ensure the equality of participants during elections it is required to introduce new and more transparent standards of financing the political parties and independent candidates both during the campaign and in the period between elections.

Citizens should be able to get objective and impartial information about the activities of public authorities and political parties from the independent public broadcasting system.

4. The construction of a new model of local government and regional policy includes the expansion of the financial, economic and organizational basis for self governance of communities and the formation of relations between the centre and regions on these principles. The main principles of the new model should be:

- the implementation of mechanisms of regional cohesion approved by the European practice and the state aid to depressed peripheral regions with the creation of an appropriate regulatory and institutional framework;
- the expansion of financial resources of local communities by improving interbudgetary relations and the empowerment of local community self-governance;
- the promotion of intra-regional cooperation on implementation of the tasks of structural modernization;
- the expansion of strategic and program approaches to regional development on the basis of a new Regional Development Strategy;
- the development of cross-border cooperation with the maximum use of Euroregions' potential.

III. TO ACCELERATE ECONOMIC REFORMS, BASED ON THE EUROPEAN INTEGRATION OBJECTIVES

Plan of Economic Reforms for 2014 should take into strong consideration the tasks of European integration, stipulate thorough preparation of Ukrainian economy, society and state for implementation of the Association Agreement with EU.

Production sector should be focused on indepth modernization, particularly on:

- development of industrial facilities for profound processing and high quality final products manufacturing;
- gradual decrease of the share of outdated low-tech production with high consumption of resources;
- reduction of fuel consumption by broad introduction of energy efficient technologies and active use of renewable sources of energy;
- consistent harmonization of Ukrainian standards of production with those of European Union.

The mentioned modernization goals could be achieved on the basis of **creation of favorable business and investment climate in Ukraine**. For this purpose Ukraine should:

- implement comprehensive state policy on stimulating business development, which should concentrate and coordinate efforts of all key ministers under the head of Cabinet of Ministers;
- simplify administration of taxes, fees, and also customs duties by its unification with accounting system, according to the norms of EU-countries;
- begin to form clear and transparent system of state support of business, harmonized with the norms of WTO and rules of EU;
- upgrade the procedures of technical regulation, standardization and certification on the basis of preparation and implementation of technical regulations of EU, ensure formation of inter-state mechanism of nostrification of Ukrainian technical requirements in the markets of EU-members;
- create efficient mechanisms for protection of private property rights for businessmen and investors;
- stimulate competition in the internal market by more active opposition against monopolization;
- upgrade mechanisms and instruments of budget, taxation, monetary and credit policies – taking into account the best European practices – to orient those policies for increase of investment potential and investment activities of enterprises;
- increase the effectiveness of public investment via allocating investment resources in the selected priority areas;
- significantly tighten controls over spending of national budget funds allocated for investment purposes, strengthen the practice of public-private partnerships;
- accelerate creation of the institutional network for the innovation development, encourage commercialisation and introducing innovations in the industrial enterprises' production process, ensure the development of new organizational and legal forms for the innovation purposes, e.g. cluster model of industrial production;
- create effective mechanisms for implementing the complex policy of domestic trade development, develop infrastructure for bringing goods from manufacturer to the consumer;
- significantly increase the transparency of public procurement, adjust it in accordance with the standard international requirements, provide anti-corruption mechanisms for public procurement procedures, improve the access of small and medium enterprises to public procurement procedures;
- create permanent system of control over the quality and safety of domestic and imported products according to the EU standards, enhance quality control for products sold in the domestic market;
- initiate the formation of export support system for Ukrainian economic entities, which would include expansion of export credit, export insurance, informational and legal support to exporters, and assistance to the small and medium-sized businesses' entrance into foreign markets.

Modernization of the national social security system and labor market regulation in accordance with the requirements of the European integration policy:

- Enhancing national higher education system and reforming technical schools system, involving opportunities of the public-private partnership, to accommodate professional structure of the labor force to the urgent demands of the economy;
- Enforcing means of the individual social transfer payments and preventing from the social assistance funds misuse;
- Expanding use of the personal social insurance to cover the most life crisis situations (unemployment, mild or severe or temporary disability, loss of a breadwinner or caretaker etc.);
- Completing establishment of the defined contribution retirement insurance plan system and employment-based retirement insurance plan system;
- Resetting reform of the national healthcare system to improve availability and quality of the medical treatment and to promote public prevention of the diseases and illness and support health lifestyle;
- Focusing national housing policy on the establishment of the efficient mechanisms of making living residences more economically available (also through crediting) to the citizens.

