

NON-PAPER
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TRANSPORT

National transport policy of Ukraine

Transport-road complex of Ukraine is one of the most important components of the socio-economic system of the country. To ensure stable and efficient functioning of the transport sector is one of the main priorities at the state level.

The main directions of the reform and development of the transport infrastructure are determined by:

- the Parliament Coalition Agreement "European Ukraine";
- the Sustainable Development Strategy "Ukraine – 2020";
- the Government Action Programme;
- the Plan of activities for implementation of the GoU Action Programme and the Sustainable Development Strategy "Ukraine – 2020";
- the Action plan (2014-2017) for implementation of the Association Agreement between Ukraine, on the one part, and the European Union and its Member States, the European Atomic Energy Community, on the other part.

The main priorities in the context of reforming the transport sector are the following:

- bringing the transport sector and infrastructure into conformity with European standards;
- reducing the State's role in the activities of state monopolies;
- decentralization of functions of the Ministry of infrastructure;
- corporatization of budget revenue generating companies.

An important element of support for reforms in the sector is the project of the Sector budget support on implementation of the Transport strategy of Ukraine (with the budget of 65 million Euro).

In the framework of the project Supplementary agreement No. 2 between the Government of Ukraine and the European Union, represented by the European Commission, to the Agreement on financing the Program "Supporting Implementation of the Transport Strategy of Ukraine" dated 21 December 2010, is being prepared for signing, the results of which would make possible to obtain the rest of undisbursed program funds in the amount of around 30 million Euro.

Road transport

The draft Law of Ukraine "On Bringing Ukrainian Road Transport Sector Legislation in Accordance with the European Union Acts " has been developed, which takes into account the provisions of all EU legislation acts on road transport according to Annex

XXXII to the Association Agreement between Ukraine and the EU (technical, safety, social and fiscal conditions).

The draft law introduces changes to existing laws, and will regulate the road transport market (market access, time of work, speed limit devices, tachographs, and technical inspections). Currently, the draft act is under legal examination. The Ukrainian side is ready to intensify dialogue on the liberalization of transport markets between Ukraine and the EU, in particular through possible conclusion of an Agreement, as was proposed by the Ukrainian side during the first meeting of the Association Committee Ukraine – the EU (on 13-15 July 2015 in Brussels).

In order to arrange the study of this issue by the EU side, the Ukrainian side, at the request from the European Commission, on August 29, 2015 sent the completed questionnaire on the analysis of the Ukrainian market of road transportation.

According to the estimates conducted by the EU side in 2014, an Agreement will have a positive effect on the development of trade, increasing carrying capacity and employment for both parties; the greatest effect is expected due to cancellation of the permit system, the elimination of transit permits will have less significant effect; full liberalization will contribute to increasing trade indicators by more than 0.5 billion Euro per year; liberalization will contribute to the growth of export of goods from the EU by road transport and will prevail over imports from Ukraine in all scenarios.

The Ukrainian Side is expecting signals from the European Commission regarding obtaining a mandate from the EU Member States for negotiations on liberalisation of road transportation markets between Ukraine and the EU.

Railway transport

A new version of the draft Law of Ukraine "On the Railway Transport" has been developed jointly with European experts. Currently, the draft law has passed through public discussion, and is now going through interagency agreement.

Given the importance of this law, the Ukrainian side expects to receive comment from DG MOVE regarding the draft Law "On the Railway Transport", which was sent to the EU side in July 2015 in order to confirm correct understanding by the Ukrainian side of the European railway legislation.

Measures are taken to reform the PJSC "Ukrainian Railway". On June 25, 2014 the Cabinet of Ministers of Ukraine adopted Resolution № 200 "On the establishment of public joint stock company "Ukrainian railway". The issue of approving the Statute of the PJSC "Ukrainian railway" is at the final stage.

In order to implement the Directive 2004/49/EC of the European Parliament and of the Council of 29 April 2004 on safety on the Community's railways, Ukraine in November 2014 approved changes to the Safety rules and procedures for liquidation of accidents with dangerous goods when transporting them by rail, Rules of transportation of liquid cargoes, Rules of transportation of dangerous goods. In addition, in August 2015 the draft Resolution of the Cabinet of Ministers of Ukraine "On approval of technical regulations on safety of railway rolling stock» got a positive legal expertise, and its approval is expected shortly.

Inland waterways

The current state of the river economy in Ukraine does not provide opportunities to fully exploit the potential of inland waterways. An important step in developing the national transportation network of inland waterways should be its integration into the European transport system.

In order to open up inland waterways of Ukraine for the entrance of vessels under third countries' flags in accordance with the commitments undertaken by Ukraine within the WTO, a draft Law of Ukraine "On Inland Water Transport" has been developed. Now, the draft law is being studied in the Committee of the Verkhovna Rada of Ukraine on transport issues.

The Ukrainian side intends to address specialists of DG MOVE to get comments on the draft Law of Ukraine "On Inland Water Transport" and to assist with solving the issue of funding maintenance of navigable locks in an appropriate technical condition.

The Ministry of Infrastructure of Ukraine has also developed draft orders aimed at:

- simplifying procedures for dredging;
- solving the issue of financing maintenance services;
- simplifying the technical requirements for barges;
- improving the system of paying port fees by river vessels and mixed navigation vessels on inland waterways;
- opening up inland waterways for vessels flying foreign flags.

The Ukrainian side considers as a priority the project "Restoration of the E-40 Waterway on the Dnieper-Vistula (Wisła) Section: from Strategy to Planning", which unites the interests of Ukraine, Belarus and Poland in the part of developing connection between the Baltic and Black seas by inland waterways.

According to the Ministry of Infrastructure's estimation, renewal of active river trade would enable to reach a cargo turnover between countries at the level of 4 million tons per year, and would give impetus to the development of logistics centres, from which goods may be shipped to consumers in Europe and Asia. In this regard, the Ukrainian side will intensify participation of Ukrainian experts in the project.

In this context, it is appropriate to attract funds for modernisation and improving safety within the framework of the project "Restoration of the E-40 Waterway on the Dnieper-Vistula (Wisła) Section: from Strategy to Planning".

