



**TRADE POLICY REVIEW**

REPORT BY

UKRAINE

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Ukraine is attached.

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## 1 INTRODUCTION

1.1. The Government of Ukraine is pleased to present its first Trade Policy Review Report before the WTO Members. The Ukrainian Government believes that this WTO review mechanism is a key element of the multilateral trading system that provides for both transparency and a more comprehensive understanding of the Members' policies and regulatory environment.

1.2. Ukraine welcomes this review as an opportunity to bring WTO Members' attention to the changes that has occurred in its trade policy since the accession in 2008, and more importantly after the Revolution of Dignity in 2013, and to the challenges it is facing together with the steps that were already taken to overcome them.

1.3. Ukraine's accession to the WTO on 16 May 2008 was an integral part of domestic economic reform and a major component of Ukraine's economic policy. Despite all the political and economic challenges, Ukraine has been continuously building up the open market economy in order to further integrate into the multilateral trading system. Implementation of the WTO Agreements made Ukraine a more reliable and predictable trading partner. Ukraine recognises the important role of trade and trade-related policies in the country's economic and social development.

### 1.1 Overview

1.4. Ukraine is a large country located at the European Union's frontier with a total population of over 45 million. Ukraine with a pro-Western and pro-business government is focused on implementing reforms and strengthening national security and institutions. Ukraine is ranked the 4th most educated nation in the world, over 99.7% of Ukrainians are literate and over 70% have a secondary or higher education. Ukraine's geographic location, combined with its high skilled human capital and low production costs, creates the opportunity to become a major service, manufacturing and trading hub at the intersection of Europe and Asia.

1.5. In 2013, Ukraine has made a decisive and historic choice to leave behind its Soviet past and to ingrate into the European Union. However, the euphoria of downfall of the former regime in February 2014 was immediately tempered by the need to mobilize all resources to protect Ukraine's territorial integrity following the annexation of Crimea and the fuelling of the conflict on the Ukraine's Eastern border.

1.6. In regard to this, the Government of Ukraine reaffirms its full commitment to the international trade rules and principles as embodied in the WTO Agreements, and uses them as the guidance for its future trade and economic integration. In spite of different regional, domestic, economic and political challenges, Ukraine has exerted its best efforts in reforming the country's trade and investment regime in a WTO-consistent manner and with the aim to create a more favourable business environment.

1.7. Since the date of its accession, Ukraine has enacted new Customs and Tax Codes, significantly advanced in harmonization of its standardization and certification systems, sanitary and phytosanitary requirements, as well as improved its intellectual property protection regime and reformed the system of government procurement, in accordance with WTO principles and international rules. In line with its commitments, Ukraine does not maintain any prohibited subsidies in the sense of Article 3 of the Agreement on Subsidies and Countervailing Measures.

1.8. In 2015, Ukraine has ratified WTO Trade Facilitation Agreement and was invited to join the WTO Agreement on Government Procurement after concluding negotiations that have been ongoing since 2011.

1.9. The Government's priorities still are to enhance economic reforms and market liberalization, raise living standards, integrate into the global value chains and develop Ukraine's unique industrial, agricultural, scientific, technological, intellectual and cultural capacity and potential.

1.10. To achieve such results, Ukraine has already launched judicial and law enforcement reforms, reforms in state management and tax regime, deregulation and healthcare reform. The basic principles of economic reforms and Ukraine's future development are the rule of law, fair

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competition, freedom from corruption, protection of private property rights and small but effective state apparatus.

1.11. For example, over the last couple of years Ukraine had resolved a large number of issues within its industrial sector, it had successfully conducted reform in the crucial gas sector and began reform in power generation market. As of today there are huge investment projects in energy transmission system and a lot of new opportunities in renewables sector.

1.12. Above all, Ukraine is currently on its way to modernizing and harmonizing Ukraine's business legislation with best international practice, enhancing product standards and the compatibility of such norms across borders, as well as creating a new, mutually profitable opportunities for trade.

## 1.2 Economic Developments: 2008-15

1.13. Since its accession to the WTO in 2008, the negative trends have prevailed in Ukraine mainly due to the significant dependency from the external conditions and low domestic demand. In 2014–15, the country entered into even a deeper crisis. On one hand, this was due to the fall in the external and investment demand, on the other hand, the consumer demand narrowed. Additional factors of further destabilization of the situation in Ukraine were mainly political and economic instabilities such as the annexation of the Autonomous Republic of Crimea and the military conflict on the east. As a result, GDP fell by 6.6% in 2014 and by 10.4% in 2015.

1.14. The gap of the cross-industrial and logistics problems, *inter alia*, reduced highway transit capacity due to the destruction of the infrastructure and problems with the transit of products at conflict boundary line, affected deepening of the fall in the industry - a reduction by 10.1% in 2014 which continued through April 2015 - 21.5%. Since May the decline in the production pace began and for 12 months 2015 it amounted to 13.4%.

1.15. The negative dynamics of production was also maintained with a low external demand and unfavourable price situation on the world commodity markets (particularly, ferrous metals, fertilizers and grain) combined with the foreign trade restrictions imposed by the Customs Union's member states (primarily, the Russian Federation). High dependence of the enterprises on the imported raw materials and the devaluation of the official Hrv/US\$ exchange rate also led to an increase in the cost of production.

1.16. For 12 months of 2015, the rate of industrial production decline by 13.4%. The decline in food industry reached 11.2%, in metallurgy – 16.4%, in chemical industry - 15.9%, and in engineering – 14.6%.

1.17. In the construction sector, due to the non-availability of investment support, as well as the decrease in the demand from other sectors and cut in the real incomes, contributed to the further decline by 20.4% in 2014, and by 14.9 % for in 2015.

1.18. Agriculture was the only sector that experienced the least negative impact of the crisis processes. So, for 2008-15 years, decrease in the index of agricultural products occurred as follows: in 2009 – by 1.8%, in 2010 – by 1.4%, in 2012 – by 3.9%. At the same time the index of agricultural products grew to in 2011 – 120.2%, in 2013 – 113.6%, in 2014 – 102.2%. In 2015 the index of agricultural products declined to 95.2%.

