

JOINT STATEMENT
Ukraine – EU Trade and Sustainable Development Sub-Committee
to the Joint Civil Society Forum

(9 March 2023)

Representatives of the Ukrainian authorities and the European Commission held the sixth Trade and Sustainable Development (TSD) Sub-Committee on 9 March 2023 (via videoconference Brussels-Kyiv), dedicated to the implementation of the TSD Chapter of the Ukraine – European Union Association Agreement.

On 14 March 2023, the parties will debrief the Civil Society Forum on the issues discussed during the last meeting of the TSD Sub-Committee.

The 6th meeting of the Trade and Sustainable Development Sub-Committee noted that one year has passed since the start of the Russian full-scale war of aggression of Ukraine. The EU reiterated its full support of Ukraine, as demonstrated by the recent College-to-Government meeting and the EU-Ukraine Summit which took place in Kyiv on 2 and 3 February.

The EU recalled that in solidarity with Ukraine it introduced and recently proposed to renew temporary autonomous trade measures. Further, the revised Priority Action Plan has been endorsed by the joint statement of the recent EU-Ukraine Summit, and it is the roadmap to accelerate and monitor the full implementation of the Deep and Comprehensive Free Trade Area. The Priority Action Plan includes a commitment to continue to monitor and assess the impact of the trade-related title on sustainable development in the context of our sub-committee, as well as finalising the adoption of the list of experts willing to serve as panellists under Chapter 13, art. 301(3) of the DCFTA. The meeting on 9 March was therefore in implementation of the Priority Action Plan.

Ukraine confirmed that despite the Russian aggression, Ukraine and the EU have managed to sustain trade volumes and to conclude important steps, in particular Ukraine's status as an official candidate for EU membership, a development that affects all areas. Furthermore, Ukraine noted that the impact of the Russian aggression has made Trade and Sustainable Development areas even more pressing, for example energy efficiency and forestry.

General update on trade and sustainable development policy

The EU updated the sub-committee regarding the adoption in June 2022 of a Communication on trade and sustainable development entitled “The power of trade partnerships: together for green and just economic growth”. The EU highlighted how the Communication strengthens and enforces TSD chapters in the EU's trade agreements. The sub-committee noted the importance of civil society participation and the good practice of the EU and Ukrainian Domestic Advisory Groups providing joint statements ahead of the sub-committee, which allows the parties to take their views to be taken into account. The sub-committee also noted the aim to agree operational conclusions from the meeting, as was done following the 5th meeting of the sub-committee in 2021. Ukraine highlighted how the Russian aggression has created some delays but stressed Ukraine's commitment to sustainable development objective in line with the conclusion of the Ukraine Recovery Conference in Lugano on 5 July 2022.

Progress on selection of candidates for the Group of Experts

The sub-committee noted that the procedure to select candidates is ongoing in the EU. The TSD Sub-Committee agreed to aim to conclude the appointment of experts in accordance with Article 301(3) by the end of 2023.

Trade and labour

The EU expressed appreciation for the continued engagement on labour matters. It highlighted the importance of upholding labour rights as much as possible, even in times of war, as also pointed out in the conclusions of the 6th Joint meeting of the European and Ukrainian Domestic Advisory Groups under the EU – Ukraine Association Agreement. Reforming labour law while ensuring labour rights and decent working conditions will also be key for a sustainable recovery after the war.

Ukraine provided an update on the activities of the labour inspectorate, including prevention measures on human trafficking and undeclared work, awareness raising and capacity building activities. The EU welcomed these efforts while reiterating its expectations regarding alignment of legislation and practice with ILO conventions on labour inspection. Ukraine confirmed the intention to align the legal framework with those conventions as part of the labour law reform under development.

Regarding the modernisation of labour relations, the parties agreed on the importance of ensuring alignment with applicable EU acquis and international labour standards, including in the draft laws on labour and on occupational health and safety. The EU confirmed readiness to provide support and sought reassurances about the involvement of social partners in the ongoing reforms. Ukraine acknowledged the debate surrounding this process and confirmed its willingness to continue engagement with social partners and other stakeholders. The parties noted the positive contribution of the EU-funded ILO project ‘Towards safe, healthy and declared work in Ukraine’. The Parties also exchanged on occupational health and safety, and noted its importance, especially in light of a safe and healthy working environment now recognised as a fundamental principle and right at work.

The parties discussed Ukraine’s intention to pursue efforts to address wage arrears in the future, noting however that the examination of draft laws in this area is temporarily suspended due to the prevailing circumstances and lack of financial resources.

The parties agreed on the need to improve social dialogue and on the importance of ensuring compliance with international labour standards on freedom of association and collective bargaining. The EU highlighted its ongoing work in this area, such as the Commission communication and proposal for a Council recommendation of January 2023. Ukraine informed about the ongoing consultations with social partners and the recent adoption of law 7628 on collective agreements by the Ukrainian parliament. The EU enquired about the work of the national tripartite council and Ukraine’s intentions as regards the follow-up on the requests related to the freedom of association expressed by the ILO Committee of Experts in its report of February 2023.

Environmental protection, climate change, renewable energy/energy efficiency.

The EU reaffirmed its support to Ukraine in facing the substantial environmental and climate impact of the Russian aggression. The sub-committee discussed how environment is a major victim of the aggression, ranging from land, water, air, flora and fauna and the environment as a whole is affected. Ukraine highlighted the environmental problems faced in the occupied regions of Ukraine.

The parties agreed that mapping environmental damage will be necessary for the reconstruction. The EU highlighted the importance of forest management and noted Ukrainian efforts in reforming it. It also highlighted the acceptance of Ukraine in the LIFE programme and the launch of the PHOENIX programme to help rehabilitate Ukrainian cities.

The EU provided an update on European Green Deal initiatives, first related to environment, the adoption of new rules to curb EU-driven deforestation in December 2022, which will apply at the end of 2024; a new soil strategy; the circular economy action plan; the creation of Digital Product Passports; the EU strategy for sustainable and circular textiles; the revision of EU rules on Packaging and Packaging waste. Secondly, in the area of climate action, focusing on the so-called “Fitfor55 Packages” the set of reforms aims at achieving the legally binding EU target to reduce net emissions by at least 55% by 2030. As regards the legislative proposals and provisional agreements to deliver this target, the EU in particular highlighted the revision of the Emissions Trading System (ETS), the creation of a Social Climate Fund, the Effort Sharing Regulation, the Regulation on Land Use, Land Use Change and forestry (LULUCF), and CO₂ emissions performance standards for cars and vans.

The EU also welcomed Ukraine’s cooperation with the EU in the context of the two Conferences of the Parties (COP) held in 2022 in Sharm el-Sheik and Montreal.

Ukraine also provided an update on its efforts to reduce emissions and its work on framework legislation for environmental protection. Working in alignment with the EU *acquis*, Ukraine continues to work on an ETS, foreseeing consultation with stakeholders by the end of the year. It highlighted however the difficulties in performing Measurements, Reporting and Verification of emissions during war times. Ukraine will also review its NDC Implementation Action Plan, adapting it in view of the green reconstruction.

Other issues

The parties agreed to finalise the operational conclusions that summarise the steps to be undertaken by the parties until the 7th 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.