Air transport, Common Aviation Area Agreement

The Agreement on Common Aviation Area (CAA) was initialled on November 28, 2013 in Vilnius. The Ukrainian side have implemented the appropriate internal procedures and obtained authorization to conclude the Agreement in May 2015.

- The signing of CAA Agreement has been twice postponed at the initiative of the EU side. The issue of signing the Agreement on CAA has yet to be resolved due to lack of consensus between Spain and Great Britain regarding the wording of Paragraph 31

"Territory" of Article 2 "Definitions" concerning the territorial application of the Agreement in the part of Gibraltar.

Simultaneously with the CAA Agreement the following arrangements on expanding cooperation with EASA are expected to be signed:

- arrangements between the Ministry of Infrastructure of Ukraine and the European Commission regarding convergence of the certification systems;
- an updated version of the Working arrangement between the State Aviation Service of Ukraine and the European Aviation Safety Agency (EASA) on cooperation in the field of civil aviation safety and participation of the State Aviation Service of Ukraine in the relevant activities of EASA.

The signing of the CAA Agreement remains a priority for Ukraine, since it will become a comprehensive solution for all parties on the liberalization of air transport markets, as well as on implementation of the relevant requirements and standards in the field of aviation safety.

Maritime transport

With the support of the European Commission a Roadmap for approximation of Ukrainian legislation to the EU law in the field of international maritime transport has been developed, taking into account the provisions of the EU legal acts (Appendix XVII-5 "Rules applicable to international maritime transport" of Annex XVII "Regulatory approximation" to Title IV "Trade and Trade-related Matters" of the Association Agreement). Given the importance of the issue, the Ukrainian side expects to receive in the near future comments of the EU side on a draft Roadmap.

A relevant mechanism for the development of the maritime transport system and its further integration into SafeSeaNet (a vessel traffic monitoring and information system) is under development. Within the frame of a planned technical assistance project in this sector, an information system will be established, taking into account SafetySeaNet System and monitoring vessel traffic systems, as well as detailed technical specifications for the equipment necessary for application of the experimental system. A working group on preparation of proposals for establishing on the basis of IPCSA (International Port Community Systems Association) standards a system of marine traffic and its further integration into SafeSeaNet started its work.

The work is going on towards the accession to the ILO's Maritime Labour Convention, 2006 (MLC, 2006). Currently, a package of relevant documents is under agreement procedure. Participation in the Convention will create necessary conditions for the enforcement of the rights of Ukrainian seafarers abroad and will confirm the implementation by Ukraine of its obligations under the Association Agreement in the maritime transport sector.

A draft Decree of the President of Ukraine "On Ukraine's accession to the International Convention on the Control of Harmful Anti-fouling Systems on Ships (AFS Convention) has also been developed, and currently is undergoing legal expertise.

Regional transport cooperation in the framework of the Eastern Partnership

According to the results of the 8th meeting of the Eastern partnership Transport panel (Brussels, March 4, 2015), inclusion of Ukrainian rivers Dnieper and Southern Bug into the regional network TEN-T was preliminarily approved.

At the same time, the Romanian side expressed its objections to the inclusion of the Ukrainian sector of the Danube Delta (from Izmailsky Chatal to the mouth of the Bystry branch) into the regional network TEN-T taking into account implementation of the provisions of the Convention on Environmental Impact Assessment in a Transboundary Context (Espoo Convention) in respect to the "Danube — Black Sea Deep Water Navigation Rout in the Ukrainian section of the Danube Delta" (DWNR "Danube — Black Sea").

In this regard, the EU authorized the company "Transport & Territorio" to undertake studies at the arm Bystre and Kiliya arm of the Danube River on the likeliness of adverse environmental impact. In order to discuss this issue and find a compromise the Ukrainian side held meetings with representatives of the company "Transport & Territory" during the period of 23-24 July, 2015 and 3-4 September, 2015.

The Ukrainian side reaffirms the priority of including of the Ukrainian section of the Danube Delta into the regional network TEN-T and expresses its readiness to cooperate in this direction.

In order to approximate Ukrainian legislation to the EU law in the field of transport policy and infrastructure, the work is underway on the development of a draft Law of Ukraine "On Multimodal Transportation", which will provide for determining the legal and organizational framework for multimodal, or intermodal, combined, containerized transportation supply chains, determining the basic rights, duties and liability of all types of transport business entities involved in these shipments, while taking into account provisions of the EU legislation.

The Ukrainian side seeks to develop multimodal transportation, while coordinating its policies and priorities with the European ones, and offers to pay more attention to this issue during the meetings of the Eastern partnership Transport panel.

Cooperation with the EU agencies

Cooperation with the European Aviation Safety Agency (EASA)

A Working agreement has been signed between the State Aviation Service of Ukraine (SAS) and EASA on participation of SAS in the EC SAFA (safety assessment of foreign aircraft) Programme and on collection and exchange of information on the safety of aircrafts using Community airports and airports of countries outside the EU, including the airports of Ukraine.

Currently, the Ukrainian Side considers the issue of paying membership fees to the EASA budget.

Cooperation with the European Maritime Safety Agency (EMSA)

Currently, the Ukrainian side is working out a mechanism of cooperation between the State maritime and river transport safety inspection (Ukrmorrichinspektsiya) and the

European Maritime Safety Agency (EMSA). The relevant topics are: maritime safety and prevention of marine pollution.

EMSA has announced the launch of the assessment (using a questionnaire) at the national level of vessel traffic monitoring, Port State control of ships, and the prevention and response to marine pollution. Recently the questionnaire has been completed by specialists of the Ministry of Infrastructure and Ukrmorrchinspektsiya, and on January 16, 2015 was sent to EMSA.

Cooperation with the European Railway Agency (ERA)

The Ukrainian side intends to work towards elimination of technical barriers and harmonization of technical regulation of 1435 mm and 1520/1524 mm rail systems, primarily through the development of technical cooperation in the framework of the Organization for Cooperation of Railways (OSJD) and the European Railway Agency (ERA) to ensure interoperability of these systems, and to include the 1520 mm system into the EU legislation on a par with the 1435 mm system.