1.19. Overall, merchandise export values dropped by 29.3% in 2015, mainly on account of metallurgical and mineral products, machinery and equipment. Although Ukraine's agricultural export was also affected, it was supported by high agricultural harvest and liberalized access to the EU market. The share of agricultural exports is amounted 38.3% over 2015. Merchandise imports also contracted sharply due to weak production activity, falling real household income, hryvnia devaluation, introduction of imports surcharge and lower commodity prices. However, in 2015, there was a positive balance in Ukraine's merchandise trade, which amounted to US\$0.6 billion (in 2014, there was a negative balance which made up –US\$0.5 billion in the corresponding period).

1.20. As of the end of 2015, despite overall negative macroeconomic environment, there is some improvement in the key indicators of economic development due to the de-escalation of the military conflict in the east, gradual recovery of the production activity, the presence of the devaluation benefits, and reduction of the public panics. The import surcharge, which was temporarily introduced in February 2015 and was abolished as of 1 January 2016, had raised Hrv 25 billion since its inception. In addition, new cross-industrial links in economy were formed, the consumer sentiments of the general public were improved and relative macroeconomic equilibrium (exchange rate and price stability) has occurred. The shift to the new markets enabled the companies to improve their financial performance. In the future all this will allow Ukraine to enter a new stage of development.

1.21. Even more, on 1 January 2016, the free trade zone agreement with the European Union came into force and Ukraine hopes that this will change the macroeconomic situation for the best and will contribute to further stabilisation.

#### *Inflation developments*

1.22. Consumer inflation ended at 22.3% in 2008, with a slight downward trend during 2009-11 and remained virtually flat at around zero percent during 2012-13. Such price developments were primarily attributed to domestic food market saturation amid high agricultural harvests and worsening trade relations with the Russian Federation, and virtually unchanged utility tariffs despite a sharp increase in imported energy prices. A de-facto exchange rate peg having served as a nominal anchor also contributed to a decrease in inflation.

1.23. Meanwhile, unsustainable policies and weakening external demand led to large external imbalances and economic stagnation. Amid political instability at the end of 2013 and the beginning of 2014 and geopolitical tensions that erupted at the beginning of 2014 and evolved into military conflict in the industrial eastern oblasts Ukraine slipped into severe economic recession and experienced a painful macroeconomic adjustment.

1.24. Sharp devaluation of national currency (with the exchange rate overshooting in February 2015) and hikes in utility tariff for population led to a rapid acceleration of inflation. After peaking at 60.9% year-on-year in April 2015, a firm disinflation trend was formed thanks to a mix of tight monetary and fiscal policies, the National Bank of Ukraine measures to stabilize foreign exchange market, helped by falling world commodity prices, subdued domestic demand and stabilization of inflation expectations. Consumer inflation slowed to 43.3% year-on-year in December 2015.

## **2 MACROECONOMIC AND TRADE POLICY REGIMES**

### **2.1 Monetary Policy**

2.1. Ukraine had been *de facto* applying a policy of the fixed exchange rate for a long period of time which contributed to the accumulation and deepening of the macroeconomic imbalances. Amid adverse internal and external shocks, the hryvnia exchange rate adjusted sharply in 2008 and 2014.

2.2. In 2014, given adverse political, geopolitical and economic developments, the depreciation and inflation expectations of both business and households worsened substantially. These generated a significant pressure on hryvnia exchange rate and caused its depreciation against the US dollar by 93.5% per year.

2.3. Ukraine had to switch to a floating exchange rate due to inability to further support the exchange rate peg against the background of strengthening internal politic instability, external trade shocks and low international reserves.

2.4. In view of the deployment of the crisis, in 2014 the National Bank of Ukraine conducted an eclectic monetary policy based on the necessity to maintain the viability of the state under military threat, to stabilize the banking system and to ensure timely payment settlements, as well as to prevent a collapse of the financial system of the country. Further on, a joint "Stand-By" Programme with the International Monetary Fund was launched.

2.5. As in 2015 the actual course of events occurred at a much worse scenario than it was envisaged by the "Stand-By" Program, Ukraine applied to the International Monetary Fund with a request for Extended Arrangement under the Extended Fund Facility. Currently the cooperation under this framework continues. The monetary policy within EFF-supported programme is aimed at achieving low and stable inflation, flexible exchange rate, rebuilding of NBU reserves and recovering of the banking system.

2.6. In order to prevent the destructive processes on the foreign exchange and credit markets and limit their impact on the general economic situation in the country the NBU has been modernizing and adjusting monetary policy continuously to face new challenges and turbulences. In particular, the NBU introduces a number of measures which implied stabilizing the value of hryvnia and strengthening of the administrative restrictions. In particular, the key policy rate was raised in two stages from 14% to 30%.

2.7. Systemic measures of the NBU together with the implementation of a new programme of cooperation with the IMF allowed stabilizing the situation in the foreign exchange market since April 2015.

2.8. Given the signs of stabilization in the banking system and formation of a downward trend of inflation, the NBU set to ease the monetary policy, lowering the key policy rate from 30% to 27% on 28 August 2015 and then to 22% on 25 September 2015.

2.9. Meanwhile, the monetary policy of the NBU remains relatively tight in order to support the disinflation trend and prevent the negative impact of the external shocks on the Ukraine's economy.

2.10. During November-December 2015 and in early 2016, volatility on Ukraine's FX market increased, with the hryvnia depreciating moderately. Depreciation pressures on the hryvnia stemmed from decreasing export revenues amid falling global commodity prices and seasonal factors. Adhering to a floating exchange rate regime, the National Bank's measures were aimed at smoothing excessive FX market fluctuations.

2.11. In August 2015 the NBU Board approved the draft Monetary Policy Strategy for 2016–20 which foresees the declaration regarding the transition to the inflation targeting by the end of 2016, as well as defines the clear quantitative inflation targets and mechanisms to achieve them. The monetary policy during next years will focus on promotion of a gradual reduction of inflation and achievement of the medium-term inflation target (5%) by the end of 2019.

## **2.2 Fiscal Policy**

2.12. Since the date of accession, Ukraine has adopted new Customs and Tax Codes and, as a result, a lot of positive changes took place. In particular, the simplified procedures with respect to customs valuation was introduced together with diminishing the number of permits required for customs clearance. The number of taxes and fees was reduced, and the system of taxation was simplified as VAT electronic administration system was introduced and VAT reporting procedure was improved, the new norms regarding the payments of the tax debt were introduced.

2.13. Both, 2012 Customs Code and 2010 Tax Code, had incorporated a number of provisions based on international best practice, the EU standards and international trade law requirements. Implementation of the norms of international customs law allowed to introduce the electronic declaration of products and presentation of the permits required for the customs clearance in an electronic way, expand the rights and obligations in the process of declaration of the customs value of products.

