



Brussels, 4 November 2025
(OR. en)

14914/25

ELARG 131
COEST 779

COVER NOTE

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	4 November 2025
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	SWD(2025) 759 final
Subject:	COMMISSION STAFF WORKING DOCUMENT Ukraine 2025 Report Accompanying the document COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS 2025 Communication on EU enlargement policy

Delegations will find attached document SWD(2025) 759 final.

Encl.: SWD(2025) 759 final



EUROPEAN
COMMISSION

Brussels, 4.11.2025

SWD(2025) 759 final

COMMISSION STAFF WORKING DOCUMENT

Ukraine 2025 Report

Accompanying the document

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

2025 Communication on EU enlargement policy

{COM(2025) 690 final} - {SWD(2025) 750 final} - {SWD(2025) 751 final} -
{SWD(2025) 752 final} - {SWD(2025) 753 final} - {SWD(2025) 754 final} -
{SWD(2025) 755 final} - {SWD(2025) 756 final} - {SWD(2025) 757 final} -
{SWD(2025) 758 final}

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1. INTRODUCTION¹

1.1. CONTEXT

Ukraine has continued to show remarkable resilience and strong commitment to its European path despite the escalation of Russia's ongoing war of aggression including a substantial increase of Russian air attacks against cities and civilian objects that has led to more civilian victims. Ukraine applied for EU membership on 28 February 2022 and the intergovernmental conference to open accession negotiations with Ukraine took place on 25 June 2024. Bilateral screening meetings were completed in September 2025. On 14 May 2025, Ukraine adopted roadmaps on rule of law, public administration reform and on the functioning of democratic institutions, as well as an action plan on national minorities and its negotiating position for Cluster 1. This progress, which has been made despite the challenge of the Russian aggression, signals Ukraine's strong commitment to its European future. However, there have also been some elements of notable concern, in particular in ensuring a robust and independent anti-corruption framework.

Regular political and economic dialogue between the EU and Ukraine has also continued, including through the Association Agreement and the Deep and Comprehensive Free Trade Area, and the joint bodies under the agreement.

Since the beginning of Russia's war of aggression, the EU and its Member States have mobilised EUR 177.6 billion in support of Ukraine and its people. The recommendations in this report are aligned with the main priorities of the Ukraine Plan under the Ukraine Facility for the coming 12 months.

The EU-Ukraine joint security commitments signed in 2024 continue to guide the EU and the Member States' support for Ukraine's security, resilience and defence support, complementary to Member States' bilateral commitments.

The EU continues to fully support the independence, sovereignty and territorial integrity of Ukraine, within its internationally recognised borders. Ukraine maintains a high level of alignment with the EU's common foreign and security policy.

1.2. MAIN FINDINGS OF THE REPORT

CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

Democracy

The general framework remains overall conducive to the organisation of democratic *elections*, upon a future lifting of martial law, once circumstances allow. A number of key recommendations from the latest election observation mission reports of the Organization for Security and Co-operation in Europe (OSCE) / Office for Democratic Institutions and Human Rights (ODIHR) have been implemented. Electoral reforms should continue to address outstanding recommendations and prepare for a potential scenario of post-war elections.

Parliament (*Verkhovna Rada*) can exercise its powers, including control of the executive and

¹ This report covers the period from 1 September 2024 to 1 September 2025. It is based on input from a variety of sources, including contributions from the government of Ukraine and the EU Member States, reports of the European Parliament and information from various international and non-governmental organisations. It also includes the results of comparative assessments and indices produced by other stakeholders, in particular in the area of rule of law.

The report uses the following assessment scale to describe the state of play: early stage, some level of preparation, moderately prepared, good level of preparation and well advanced. To describe progress made during the reporting period, it uses the following scale: backsliding, no progress, limited progress, some progress, good progress and very good progress. Where appropriate, interim steps have also been used.

involvement in the legislative process, in a partially effective way due to the limitations imposed by martial law. Through the roadmap on the functioning of democratic institutions, Ukraine has committed to several measures aimed at ensuring a comprehensive impact assessments of proposed legislation, and at strengthening legislative oversight of the executive. These measures also include monitoring of the implementation of legislation.

Ukraine's **government** has continued to perform its functions in an effective way, prioritising security and defence, EU integration, economic recovery and reconstruction. Decentralisation reform must advance in an effective and tangible way, in line with the measures set by the government and in line with the Ukraine Plan and public administration reform (PAR) roadmap.

The institutions in charge of **EU integration** are in place and are actively involved in coordinating the contributions of various stakeholders to the screening process, as well as in strategic documents related to the accession process. A team has been created to draft the National Programme for the Adoption of the *Acquis* (NPAA) and the drafting process was formally launched in May 2025. EU integration expertise, planning and inter-institutional mechanisms should be further strengthened so that Ukraine can transpose the EU *acquis* into national legislation effectively. The active involvement of all stakeholders must be ensured, with emphasis on cooperation between the executive and legislative powers. The government needs to continue communicating with the public about EU integration.

Civil society organisations (CSOs) operate in an overall enabling environment, but there have been incidents of alleged political pressure on anti-corruption activists. Such cases, also against human right defenders and CSOs, must be monitored and addressed. Three laws were adopted to strengthen the engagement and consultation of the public and CSOs in policymaking and decision-making processes at the central and sub-national government levels. Once martial law ends, steps will need to be taken to implement the laws.

Public administration reform

Ukraine is **between having some and a moderate level of preparation** in the area of public administration and has made **good progress**, notably in the areas of service delivery and digitalisation, salary reform and alignment of legislation with the Law on administrative procedure (LAP). The government has resumed medium-term budget planning with the adoption of the budget declaration for 2025-2027. The law to improve recruitment procedures and fully restore merit-based recruitment was registered.

The Commission's recommendations from last year were broadly implemented and remain partially valid. In the coming year Ukraine should, in particular:

- in line with the Ukraine Plan, adopt legislation to improve procedures for merit-based recruitment, promotion and dismissal, and resume merit-based recruitment for all civil service posts through the unified state web portal of electronic services; further advance the countrywide roll-out and use of the human resources management information system;
- adopt new strategies for public administration reform (PAR) and public financial management (PFM) for the period 2026-2030, ensuring full alignment with the PAR roadmap;
- complete legislative alignment and harmonisation with the LAP, particularly in the areas of taxation, customs and land relations, and align digital administrative procedures and secondary legislation with the LAP.