Enhancement of the environmental consciousness of the state, entrepreneurs and general public demands the adoption of the Strategy of the Sustainable Development in coherence with the respective *acquis communautaire*.

There is urgent necessity to approve the National Plan for Establishment and Development of the Environmentally Friendly Industries in Ukraine. Existing laws must be harmonized with the requirements of the EU *acquis* in the environment protection while the government should continue to implement EU ecological standards.

Ukraine will follow obligations, agreed with the foreign contributors, to construct a new and safe confinement in the Chornobyl NPS. Ukraine will continue cooperation with the EU to modernize existing nuclear power stations

IV. TO DEVELOP AND AGREE WITH THE EU INSTITUTIONS THE EUROPEAN PLAN FOR UKRAINE

For the period before the signing of the Association Agreement, the Action Plan on the preparation and implementation of the necessary reforms based on the provisions of the Agreement should be agreed with the EU. This Plan should cover mutual obligations of the two parties on the entire complex of the reforms and modernization of Ukraine, namely:

- joint development by Ukrainian and European experts of a program of further political and economic transformations in Ukraine, restructuring and modernizing of Ukraine's production sector on the basis of EU standards, the adaptation of Ukrainian legislation to EU rules and regulations;

- a package of technical and financial support by the EU and international financial organizations in order to implement the program;
- eventual compensations of losses for Ukrainian economy resulting from the deteriorating conditions of economic cooperation between Ukraine and the Customs Union, announced by the Russian Federation;
- economic incentives to deepen Ukraine's cooperation with the EU on trade and investment;
- development of joint (EU-Ukraine) projects in high technology, space, aeronautics, information technology etc. to support the corresponding industries in Ukraine and to compensate their eventual losses due to Russia's cutting back on cooperation with Ukraine in these areas;
- providing additional political guarantees of Ukraine's territorial integrity as well as its protection from the pressure from the third countries;
- intensifying of Ukraine's participation in the Common Foreign and Security Policy and the Common Security and Defence Policy of the EU, including development of common approaches in the areas of conflict prevention and crisis management, ensuring regional stability, disarmament, non-proliferation, arms control, and arms exports;
- resolving the issue of maximum facilitation of the EU visa regime for citizens of Ukraine with the possibility of its cancellation in the nearest future.

The achievement of a tripartite agreement (Ukraine, EU and Russian Federation) on the ways of interaction between the participants, the nature of modernization, and regime of use of gas transportation system of Ukraine in future remains the important objective.

V. TO DEVELOP THE PRAGMATIC RELATIONS WITH RUSSIAN FEDERATION

It is necessary to maintain the pragmatic model of the political and economic relations between Ukraine, the Russian Federation and the Customs Union.

Such policy of Ukraine presumes prevention of the "trade wars" and artificially restricted bilateral trade between our state, Russian Federation and the other CU member countries, removal of the existing non-tariff barriers, favoring development of the industrial cooperation and maintaining position of Ukraine as the key transit country for the supply of the Russian gas to Europe. Bilateral and trilateral consultations between Ukraine, European Union and Russian Federation are needed in order to take into consideration economic interests of all mentioned parties regarding signing by Ukraine Free Trade Zone Agreement with EU.

Проведення дво- та тристоронніх консультацій України, ЄС та РФ щодо врахування економічних інтересів усіх сторін щодо підписання Україною Угоди про зону вільної торгівлі з ЄС.

It is necessary to intensify negotiation process to review current issues of the migration and border crossing regulations. It is urgent to find a solution to the dispute over delimitation of the maritime part of the Ukrainian-Russian border.

The Ukraine's chairmanship in the CIS in 2014 is a good chance to:

- start negotiations about problematic issues of implementing The Free Trade Agreement within the CIS;
- intensify cooperation in the energy sector and develop a system of principles of cooperation between the CIS member states in the international energy markets;
- focus on practical implementation of approved programs within CIS due to principles of free and open access to participation.