2.14. Ukraine also plans to further reform the State Fiscal Service (SFS) from controlling authority to servicing office. In this regard, in 2015 an institutional reform plan was approved that provides for reduction of the personnel and improving of its quality and efficiency; demilitarization of the Tax Police and establishment of the Service for financial investigations; improving tax administration through the use of digital signatures and on-line system of "Electronic Customs"; conducting the Uniform Social Contribution (USC) payments through the electronic services and

registration with the SFS only within one day; introducing an automated reporting system for the product and mediation mechanism (an alternative to the tax dispute settlement).

2.15. In order to create a more favorable tax environment, the Government of Ukraine aims at creating of a new tax system based on the principles of consistency, transparency, neutrality, responsibility, solvency, investment attractiveness and efficiency. In particular, a new tax reform will envisage reducing the tax burden on the payroll; creating tax incentives for de-shadowing of the business; simplifying and ensuring the stability of the tax legislation; creating equal competitive conditions for business activities by eliminating any tax preferences. The special tax regime for agricultural, forestry, fishery producers is now valid only until 1 January 2017, newly established tax regime assumes that the accrued amount of VAT at the differentiated rate is allocated between special account of agricultural, forestry, fishery producers and the state budget.

2.16. With respect to the recent developments, as of 1 January 2016, new amendments to the Tax Code and certain Laws on obligatory social insurance dealing with balancing the budget revenues in 2016 entered into force that affected almost all important taxes and procedures relevant for business. In particular, for the entities using the simplified tax system and belonging to the third group of single tax payers, the maximum income was decreased from Hrv 20 million to Hrv 5 million. The single tax rate for these tax payers was increased from 2% to 3% (in case of VAT payment) and from 4% to 5% (in case of inclusion of VAT to the single tax).

2.17. The flat rate of 18% for personal income tax (PIT) was introduced instead of previous 15% and 20%. PIT rate of 5% that applies to dividends remained unchanged. The flat rate of the USC of 22% was established.

2.18. It is worth mentioning that the additional import surcharge in the amount of 5% and 10% was also cancelled as of 1 January 2016, and zero rate on import duty of vehicles with electric engines entered into force.

### 2.3 Investment Regime

2.19. Ukraine is a ground floor investment opportunity at the frontier of the European Union, offering a highly-skilled and productive workforce, low-cost manufacturing platform and attractive entry valuations.

2.20. In 2015, Ukraine has launched an investment promotion campaign "Invest Ukraine, Open for U" and has prioritized several sectors as the most attractive for foreign investor, *inter alia*, IT services and outsourcing, agribusiness, healthcare and pharma, aerospace and energy efficiency.

2.21. For example, regarding IT services, Ukrainian IT industry comprises of more than 500 outsourcing companies and 100 global research and development centres, and it employs more than 50,000 engineers. Elance ranks Ukraine as No. 3 globally in terms of freelance professionals behind the United States and India. The industry has grown by nearly 20 times over the last decade, from US\$110 million in 2003 to about US\$2.4 billion in 2014. Ukraine has also moved up 17 positions in the Global Services Location Index, and being ranked 24 was endorsed for its improvement in the competitiveness of its tax and regulatory costs.

2.22. With respect to regulatory framework, Ukrainian legislation provides for all the basic principles to ensure equal protection of rights, interests and property related to investment activity. Foreign investors are provided with national treatment, 10 years stabilisation clause, protection against nationalisation subject to compensation, as well as guarantee for repatriation of earnings subject to duly paid taxes, duties and other mandatory payments.

2.23. Recently, the protection of minority investors rights were strengthened by adoption the Law No. 1255-VII (in force as of 1 May 2016) that introduced stringent requirements for public joint-stock companies whose shares are registered on the stock market. Ukraine hopes that by implementing stricter requirements for public joint-stock companies the protection of minority investors' rights will strengthen and such changes will make joint-stock companies more investment-attractive.

2.24. The Ukrainian Government has committed itself to implement reforms in order to further improve investment climate, particularly in the areas of public-private partnership, investors' rights protection and improving the management of public investment.

2.25. In the sphere of public-private partnership, the Government has adopted the law that eliminates regulatory barriers for development of public-private partnership, introduces international practice and mechanisms of fair distribution of risks. Ukraine is also discovering a possibility of taking long-term commitments and plans to further simplify the relevant procedures.

2.26. Ukraine continues the work on the implementation of the Law "On the industrial parks" that foresees state support for the installation of industrial parks that should service as a perfect platform and infrastructure for foreign investors. Even more, Ukraine plans to develop the network of industrial parks and the relevant law was already adopted.

2.27. Ukraine has launched the accession process to the OECD Declaration on International Investment and Multinational Enterprises. Ukraine is currently implementing necessary measures and had already sent the list of national treatment exceptions to the OECD.

#### **2.4 Trade-Related Intellectual Property Rights**

2.28. In the area of trade-related intellectual property rights, Ukraine undertook to fully comply with the provisions of the TRIPS Agreement from the date of accession to the WTO. In the years following the WTO accession, Ukraine has adopted relevant amendments to related laws and regulations in the intellectual property (IP) field, as well as to Civil, Criminal and Custom Codes with a view to completing Ukrainian's IP rights legal framework.

2.29. The Government of Ukraine pays considerable attention to the effective protection of IP. Important efforts had been made over the past years to bring Ukraine's legislation closer to the standards set by the WTO.

2.30. For the purpose of a wide range of assignments on the provision of legal protection, management of implementation and protection of IP rights, executive and judicial authorities, scientific and educational institutions, the NGOs (both, domestic and international) and all interested representatives from general public are actively involved in the implementation of the state policy in IP rights area.

2.31. Ukraine maintains fruitful cooperation in the field of IP with the US Government. The Ministry of Economic Development and Trade of Ukraine continues to conduct its obligations under the Action Plan, which has been discussed with US Trade Representative in 2015, in order to improve the system of protection of IP rights in Ukraine. Successful implementation of the Plan will change the status of Ukraine in the so-called "List 301" which is annually drawn by the US Trade Representative.

2.32. In 2015, Ukraine has joined the European Commission's framework programme for support to the culture and audiovisual sectors "Creative Europe" and the Horizon 2020 that is the biggest EU Research and Innovation programme.

