



***Conclusions of the 7th joint meeting of the European and Ukrainian Domestic Advisory Groups under the EU-Ukraine Association Agreement
Brussels – Kyiv, online meeting
5 June 2024***

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 7th joint meeting on 5 June 2024.

The participants expressed their commitment to fulfilling the mandate laid down in the 'Trade and Sustainable Development' (TSD) chapter of the Association Agreement, to monitor the implementation of the chapter and to provide advice to the parties to the agreement.

They continued to strongly and unequivocally condemn the unprovoked, unjustifiable and unilateral armed aggression initiated by the Russian Federation against Ukraine on its independent and sovereign territory, violating the UN Charter and the global Sustainable Development Goals, as well as other international conventions.

Moreover, they welcomed the renewal of the EU's autonomous trade measures that will apply from 6 June 2024 and for one year aimed at supporting the Ukrainian economy.

They also welcomed the endorsement of the Ukraine Plan, which is the comprehensive reform strategy developed by the Ukrainian government for the period until 2027, and the entry into force of the EU's Ukraine Facility, which the EU's 50-billion-euro instrument to support Ukraine's recovery and reconstruction. They also noted positive developments, including the growth of GDP in Ukraine and the bilateral EU-Ukraine trade.

They stressed that the post-war reconstruction effort is closely linked to the accession process of Ukraine to the EU. They took note of the progress in the technical discussions between the EU and Ukraine before the adoption of the negotiating framework and the formal launch of the negotiations. In this context, they highlighted the need to ensure that Ukrainian legislation is developed in a manner that respects the EU acquis in key areas, including labour and social rights, the environment and climate change, sustainable development, animal welfare and the digital transition.

The DAGs discussed the following issues:

- labour
- the environment
- the economic aspects of sustainability.

With regard to trade and labour issues, the DAG members:

1. acknowledged the efforts made by Ukrainian enterprises, workers and the population in general to keep the economy afloat and maintain trade continuity in times of war;
2. drew attention to the need to uphold workers' labour rights as much as possible, even in times of war, taking into account the principle of ensuring decent working conditions and social dialogue;
3. pointed out that during martial law, all employees, and in particular employees of small and medium-sized enterprises, should not be discriminated against;
4. noted that changes in the legislation of Ukraine related to war time should not lead to disruption of technological processes in production, should take into account the preservation of the necessary level of qualified employees at enterprises, and increase the qualification level of employees who remain at workplaces; in this regard, underlined the need to provide the opportunity to change qualifications, when necessary, in accordance with the production needs associated with the military mobilization of personnel and promote the role of social partners in the vocational training, in line with European rules;
5. were concerned that some of the recent labour law reforms – namely the laws adopted in 2022 for the period of martial law – are not in line with Ukraine's obligations under ratified ILO Conventions, nor with European values. Additionally, they violate the obligations of the EU-Ukraine Association Agreement if these laws continue to be in force once the martial law is lifted. In particular, the provisions of Articles 296, 419 and 420 are not taken into account. Furthermore, they undermine the principle of decent work and non-discrimination as key elements for sustainable development and trade;
6. expressed their belief that reforming Ukraine's labour legislation should only be done through social dialogue and with the involvement of trade unions and employers' organisations, and through effective tripartite structures, and should not diminish the rights of employees nor the role of trade unions;
7. to this end, they called for the revitalization of Social Dialogue in Ukraine and expressed their willingness to provide any necessary support and expertise, as appropriate and in full respect of the independence of social partners in Ukraine;
8. Ukrainian enterprises and organizations face a shortage of workers in connection with the ongoing mobilization, as well as the outflow of Ukrainian citizens fleeing the war. A large number of workers who were mobilized for the war return wounded, with mental health issues, with amputations and in need of support from the state and society.

With regards to economic aspects of sustainability, the DAG members:

9. discussed the current state of the Ukrainian economy and the long-term impact of the Russian Federation's destructive war on citizens, workers, enterprises, facilities and critical infrastructures, such as on energy;