EU technical assistance

Current projects:

- the technical assistance project "Support in implementation of the Transport strategy of Ukraine" (project budget: 65 million Euro, project period: 04.04.2012–30.11.2015);

- the Twinning project «Institutional support to the Ministry of Infrastructure Ukraine on improving efficiency and the competitiveness of rail transport in Ukraine» (project budget: 1.8 million Euro, project period: 05.10.2013-05.11.2015);

- the Twinning project "Support to the Ministry of Infrastructure of Ukraine in strengthening the safety standards of commercial road transportation" (project budget: 1.55 million Euro, project period: 28.01.2015–27.01.2017).

Planned projects:

- the technical assistance project "Support in the implementation of the Association Agreement and the National transport strategy";

- the technical assistance project Technical «Support for the preparation and implementation of transport and logistics reforms to improve Ukraine's business climate»;

- the technical assistance project "Assistance to the Ukrainian authorities to improve management of infrastructure projects";

- the Twinning project "Adaptation and implementation of legal acts regulating general (civil) aviation operations in the part of issuing licenses to aviation personnel, flight operations and airworthiness in accordance with the EU legislation";

- the Twinning project "Providing Institutional Support to the Ministry of Infrastructure of Ukraine on increasing the operation performance and the competitiveness of railway transport in Ukraine".

- the Twinning project "Support to Improving the Safety of Multimodal Dangerous Goods Transport in Ukraine"

In order to continue further effective implementation of the Association Agreement in the field of transport, the Ukrainian side requests to consider the possibility to speed up launching the implementation of the Twinning project "Providing Institutional Support to the Ministry of Infrastructure of Ukraine on increasing the operation performance and the competitiveness of railway transport in Ukraine", as well as to start before the end of this year implementation of the technical assistance project "Support in the implementation of the Association Agreement and the National transport strategy".

With regard to the implementation of comprehensive sectoral reforms, we also consider as a priority the following projects aimed at:

- establishment of a National transport model and preparation of a National transport Master plan;
- introduction of energy efficiency in transport;
- introduction of a new sector budget support programme in the framework of the National action programme of the European Neighbourhood Instrument for 2017-2020;
- support in implementation of the EUSDR priority projects on the territory of Ukraine in the framework the European Neighbourhood Instrument.

The Ukrainian side is particularly interested in initiating a project to establish a National transport model and prepare a National transport Master plan. This project will aim at providing the necessary tools to improve transport policy, in particular the development of a sustainable, safe, reliable, affordable, comprehensive, expeditious and technologically innovative transport sector and transport infrastructure of Ukraine and their integration with the transport networks of the EU.

Integration of the transport networks of Ukraine and the EU

Promoting the development of transport infrastructure in the region of Eastern partnership (EaP) is one of the key elements of the European Neighbourhood Policy. Thus, information on the intention to expand the TEN-T network and passenger and freight traffic is of key value for evaluating by the EU and International financial institutions (IFIs) priorities and relevance of transport infrastructure projects, proposed by the EaP countries.

Within the technical assistance project TRACECA IDEA II the "Regional study of the Eastern partnership transport sector" has been carried out with the purpose of obtaining information regarding characteristics of the Eastern partnership strategic transport network, existing traffic flows, bottlenecks, missing checkpoints and forecasted demand up to 2030.

This "Regional study of the Eastern partnership transport sector" requires revision and updating, taking into account statistical data for 2013-2015, in particular, relevant statistical data on the use of a transport model to update infographics and TEN-T maps. At the same time, it is necessary to update the list of priority infrastructure projects.

Currently, there is a need to re-orient traffic flows in view of the Russian aggression in Eastern Ukraine and annexation of the Crimea. Therefore, it looks promising, in terms of development and attraction of transit for Ukraine, to integrate transport network of Ukraine into the European transport space.

For the purpose of infrastructure development on shared priorities with the third countries (in the framework of the Eastern partnership), in the opinion of the Ukrainian side, it would be appropriate to establish more flexible conditions for attracting financial resources of the EU, including in the framework of the CEF (Connecting Europe Facility) and the NIF (Neighborhood Investment Facility) instruments, as well as to simplify project application/ selection.

So, the Ministry of Infrastructure of Ukraine submitted in 2014 under the CEF Instrument a project proposal "Feasibility study on the introduction of the automated system for changing wheel sets to ensure interoperability of railway traffic between Ukraine and the EU". The project proposal was supported by the Polish and Hungarian transport ministries. The proposed study was consistent with the TEN-T priorities. This study also meets the objectives set out in the EU White paper on reducing emissions of greenhouse gases from transport.

However, the abovementioned project under the CEF Instrument was rejected due to 50% co-financing requirement. The Ukrainian side considers it appropriate to work out a more flexible mechanism for raising joint financing for studies or works in the framework of the CEF Instrument.

The navigation on the Danube River

Ukraine is implementing a number of important for all countries, participating in the EU Strategy for the Danube Region (EUSDR), infrastructure projects aimed at the integrated development of inland water transport and navigation on the Danube River.

Given that the possibility of using funds from the European Regional Development Fund under the Danube Transnational Programme (2014-2020) is limited at 20% of the Program budget, there is a need to seek additional funding for these projects.

In this regard, it would be appropriate to consider possible allocations, in the framework of the European Neighbourhood Instrument programmes, of financial resources to support implementation together with partners in the Danube region of the EUSDR priority projects on the territory of Ukraine.

During the 2nd meeting of the transport ministers of the Danube region in the framework of the EU Council for transport, telecommunications and energy (Brussels, December 3, 2014) the Conclusions were adopted on effective update and maintenance of the water transport infrastructure on the Danube River and its navigable tributaries. The document endorsed the Master plan for the restoration and maintenance of the waterways on the Danube River and its navigable tributaries.

With the purpose of practical implementation of the Master plan, the Ukrainian Side in June 2015 sent to the EUSDR Technical Secretariat a completed sample of a National Roadmap, and now waits for a feedback from the Technical Secretariat.

CIVIL PROTECTION

Emergency Prevention and Emergency Preparedness

Implementation of the public policy in the sphere of civil protection is carried out through the unified State system of civil protection, which comprises 25 functional sub-systems created by central executive authorities in the respective spheres of public life, and 25 territorial sub-systems established by the State oblast administrations and the City of Kyiv.