2.33. The main challenges before the Ukrainian Government are: to improve the status of Ukraine in the "List 301", in particular by improving the system of collective management, reducing software piracy in the government bodies, by the combating Internet piracy.

2.34. The development prospects in the field of IP for the coming years imply the more effective implementation of the WTO standards, specifically, the provisions of Part III of the TRIPS Agreement in relation to the civil, legal and administrative procedures, legal defence instruments, precautionary measures and criminal procedures, ratification of the Protocol amending the TRIPS Agreement (the Doha Declaration) and harmonisation of the national legislation with the EU acquis and implementation of the relevant provisions of the EU-Ukraine Association Agreement.

2.35. Also, on 3 February 2016 the Law "On ratification of the Protocol amending the TRIPS Agreement" was adopted.



2.36. Law "On amendments to certain Acts of Ukraine on bringing the legislation of Ukraine on seed and seedling in line with European and International norms and standards" (amendments to Laws "On Protection of Rights to Plant Varieties" and "On Seeds and Planting Stock") was adopted by Parliament on 8 December 2015 (No. 864-VIII).

2.37. On 28 January 2016 the Parliament adopted the Draft Law "On state support of cinematography" in first reading (No. 3081-d, 27/11/2015). This bill also provides amendments to Law "On Copyright and Related Rights" concerning protection of copyright and related rights in the Internet. Governmental Draft Bill "On amendments to certain Acts on protection of copyright and related rights in the Internet" (No. 3353, 23/10/2015) is under discussion in the relevant Parliament's committees.

2.38. Draft Bill "On Amendments to Customs Code of Ukraine on protection of intellectual property rights during movement of goods across the customs border of Ukraine" was approved by the CMU and submitted to the Parliament (No. 3684, 21/12/2015). Draft provides a mechanism for the application of safeguards to prevent unfair use of IP rights, strengthen measures to prevent the movement of counterfeit goods in international parcels, the possibility of early passing of goods, customs clearance of which is suspended, etc.

2.39. Draft Bill "On Amendments to certain Acts on improvement of the legal protection of intellectual (industrial) property" was approved by all of the responsible state bodies and will be submitted to the CMU soon. It provides amendments to legal regulation of trademarks and industrial designs in line with EU legislation, introduces the administrative appeal procedures for registered industrial designs ("post-grant opposition"), etc.

2.40. Draft Bill "On Amendments to certain Acts on enhancement of the legal responsibility and legal protection of rights in IP sphere" (to Criminal and Customs Codes) is under approval of the responsible state bodies. And soon it will be submitted to the Government according to the Regulation of Cabinet of Ministers of Ukraine. It provides strengthening (restoring) criminal responsibility, expansion the list of persons, who can seek protection of IP rights during movement of goods across the customs border of Ukraine, etc.

2.41. Draft Bill "On Amendments to the Article 5 of Act on distribution of audiovisual products, phonograms, videograms, computer programs and databases" was approved by the Government and submitted to the Parliament (No. 3384, 30/10/2015). Draft improves the process of marking by control marks and control for their use. It provides a possibility for copyright holders and holders of related rights to independently protect their interests in the process of issuance of control marks, by analyzing the information about those who receive control marks and the names of copies placed in the web site of the state authority.

2.42. Draft Bill "On Amendments to certain Acts on acquisition, disposal and protection of copyright and related rights" was approved by the Government on 16 December 2015 and will be submitted to Parliament soon. It provides new regulation of IPRs on objects (software, data bases, etc) created during "work on hire" and the opportunity to conclude licensing agreements regarding copyrights and related rights on the basis of public offer via telecommunication systems. DL meets the requirements of DCFTA, TRIPS Agreement and WIPO legislation.

2.43. The Draft Bill "On Amendments to some legislative acts of Ukraine concerning improvement of the collective management of copyright and related rights" has been developed and soon it will be submitted to responsible state bodies for approval according to the Regulation of Cabinet of Ministers of Ukraine.

### **3 TRADE RELATED REFORMS**

#### **3.1 Trade Performance**

3.1. Since the accession in 2008, Ukraine has a negative trade balance and disruptions in production activity due to several factors, among the most recent and crucial are decrease in global commodity prices, deterioration of trade relations with the Russian Federation and the military conflict at the Eastern Ukraine that further continued to weigh on Ukraine's export performance in 2015.

3.2. In 2015, Ukraine exported its goods and services to 210 countries, with the European Union, Russian Federation, Turkey, China and Egypt being among the top-5 trading partners amounting for more than 60% of all exports. The total exports for 2015 amounted to US\$46.6 billion, a decrease for 27.2% as compared to the 2014. Exports of goods amounted to 81.8% of the total volume of goods and services.

3.3. The main exported goods are agricultural goods and foodstuff, metallurgical products, mineral products, products of chemical industry, wood and paper, products of light industry. While the services exports structure remained mostly unchanged since accession and comprises mainly of transport services, computer and IT, processing of material resources and business services.

3.4. Ukraine's economy is characterized with a high export dependency (in 2014 goods and services exports amounted to 48.6% of GDP) which causes the growth of the economy dependency from the foreign economic conditions. The volumes of trade with the Russian Federation, earlier considered as the biggest trading partner, has been gradually declining starting from 2012 (from around 24.3% in 2012 to 12.7% in 2015) mostly due to the introduction of illegal and discriminatory trade restrictions overall amounting for around US\$98 billion of losses in trade for Ukraine. The decrease in volumes of metal supplies and products thereof, as well as mineral products triggered the decline in exports to the EU countries. However, the share of exports to the EU still increased from 22.3% in 2012 to 34.1% in 2015.

3.5. With respect to trade in services, Ukraine is a net-exporter of services, specifically, in the high-technology and industrial areas. In 2010-14, the growth pace for the services in the telecommunications field, computers and IT proved stable (in 2014 compared with 2013 the growth was caused by the increased volumes of these services provided to the enterprises in Cyprus, Malta, Canada, Switzerland, Italy, Israel), construction services (mainly, in Turkmenistan), royalties and other services related to the use of the IP (the United Kingdom, Georgia, Armenia, Belgium, Estonia, Belize, Lithuania).

3.6. Trends in the development of the foreign trade in services starting from 2010 prove that in the recent years the importance of such trade for the economic development is getting significantly noticeable. Enhancing the role of the services is caused by the success in the development of IT technologies, construction, transportation system etc. The number of enterprises engaged in the exports of services has grown.

