**Working paper of the Working Group** **3**

**of Ukrainian side of the civil society platform**

**FOR A MEETING ON THE STATUS OF ECONOMICAL COOPERATION, DCFTA, AND TRANSBOUNDARY COOPERATION IMPLEMENTATION**

**08-09.11.2016**

Aiming to create a Ukraine effective mechanisms of cooperation with all stakeholders of implementation of the Association Agreement between the EU and Ukraine (hereinafter - AA), especially its trade part - DCFTA, members of Working Group 3 of Ukrainian Party of the Civil Society Platforms EU-Ukraine appeal to the meeting participants with proposals to improve the effectiveness of the AA implementation in strengthening economic cooperation, the introduction of free trade, cross-border cooperation, namely:

1. European integration is not only the Agreement implementation and formal approximation of the laws, but also the convergence at the level of goal-setting tools and goals. Innovation and sustainability are priorities for the EU at the level of economic strategy Europe 2020, the vision of the long term environmental and economic development of the EU to 2050, and at the level of policy implementation tools (flagship initiatives: Innovation Union, A digital agenda for Europe, Resource efficient Europe). Since the development of science, technology and innovation are the basement of development and poverty eradication, for all stakeholders of European integration processes should be useful to consider EU documents aimed at the harmonization of policies of member and associated states under the for scientific and technical cooperation framework program.
2. Innovative development of society and economic growth should be implemented according to the sustainable development goals using European approaches for sustainable management of natural resources. Assessment of policy decisions. plans and programs compliance with SDG is needed, according to European integration and the implementation of the Association Agreement with the EU.
3. Creation of the mechanisms of targets unification and coordination of activities, implementation of effective cooperation of experts, working groups, governmental agencies, and other stakeholders of Ukraine and EU for achievement of sustainable development goals. One of the such models is Technology Facilitation Mechanism (Paragraph 70 of the 2030 Agenda for Sustainable Development  of UN) used i.e. for sectorial technical assistance to developing countries via technologies transfer (<https://sustainabledevelopment.un.org/content/documents/1285unep.pdf>).

This model based on participation of various stakeholders, representatives of professional community, civil society, education, science, and business.

We consider as the still missing:

1. Issues of the small and medium business awareness of the export procedures of goods and services to European markets (training, practical advice, consulting, information and technical support). The process of creating information centers for business on European integration. Expanding the base of exporters exported products range and improve the structure of exports by products with higher processing levels.

2. Informing on business opportunities and benefits of participation in European programs of support for Ukrainian businesspersons. Mechanisms of involvement of the business community into implementation of programs of financial assistance. A clear schedule and algorithm of programs implementation.

3. Creation of modern financial infrastructure for business support in Ukraine according to European model. Simplification of access to funding for small businesses by encouraging financial institutions to expand microcredit programs. Cooperation with the Ministry of Finance and the National Bank

4. Creation of platforms and tools for communications development to representatives of Ukrainian business and their partners and counterparties in the EU, development of cooperation between the authorities and business associations. Strengthening the capacity of diplomatic missions of Ukraine abroad, economic diplomacy development in cooperation with the Foreign Ministry.

5. The issues of attracting investments, technologies and creation of the conditions for modernization of domestic enterprises.

6. Request from businesses about the need to revise tariff quota for preferential custom tariffs on the vast majority of categories of goods, within the discussion of progress in the implementation of DCFTA.

We still acutely feel the lack of a clear and full information on the technical assistance projects, which the EU plans to promote and implement for the reforms support in Ukraine within the framework of the implementation of the Association Agreement (AA). Ukrainian civil society and business should be involved into development of such projects on thematic areas (including recent clustering approaches EU) at all stages, from design concepts. EU institutions have to insure Ukrainian civil society and business opportunities to discuss concepts the planned technical assistance projects for the establishment of mutual agreement based on the concepts of real existing projects that have economic and scientific basis, practical reasoning within the AA implementation.

It should be noted that began to work the official portal of coordinating international aid Ukraine http: //openaid.gov.AA/uk/reforms. This is an important tool of MEDT information on the progress of reforms and the use of technical assistance, but on the mentioned website there is almost no any analysis of cost-effectiveness. We believe this should not be just a set of separate projects, each of which has a separate purpose, methods and ways to achieve it and the expected result. This should be powerful consolidated tool of the financial and technical support for reform in Ukraine. All these projects must be evaluated, and should become the parts of integrated master plan of reforms. These projects should become a strong generated resource base for implementation of reforms in Ukraine. According to the same website 8.9% of the total provided technical assistance aimed to support government and civil society (the largest area of support), while only 0.4% delivered to business and other services support programs - one the smallest fields of technical support.

