

REGULATORY POLICY: ONE STEP
CLOSER TO EUROPEAN STANDARDSPARLIAMENTARY
EXPERT GROUP ON
EUROPEAN INTEGRATION

Parliamentary Expert Group on European Integration is an independent expert community established by the Open Society Foundation NGO to promote implementation of the EU – Ukraine Association Agreement by improving the quality of lawmaking processes.



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Open Society Foundation, NGO
12 Sagaydachnogo str., office 221,
Kyiv, Ukraine 04070
+38 067 930 62 80

info@osf.org.ua
www.peg.org.ua www.osf.org.ua

In November 2016 the Ukrainian Parliament adopted a series of laws that improve the regulatory climate. The law On Peculiarities of State Supervision (Control) in the Economic Sector **(1707-VIII)** was designed to balance deregulation objectives and consumer protection provisions, as well as to implement EU law. Previously introduced global moratorium on inspections created risks to the implementation of the EU-Ukraine Association Agreement and restricted the interests of the exporters. PEG experts had warned about these risks in August of 2015. A new law contains the exhaustive list of circumstances for inspection, the list of inspecting bodies, as well as regulatory authorities.

The law amending certain laws of Ukraine to improve legislation in the sphere of state supervision (control) **(1727-VIII)** will add to transparency of the inspections. The law provides, inter alia, the creation of an integrated system of state supervision (control) including information on all activities undertaken, and the introduction of a single procedure for administrative sanctions.

The law amending certain laws of Ukraine to remove administrative barriers to exports of services **(1724-VIII)** simplifies external economic activity of small and medium businesses. The contracts will be made electronically or by accepting a public offer. Only the English text of the contract should be provided to the bank. The certificates of completion are no longer required to confirm the banking operations. The terms of currency exchange regulations had been revised.

*«Ideas from the Parliament: a moratorium on business inspections, which disrupts the implementation of the Association Agreement», Yevropeiska Pravda, <http://www.euointegration.com.ua/articles/2015/08/4/7036586/>

ENERGY EFFICIENCY: IN SLOW MOTION

In November 2016 the Verkhovna Rada of Ukraine managed to adopt two bills on alternative energy.

The law on amending Article 8 of the Law of Ukraine On Alternative Fuels **(1713-VIII)** simplifies the business activities in the field of biofuels by abolishing the requirement of keeping a register of producers of liquid biofuels and biogas.

The law on amending the Law of Ukraine On Alternative Energy Sources to include heat pumps to equipment that uses renewable energy sources **(1711-VIII)** aims to implement the Directive 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy

from renewable sources in accordance with Ukraine's obligations under the Treaty establishing the Energy Community.

At the same time, the bill On the Energy Efficiency of Buildings **(4941)** did not get enough votes and was sent for revision to the relevant Committee. This bill is crucial to launch the Energy Efficiency Fund. The alternative bill On the Energy Characteristics of Buildings **(4941-1)** was registered immediately after the failed vote.

TRANSPORT: THE APPROXIMATION TO EU LAW SUSPENDED

Parliamentary Transport Committee provided negative assessments of two Cabinet of Ministers' bills:

- On Rail Transport of Ukraine **(4593)**.
- On amending certain automotive transport acts of Ukraine to harmonize them with the EU regulatory acts **(4683)**.

In the opinion on the bill On Rail Transport of Ukraine the PEG experts drew attention to a number of shortcomings that were not conducive to the implementation of EU law, namely:

- The bill establishes mostly conceptual directions of lawmaking in the field of rail transport instead of providing effective control mechanisms. It also provides many reference rules.

- Some definitions do not meet EU directives terminology.
- The licensing for rail transport provided by the bill does not correspond with the EU law.
- The bill does not implement the principle of independence of railway operators.

The bill amending certain automotive transport acts of Ukraine to harmonize them with the EU regulatory acts aimed at the implementation of 13 EU directives and was rather voluminous. The experts expressed numerous concerns regarding the norm-making technique and the use of terminology.

PROGRESS IN LAWMAKING

Laws adopted:

- On amending the Law of Ukraine On Alternative Energy Sources to include heat pumps to equipment that uses renewable energy sources **(1711-VIII)**.
- On amending Article 8 of the Law of Ukraine On Alternative Fuels **(1713-VIII)**.
- On Peculiarities of State Supervision (Control) in the Economic Sector **(1707-VIII)**.

- On amending certain laws of Ukraine to improve legislation in the sphere of state supervision (control) **(1727-VIII)**.
- On amending certain laws of Ukraine to remove administrative barriers to exports of services **(1724-VIII)**.
- On amendments the Law of Ukraine On Principles of State Supervision (Control) in the Economic Sector on liberalization of state supervision **(1707-VIII)**.