3.7. However, in 2014, the demand for the Ukrainian exports decreased, the economic instability caused a drop in imports. Therefore, the volume of exports and imports of services of Ukraine in 2014 decreased compared to 2013, respectively, by 34.2% and 23.3%.

3.8. In 2015 in the services import structure the predominant services were transportation services(22.3%), financial services (16.5%), state and governmental services (14.7%), business services (13.4%), the services related to travelling (11.6%), and telecommunication, computer and information services (10.4%).

3.9. Taking into account the export tendencies and having examined the export potential, the Ukrainian Government determined trade and export promotion as one of main directions in its trade policy.

3.10. In order to overcome structural deformations and ensure the rapid development of economic activities for the production of high value added products, the MEDT has prepared the Concept of State Target Economic Program of industrial development for the period until 2020 and has adopted a number of relevant laws and regulations in this direction. In the upcoming months, Ukraine will also finalize its first Export Strategy together with Action Plan.

3.11. The new agrarian policy of Ukraine was developed with the focus not only on an increase in export of raw materials and semi-finished products, but also on export of processed products with higher value-added.

3.12. In the context of regional challenges and global economic integration and considering of the fact that a number of Ukrainian industries are facing an increasing number of discriminatory trade

restrictions, Ukraine recognizes the importance of protection of the legitimate interests of its domestic producers from unfair trade practices.

3.13. In this regard, the Law "On Foreign Economic Activity" was amended to enable the Cabinet of Ministers to take countermeasures against any country that is recognized as an aggressor country by the Verkhovna Rada, or causes harm to the Ukrainian economy and Ukrainian state.

3.14. On the other hand, some countries like Egypt and the EU had eliminated their trade restrictions towards some Ukrainian goods.

3.15. After the US Government had renewed its Generalized System of Preferences (GSP), the Ukrainian Government managed to return certain Ukrainian goods back to the list of products eligible for the duty-free treatment (currently around 3,500 Ukrainian goods are GSP-eligible). The next step is to inform Ukrainian exporters on opportunities available under the GSP that would allow to increase export and provide additional competitive advantages to the Ukrainian goods.

3.16. A big step for the Ukrainian exporters was the launch of the Deep and Comprehensive Free Trade Area (DCFTA) with the EU that has had an enormous impact on Ukrainian industry by lifting tariff and non-tariff barriers, most notably in the agricultural and manufacturing industries. Implementation of the first step, the unilateral removal of the tariffs in 2014 by the EU, encouraged Ukrainian businesses to expand their exports to the region. Since its inception, the biggest boost got the agricultural and IT sectors, stimulating the domestic growth in these areas.

3.17. On 4 November 2015, the Verkhovna Rada has ratified the Protocol that provides for Ukraine's accession to the WTO Trade Facilitation Agreement (TFA) and is to be followed by step-by-step implementation of its provisions.

3.18. Export Promotion Council was established within the MEDT to support and promote export, open new markets, intensify cooperation with foreign trade partners. Besides promoting Ukrainian goods on the foreign markets, Export Promotion Council will solve the most problematic issues of exporters, such as decrease in volumes of export and simplification of export-import procedures. The Council is also a place for public-private dialogue. During the Council meetings in working groups exporters from a particular sector share information on the trade barriers they are facing with the government.

3.19. The Ukrainian Government also aims at creating an export-credit agency and establishing export promotion agency, and plans to open eight trade representative offices around the world, as well as to reboot the governmental export promotion portal (<http://www.ukrexporth.gov.ua/>).

3.20. In January 2016, Ukraine has launched a pilot container train to the People's Republic of China via a new "Silk Road" that should significantly increase the volume of cargos transported from Ukraine to Asia. Already in 2015, the volume of transported goods between Ukraine and China amounted to 25.48 million tonnes, which is 11% more than in 2014, and today China ranks the first place in export traffic from Ukraine.

3.21. The new route will also allow redirecting cargo flows bypassing the Russian Federation and compensating for the transit that was blocked by the Russian Federation as of 1 January 2016. The Ukrainian Government aims to further facilitate the movement of trains on the route and increase the cargo turnover to the extent possible, with the final goal to restore the role of Ukraine as a transport hub, in particular, on the route from Europe to Asia.

## **3.2 Deregulation**

3.22. Deregulation reform is currently among one of the top priorities of the Ukrainian Government according to the Strategy for Sustainable Development "Ukraine – 2020" that was adopted in early January 2015. In this regard, the Government has further adopted an Action Plan on Deregulation (Resolution No. 357 of 18 March 2015) which consists of 131 deregulation measures that are to be implemented by the mid-2016. The Plan overall aims at elimination of an excessive regulation and administrative burden, improvement of technical regulation, licensing and permitting procedures, simplification of customs and tax regulation and reduction of corruption level.

3.23. The ultimate goal of deregulation reform is to create favorable conditions for business development and attraction of foreign investments in to Ukraine.

3.24. In spite of all political and economic challenges, the Government of Ukraine put its best efforts to reach the abovementioned ambitious goal. In particular, throughout the last couple of years, a lot of different steps were taken in this direction. The Better Regulation Delivery Office as an independent NGO was created in order to facilitate reforms and deregulation process in different sectors of economy. The Council of Business-Ombudsman was created and has already considered more than 500 complaints.

3.25. In 2014-15, the number of permits was reduced from 143 to 81 (43% decrease), and the subsoil permit system was simplified that allowed to lower the annual cost for Hrv 3 billion.

3.26. Mandatory certification was cancelled for 90% of products, including mandatory certification of new cars. Quarantine certificates were abolished and the issue of phytosanitary certificates was accelerated that allowed to liquidate corruption risks of around Hrv 8 billion.

3.27. The new Law "On amending of Law 'On quarantine of plants'" has reduced time-frame for issuance of phytosanitary and quarantine certificates from 5 days to 24 hours.

3.28. The new Law "On Licensing of Economic Activity" was adopted that had significantly reduced the number of economic activities subject to licensing from 54 to 30. Export-import of laser-readable discs and equipment for their production, holographic protective elements, as well as ferrous metal goods are no longer subject to licensing. Even more, the draft law No. 2498a abolishing six other export-import licenses for alcohol and tobacco was recently adopted in the first reading.

3.29. Overall, the number of administrative services drastically decreased from 3,000 to 562 and more than 600 single window offices were opened around the country that provide 51 administrative services directly on the spot. Around 100 regulatory barriers were abolished in 2015, and 73 are pending approval of the Government.