In order to coordinate activity of civil protection units, related to technogenic and ecological safety, prevention and emergency response, the State Commission for technogenic and ecological safety and emergency preparedness, as well as respective regional and local commissions have been established.

The unified State system of civil protection is governed by the Cabinet of Ministers of Ukraine, while the direct management of the system, planning its activities in peacetime and special periods falls under the authority of the State Emergency Service of Ukraine (SESU).

In the context of deepening cooperation with the EU in the field of civil protection, Ukraine seeks to integrate into the EU Civil Protection Mechanism (CECIS). The main aim of integrating into the Civil Protection Mechanism is a fully-fledged participation of the SESU in the Unified information system of emergency communications of the CECIS, which is used by the EU Member States to inform the Emergency Response Coordination Centre (ERCC) on the available national forces of the EU Member States (modules), their composition and capabilities, equipment, etc.

Also, an important element in cooperation with the EU is further participation of SESU in the EU technical assistance programmes with the purpose of providing fire and rescue units of SESU with modern equipment necessary for effective emergency response.

SESU has been working with the EC Directorate General for Humanitarian Aid and Civil Protection on the text of a new Administrative arrangement in replacement of the prior arrangement concluded 08.12.2008.

The Ukrainian Side expects to receive shortly a message from the EU side on acceptability of the text of an Administrative arrangement, passed on in early September 2015 and readiness to sign it.

Currently, there is a need to involve representatives of SESU in a command-staff exercises conducted in the EU Member States, that would allow to work out common approaches to the organization of measures on liquidation of consequences of emergency situations and to elaborate in detail regulatory acts on issues of regulation of forces and means of actions for liquidation of the consequences of emergency situations.

In the period from 23 March to 22 April 2015 the EU advisory mission was carried out to identify opportunities to enhance the capacity of Ukraine in the prevention and preparedness for disasters; at the results of the mission the EU Advisory group on civil protection prepared a summary report with key recommendations. Currently, the Ukrainian Side is working on a Plan of action to implement the recommendations of the said report.

Risk management of emergency situations

In order to coordinate activities of state authorities and local self-government bodies, other management bodies and civil protection units, as well as organizing and planning the complex of measures to implement and liquidate consequences of emergency situations:

- points of control and management centres in emergency situations are used;
- special commissions for the elimination of consequences of emergency situations are established;
- the heads of works on liquidation of consequences of emergency situations are appointed;
- the headquarters for elimination of consequences of emergency situations are established;
- the demand for civil protection forces is determined;
- the civil protection forces for liquidation of disaster consequences are involved.

Overall management of the organization and conduct of activities and works on liquidation of consequences of emergency situations, recovery works is carried out, depending on the level and nature of origin of an emergency, by the Cabinet of Ministers of Ukraine, central executive authorities, local state administrations, local self-government bodies, and business entities on the administrative territory, or the territory where an emergency situation occurred.

With the aim of establishing regulatory framework for the transition to a safety management system on the basis of a risk-based approach, the SESU by its order No. 352 dated 02.07.2015 approved the SSES the Implementation Plan on realization of the Concept of risk management of emergency situations of technogenic and natural character for 2015 – 2020.

Representatives of SESU participated in the field assessment mission of the EU project PPRD East II on risk flood management and approximation to the EU Directive on flood risk management, collection and processing of data loss due to natural disasters and the like (June 2015).

The Ukrainian side looks for support from the EU in providing expert and technical assistance for implementation of the Directive 2007/60/EC of the European Parliament and of the Council of 23 October 2007 on the assessment and management of flood risks.

ENVIRONMENT

Environmental assessment

On August 1, 2015 the Verkhovna Rada of Ukraine ratified the Protocol on strategic environmental assessment to the Convention on environmental impact assessment in a transboundary context.

The draft law "On Strategic Environmental Assessment" has been developed, which provides for implementation of Directive of the European Parliament and of the Council No. 2001/42/EC of 27 June 2001 on the assessment of effects of certain plans and programmes on the environment. Currently, the draft law, according to national internal procedure, is being agreed by the concerned central executive authorities.

The Verkhovna Rada of Ukraine registered a draft Law of Ukraine "On Environmental Impact Assessment" (Reg. No. 2009), aimed at the implementation of Directives 2011/92/EC and 2003/4 /EC.

Air quality and air protection

In 2014, according to the State Statistics Service of Ukraine, stationary sources of pollution released in the air 3.19 million tons of pollutants, and mobile sources of pollution – 1.99 million tons (excluding the temporarily occupied territory of the Autonomous Republic of Crimea, City of Sevastopol, and part of the antiterrorist operation zone).

Such level of air pollution is caused by number of reasons, namely:

- failure of enterprises - the main pollutants of ambient air to take measures for reducing pollutant emissions in order to achieve the maximum allowable technological norms and emission standards;
- exploitation of technically outdated car fleet;
- use of low-quality motor fuel;
- methodology of measuring concentrations of pollutant emissions is not adapted to the requirements of the European legislation;
- no base of modern measuring equipment for control and monitoring over compliance of protocols.

The condition of the State system of environmental monitoring by its structure, level of organization, capabilities for measuring the qualitative and quantitative parameters of the environment, and mode of transfer and aggregation of data, does not meet the set objectives and modern requirements.

With the aim of implementation Directives 2008/50/EC on ambient air quality and cleaner air for Europe and 2004/107/EC on arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons in ambient air the Ministry of Ecology and Natural Resources of Ukraine (MENR) established a Working group, its meetings resulted in the prepared report on the analysis of the compliance of the existing observation network with the requirements of Directive No. 2008/50/EC.

The Ukrainian side looks for support from the EU in providing expert and technical assistance in the development and improvement of the Ukrainian system for monitoring of natural environment.

Water quality and water resource management

The main priority of the public policy of Ukraine in the sphere of water protection and rational use of water resources is the reform of the state system of water resources management by ensuring its transition from administrative-territorial to a basin model, in which the control unit is a river basin, and not only its part within a separate administrative unit.