Chapter 23: Judiciary and fundamental rights

Ukraine has **some level of preparation** regarding the judiciary, the fight against corruption and respect for fundamental rights and made **some progress**, with progress seen across all areas.

Functioning of the judiciary

Ukraine has **some level of preparation** in the functioning of the judiciary. **Some progress** was made during the reporting period, notably by adopting and starting to implement legislation to establish the

Kyiv Specialised District Administrative Court and the Kyiv Specialised Administrative Court of Appeal, through the ongoing selection and appointment of judges and members of the High Council of Justice (HCJ) and the evaluation of the qualifications of sitting judges (vetting), and by setting up the Service of Disciplinary Inspectors (SDI). A roadmap for the e-judiciary system was approved and the development of the e-case management system in the criminal justice chain (SMEREKA) continued. However, the judiciary still suffers from severe understaffing and high workloads. Integrity, meritocracy and capacities of the judiciary and prosecutorial service, as well as the status of the Public Integrity Council remain weak. The Parliament failed to appoint internationally vetted candidates to the Constitutional Court (CCU), further delaying the renewal of the CCU. The position of the Prosecutor General remains politicised. The provisions on automatic closure of criminal cases due to expiry of pre-trial investigation time limits after the notice of suspicion and shortened investigation time limits led to the closure of several high-profile cases and others are at risk. Legislation introduced in July 2025 allows for transfer and appointment of prosecutors without competition and grants the Prosecutor General access to any pre-trial investigation material (except of the National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO)).

The Commission's recommendations from last year were partially met and remain valid. In the coming year, Ukraine should in particular:

- in line with the Ukraine Plan, accelerate the filling of judicial vacancies and the evaluation of the qualifications (vetting) of sitting judges, with the involvement of the Public Integrity Council; operationalise the new specialised administrative courts;
- in line with the Ukraine Plan, continue to settle ongoing disciplinary proceedings; adopt legislation to improve judges' declarations of integrity and their verification, the selection of management-level prosecutors, the disciplinary system for prosecutors and the capacity of the prosecutorial governance bodies; and launch the criminal e-case management system modules;
- in line with the Ukraine Plan, adopt the law to improve the enforcement of court decisions; launch the data collection system for the enforcement of court decisions, and implement the roadmap for the e-judiciary system;
- fill the remaining vacancies in the Constitutional Court without further delays and improve the constitutional procedure in line with the 2021 recommendations of the Venice Commission; adopt legislative amendments to make the selection and dismissal procedures for the Prosecutor General more objective, transparent and merit-based; improve the selection of Supreme Court judges and the verification of integrity declarations of Supreme Court and other highest courts' judges with the temporary but meaningful involvement of independent experts nominated by international partners; remove the provision on the automatic closure of criminal cases due to the expiry of pre-trial investigation time limits and review the current time limits; urgently extend the temporary involvement of internationally-nominated independent experts in the selection of members of the High Qualification Commission of Judges (HQCJ), and improve the transparency and quality of the selection processes, in particular regarding the selection of members of the Congress and Council of Judges, Council of Prosecutors, and the Head of the State Judicial Administration (SJA); and advance the reforms of the Bar, legal education and the National School of Judges;
- remove the provisions allowing the transfer and appointment of prosecutors to regional prosecution offices and the Office of Prosecutor General without competition and giving the right for the Prosecutor General to access any pre-trial investigation material, abstain from further enforcement of these provisions until they are repealed.

Fight against corruption

Ukraine has **some level of preparation** in the area of anti-corruption. **Limited progress** was made. The specialised anti-corruption institutions (NABU, SAPO, HACC) continued delivering on their mandates and building a track-record by stepping up investigations, prosecutions and judgements of high-level corruption cases. The trend has been stagnating for investigations into corruption offences

by other law enforcement agencies. The Parliament adopted a law in July, dismantling important safeguards for the independence of NABU and SAPO and putting their operational work under the authority of the politically appointed Prosecutor General. These amendments would have severely weakened Ukraine's anti-corruption framework. The independence of NABU and SAPO was swiftly restored following domestic protests and strong concerns voiced by international partners. Legislative initiatives presented as protecting businesses or national security were registered or adopted that risk undermining the effectiveness of the fight against corruption, including by limiting transparency of public registers and criminal liability for corruption offences. Anti-corruption institutions and civil society organisations report about growing pressure from state institutions, including through criminal investigations by law enforcement and security agencies. Overall, these developments cast doubts on Ukraine's commitment to its anti-corruption agenda. Ukraine should advance its anti-corruption framework and prevent any backsliding on its notable reform achievements. Procedural delays and obstructions in high-level corruption proceedings should be addressed. Statutes of limitation and the grounds for their interruption and suspension should be reviewed and adjusted, in line with European standards.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- preserve the independence of anti-corruption institutions; expand the jurisdiction of NABU to cover all high-risk public positions; introduce robust safeguards against interference with the work of NABU and SAPO and circumvention of their exclusive jurisdiction in high-level corruption cases; strengthen SAPO's autonomy to investigate Members of Parliament without prior approval by the Prosecutor General;
- further consolidate its track record on corruption cases, including the seizure and confiscation of criminal assets, focusing on top officials and high-impact cases; expand the personal scope of declarants and simplify and improve the procedures for the verification of asset declarations; strengthen the capacities and focus of the National Agency on Corruption Prevention (NACP) to detect unexplained wealth; amend the Criminal Procedure Code to alleviate impediments and procedural delays to the efficient holding of criminal proceedings, particularly in high-level corruption cases;
- in line with the Ukraine Plan, increase the number of judges and administrative staff in the High Anti-Corruption Court (HACC); develop and adopt the Anti-corruption Strategy and the State Anti-Corruption Programme.

