JOINT STATEMENT

Ukraine – EU Trade and Sustainable Development Sub-Committee

to the Joint Civil Society Forum

(27 October 2020)

Representatives of the Ukrainian authorities and the European Commission held the fourth Trade and Sustainable Development (TSD) Sub-Committee on 27 October 2020 (via videoconference Kyiv – Brussels), dedicated to the implementation of the TSD Chapter of the Ukraine – European Union Association Agreement.

On 28 October 2020, the parties will debrief the Civil Society Forum on the issues discussed during the last meeting of the TSD Sub-Committee.

The 4th meeting of the Trade and Sustainable Development Sub-Committee discussed in depth institutional issues such as the establishment of an expert group, labour issues,renewable energy, energy efficiency and sustainable forest management and related wood production, marketing and trade in the context of to TSD.

The EU urged for further progress on the issues discussed in the TSD sub-committee. The EU furthermore emphasised the role of values and principles, such as high social and environmental standards, as well as fairness and transparency in the context of the EU trade and investment policy. The EU highlighted the importance of reinforcing multilateral governance in these areas, through supporting the International Labour Organization (ILO) and multilateral environmental bodies. Moreover, enabling civil society and having their voices heard are important for the effective implementation of the TSD Chapter.

Progress on selection of candidates for the Group of Experts

The TSD Sub-Committee discussed the establishment of the Group of Experts. The EU expressed concerns that several years after the entry into force of the Agreement, Ukraine still had not selected the 4th and the 5th Ukrainian experts for the Group of Experts in accordance with Article 301(3). Ukraine highlighted developments that are beyond government's control and informed the EU about the steps that will be taken to form a complete list of Ukrainian experts by 2021. The Subcommittee welcomed the agreement reached by the parties on the the decision of the Subcommittee to establish a list of experts on trade and sustainable development, as provided for in Article 301 "Expert Group" of the Association Agreement between Ukraine and the European Union. Both parties will adopt the Decision following their respective procedures latest by Q1 2021.

Trade and labour

The EU underlined that good governance of labour relations and improved labour standards are key to establish a level-playing field and to allow Ukraine to fully reap the benefits of its Association Agreement with the EU.

The parties noted the necessity to bring the Ukrainian legal framework in line with and implement ILO standards; including ILO conventions № 81 and № 129 on labour inspection as a cross-cutting issue for all labour standards.

The EU again expressed concerns about lack of progress in removing legal restrictions to State Labour Service, including but not exclusively, regarding the possibility of a moratorium. The EU called for urgent action in that respect. Ukraine is considering to remove these restrictions in the context of updating laws to bring them in line with related international conventions 81 and 129.

The EU took note of efforts in improving the functioning of the Labour Inspectorate (SLS) but repeated its call to secure adequate capacities (staff, budget) as an urgent matter for effective implementation of all labour standards.

The EU welcomed action taken to tackle undeclared work but deeply regretted that the Action Plan developed by the Ministry of Economy with EU/ILO support was side-lined.

The EU also took note of efforts made to address wage arrears and welcomed plans to complement ratification of ILO Convention 173 in order to establish a wage guarantee mechanism. This is a longstanding and massive issue, going against workers' basic rights and further, more comprehensive and decisive action is needed for a sustainable solution

Ukraine informed about the measures that contributed to the reform of the labour protection management system in Ukraine.

Ukraine noted the positive contribution of the EU-funded ILO project 'Enhancing the Labour Administration Capacity to Improve Working Conditions'. The parties stressed the importance of continuing the project and taking into account its recommendations.

The EU side highlighted its continued support through a newly started follow-up project "Towards safe, healthy and declared work in Ukraine".Parties agreed on the need to modernise labour legislation. The Ukrainian side informed about draft laws aimed at defining the concept of labour relations, deregulation of labour relations, improving the regulation of domestic workers, regulation of non-standard forms of employment and freelance, improving the procedure for resolving individual labour disputes, night work. The EU side stressed the need to conduct the reform in due respect of consultations with social partners, through a participatory process, and in conformity with ILO and EU standards and principles.

Ukraine informed about cooperation with trade unions, and their organizations, as well as associations engaged in social dialogue within the framework of tripartite and bilateral bodies. The EU expressed concerns that the draft law on trade unions (#2681) would seriously contradict ILO fundamental Conventions N°87 and N°98 (on freedom of association and collective bargaining). The EU took note of intentions to review it in consultations with social partners and called on Ukraine to ensure that the final draft is brought in conformity with ILO standards.

The EU side also enquired about several pending draft laws pertaining to social dialogue and collective bargaining that also need to be finalized in line with international labour standards.

Ukraine supports the need to reform the laws and bring them in line with relevant ILO conventions and referred to (advising on) pending legislation in Parliament.

Sustainable forest management and related wood production and trade

Ukraine and the EU reiterated the importance of sustainable forest management; the forest –based sector and related trade. Ukraine presented the main developments towards ensuring

the legality of harvested wood in 2020. Both parties agreed that a system for a robust forest control and inspection body/ies should be independent from the State Forest Resources Agency and wood harvesting activities; and be referred to the Ministry for Environmental Protection and Natural Resources. Forest policy development is to be with the relevant Ministry.

Ukraine raised a concern about – in their view - incorrect information provided in the overview document of the Ukrainian forest-based sector as published by the European Commission (dated May 2020) in the context of the EU Timber Regulation and previous versions of this document on the website of the European Commission. It was agreed to further discuss the situation in the Ukraine forest sector in the EURT/FLEGT Expert Group and if relevant jointly update the Country Profile.

Trade and renewable energy

Both parties discussed the contribution of the energy sector reform to sustainable economic growth in Ukraine for the environment, the climate and Ukraine's security. Ukraine informed about the measures taken in the field of energy efficiency and renewable energy sources, including eco-design and energy-labelling measures

The parties reaffirmed the importance of fulfilment of the international investment protection obligations for investments made in renewables and the importance of Annex XXVII "Energy Cooperation, including Nuclear Issues" Association Agreement for the implementation of relevant EU directives on energy efficiency in Ukrainian legislation.

Other issues

The parties agreed on operational conclusions that summarise the steps to be undertaken by the parties until the 5th TSD Sub-Committee.

The parties encourage their respective Advisory Groups to actively engage with civil society at large to monitor progress in implementation of the TSD Chapter and provide further inputs to the discussions The TSD Sub-Committee looks forward to the Advisory Groups' as well as to the open Civil Society Forum's views in this regard.