Ukraine has made some progress in implementing the basin water resource management. The hydrographic zoning of the Ukrainian territory with identification of 9 major river basins has already been made; amendments to the Ukrainian legislation have been prepared, in particular regarding revision of the functions and powers of central and local executive authorities, local self-government bodies concerning management of water resources at the basin level; institutional infrastructure for basin management is being formed (river basin management units has been established for major rivers, basin councils are being created); review of methods and approaches to assessing the quality of water bodies is being carried out, etc.

Waste management

In Ukraine there is a tendency towards a progressive increase of waste volumes and their removal to solid waste landfills. According to the Ministry of Regional Development, Construction and Municipal Economy, Ukraine in 2014 (excluding data from Crimea, Lugansk oblast and City of Sevastopol) produced about 45 million cubic meters of domestic waste, or about 10 million tons, that were disposed at 6 thousand dumps and landfills with a total area of more than 9 thousand hectares.

The number of overloaded landfills is 960 units (16%), and 1138 units (19%) do not meet the standards of environmental safety.

The need for construction of new landfills is more than 576 units.

Such state of affairs in the sphere of waste management (not only domestic, but also hazardous waste) is caused by the whole range of reasons, including obsolete technologies used in the key industries, lack of effective economic incentives to encourage entities to implement waste disposal activities, imperfect schemes of sanitary cleaning of settlements, imperfect system of statistical reporting, and others.

In order to improve state regulation in the sphere of waste management and proper organization of work on implementing tasks concerning the approximation of Ukrainian legislation to the legislation of the European Union, a Working group on waste management and resource management has been established; currently, we are working on a new version of the Law of Ukraine "On Waste" and on the waste classifier in accordance with the standards of the EU.

The Ukrainian side relies on the support from the EU in providing expert and technical assistance for the development and improvement of the Ukrainian system of waste management.

Nature protection

For the purpose of implementing the EU legal acts, in particular Directive 2009/147/EC of the European Parliament on the protection of wild birds and the EU Council Directive 92/43/EEC on the conservation of natural habitats, wild flora and fauna (with amendments and additions) MENR established a Working group, which undertakes a number of activities:

- working on the development of a draft Law of Ukraine "On Amendments to the Laws of Ukraine "On Fauna", "On Protection of Animals from Brutal treatment" and other regulatory acts";
- translated excerpts from the Guidelines on the development of ecotourism at wetlands, Guidelines on the compilation of cadastre of migratory water birds objects, which have been prepared under the Agreement on the Conservation of African-Eurasian Migratory Water birds, or African-Eurasian Water bird Agreement (AEWA);
- conducting information and awareness raising campaigns;
- finalising preparation of the list of potential territories of the Emerald network on the basis of available materials and conducting their assessment according to the procedures approved by the Berne Convention, based on the experience and methodology of the Council Directive 92/43/EEC on the conservation of natural habitats, wild flora and fauna.

Industrial pollution and industrial threats

By Resolution of the Cabinet of Ministers of Ukraine No. 371 dated April 15, 2015 the plan for implementation of Directive 2010/75/EU on industrial emissions (integrated prevention and pollution control) (revised) was approved. It is planned to establish a separate working group, activities of which will be aimed at addressing issues in this sphere.

Prospects of Ukraine's participation in the EU agencies and programmes on environmental issues

The Ukrainian side is interested in cooperation with the European Environment Agency in the following areas:

- monitoring of pollution levels and assessment of environment condition; a common information system of the environment condition;
- combating local, regional and transboundary air and water pollution;
- restoration of the natural environment;
- water quality;
- reducing waste volumes, recycling and safe disposal of waste, as well as the implementation of the Basel Convention provisions;
- conservation of biological diversity, protected areas, as well as sustainable use and management of biological resources;
- global climate change.

Regional cooperation on environmental issues

Ukraine is a participant in the regional program "Greening Economies in the European Union's Eastern Neighbourhood" (EaP GREEN) and its relevant events:

- on 10-11 March 2015 in Paris, the French Republic, a regional workshop for Eastern Europe, Caucasus and Central Asian countries "Shared environmental information system and "green" growth" took place, where the issues of existing systems of environmental indicators for assessing "green" growth/ "green" economy model, and also their adaption at the regional and national level were discussed;

- on April 7, 2015 in the Aarhus information and education centre of the Ministry of Ecology and Natural Resources were presented and discussed a draft national policy and an action plan for implementation of sustainable public procurement in Ukraine, developed in the framework of implementation of component 1.6 "Promoting public consumption changes through implementation of sustainable public procurement" of the regional program "Greening Economies in the European Union's Eastern Neighbourhood";

- on April 16, 2015 in the Aarhus information and education centre of the Ministry of Ecology and Natural Resources in the framework of the project "Economic instruments for managing harmful products" of the regional program "Greening Economies in the European Union's Eastern Neighbourhood» the third final workshop took place, where recommendations for the management of environmentally harmful products in Ukraine were presented for discussion.

Assistance to Ukraine in implementation of the Association Agreement between Ukraine and the EU in the field of environment

The Ukrainian side highly values the EU financial assistance provided within the framework of implementation of the Agreement on funding the program "Support in implementing the Strategy of National ecological policy of Ukraine", including the involvement of EU experts to develop a regulatory base in the field of environment and other activities for the Strategy implementation.

Cooperation on Climate Issues

Positions of the EU and Ukraine in the international negotiations on climate

1) In the framework of the negotiation process to develop a new global climate agreement for the period after 2020, at the 19th Conference of the Parties to the UN Framework Convention on Climate Change (UNFCCC) Decision 1/CP.19 obliging the Parties to the UNFCCC to submit Intended Nationally Determined Contributions (INDCs) was adopted:

in order to work out INDCs Ukraine attracted a number of national experts from relevant international projects of UNDP, ClimaEast and the U.S. Agency for International Development. Several meetings and a round table for discussion of INDCs between representatives of the Government, the public, expert and academic communities were held. Currently, the information received regarding proposals and comments to INDCs has been summarised, and four versions of the indicators have been identified to not exceed and stabilize the GHG emissions at 1990 level (60%, 50%, 45% and 30%).