Fundamental rights

The overall framework for and enforcement of fundamental rights remains satisfactory, and the government has maintained its overall respect for fundamental rights and shown its commitment to their protection. Ukraine has adopted and implemented several key reforms, such as the legislation on the protection of victims of crimes (including war crimes), strengthening the National Prevention Mechanism, starting to implement the Istanbul Convention, and adopting the Strategy for Ensuring the Right of Every Child in Ukraine to Grow Up in a Family Environment. The continued lack of progress on a number of policies, including the criminalisation of hate crimes, the creation of civil partnerships and the reform of personal data protection, is concerning and Ukraine should remain committed in its pursuit of reforms.

The Commission's recommendations from last year were partially met and remain valid. In the coming year, Ukraine should, in particular:

- continue implementing the amended legislation on the protection of the rights of persons belonging to national minorities and the Action Plan on National Minorities, in close cooperation with representatives of national minorities, and provide adequate resources and capacity-building assistance to the relevant authorities;
- review the legislation on the functioning of the Ombudsperson in line with the UN Paris Principles and the Council of Europe's Venice Principles on the Protection and Promotion of the

Ombudsman Institution; and ensure effective investigation and prosecution of cases of torture and ill treatment in the prison and detention system; and adopt legislation on data protection in full compliance with the EU *acquis*;

- continue developing an inclusive environment for persons with disabilities, including by advancing on de-institutionalisation and, in line with the Ukraine Plan, adopting the legislation on the rehabilitation of persons with disabilities.

Freedom of expression

Ukraine is **between having some and a moderate level of preparation** regarding freedom of expression. Despite the constraints resulting from the Russian war of aggression, Ukraine has made **some progress** in this area, notably on the financial independence of the public broadcaster Suspilne, transparency of media ownership, and access to information for journalists.

The Commission's recommendations from last year were partially met and remain valid. In the coming year, Ukraine should in particular:

- ensure the safety and independence of journalists and respect their public information role; investigate promptly, independently and effectively cases of direct intimidation and harassment as well as indirect forms of pressure against journalists and media outlets;
- maintain adequate funding for the public service broadcaster to allow the independent public service media to carry out their role as enshrined in Ukraine's legislation, and ensure that content produced by publicly funded media are representative of Ukraine's political and societal pluralism;
- continue its efforts to maintain and gradually strengthen a transparent, pluralistic and independent media landscape, ensuring that restrictions imposed temporarily by martial law comply with key public rights and interests, such as access to information and media freedom.

Chapter 24: Justice, freedom and security

Ukraine has **some level of preparation** in the field of justice, freedom and security, and made **some progress** during the reporting period. In particular, Ukraine moved forward with the reform of the Economic Security Bureau of Ukraine (ESBU) and the Asset Recovery and Management Agency (ARMA),² and strengthened legislation and the implementation of measures to better counter the misuse and trafficking of firearms. Additionally, the Cabinet of Ministers approved the composition of the competition commission for the selection of the Head of the State Customs Service. However, overall institutional cooperation and coordination mechanisms remain weak, as do the levels of integrity and accountability. There is a need for further work on legislative alignment and strategic documents outlining priorities for the near future, including in the areas of migration and firearms. Security checks by the Security Service of Ukraine against law enforcement personnel introduced as part of July 2025 legislative amendments lack safeguards against possible abuse.

The Commission's recommendations from last year were partially met and remain valid. In the coming year, Ukraine should in particular:

- make tangible progress in implementing the overarching strategic plan on law enforcement reform (OAS AP) and the Chapter 24 parts of the rule of law roadmap;
- adopt the Law on the delineation of powers, functions and responsibilities of law enforcement agencies (LEAs) and create an effective system for cooperation and coordination between LEAs; introduce transparent and merit-based selection procedures for managerial positions in the central and regional offices of the National Police of Ukraine (NPU) and the State Bureau of Investigation (SBI), with the meaningful involvement of independent experts nominated by international partners, along with strong disciplinary and anti-corruption rules that are tailored to the local context and address actual corruption risks;
- accelerate the adoption of a new integrated border management (IBM) strategy with an action plan incorporating measurable implementation indicators.

Fight against serious and organised crime

Ukraine has **some level of preparation** to implement the EU *acquis* and made **some progress**, notably in the gradual implementation of the OAS AP, and in adopting and starting to implement the law reforming the Asset Recovery and Management Agency (ARMA). After some delay, the Head of the Economic Security Bureau of Ukraine (ESBU) was appointed. There has been some progress in preventing and fighting small arms and light weapons trafficking, drug and cigarette smuggling, trafficking in human beings, and illegal financial transactions. Ukraine established the National Firearms Focal Point (NFFP) and an interministerial group on firearms under the coordination centre. The legal framework for financial investigations has been completed with the necessary implementing legislation. The track record in money laundering cases has improved but the freezing and confiscation of criminal assets remain very limited.

The Commission's recommendations from last year were partially met and remain valid. In the coming year, Ukraine should in particular:

- implement the law reforming ARMA, including by adopting the relevant implementing legislation, by conducting a transparent selection and appointment process for its head following a credible integrity and professionalism check and by undertaking an independent external audit;
- advance the reform of the ESBU through the re-attestation of its staff based on integrity and merit and by providing the ESBU with appropriate financial, human and technical resources, as well as operational independence; adopt and start implementing a strategic framework on financial investigations, allocate sufficient resources, and further build the necessary capacities to ensure that financial investigations are conducted systematically and effectively;
- implement the 2025 comprehensive action plan to combat organised crime based on the results of the 2019-2022 serious and organised crime threat assessment (SOCTA); adopt a new 2026-2030 strategy following the threat assessment under the 2021-2024 SOCTA methodology; strengthen the institutional and operational capacities (including inter-agency cooperation) to institutionalise the SOCTA methodology across the relevant agencies; formally establish the permanent national coordinator to fight against organised crime.

ECONOMIC CRITERIA

The existence of a functioning market economy

Ukraine is at **some level of preparation** and has made **good progress** in establishing a functioning market economy. The Ukrainian authorities remain committed to macroeconomic stability and the implementation of reforms. While the pace of recovery has slowed, the economy continues to demonstrate resilience, underpinned by sound policymaking, strong international support, and the adaptability of the private sector. Despite the challenging wartime context, progress has been made on fiscal structural reforms, while efforts to strengthen the tax administration and increase domestic revenues have continued, which have led to a slight reduction in the fiscal deficit in 2024 despite strong expenditure pressures. The roll-back of emergency measures introduced at the beginning of Russia's war of aggression has progressed, with the National Bank of Ukraine gradually easing foreign exchange restrictions and maintaining a managed float for the hryvnia. The business environment has benefited from steps to make it easier to do business, supported by ongoing deregulation efforts. The banking sector has remained resilient, with credit activity showing signs of recovery.