3.30. The procedure for registration as an entrepreneur or legal entity now takes only 2 days as compared to 5 days before the reform, and overall the process was modernised and simplified. The simplification of business registration also provides for the principle of extraterritoriality, creation of competitive environment, cancellation of the annual form No. 6 filing, unification of business registration procedures, obtaining and filing of documents in electronic form. Now, an entrepreneur or legal entity can be register with notary or any other state registrar as defined in the law, as well as on-line.

3.31. In this regard, simplification of procedures for registration of land lease was also introduced by encouraging parties to notarize the land lease agreements. The minimum lease period was reduced to 7 years.

3.32. In 2015, 16 permits were abolished that allowed to lower the state regulatory pressure in the agricultural sector, food industry, mining industry and power sector. Among them, the following regulatory measures were cancelled: certification of pesticides and agrochemicals, operational permit for sea food processing facilities, certification for drinking water together with the conclusion of the state sanitary and epidemiological expertise for packaged drinking water. The Draft Law No. 3759 that aims at establishing uniform conditions for obtaining 38 types of permits and will make relevant amendments to four Codes and 22 Laws was already registered with the Verkhovna Rada.

3.33. As the monopoly of Ukrecoresursy was destroyed with the economic benefit of around Hrv 300 million, a new competitive and efficient market for recycling tare and packaging waste in Ukraine has emerged.

3.34. Deregulation and improving the business climate in agriculture sector is aimed at removal of artificial barriers and unnecessary costs for producers, exporters and importers. To this end, regulations that supersede or limit the effect of permitting procedures, requirements for economic

activities as well as some of the powers of public authorities that exercise the functions of state control have been developed and adopted.

3.35. In order to optimize the state supervision over the economic activity the ban on more than one per year routine check was introduced, the moratorium on audits of businesses was adopted, administrative responsibility for abuses during the state supervision was introduced and the process of reducing the number of regulatory bodies and their functions has begun.

3.36. One of the most recent initiative in the sphere of deregulation is implementation of the best practices, improving investment and business climate under the World Bank Group "Doing Business" rating. In particular, on 12 January 2016 the Government adopted a roadmap "Doing Business-2017" that envisages 57 steps that would enable Ukraine to enter the top-50 ranking in 2016, and top-20 in 2017. Since its accession, Ukraine has already risen 43 positions.

### **3.3 SOEs Reform**

3.37. The state-owned sector accounts for a significant share of the Ukrainian economy and remains the largest employer in the country with around 1 million people working at the state-owned enterprises (SOEs). Overall, Ukraine has more than three thousand SOEs, however only 1,829 of them are currently operating, and even less are actually contributing to the State Budget.

3.38. Thus, in 2015, Ukraine has launched the SOEs reform with the ultimate goal to build a healthy and transparent SOE's management by implementing global best practice, increase efficiency of the SOEs, enhance their corporate governance, attract investment and, as a result, create value for the country. The reform itself consists of the two main directions: improvement of the SOEs efficiency and privatisation of the non-strategic SOEs.

3.39. A specially created task force "SOE Reload" that brings together the Government, civil society and international organizations is responsible for the successful implementation of the reform.

3.40. In 2015, the transparency guidelines mandating all SOEs to publish their financial accounts were passed. The representatives of the World Bank, IFC, EBRD, Kyiv School of Economics and others were involved in the nomination committee tasked with identifying high quality CEO candidates for the largest SOEs. Even more, an audit initiative was launched in order to audit the largest SOEs for the first time by reputable, internationally recognized audit firms.

3.41. Upon the results, the MEDT released the first annual review of the TOP-100 SOEs that comprise 80% of all the SOE sector revenues and 90% of assets. This review was the first step in increasing transparency of the SOEs and it brought attention to the need of further improvement of the SOEs governance and profitability.

3.42. So far, Ukraine does not have the expertise to efficiently manage the SOEs, nor does it have the resources to properly invest in many of them, thus privatization is a very important tool to reduce the portfolio of SOEs to a manageable size, limit corruption and fiscal risks, while inviting in international investors in to the country. The Ukrainian Government's ambitious privatization programme aims to release over 300 SOEs.

3.43. In 2015, the Government adopted the Resolution No. 271 that establishes the list of SOEs subject to privatization. In addition, the draft law on shorting the list of SOEs that are not subject to privatization is pending approval before the Verkhovna Rada. In 2016, Ukraine will further adopt new conditions for privatization so as to maximize the transparency along the process.

### **3.4 Government Procurement**

3.44. The initiative to reform public procurement in Ukraine surfaced in early March 2014 with the aim to completely transform the system so as to make it transparent, non-discriminatory and easy to monitor.

3.45. In this regard, Ukraine has made all necessary amendments to make its procurement legislation compliant with the EU directives on public procurement. Law of Ukraine "On procurement" (hereinafter - the Law) (as amended on 15 September 2015) simplifies public procurement procedures, improving transparency and openness of procurement, creating conditions for fighting corruption in public procurement, and the approximation of national legislation to European standards.

3.46. For the reason of implementation and adaptation provisions of national law to EU Directives in cooperation with experts from EU technical assistance projects "Harmonization of the procurement system in Ukraine with EU standards" the Ministry prepared the draft of the Strategy of Public Procurement Reform ("Roadmap") (hereinafter - Strategy). The Strategy and Action Plan of its implementation till 2022 specified provisions and articles of the EU Directives in public procurement sphere that need to be implemented to the Ukrainian legislation.

3.47. In November 2015, Ukraine was invited to join the WTO Agreement on Government Procurement (GPA). These efforts were endorsed by the WTO's Committee on Government Procurement. Ukraine further intends to ratify the Agreement as soon as possible and will formally accede to the GPA 30 days after it will deposit its instrument of accession with the WTO.

3.48. Participation in the GPA will help Ukraine to further strengthen good governance in the area of public procurement, will assist in eliminating corruption, and increase the transparency of the government procurement practices, as well as help to modernize relevant processes.

3.49. On 29 December 2015, the Verkhovna Rada adopted new law on public procurement and by autumn 2016 all public tenders will be transferred into electronic format and will be conducted through the electronic procurement system "Prozorro" (<http://www.prozorro.org>).

3.50. Prozorro is a system created on the initiative of Ukrainian NGOs, commercial platforms, public authorities, and businesses with the goal to make public spending transparent and effective, prevent corruption through public monitoring and wider range of suppliers. All tenders held in the system can be traced in real time.