2) Regarding Ukraine's position in international negotiations on a new global climate agreement.

Position of the Ukrainian Side is the following:

Efforts at national level must be undertaken by all countries, taking into account a number of factors such as national circumstances, indicators of social and economic development, capacity to mitigate effects of climate change, financial viability and so on.

The Ukrainian side supports the approach to determining the obligations of each party on reducing GHG emissions by using the principle of "including, but not limiting the principle of common yet differentiated responsibilities".

The new global agreement should be considered preliminary actions to prevent the consequences of climate change. The new global agreement should take into account previous actions of the countries to mitigate climate change impacts.

Under a new agreement, each Party should independently decide on its long-term and short-term goals to reduce emissions, taking into account national peculiarities, parameters of socio-economic development level and lifestyle.

The Parties must adopt legally binding commitments under a new global agreement.

Each country must submit proposals on its commitments, which would reflect its contribution to the global efforts on limiting/reducing GHG emissions.

Commitments of major greenhouse gas emitters need to be quantitative, with a clear timetable for achieving the target indicators.

Actions on mitigation of climate change impacts in the land use sector, changes in land use and forestry should be considered as a significant part of the overall goal and be reflected in the commitments of the Parties.

A new global agreement must provide for the functioning and further development of the flexible mechanisms of the Kyoto Protocol, as well as for the new market and non-market instruments to implement commitments. .

The new agreement should provide clear rules and procedures for reporting.

One of the main elements of a new agreement should be adaptation to climate change. The agreement should reflect the importance of strengthening international cooperation on adaptation to climate change, including the accumulation and synthesis of information and knowledge on the application of the best available tools and technologies in this sphere, and ensuring the broad access of all Parties to this information.

Action plan to implement the provisions of the Association Agreement regarding climate change

With the aim of implementation Directive No. 2003/87/EC on establishing a greenhouse gas emissions trading scheme within the Community and amending and supplementing Directive No. 96/61/EC with amendments and additions introduced by Directive No. 2004/101/EC, a Working group has been established with the task to ensure (within two years) implementation of Ukraine's commitments concerning climate change:

- adoption of national legislation and the determining of the authorized body (bodies);
- introducing the system to define the appropriate facilities/installations and specify the definition of greenhouse gases;
- development of a national plan for the allocation of quotas between factories / complexes;
- introduction of a permit system for greenhouse gas emissions and for the quotas between factories/industrial complexes in Ukraine that will be sold at the national level;
- establishing a system for monitoring, reporting, inspections, and appropriate implementation, as well as a procedure for public consultation.

In addition, the Ukrainian Side is developing a concept paper on introducing the GHS emissions trading scheme – a "Roadmap" and a draft Law of Ukraine "On the Greenhouse Gas Emissions Trading Scheme".

Regional cooperation on climate issues and programmes on climate issues within the framework of the European Neighbourhood Instrument

The international technical assistance project in the framework of the Eastern partnership is the EU funded project "ClimaEast" (project implementation period: 2013 – 2016), the overall objective of which is assisting the Eastern Neighbourhood Partnership countries under the European Neighbourhood Policy (including Armenia, Azerbaijan, Belarus, Moldova, Georgia and Ukraine) to increase their competence in the sphere of reducing greenhouse gas (GHG) emissions and improve their preparedness to mitigate climate change.

In addition, the following projects in this area are implemented:

- "Partnership for Market Readiness – PMR", the World Bank initiative, aimed at innovative approaches to GHG mitigation using markets and carbon pricing;
- "Capacity Building for Low-Carbon Growth in Ukraine";
- "PETER" (Preparedness for Emissions Trading in the EBRD Region), implemented by UNDP;
- "Municipal Energy Reform in Ukraine", implemented by the US Agency for International Development.

ENERGY

Oil and gas industry

On May 8, 2015 the Law "On the Natural Gas Market" came into force (the Law will be enacted, with the exception of certain provisions, on October 1, 2015), which was developed jointly with the Secretariat of the Energy Community in accordance with Directive 2009/73/EC on common rules for the internal market of natural gas and Regulation (EC) 715/2009 on conditions for access to the network of natural gas transportation.

The main purpose of this Law is the creation of a competitive environment in the natural gas market on the basis of Ukraine's commitments regarding implementation of the requirements of the EU Third energy package. The Law is the legislative arrangement for the reform of the gas sector and its implementation plan; it also contains the concept of reforming the NJSC "Naftogaz of Ukraine", including the plan of restructuring the company. We are currently working on the development of appropriate secondary legislation acts with the involvement of European experts.

On July 2, 2015 the Ministry of Energy and Coal Industry established a working group on the implementation of Directive 2009/119/EC of the European Parliament and of the Council of September 14, 2009 imposing on member States the EU's commitment to support minimum stocks of crude oil and/or petroleum products.

Electric power industry

Jointly with the Secretariat of the Energy Community a working group was established to develop proposals to bring national legislation into conformity with the provisions of Directive 2009/72/EC concerning common rules for the internal market in electricity and Regulation (EC) No. 714/2009 on conditions for network access for cross-border exchange of electricity.

The working group developed a draft Law "On the electricity market". On July 3, 2015 presentation of the main provisions of the draft law took place. On July 6, 2015, the draft law was posted on the official website of the Ministry of Energy and Coal Industry, and on July 10, 2015 it was sent for agreement to the concerned central executive authorities of Ukraine. On September 2, 2015 the draft law was presented to the Verkhovna Rada Committee on fuel and energy complex, nuclear policy and nuclear safety. We are currently working on finalising the proposals and comments to the draft law. For September 24, 2015 the first meeting of the Coordination centre for the introduction of a new model of the electricity market under the chairmanship of the Prime Minister of Ukraine is planned, during which this draft law will be presented.

Implementation of the Memorandum of Understanding between Ukraine and the EU on cooperation in the energy sector; strategic partnership in the energy sector

Reform of the energy sector and harmonization of Ukrainian legislation in accordance with the provisions of the EU Third energy package continue. Among the achievements is adoption of the Law "On the Natural Gas Market", which aims to create an efficient competitive environment in the sector; the development of a draft Law "On the

Regulator of the Electricity Market" is ongoing, the draft Law "On the Electricity Market" is being finalised.