According to official MEDT data for 8 months of 2016 on the foreign trade in Ukraine, exports of goods compared to the same period in 2015 decreased by 9% to 22.7 billion dollars, while the goods imports compared to last year decreased by 0.9 % (or 226.9 million dollars) and reached 24.2 billion dollars. The reasons that leads MEDT:

1. Unstable political and economic situation in some parts of Donetsk and Lugansk regions, continued military aggression from Russia;
2. Significant orientation of domestic exports towards raw material;
3. Lack of access to credit, systemic problems of foreign economic activity development (VAT refund; currency, customs and tax regulation).

For the last two years we had a chance to create a strong support system for SMEs in terms of sectors and regions to stimulate export of products, required reforms in SMEs education, standardization, food safety, the needs of small farmers according to the best European practices; support of the strengthening of business contacts and internationalization of business activities under bilateral relations, i.e. by expanding their business relationships with European companies.

In the spring of 2016 Natalia Mykolska, Deputy Minister of Economic Development and Trade of Ukraine - Ukraine Trade Representative appealed to public with a proposal on the establishment of the Advisory Group under the requirements of Art. 299, 300 of the AA.

In fact, as part of Working Group 3 "Economic cooperation, free trade, and cross-border cooperation" of the Ukrainian party of Civil Society Platform Ukraine - EU (WG3 CSP) created advisory expert group under Chapter 13 of the Agreement with the EU (Trade and Sustainable Development Article , 299 and 301), the team of experts of industries Ukraine, the purpose of which is an expert support implementation of the Association Agreement Ukraine and the EU. The said advisory expert group WG3 as well as those that might be created within other working groups CSP requires structuring and a competent experts for each sector and each social cluster with the assistance of the European side CSP in the implementation of innovative mechanisms for the implementation of European law, formation sectorial policies, direct entry into the EU provided UA and relevant programs of the European economic and social Committee. The WG3 CSP consist of over 30 business associations, unions, employers' organizations, trade unions, research institutions, educational institutions and others. Many of them have their own territorial networks of affiliates, branches and representative offices covering all regions of Ukraine, and established communication with international institutions. The majority has experience in international projects, the necessary expertise and human resources. Our members coordinate about 100 thematic groups, more than 10 web-pages on European integration and public, innovative, expert platforms; we are part of the 200 working groups on various social issues - that dire need of accessible and relevant information on the benefits of European integration, including EU support for SMEs (for example, the program SURE, COSME, EU4BUSINESS) for delivering clear messages to businesses in networking process.

Structuring of Ukrainian expert and civil society in areas of AA implementation needs a systematic planning and implementation in every sector. The basic principles definition of each sectorial policy of the European level of compliance should be based on the serious reforms in education, science, and training/retraining of staff at all levels, increased capacities and staff retraining at all levels of state management and the social protection program. The task of **ПЗВТ** implementation have to rely on the joint efforts of the parties to Civil Society Platform in clarification of role of science and education at all levels and in all areas of implementation economic reforms.

Unfortunately, the position of the government on the DCFTA implementation remains extremely distorted, believing that access to the EU market is needed, above all, to manufacturer. We, by contrast, clearly understand the impact of export to overall macroeconomic condition of the national economy. You do not need to do anything for us, just give us a chance to take advantage of the tools and opportunities offered by the various technical assistance projects and grant support, in order to make this transition process as painless and as effective and useful for domestic manufacturers, i.e. the development of the internal market and, ultimately to the consumer, products and services!

Therefore, we propose to appeal to the Parliamentary Committee of the Association and the Association Council with a joint statement on following:

1. Clearly and strictly comply with the requirements of Art. 470 of AA on informing of members the Civil Society Platform about the decisions and recommendations of Association Council and ensuring the regular meetings with representatives of the Parliamentary Committee of the Association and Association Committee, including sectorial subcommittees established.
2. In close cooperation with interested members of the Civil Society Platform develop and establish clear guidelines for medium / long-term strategies of small and medium business in Ukraine, programs for support of small farmers in accordance with best European practices; elaboration of technological cards of transfer to EU standards in education, science, labor, production of goods and services, rural development, food production safety and more.
3. Create effective mechanisms for the recovery of business contacts and internationalization of business activities in Ukraine, in particular, by expanding their relations with European companies;
4. Recognizing the importance of culture for sustainable economic and social development of Ukraine emphasize, in particular, the need to preserve the unique cultural and historical heritage of the country and to ensure transparency in the management of cultural objects through advanced consultations with stakeholders.