3.51. Prozorro was launched as a pilot version in February 2015 and already owing to this open-source system around Hrv 500 million were saved in 2015. The Ukrainian Government expects that overall such system of public procurement will allow to save around Hrv 50 billion per year in the future.

### **3.5 Technical Regulation System Reform**

3.52. After accession to the WTO, Ukraine has brought its legislation in to compliance with all the substantive provisions of the WTO Agreement on Technical Barriers to Trade, including its procedural and transparency requirements.

3.53. In particular, the Law "On Standardization" was revised to clarify the terminology used in order to avoid any compulsory application of standards, and to create a national standardization body fully equipped to promulgate standards while not being a State authority. By adopting the Law "On Technical Regulations and Conformity Assessment" Ukraine established a legal and institutional framework for the development, adoption and application of technical regulations and conformity assessment procedures that will also follow the system applied by the EU.

3.54. The list of goods subject to mandatory certification was gradually whittled down and from 2015 mandatory certification of food products, with the exception of tobacco products, is no longer in place and by 2018 the certification regime will be replaced with the conformity assessment procedures as stated in the Law "On Technical Regulations and Conformity Assessment".

3.55. In line with its WTO commitments, in November 2014, the Cabinet of Ministers designated the Ukrainian Scientific Research and Training Centre of Standardization, Certification and Quality Problems to serve as the new national standardization body.

3.56. The main objective of the further reforms of the technical regulation system is transition from the post-Soviet system of standardization based on burdensome interstate standards (GOST)

and mandatory certification to the modern system based on up-to-dated regulations and standards. The main tasks are to harmonise the system with the international and the EU requirements, develop and implement a new technical regulation, create electronic data base and open an on-line shop for purchasing standards.

3.57. Reform of the technical regulation system will allow to protect Ukrainian market from the imports of dangerous and defective goods, will eliminate unnecessary technical barriers to trade, will enhance the competitiveness of Ukrainian products and, potentially, will simplify the supply of Ukrainian goods, e.g. agricultural machinery, to the foreign markets.

3.58. The first stage of the reform aiming at providing necessary legislative support for transition to the EU standards and regulations was completed at the end of 2015 by adopting a necessary package of documents. In total, Ukraine adopted 47 technical regulations, 45 of which were developed based on the EU regulations and 41 technical regulations are already binding (e.g. 96% of planned EU Directives were adopted).

3.59. In 2015, Ukrainian National Standardization Body adopted 4,833 national normative documents (standards and amendments to standards), 2,651 of which were harmonized with International and European ones. Today the National Standards Fund consists of 18,623 normative documents, including 11,662 national standards harmonized with International and European ones.

3.60. The mandatory application of the GOSTs was also revoked. Before the GOSTs regulated all characteristics of products or services. The conformity with the GOSTs' requirements was also controlled through the certification of individual product items provided by the producers that did not provide any guarantee that the remaining products also meet the GOST.

3.61. In this regard, in 2015 around 16 thousand of GOSTs developed before 1992 were abolished and will become inoperative in the next 2-3 years starting from January 2016. This step should promote competition, and development of the new innovative products and services.

3.62. As of January 2016, Ukraine also cancelled the mandatory certification for the agricultural machinery (Decree of the MEDT No. 1699) and there is no longer a need to receive any Ukrainian conformity certificate for agricultural machinery. A sole requirement that remains is the conformity with two technical regulations for tractors in force as of 2016 after a three-year phase of their voluntary application that started in 2013.

3.63. The overall goal of the next stage of technical regulation system reforms for 2016 is to eliminate unnecessary barriers for the access of Ukrainian goods to the EU markets. Specifically, this implies the fulfilment of the Strategy for the development of the system of technical regulation for the period until 2020 which includes signing of the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) for different product groups. Besides, the new technical regulations will be approved and the market surveillance, as a new element of control, will be introduced.

#### **4 TRADE AGREEMENTS**

4.1. After joining the WTO, Ukraine continued to pursue further integrate into the global trading system as a means to achieve sustained economic growth. In the recent years Ukraine activated its work with trading partners, *inter alia*, by finalising negotiations on free trade zone with Canada and by restarting trade negotiations with Israel and Turkey.

4.2. While participating in preferential trade agreements Ukraine observes relevant WTO provisions, including Article XXIV of GATT 1994 and Article V of the GATS, and ensures that the provisions of the other WTO Agreements with respect to transparency, notification, consultation and other obligations concerning establishment of free trade areas and customs unions are met.

4.3. Ukraine duly submits all the notifications on its Free Trade Areas and Custom Union Agreements as well as notifications on any regulatory changes as required to the WTO Committee on Regional Trade Agreements.



#### 4.1 European Union

4.4. After Ukraine has irreversibly confirmed its wish to enhance European integration with the ultimate goal to join the European Union, the EU and Ukraine signed the Association Agreement and, upon the ratification, as of 1 November 2014 important parts of the Agreement were provisionally applied.

4.5. Implementation of the EU-Ukraine Association Agreement is held on the basis of Action Plan for 2014-17, approved by the Cabinet of Ministers on 17 September 2014.

4.6. In line with the plan, later in 2014 the EU and Ukraine signed the Deep and Comprehensive Free Trade Area (DCFTA) that is the part of the EU-Ukraine Association Agreement. The document is aimed at enhancing trade relation between the members of the EU and Ukraine by opening the EU internal market for Ukrainian goods and services. It also provides for harmonization of the laws and regulations in various fields and the introduction of advanced EU standards. Ukraine has also agreed to align its legislation on SPS and animal welfare to the EU *acquis communautaire*.

4.7. The DCFTA covers basic issues of bilateral trade in goods, including technical barriers to trade, trade remedies, sanitary and phytosanitary measures, rules of origin, competition policy, IP rights, including geographical indications, trade in services, government procurement.

4.8. Until the end of 2015, the EU was providing autonomous trade preferences to Ukraine and as of 1 January 2016 the DCFTA fully entered into force.

4.9. In May 2015, integration of Ukraine into the European Union was designated as one of the main goals of the National Security Strategy of Ukraine. According to the Strategy, the EU-Ukraine Association Agreement defines strategic guidance for realization of systemic political and socio-economic reforms in Ukraine, comprehensive approximation of Ukrainian legislation to the EU norms and rules.