In June 2015, the Minister of Energy and Coal Industry of Ukraine Mr. Demchyshyn sent a letter to the European Commission Vice-President for Energy Union Maroš Šefčovič and the Commissioner for Climate Action and Energy Miguel Arias Cañete with a request to consider the possibility of concluding a new document that would regulate bilateral cooperation between Ukraine and the EU in the energy sector and would provide for the most favourable interaction. Consultations on this issue to be held in Kyiv on September 28, 2015 were agreed with the EU side.

Cooperation with the Energy Community

With the aim of fulfilling the commitments associated with membership of Ukraine in the Energy Community, the Government of Ukraine approved an action plan (Resolution of the Cabinet of Ministers No. 733-p dated August 3, 2011 with amendments).

On September 16, 2015 the Ministry of Energy and Coal Industry updated the composition of the Multilateral working group on efficient development, promotion, and implementation and monitoring the effectiveness of reforms in accordance with the Ukraine's commitments to the Energy Community. The group includes representatives from the concerned central executive authorities, public organizations, energy companies and other market participants.

On March 25, 2015 an action plan, agreed with the World Bank and the Secretariat of the Energy Community, to reform the gas sector (Resolution of the Cabinet of Ministers of Ukraine No. 375-p) was endorsed. In consultation with the Secretariat of the Energy Community and the international consultants of the NJSC "Naftogaz of Ukraine" a model for unbundling of the state-owned gas transmission system, which is not subject to privatization, will be selected (model of unbundling OU or ISO) and the plan of restructuring the NJSC "Naftogaz of Ukraine" will be developed with the purpose of unbundling activities for natural gas transmission in accordance with the requirements of the Law "On the Natural Gas Market".

Regarding the draft law "On the National Commission for State Regulation of Energy and Public Utilities of Ukraine (NCSREPUU)

The NCSREPUU jointly with the Energy Community Secretariat have developed a draft Law "On the National Commission for State Regulation of Energy and Public Utilities of Ukraine", which provides for full implementation of the requirements of the EU Third Energy Package regarding strengthening the role and independence of the energy regulator. The draft Law was submitted by the Cabinet of Ministers of Ukraine to the Verkhovna Rada of Ukraine and was registered under No. 2966 (on June 18, 2015 MPs voted for returning the draft law for further revision).

Activities to search for decision on the import of gas from Russia to Ukraine***Financing of gas injection into underground gas storage facilities (UGS)******Trilateral negotiations***

During the current year a number of bilateral consultations between Ukraine and the EU, as well as consultations in the trilateral format Ukraine-EU-Russian Federation on the new "winter package" for 2015-2016 have been held. The decision on gas supplies for winter of 2015-2016 will be agreed in the near future.

Currently there is a need for support from the EU institutions for organization of financing works on the injection of natural gas volumes into UGS to ensure reliability of the gas transmission system in the following winter period.

The status of diversification of energy sources and supply routes

Ukraine is actively working to establish a "direct interaction" with the national GTS operators in neighbouring European countries, including intensive work on options to expand the gas transmission capacities that would enable a bilateral flow of gas, the virtual reverse flow, "backhaul" and "swap" procedures, etc. This approach fully complies with the requirements of the EU Third energy package. Currently, Ukraine is actively working on signing such agreements with Slovakia, Poland and Romania.

Concluding direct agreements on interconnectors between PJSC "Ukrtransgaz" and the EU gas transmission systems (GTS) operators, in particular with the Slovak GTS operator "Eustream", Romanian "TRANSGAZ", Polish "GAZ-SYSTEM" will enable to open the "great reverse flow" of gas from European countries through Slovakia, Romania and Poland to Ukraine with the subsequent use of gas, including for the needs of the EU countries.

Over the past year Ukraine managed to significantly diversify its sources of natural gas supply. Supply routes via Slovakia, Hungary and Poland were opened. Today, the most stable and reliable source of reverse gas supply to Ukraine is Slovakia; its existing technical capacities are fully used.

Participation in the work of the Central East South Europe Gas Connectivity (CESEC) High Level Group

On July 10, 2015 during the second meeting of the CESEC High Level Group in the City of Dubrovnik (Croatia) Ukraine joined the Memorandum of Understanding on a Joint approach to address the natural gas diversification and security of supply challenges in the CESEC region and the Action Plan with a purpose to accelerate implementation of projects on construction of gas transport infrastructure.

On the initiative of Ukraine and with support from the European Commission the Action Plan included the project of constructing interconnector for the physical reverse supplies of natural gas from Romania to Ukraine via the City of Isaccea (Romania) and the project that provides for increasing the guaranteed capacity of the Interconnector Hungary-Ukraine.

Highly important is to ensure diversification of gas supplies is the project on construction of LNG terminal in Croatia (included in the CESEC Action Plan), which Ukraine considers as part of the Adriatic gas corridor, aimed to connect the gas transport

systems of Croatia, Hungary and Ukraine (according to the Ministry of Foreign Affairs of Ukraine a topical issue for today remains signing of a Joint Declaration on the implementation of the Adriatic gas corridor project at the level of Prime Ministers of Croatia, Hungary and Ukraine).

Implementation of the action plan for the winter period

The status of implementation of the action plan on responding to emergencies in the fuel and energy sector for the autumn-winter period

On August 5, 2015 the Action plan on preparation of fuel and energy complex facilities for the autumn-winter period of 2015 - 2016 was endorsed (by Resolution of the Cabinet of Ministers of Ukraine № 809-p).

The Ministry of Energy and Coal Industry on a monthly basis monitors implementation of this plan, which is one of the important tools for ensuring energy security of Ukraine and successful passage of the heating season.

Progress in modernization of the gas sector, secondary legislation, GTS, restructuring of NJSC "Naftogaz of Ukraine", legislation and pricing issues

The Ukrainian side is interested in further cooperation with the EU side on modernization and exploitation of the Ukrainian gas transportation system, as well as in attracting European companies to use the underground gas storage facilities of Ukraine. Highly important is implementation of the investment project "Reconstruction, capital repairs and technical re-equipping of the main gas pipeline Urengoy-Pomary-Uzhgorod".