The Commission's recommendations from last year were well implemented. In the coming year Ukraine should, in particular:

- advance the implementation of the National Revenue Strategy and domestic revenue mobilisation, take steps to improve the sustainability of the pension system, and improve fiscal transparency through the timely publication of general government data; continue pursuing policies supporting macroeconomic and financial stability, including by implementing the Financial Sector Development Strategy roadmap;

- continue improving the business environment and market competition; accelerate deregulation and reduce administrative burdens, particularly those associated with tax compliance; advance the corporatisation of state-owned enterprises and the appointment of supervisory boards with a majority of independent members, while safeguarding their independence in line with OECD standards;
- take steps to facilitate the labour market integration of displaced persons and war veterans, while intensifying efforts to reduce informality and promote formal employment.

The capacity to cope with competitive pressures and market forces within the EU

Ukraine is **between an early stage of preparation and having some level of preparation** and has made **good progress** to cope with competitive pressures and market forces within the EU. Ukraine has continued to strengthen the foundations for long-term competitiveness. Reform efforts in education have progressed, including the continued implementation of the New Ukrainian School Reform and the entry into force of a new law on preschool education. Additional steps were taken to align the education and training system with the needs of Ukrainians abroad, while reforms undertaken under the Ukraine Plan are set to strengthen vocational education and training. Ukraine approved a new Global Innovation Development Strategy, which seeks to boost innovation through better infrastructure, regulation and access to funding. In parallel, Ukraine restored and expanded its energy generation capacity, advanced its digital connectivity and reformed public investment management.

The Commission's recommendations from last year were well implemented. In the coming year Ukraine should, in particular:

- continue taking measures to support the repair, rehabilitation and building of infrastructure, in particular related to energy generation capacity, including from decentralised renewable sources;
- continue implementing the commitments in the Roadmap for Public Investment Management, in particular by adopting sectoral strategies that include the main goals and priorities for investments by sector;
- continue taking steps to improve the quality of education and training to ensure that outcomes align with the needs of the labour market, including the skills required for reconstruction.

Chapter 5 - Public procurement

Ukraine has **some level of preparation** in the area of public procurement. **Limited progress** was made, by implementing the Strategy for Reforming the Public Procurement System for 2024-2026. The long-due public procurement law was not adopted, while the public-private partnership (PPP) law was adopted albeit with significant gaps vis-à-vis EU standards.

The Commission's recommendations from last year were only partially met and remain valid. In the coming year, Ukraine should in particular:

- make progress towards further aligning legislation on public procurement, concessions, public-private partnerships, and defence and security procurement, complying with the EU *acquis* and ensure that EU operators can participate on fully non-discriminatory legal terms;
- enhance the e-procurement functionality, including development of new procurement tools and e-contracting in the Prozorro system, as well as operational interoperability with DREAM system and other applicable state IT systems;
- amend the Strategy for Reforming the Public Procurement System for 2024-2026 to better define the strategic goals, tasks and performance indicators as well as to streamline measures related to control and anti-corruption, including by strengthening the effectiveness of exclusion criteria for economic operators on all grounds foreseen in the EU *acquis*, especially, over corruption-related convictions.

Chapter 18 - Statistics

Ukraine has **some level of preparation** in the area of statistics and made **some progress**, including by preparing an amendment to the law on official statistics and by re-starting the collection of statistical data after an amendment to the martial law as of July 2025.

The Commission's recommendations from last year were partially implemented and remain largely valid. In the coming year, Ukraine should in particular:

- gradually increase the production, dissemination and transmission of good-quality statistics to Eurostat, disaggregated by sex and age where relevant;
- ensure the full professional independence of the SSSU and of other bodies that produce official statistics;
- restart the implementation of statistical surveys and observations to produce good-quality official statistics.

Chapter 32 - Financial control

Ukraine has **some level of preparation** in implementing financial control and made **good progress** by amending the Law on the Accounting Chamber.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- increase the quality of public sector internal audit by applying the new Global Internal Audit Standards and strengthening the role and capacities of the Centralised Harmonisation Unit;
- strengthen the political and financial independence, and administrative capacities, of the Accounting Chamber, including by forming and operationalising its Board;
- in line with the Ukraine Plan, adopt the amendments to relevant legislation on financial control to strengthen the state financial control system, including the role and capacity of the State Audit Service in protecting the financial interests of the EU and the monitoring of procurement procedures, prioritising preventive risk-based audits and effectively acting upon detected violations.

CLUSTER 2: INTERNAL MARKET

Chapter 1 - Free movement of goods

Ukraine is **moderately prepared** in the area of free movement of goods. It made **some progress** by reintroducing market surveillance, and by aligning with the EU *acquis* on metrology and with several pieces of EU 'new and global approach' product legislation.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- adopt the law on market surveillance, which is aligned with the EU *acquis*; and make further progress in aligning with the EU harmonised product *acquis*, especially "old approach" product *acquis*;
- make progress in ensuring compliance with Articles 34-36 of the Treaty on the Functioning of the European Union and relevant case law of the Court of Justice of the European Union (CJEU), in order to eliminate quantitative restrictions on the free movement of goods, especially in the non-harmonised area;
- continue its efforts to join the EU standardisation and metrology bodies.

Chapter 2 - Freedom of movement for workers

Ukraine remains at an **early stage of preparation** on the freedom of movement for workers. **Limited progress** was made in the reporting period, with the adoption of the action plan preparing the relevant authorities to join the European Network of Employment Services (EURES).

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- align national legislation with the EU *acquis* on access for EU citizens to the labour market;
- conclude agreements on social security coordination and healthcare insurance with EU Member States;
- step up preparations for joining EURES, upon accession.