4.10. In addition to the mentioned above, since its accession to the WTO, in 2011 Ukraine has also become a party to the Energy Community Treaty that, *inter alia*, requires implementation of the EU *acquis* on electricity and gas, notably the Third Energy Package. In line with its commitments, Ukraine has amended and adopted new energy law that was developed by the Ministry of Energy and Coal Industry in collaboration with the Energy Community. In particular, the Law "On Natural Gas Market" (No. 2250 of 26 February 2015), that provides conditions for further functional unbundling of Naftogaz into separate production, transmission, storage and supply companies. It provides for non-discriminatory third-party access to the gas transport system on contractual basis and establishes the right for customers to freely choose their gas suppliers. One of the law's objectives is to end non-cost reflective pricing and cross-subsidization, while providing a framework to protect vulnerable customers.

#### 4.2 CIS

4.11. During 2014-15 cooperation with CIS countries under the Agreement on free trade zone of the CIS signed on 18 October 2011 was continued.

4.12. In November 2015 Ukraine ratified the Protocol between the Government of Ukraine and the Government of the Republic of Tajikistan to the Agreement between the Government of Ukraine and the Government of the Republic of Tajikistan on free trade of 6 July 2001 on withdrawal of certain goods from free trade regime.

4.13. Protocol approved the lists of goods that are excluded from the free trade regime between Ukraine and Tajikistan.

4.14. In January 2016 the Protocol on the application of the Agreement on Free Trade Zone of 18 October 2011 between the Parties and the Republic of Uzbekistan was ratified. According to the Protocol the provisions of the Agreement on free trade zone of the CIS shall be applied in relations with the Republic of Uzbekistan.



4.15. With effect from 1 January 2016, the Russian Federation has removed the preferential trade regime contemplated under the Agreement on free trade zone of the CIS to imports of certain Ukrainian products.

### **4.3 Canada**

4.16. On 14 July 2015, Ukraine and Canada have completed negotiations on the Canada-Ukraine Free Trade Agreement (CUFTA) and the document is currently being prepared for the ratification. The free trade zone should open 98% of the Canadian market for Ukrainian goods. In particular, import duties will be abolished for all agricultural products except for 108 tariff lines and all industrial goods, except some types of cars (7-years transitional period application). Agricultural commodities, which are included in 108 tariff lines, could be exported at a zero rate within the Global Canadian tariff quota. In turn, Ukraine should abolish tariffs for 80% of Canadian goods from the subsequent abolition of tariffs for other products in three phases - over the next 3, 5 and 7 years. Free Trade Agreement between Canada and the Ukraine will create new opportunities for Canadian and Ukrainian companies, enhancing bilateral trade and economic relations between these two countries.

## **5 FUTURE POLICY DIRECTIONS AND GOALS**

### **5.1 Further Liberalisation**

5.1. Ukraine has stabilized its economy, defended its territory and launched unprecedented structural reforms and the EU convergence policies to create a solid platform for future sustainable growth.

5.2. In March 2015, the Ukrainian government proposed, and Parliament adopted, eight important reform laws targeting the budget, taxation, pensions, energy pricing, protection of investor rights and other areas. This new legislation paved the way for the International Monetary Fund to approve US\$17.5 billion in funding to Ukraine and led to economic and currency market stabilization.

5.3. The Ukrainian Government is determined to successfully pursue further reforms and has identified the following top priorities for the future: further deregulation and creating favourable business climate, development of export, attraction of new investments, as well as finalising both the SOEs reform including massive privatisation, and the reform in the public procurement sector.

5.4. The privatization of the state enterprises is defined as critical and will not be further postponed. With respect to the SOEs that will remain state-owned they will be isolate from any political influence, and will be managed transparently and professionally. For this purpose, a state management holding company will be created.

5.5. The public procurement reform will enter into a new phase and by the end of year will become mandatory for all. As a result of deploying the electronic system it is planned to save Hrv 50 billion per year starting from 2016. In terms of attracting investments, the Government of Ukraine intends to engage not less than three large foreign investors and not less than US\$5 billion of FDI in 2016.

5.6. Ukraine will review more than 10 thousand regulatory documents in five key sectors that will produce an economic benefit of billions of hryvnia per annum. In accordance with the EU-Ukraine Association agreement, in 2016, around one thousand international and European standards will be adopted as national.

5.7. The Ukrainian Government will further enhance its work on implementation of the Strategy for Sustainable Development of Ukraine that provides for the achievement of 25 key indicators, among them, it is planned that Ukraine will enter the top-30 countries in the World Bank's Doing Business ranking, in Standard and Poor's rating on liabilities in foreign currency, Ukraine's investment category will be not below "BBB" and the GDP per capita (under the purchasing power parity) will increase to US\$16,000, and net FDI inflow will equal US\$40 billion by 2020.

5.8. Ukraine will maintain an open trade policy and will enhance its participation in the multilateral and regional (EU) trading systems. The Government of Ukraine will further explore advantages of the WTO system in order to protect its commercial interests and will use every opportunity to cooperate with the WTO Members across the key issues with the aim of achieving successful outcome.

## **5.2 Eliminate Corruption**

5.9. Ukraine establishes as its ultimate goal to eliminate corruption and to enter the top-50 countries under the Transparency International Corruption Perceptions Index in the nearest future. In this regard, apart from general reforms that aim at minimizing bureaucracy and ways for corruption, the Government has approved the state programme on the implementation of anti-corruption policy for 2015-17 and created two main state institutions: National Anti-Corruption Bureau (NAB) and National Agency for Preventing Corruption (NAPC).

5.10. Even more, according to the Law "On the Prosecutor's Office" the Specialized Anti-Corruption Prosecutor's Office was established within the Prosecutor General's Office that will perform the following functions: supervise the observance of laws during the pre-trial investigations by the National Anti-Corruption Bureau of Ukraine; state accusation assistance in the relevant proceedings; representation of citizens or the state interests in the court in cases prescribed by the law and related to the corruptive or corruption related offenses.

5.11. A range of anti-corruption laws has been approved, and some legislative acts are still being developed or discussed, particularly, regarding setting up of state supervisory authority in the area of information access and verification of the integrity of civil servants. The draft law on financing of political parties has successfully passed the first reading in the Parliament.

5.12. Several big professional anti-corruption events took place during 2015, such as International conference "Preventing. Fighting. Acting" and "Anti-corruption Forum" in Kyiv and Kharkiv where public had a chance to discuss issues related to corruption and the ways to solve them.

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