10. understood that, in the current circumstances, the challenges to implement the obligations under the Trade and Sustainable Development Chapter of the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA) are significant and that this is an area where the efforts of the EU and Ukraine should be better concentrated to support Ukraine implement its sustainability obligations;
11. emphasized the need to support the competitiveness of the Ukrainian economy through trade and investments. The renewal of the EU's autonomous trade measures mentioned above, and continuous operation of the solidarity lanes are key to keep the Ukrainian economy open and operational.
12. to this end, urged for measures to support the participation of Ukrainian companies in European supply chains, for instance through increased financial assistance and collaboration within European clusters;
13. encourage the Parties to explore the possibility of revising the market access provisions in the context of the DCFTA as provided by Article 29. The formation of the future negotiation framework in terms of trade relations aims to stimulate the employment of the population, the formation of permanent trade ties and the approach to the EU Single Market.
14. noted that no obstacles, including blocking the border, should affect free trade between Ukraine and the EU, while creating losses for the economy on both sides.
15. welcomed the approval of the Ukraine Plan, devised by the Ukrainian government, setting the path for reforms and the modernisation of the Ukrainian economy for the next years. In particular, they highlighted the SME Strategy as a critical part of the Ukraine Plan. However, they regretted the failure of the government to properly involve civil society, including trade unions, in the development process of the Plan and called on the Ukrainian authorities to focus on the implementation in an effective, transparent and inclusive manner. This is critical given the interlinkages between the Ukraine Plan and the EU's Ukraine Facility, which establishes a number of conditions that need to be fulfilled for the monetary disbursements; therefore, asked that the provisions of the Art 16, point 2 (f) of the Ukraine Facility be fully respected in the future; called on the EU to support the Government of Ukraine in this respect;
16. reiterated the need for a solid, transparent and open system of sustainable public procurement as key for a successful post-war recovery, contributing to economic growth and employment in Ukraine, as well to the fulfilment of policy objectives and international obligations in the area of social and labour rights, and the environment and climate. The EU acquis should therefore be fully introduced into Ukrainian public procurement system;
17. pointed out that the restoration of Ukraine should take place taking into account the special needs of the Ukrainian industry, in particular in the field of the destroyed energy sector. The Ukraine Facility aid mechanism should be accessible and transparent for Ukrainian businesses.
18. noted that the alignment of the Ukrainian and EU sanctions policies will allow proper monitoring to stop circumvention of the measures.

With regards to trade and environment, the DAG members:

19. noted the importance of environmental reforms in the negotiation framework on Ukraine's membership in the EU and the earliest possible opening of negotiation Chapter 27 "Environment and climate change" of cluster 4 "Green agenda and sustainable development", as well as the constant approach to the implementation of the European Green Deal, which will become an important prerequisite for the post-war reconstruction of Ukraine based on green principles;
20. emphasized the need to take into account the current state of Ukrainian economy and support a gradual implementation of measures; took note of discussions in Ukraine on the adoption of necessary measures, including a national Emissions Trading System (ETS);
21. agreed that the Parties should discuss the application of the declarative approach to goods imported into the EU from Ukraine as of 2026, i.e., in fact, to apply the same approach as for the rest of the countries, but without charging a fee for emissions. This will help reduce the financial burden on Ukrainian businesses and help accumulate additional resources to partially restore the level of production affected by the war. Art. 30 of Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 on the establishment of a mechanism for carbon adjustment of imports, which provides for temporary measures, can be the legal basis of the discussions;
22. noted that environmental and climate requirements and the need to implement relevant legislation in these areas can become "red lines" to ensure that the post-war reconstruction of Ukraine is green and uses the "Build Back Greener" principle;
23. noted that in the process of developing and adopting the National Programme for the Adaptation of the Legislation of Ukraine to the Law of the European Union (EU acquis) and taking into account the results of the official EU assessment (screening) of the state of implementation of the EU acquis into the national legislation of Ukraine, it is necessary to ensure proper prioritisation of measures in the field of environment and climate change;
24. welcomed the Government's efforts to intensify the development and adoption of the necessary acts in the field of climate policy and expressed belief that the development of a national system of trading quotas for greenhouse gas emissions, fully compatible with the European one, is an absolute priority in this field;
25. drew attention to the importance of restoring nature, including the sites of national nature reserve fund, nature protection infrastructure, water bodies, soils, etc., as an integral part of post-war reconstruction initiatives planned and implemented at the international, national and local levels;
26. welcomed that the Ukraine Facility included environmental and climate conditions for Ukraine to receive funding, as well as the fact that green reforms were included as an integral part of the Plan of Ukraine; in this regard noted that green building should involve the use of energy-efficient and cleaner technologies, sustainable products and sustainable wood, which can replace more carbon-intensive materials, and because it has the advantage of keeping carbon for decades;
27. drew attention to the need to include the indicators of green reconstruction in the monitoring of the implementation of the Ukraine Plan in order to ensure the implementation of the foreseen reforms, the cross-cutting nature of the ecological and climate component and the financing of projects of ecological and climate direction, as well as the reconstruction of infrastructure,

industry and buildings based on the principles of decarbonization and climate neutrality and energy efficiency;

28. reiterated their concern about the significant and long-term impact of Russia's armed aggression on the environment in Ukraine, including the state of atmospheric air, water, biodiversity, forests, soil, etc;
29. called for increased support towards green financing for the sustainable reconstruction of Ukraine, including in large infrastructure projects;
30. emphasised the need to support Ukraine in implementing the EU animal welfare acquis to ensure a smooth integration in the EU market.

Finally, the DAG members

31. agreed to remain seized of the matters discussed and share these recommendations with the relevant EU and Ukraine authorities.