Chapter 3 - Right of establishment and freedom to provide services

Ukraine has **some level of preparation** in relation to the right of establishment and freedom to provide services. **Limited progress** was made, including on the full postal market opening to competition.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- take measures to eliminate barriers to the provision of services between the EU and Ukraine, using the possibilities offered by the Association Agreement, and initiate alignment with the EU Services Directive;
- make progress in aligning with the EU postal *acquis*, including the Postal Services Directive and the Regulation on cross-border parcel delivery services;
- make progress on aligning with the EU *acquis* on the mutual recognition of professional qualifications.

Chapter 4 - Free movement of capital

Ukraine is **between having some and a moderate level of preparation** in the area of the free movement of capital. **Some progress** was made, in particular as regards the relaxation of foreign currency restrictions introduced as part of the regime of martial law.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue the progress towards the liberalisation of capital movements, and as far as the circumstances allow for it, gradually remove the additional restrictions introduced under the martial law;
- advance alignment with the Payment Services Directive 2, the SEPA Regulation, the Cross-Border Payments Regulation 2 and the E-Money Directive 2;
- make progress in the fight against money laundering and terrorist financing: in line with the Ukraine Plan, implement the next National Risk Assessment in accordance with the updated methodology for the national assessment of money laundering and terrorist financing risks in Ukraine and set up a registry of bank accounts for individuals and personal bank deposit boxes, in line with the EU *acquis*; introduce new measures to complement the legislation on beneficial ownership registration for all types of corporate and legal entities in Ukraine, including trusts.

Chapter 6 - Company law

Ukraine has **some level of preparation** in the field of company law and has made **limited progress** in the past year, notably by adopting the strategy and action plan on sustainability reporting and preparing draft legislation in this area and in the area of corporate governance.

The Commission's recommendations from last year were partially implemented and remain valid. In

the coming year, Ukraine should in particular:

- continue aligning with the EU *acquis* including by providing for a legal framework for the nullity of joint-stock companies, cross-border mergers, divisions and conversions, takeover bids, shareholders' rights and digital tools and processes in the company law;
- continue aligning with the EU *acquis* concerning transparency requirements for capital markets, corporate governance and reporting;
- further develop the technological solution/Unified State Register to enable fully online registration of companies and branches as well as fully online filing of company information, and access to companies' financial statements in the business register.

Chapter 7 - Intellectual property law

Ukraine has **some level of preparation** in the area of intellectual property law. **Some progress** was made, notably by developing draft laws on copyright, patents, trademarks and trade secrets.

The Commission's recommendations from last year were not implemented and remain fully valid. In the coming year, Ukraine should in particular:

- improve the functioning of collective management organisations and the payment of royalties to rights holders;
- further improve the industrial property rights (IPR) enforcement system, in particular by combating piracy and counterfeit products;
- adopt the draft laws on copyright, industrial property rights as well as on trade secrets; adopt the intellectual property strategy 2025-2030, and continue alignment with the EU *acquis* in all relevant areas.

Chapter 8 - Competition policy

Ukraine has **some level of preparation** in the area of competition policy. **Limited progress** was made in the reporting period, notably by preparing to further align the legislation on the protection of competition and State aid and by partially restoring State aid control. The number of decisions in cases for anticompetitive concerted actions, abuse of dominant position and mergers has increased compared with the year before.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- in line with the Ukraine Plan, amend the Law on State aid to further align it with the EU *acquis* and lift the suspension of the application of State aid control by the Antimonopoly Committee (AMCU);
- make further progress on finalising a reliable and comprehensive inventory of existing State aid measures;
- in line with the Ukraine Plan, pursue further steps towards aligning with the EU *acquis* under this chapter, including on services of general economic interest.

Chapter 9 - Financial services

Ukraine has **some level of preparation** in the field of financial services. **Some progress** was made in the reporting period, with the entry into force of new banking regulations and legislation on insurance distribution and motor third-party liability.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue alignment with the EU *acquis* on banking regulation, in particular with the Capital Requirements Regulation (CRR) and the Capital Requirements Directive (CRD), as well as with

the frameworks on bank recovery and resolution and on deposit guarantee schemes;

- continue aligning legislation with the EU *acquis* on insurance and occupational pensions; investment firms, investment funds, and financial market infrastructures;
- continue aligning legislation with the EU *acquis* on securities and capital markets. In line with the Ukraine Plan, further implement the Law on the improvement of state regulation of capital markets and organised commodity markets, following the principles of the International Organization of Securities Commissions.

Chapter 28 - Consumer and health protection

Ukraine is **between having some and a moderate level of preparation** in consumer and health protection. Over the reporting period, **good progress** was made, notably by: (i) lifting the moratorium on inspections and checks; (ii) strengthening the protection of consumer rights in financial services; (iii) adopting a strategy to develop the healthcare system; (iv) adopting a strategy and action plan to combat antimicrobial resistance; (v) adopting a law on the mental healthcare system.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- align with the General Product Safety Regulation;
- develop, approve and start implementing a national health emergency preparedness plan, along with its associated response mechanisms, and align national legislation with the EU health security *acquis*;
- embed the technical aspects of the e-Health system into a robust governance system involving all the relevant entities to ensure effective coordination and the efficient enforcement of decisions.

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

Chapter 10 - Digital transformation and media

Ukraine is **between a moderate and a good level of preparation** in the field of digital transformation and media. In the reporting period, it made **some progress**, notably on roaming.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- ensure that independent telecom and media regulators and central executive bodies in the field of electronic communications have adequate funding and human resources to perform their role;
- align national legislation with the EU's 5G Security Toolbox and fully implement the Protocol of Intent on 5G Security, including the enactment of provisions to exclude high-risk suppliers from 5G auctions;
- in line with the Ukraine Plan, further align national legislation with the European Digital Identity Framework.

Chapter 16 - Taxation

Ukraine has **some level of preparation** in the field of taxation. **Good progress** was made, notably by amending the Tax Code on value added tax (VAT) and excise duties.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- further align national legislation with the EU *acquis* on the common system of VAT and on excise duties, especially regarding procedures, rates and exemptions, and continue implementing the National Revenue Strategy;

- further align with the Anti-Tax Avoidance Directive and the directives on mutual assistance and administrative cooperation in the field of taxation;
- continue strengthening the administrative and operational capacity of the tax administration, in particular by developing IT systems and ensuring their interoperability with the IT systems at EU level.