The goal of the project is to improve the reliability, transparency, efficiency and commercial attractiveness of existing transport routes, reducing environmental impact, minimizing the risks of natural gas supplies to European consumers through Ukrainian territory.

The condition of the domestic production of oil and gas

Oil and gas extraction

Since early 2015 Ukraine produced 1,8 mln. tons of oil with gas condensate and 13.1 billion cubic meters of gas. Last year those figures were: 1.8 mln. tons of oil with gas condensate, and 13.8 billion cubic meters of gas respectively.

The "Naftogaz of Ukraine" enterprises in January-August 2015 produced 1.7 mln. tons of oil with gas condensate (extraction increased by 5.9% compared to 2014), and 10.8 billion cubic meters of gas (extraction decreased by 6.7% compared to 2014).

Other companies over 8 months in 2015 produced 0.17 thousand tons of oil with gas condensate (oil extraction decreased by 19 % compared to 2014), and 2.2 billion cubic meters of gas (oil extraction remained the same in comparison with the year of 2014).

On July 7, 2015, the Minister of Energy and Coal Industry Mr. Demchyshyn established a working group on deregulation of gas extraction. The working group is currently finalizing a Roadmap for deregulation of the gas extraction sector.

Geological exploration works

Amounts of exploration and development drilling of the "Naftogaz of Ukraine" companies in January-August 2015 have amounted to 62.03 thousand metres of exploration and 65.8 thousand meters of development drilling. Compared with the corresponding period of 2014, volumes of exploration drilling decreased by 2.27 thousand meters, and development drilling – by 13.24 thousand metres.

With the aim of increasing extraction volumes, the "Naftogaz of Ukraine" oil and gas producing companies work on the introduction of new capacities. During 2015 the PJSC "Ukrgezvydobuvannya" put into experimental-industrial development the Malokrynivske gas field, which in the development period produced 2.138 million cubic meters of gas, including 0.578 million cubic meters of gas in July, as well as Kuzmychivske gas condensate field (GCF), which from the beginning of the development produced 4.367 million cubic meters of gas, including 1.618 million cubic meters of gas in July.

In January-July, 2015 the NJSC "Naftogaz of Ukraine" oil and gas companies constructed and put into operation 11 new oil and 32 gas wells, which provided production of 87.411 million cubic meters of gas and 25.646 thousand tons of oil and gas condensate.

In 2015 the NJSC "Naftogaz of Ukraine" facilities conducted 198 capital repairs of wells, returned into operation 51 gas and 84 oil wells, completed 183 well operations on intensification of oil and gas extractions; methods of increasing oil and gas condensate outputs are introduced at 8 sites. Due to the implementation in January-July 2015 of all organizational and technical measures additional 413.087 million cubic meters of gas and 253.215 thousand tonnes of crude oil and gas condensate were produced.

Progress in modernization of the electric power sector, a new draft law "On the Electricity Market"

Jointly with the Secretariat of the Energy Community a Working group has been formed to develop proposals on bringing the national legislation into conformity with the provisions of Directive 2009/72/EC concerning common rules for the internal market of electricity and Regulation (EC) No. 714/2009 on conditions for access to network for cross-border exchange of electricity.

The Working group has developed a draft Law "On the Electricity Market". On July 3, 2015 presentation of the main provisions of the draft law took place. On July 6, 2015, the draft law was posted on the official website of the Ministry of Energy and Coal Industry, and on July 10, 2015 was sent for agreement to the concerned central executive authorities of Ukraine. On September 2, 2015 the draft law was presented to the Verkhovna Rada Committee on fuel and energy complex, nuclear policy and nuclear safety. We are now working on finalising the proposals and comments to the draft law. For September 24, 2015 the first meeting of the Coordination centre for introduction of a new model of the electricity market under the chairmanship of the Prime Minister of Ukraine is planned, during which the abovementioned draft law will be presented.

Progress in modernization of the coal industry

With the aim of reforming the coal industry a draft Concept of the State targeted economic program of reforming the coal industry for 2015-2020 has currently been developed. In the near future the Ministry of Energy and Coal Industry will submit to the

Government a draft Resolution of the Cabinet of Ministers of Ukraine "On approval of the Concept of the State targeted economic program of reforming the coal industry for 2015-2020".

The work has commenced on the preparation of a new draft law "On the coal industry".

Progress in modernization of the nuclear power sector

The draft Law "On peculiarities of corporatization of the State enterprise "National nuclear energy generating company "Energoatom" has been developed. The draft law provides for the establishment of a public joint stock company in the process of corporatization of the "Energoatom", 100 percent of its shares will be owned by the State. The draft law will be submitted shortly for the Government approval, and then to the Parliament.

The State targeted economic program for development of the nuclear-industrial complex of Ukraine for 2016-2020 is under development. The goal of the Program is to organize the production of nuclear fuel and its components on the basis of national resources of natural uranium and zirconium for a stable provision for Ukrainian NPPs with nuclear fuel, reduction of import dependence and diversification of fuel suppliers. Currently, an approval procedure of the draft Concept of this State program is underway.

Regarding the pilot project "Energy Bridge Ukraine – the EU"

On June 15, 2015 the Government took a decision "On launching implementation of the pilot project "Energy bridge Ukraine – the European Union" (Resolution of the Cabinet No. 671-p).

The project is aimed at increasing the carrying capacity of the interstate electricity networks, creating favourable conditions for attracting investments, and provides for:

- infrastructure development of the interstate electric networks;
- preparation for integration of the United energy systems of Ukraine into the European Network of Transmission System Operators (ENTSO-E);
- organization of power distribution from Unit 2 of the Khmelnytsky NPP in the EU for the long-term electricity exports to the EU countries (in case of surplus capacity in the United energy system of Ukraine);
- attracting funds obtained due to export of electricity from Unit 2 of the Khmelnytsky nuclear power plant (NPP) in the EU countries to finance construction completion of the Third and Fourth Units of the Khmelnytsky NPP.

On July 31, 2015 the Ministry of Energy and Coal Industry approved an action plan for implementation of the pilot project "Energy Bridge Ukraine – the European Union".