Returned for revision to the committee after consideration at the plenary session:

- On the Energy Efficiency of Buildings **(4941)**.

Returned for revision by the specialized committee:

- On Rail Transport of Ukraine **(4593)**.
- On amending certain automotive transport acts of Ukraine to harmonize them with the EU regulatory acts **(4683)**.

EXPERT RECOMMENDATIONS

Given Ukraine's commitments under the EU-Ukraine Association Agreement and today's dynamics of lawmaking, the PEG experts recommend the following measures to improve the quality and speed up the process of adapting the national legislation to EU law:

1) The Rules of Procedure of the Verkhovna Rada of Ukraine should envisage a mandatory opinion on compliance with the Association Agreement and EU law, such opinion to be attached to every bill registered in the Parliament.

2) The Parliament should speed up consideration of European integration bills submitted by the Cabinet and MPs (the list is attached).

3) Special attention should be paid to the approximation of legislation on intellectual property protection, transport and energy efficiency.



LAWMAKING AND IMPLEMENTATION OF THE EU-UKRAINE ASSOCIATION AGREEMENT

EUROPEAN INTEGRATION BILLS CONSIDERED CURRENTLY BY THE VERKHOVNA RADA OF UKRAINE

| Nº | r/n | Title | Stage |
|-----|--------|---|--|
| 1. | 4614 | On amending the Customs Code of Ukraine to protect intellectual property in the movement of commodities across customs borders of Ukraine | Not included onto the agenda |
| 2. | 4615 | On amending the Customs Code of Ukraine to comply with the EU – Ukraine Association Agreement | Not included onto the agenda |
| 3. | 4683 | On amending certain automotive transport acts of Ukraine to harmonize them with the EU regulatory acts | Received the Committee submission for revision (15.11.2016) |
| 4. | 4941 | On the Energy Efficiency of Buildings | Returned to the Committee for revision (17.11.2016) |
| 5. | 4584 | On amending certain laws of Ukraine that regulate government statistics | Received the Committee submission for consideration (31.05.2016) |
| 6. | 4593 | On Rail Transport of Ukraine | Received the Committee submission for revision (15.11.2016) |
| 7. | 4619 | On amending the Tax Code of Ukraine (in regard to tobacco products taxation) | Voted as an amendment (06.12.2016) |
| 8. | 4579 | On amending certain regulatory acts of Ukraine to acquire, exercise and protect the copyright and related rights | Being considered by the relevant Committee |
| 9. | 4629 | On amending certain regulatory acts of Ukraine to protect the copyright and related rights in the Internet | Being considered by the relevant Committee |
| 10. | 4646 | On amending the Law of Ukraine On Accounting and Financial Reporting in Ukraine to improve certain provisions | Being considered by the relevant Committee |
| 11. | 4941-1 | On the Energy Characteristics of Buildings | Being considered by the relevant Committee |
| 12. | 5448 | On the basic principles and requirements for the organic production, handling and labeling of the organic products | Being considered by the relevant Committee |
| 13. | 4775 | On amending certain laws of Ukraine related to European groupings of cross-border cooperation | Being considered by the relevant Committee |

LAWMAKING AND IMPLEMENTATION OF THE EU-UKRAINE ASSOCIATION AGREEMENT

EUROPEAN INTEGRATION BILLS CONSIDERED CURRENTLY BY THE VERKHOVNA RADA OF UKRAINE

| Nº | r/n | Title | Stage |
|-----|------|---|--|
| 14. | 0906 | On the government control to observe the compliance with laws on safety and quality of food and animal feedstock, on animals' health and welfare | Recommended by the relevant Committee to be approved in principle (02.06.2014) |
| 15. | 2845 | On Animal Feedstock Security and Hygiene | Recommended by the relevant Committee to be approved in principle (30.06.2015) |
| 16. | 4589 | On amending certain food safety laws of Ukraine | Recommended by the relevant Committee to be approved in principle (06.12.2016) |
| 17. | 4611 | On Requirements to Food Contact Items and Materials | RRcommended by the relevant Committee to be approved in principle (20.09.2016) |
| 18. | 4644 | On amending certain regulatory acts of Ukraine to harmonize them with the EU legislation on transportation of dangerous goods | Recommended by the relevant Committee to be approved in principle (15.07.2016) |
| 19. | 4493 | On the Electricity Market of Ukraine | Endorsed in the first reading (22.09.2016) |
| 20. | 4591 | On Business Ombudsman | Endorsed in the first reading (31.05.2016) |
| 21. | 4685 | On Electronic Trust Services | Endorsed in the first reading (20.09.2016) |
| 22. | 2431 | On amending legislation on protection of economic competition regarding establishment by the Antimonopoly Committee of Ukraine the size of penalties for violations of the competition laws | Handed for additional second reading (26.01.2016) |