Chapter 17 - Economic and monetary policy

Ukraine is **moderately prepared** in the field of economic and monetary policy and made **some progress**, with a gradual return to an inflation-targeting regime, gradual easing of foreign exchange restrictions, and improvements in the medium-term budgetary framework.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- further implement the National Bank of Ukraine's (NBU) 'Strategy for easing foreign exchange restrictions, transitioning to greater exchange rate flexibility and returning to inflation targeting';
- continue strengthening the legal framework to ensure the independence of the NBU in line with the EU *acquis* and to avoid monetary financing of the state budget;
- continue improving the medium-term budgetary framework by preparing detailed revenue and expenditure projections at the general government level linked to explicit budgetary targets and detailing in the framework how these targets will be achieved.

Chapter 19 - Social policy and employment

Ukraine remains at an **early stage of preparation** in the field of social policy and employment. **Some progress** was achieved over the reporting period with the adoption of the resolution on the procurement of social services for children with disabilities and the adoption of the strategy for the de-institutionalisation of alternative care for children. Ukraine needs to continue on alignment with EU *acquis* in the area of non-discrimination and equality, including also gender equality.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- adopt new framework legislation for labour relations and occupational safety and health in line with the EU *acquis*, ensure an enabling environment for bipartite and tripartite social dialogue, and strengthen the capacities of social partners;
- in line with the Ukraine Plan, adopt the employment strategy;
- continue reforming the social benefits system and implement the new procurement system for social services and further align national legislation with the EU *acquis* on non-discrimination and equality between women and men in employment and social policy.

Chapter 20 - Enterprise and industrial policy

Ukraine is **between having some and a moderate level of preparation** in the field of enterprise and industrial policy and made **some progress**, notably with the implementation of the action plan of the small and medium-sized enterprises (SMEs) strategy, the deregulation plan, and incentives for private sector and industrial development in the higher value-added sectors.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue improving the framework conditions for entrepreneurship, innovation and investment, including by adopting business regulations conducive to rebuilding investor confidence, and facilitating access to finance;
- begin to align with the EU *acquis* on the Late Payment Directive.

Chapter 25 – Science and research

Ukraine is **moderately prepared** in the field of science and research. **Good progress** has been made in the reporting period, notably by seizing further opportunities provided by Horizon Europe and designing regional smart specialisation strategies.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- make full use of its participation in Horizon Europe, by stepping up the work of the Horizon Europe office in Ukraine, as well as of the network of national contact points across the country;
- continue to enable the administrative conditions necessary to design regional smart specialisation strategies;
- adopt the European Research Area roadmap for 2025-2027 to further link the Ukrainian research and innovation ecosystem with European research and innovation resources.

Chapter 26 - Education and culture

Ukraine is **between having some and a moderate level of preparation** in the field of education and culture. **Good progress** was made, with the entry into force of the laws on preschool education and on the national qualifications system, the adoption of the law on vocational education and training (VET), the approval of the strategy for the development of Ukrainian culture, and joining the European Alliance for Apprenticeships (EAfA).

The Commission's recommendations from last year were largely implemented. In the coming year, Ukraine should in particular:

- continue implementing the reformed legislation on preschool education;
- implement the legislation on vocational education and training and activate national, regional and local stakeholders to join EAfA to support VET and apprenticeships through pledges;
- implement the strategy for the development of Ukrainian culture.

Chapter 29 - Customs union

Ukraine has **a good level of preparation** with regard to the customs union and made **good progress** over the last year, notably by endorsing the draft of the new Ukrainian Customs Code in line with the EU Customs Code by the Cabinet of Ministers, as well as by updating the Medium Term Action Plan of measures to achieve the objectives of customs reform, further digitalising the customs administration and by preparing a competency-based staff management approach.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- adopt the new Ukrainian Customs Code in line with the EU Customs Code, develop relevant secondary legislation and start preparation for its implementation;
- continue implementing the Strategic Plan for the digitalisation of the State Customs Service for 2024-2026, in accordance with the Union Customs Code Work Programme and the Multiannual Strategic Plan for Electronic Customs (MACP-C); make progress in developing new national IT systems for clearance of customs declarations and for risk management;
- in order to improve administrative capacity, ensure that the State Customs Service has the competencies to carry out the effective enforcement of national law to counter the smuggling of goods, complete the reform of the Service, including the delayed selection of the new Head and the re-attestation of staff, and advance implementation of the new competency-based people management framework.

Chapter 14 - Transport policy

Ukraine has **some level of preparation** in the field of transport policy, and made **some progress**, notably through the adoption of the national transport strategy for the period until 2030 and the strategy to develop and construct border infrastructure with EU Member States and the Republic of Moldova until 2030.

The Commission's recommendations from last year were partially implemented and remain valid. Over the coming year, Ukraine should in particular:

- in line with the Ukraine Plan, adopt the law on traffic safety and interoperability of Railway Transport of Ukraine and prepare for the adoption of the law on the railway transport market to create an institutional and legislative set-up for a competitive rail market in line with EU standards;
- in line with the Ukraine Plan, adopt the law on merchant shipping and shipping on inland waterways;
- align the social and market rules for road transport with the EU road transport *acquis*, strengthen the enforcement of haulage market rules and traffic safety measures, and establish inspection and investigation bodies for rail, road and waterborne transport.

Chapter 15 - Energy

Ukraine has a **good level of preparation** in the field of energy. It made **some progress** during the reporting period with steps to implement its national energy and climate plan (NECP) and the Regulation on wholesale energy market integrity and transparency (REMIT), and to set up a market-based legislative and regulatory framework for renewable energy. Russia's massive destruction of Ukraine's energy infrastructure continued, exposing existing weaknesses in Ukraine's energy system. The gas market remained monopolised and closed, with the positive exception of the first exports of biomethane.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming period, Ukraine should in particular:

- accelerate energy market reforms: gradually remove the wholesale electricity price cap; start working on setting up a mechanism to support vulnerable energy consumers; in line with the Ukraine Plan, adopt a roadmap to gradually liberalise gas prices, adopt and implement the electricity integration package, and appoint a nominated electricity market operator;
- prioritise the energy transition by focusing on renewable energy (RES) and energy efficiency: resolve the issue of debt settlement for RES producers; in line with the Ukraine Plan, adopt legislation to improve RES permitting and efficiency in district heating, cancel the moratorium on raising heat and hot water tariffs, adopt a programme to modernise heat generating enterprises and set minimum energy efficiency performance levels for buildings;
- improve governance in the energy sector: complete the supervisory boards and revise charters of major state-owned energy companies such as Energoatom; in line with Ukraine Plan, adopt legislation to further strengthen the energy regulator's independence and build a track record of fair and transparent decision-making.

Chapter 21 - Trans-European networks

Ukraine has **some level of preparation** in the field of Trans-European networks (TEN). **Some progress** was achieved during the reporting period, related to the adoption of the national transport strategy until 2030, in which Ukraine outlined some steps for the integration of its transport system into Trans-European transport networks. Ukraine also advanced electricity interconnection projects on its borders with Romania and Slovakia.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue planning and implementing upgrades to critical energy and transport infrastructure, including with neighbouring countries; ensure better connections with EU neighbours through more efficient trans-European transport network (TEN-T) rail and road border crossing points. Prioritise investments in these areas also in the Single Project Pipeline;
- further align with and implement the TEN-T and the Trans-European networks for energy (TEN-E): accelerate alignment with the new TEN-T and TEN-E Regulations, improve the permitting process for TEN-E projects and, in line with Ukraine Plan, adopt legislation to simplify the accession of immovable property to external engineering networks and to improve legal regulation in the field of pipeline transport;
- accelerate the implementation of key TEN-T infrastructure, with particular focus on the integration of railway systems with the EU standard gauge network.

Chapter 27 - Environment and climate change

Ukraine has **some level of preparation** in the field of environment and climate change and has made **good progress** in the reporting period. It made advancements in the area of climate, through the resumption of compulsory monitoring, reporting and verification of greenhouse gas emissions, the adoption of the action plan for setting up a national emissions trading system, and the framework law on climate policy, which aligns with the EU's long-term target of climate neutrality by 2050. Ukraine also adopted the national waste management plan and the legislation on the prevention, reduction and control of industrial pollution, the adoption of the river basin management plans, and the environmental control reform strategy.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue reinforcing responsible authorities with clearly defined competencies, adequate staffing and technical expertise and ensure environment and climate policy implementation mainstreaming. Focus should be on the application of horizontal environmental legislation in line with the EU *acquis*, in particular on environmental impact assessments (EIAs) and strategic environmental assessments (SEAs), for all relevant projects, plans and programmes including those relating to reconstruction. This implies limiting the regime of exemptions, implementing and enforcing environmental crime, enforcing liability and ensuring access to justice mechanisms;
- in line with the Ukraine Plan, submit a new nationally determined contribution under the Paris Agreement and continue preparations in view of the extension of the monitoring, reporting and verification system and the introduction of emission trading in Ukraine; additionally, ratify the Kigali Amendment to the Montreal Protocol and adapt national legislation to EU standards on ozone-depleting substances and fluorinated gases;
- in line with the Ukraine Plan, adopt a Strategy and an Action Plan on the Circular Economy and a law to align with the provisions of the EU Regulation on deforestation.

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

Chapter 11 - Agriculture and rural development

Ukraine is **between an early stage and having some level of preparation** in the field of agriculture and rural development. **Good progress** was made by adopting the strategy for agriculture and rural development up to 2030 including an updated operational plan 2025-2027, and the implementing legislation on the State Agrarian Register (SAR).

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue implementing the strategy for agriculture and rural development up to 2030, and strengthen the administrative capacity for its implementation;
- adopt the framework law on the paying agency and proceed with the implementation of the framework law on the paying agency, on the farm sustainability data network and the integrated administration and control system;
- continue the development of a land parcel identification system.

Chapter 12 - Food safety, veterinary and phytosanitary policy

Ukraine is **moderately prepared** in the field of food safety, veterinary and phytosanitary policy. **Some progress** was made in the reporting period, in particular by the adoption of the framework law on plant health and plant protection and by expanding the use of the EU's trade control and expert system (TRACES).

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- advance alignment with the EU *acquis* on General Food Law provisions, animal health, plant health and protection, genetically modified organisms, and official controls; complete the alignment with EU animal welfare legislation, strengthen the administrative capacities for its effective implementation and prepare a national plan to upgrade establishments producing food, feed and animal by-products to meet EU structural standards;
- extend the use of TRACES through new certificates for phytosanitary and other purposes;
- continue the reform of food safety bodies and strengthen official controls in line with EU requirements.

Chapter 13 - Fisheries and aquaculture

Ukraine has **some level of preparation** in the field of fisheries and aquaculture. **Some progress** was made in the reporting period, notably the monitoring of the use by fishing companies of the state electronic fisheries management system (e-Fish), the introduction of a 'one-stop shop' to obtain fishing permits and adoption of the legislation for membership of the General Fisheries Commission for the Mediterranean (GFCM). However, e-Fish requires significant additional developments.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue to align Ukrainian legislation with the EU *acquis*, including on the collection, management and use of data, on the functioning of the fisheries and aquaculture market and on state control;
- take preparatory steps towards establishing a fisheries control system, including a dedicated fisheries control body to combat illegal, unreported and unregulated fishing;
- further develop the functionality and interoperability of Ukraine's e-Fish system and harmonise it with the equivalent EU registers.

Chapter 22 – Regional policy and coordination of structural instruments

Ukraine has **some level of preparation** in the area of regional policy and coordination of structural instruments. **Some progress** was made during the reporting period, notably on implementing regional development policy, with the adoption of the action plan, regional development funding, and implementation of territorial cooperation programmes (Interreg) with Member States.

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- report on the implementation of the State Regional Development Strategy and finalise the updated

regional and local development strategies to prioritise investments for all regional and local stakeholders, and operationalise the State Fund for Regional Development;

- fully implement the law on the principles of state regional policy by clarifying the content and structure of local strategic planning documents, facilitating their digitalisation, and linking them to adequate financial resources; strengthen the capacities of regional and local administrations on project development;
- ensure the systematic and inclusive engagement of regional and local stakeholders at all the stages of the programming cycle in the coordination and institutional framework.

Chapter 33 - Financial and budgetary provisions

Ukraine is at an **early stage of preparation** in the area of financial and budgetary provisions. There was **some progress** in the areas covered by the chapter, notably an EU budget unit was created in the Ministry of Finance to coordinate the activities of national institutions that are included in the EU's own resources system.

The Commission's recommendation from last year was implemented. In the coming year, Ukraine should:

- prepare and adopt a roadmap for implementation of an own resources system and further strengthen awareness among key stakeholders.

CLUSTER 6: EXTERNAL RELATIONS

Chapter 30 - External relations

Ukraine has a **good level of preparation** in the field of external relations and made **limited progress** in the reporting period. Ukraine's trade policy has largely remained in compliance with World Trade Organization (WTO) commitments and the rules of the Association Agreement/Deep and Comprehensive Free Trade Area (AA/DCFTA).

The Commission's recommendations from last year were partially implemented and remain valid. In the coming year, Ukraine should in particular:

- continue to ensure that its trade policy remains in compliance with WTO and AA/DCFTA commitments, most notably by not introducing any measures which unjustly favour domestic products or producers;
- before entering any new bilateral trade agreement, assess its impact, in light of Ukraine's candidate status and forthcoming accession, ensuring that any such agreement contains a clause allowing early termination in the event of EU accession;
- make progress to align national legislation on the screening of foreign investments with the EU FDI Screening Regulation.

Chapter 31 - Foreign, security and defence policy

Ukraine has a **good level of preparation** in this field, and **good progress** was demonstrated by continued intense political dialogue with the EU at all levels, the significantly improved security and military cooperation with the EU and its Member States, and by reaching a high rate of alignment with the EU's common foreign and security policy (CFSP). Ukraine also became a full state party of the International Criminal Court (ICC).

The recommendations from last year were implemented but remain valid. In the coming year, Ukraine should in particular:

- further align Ukraine's legislative framework with the provisions of the Rome Statute of the International Criminal Court (ICC) and its related instruments;

→ further align with the CFSP (Statements by the High Representative on behalf of the EU and Council decisions on restrictive measures) and ensure that restrictive measures are implemented.

1.3 STATE OF PLAY OF THE ACCESSION NEGOTIATIONS

Following the first Intergovernmental Conference that opened accession negotiations with Ukraine, the bilateral screening meetings that began on 8 July 2024 were concluded on 30 September 2025. The screening reports on five of the six clusters have been presented to the Council.

2. CLUSTER 1: THE FUNDAMENTALS OF THE ACCESSION PROCESS

2.1. FUNCTIONING OF DEMOCRATIC INSTITUTIONS AND PUBLIC ADMINISTRATION REFORM

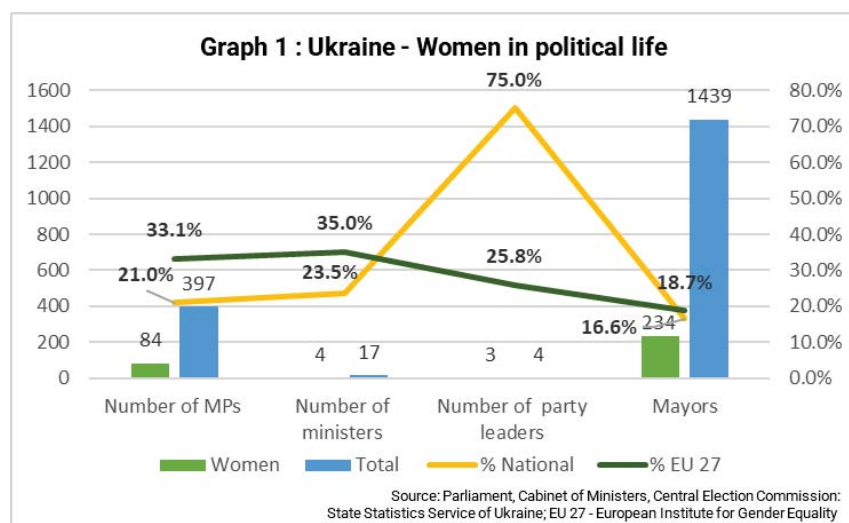
2.1.1 Democracy

The functioning of democratic institutions in Ukraine is generally stable, despite the restrictions imposed under martial law. Martial law has remained in place since it was invoked on 24 February 2022, and its seventeenth extension is valid until 3 February 2026. Martial law permits the introduction of certain restrictions on individual rights and freedoms, and on the rights and legal interests of legal entities. While its application has been proportionate overall, it remains essential to ensure that such powers are not exercised in ways that could jeopardise the positive reform agenda.

Elections

No elections took place during the reporting period, as they are prohibited under martial law. On 25 February 2025, the Parliament passed a Resolution to hold elections after a comprehensive, just, and sustainable peace has been secured.

In the absence of an active parliamentary working group on electoral reform, the development of the Roadmap on the Functioning of Democratic Institutions, coordinated by the Office of the Deputy Prime Minister for European and Euro-Atlantic



Integration, has become the primary framework for setting electoral reform priorities, particularly in response to outstanding OSCE/ODIHR recommendations and to the need to ensure alignment with European democratic standards.

In the future, the most pressing issues for the first post-war elections will include: (i) safeguarding the political rights of Ukrainian citizens displaced in Ukraine and abroad, as well as the rights of military personnel; (ii) auditing and updating the State voter register; (iii) countering cybersecurity and disinformation threats, in particular by continuing to strengthen a transparent, further safeguarding media freedom, media pluralism and editorial independence ; and (iv) reforming the rules on political advertising.

Parliament

Parliament continues to exercise its powers amidst the ongoing war and martial law. It has been taking

an active part in the overall reform process and has carried out its legislative tasks. Between 1 September 2024 and [31 August 2025, 208 laws were adopted, out of which 192 have fully entered into force.

Ukraine took several steps to strengthen its legislative process and transparency. In September 2025, Parliament decided to resume live broadcasts of its open plenary sessions. In January 2025, Parliament adopted amendments to the Law on parliamentary committees and other connected laws. Changes are related to live streaming of committee meetings, as well as to the participation of journalists and civil society representatives in those meetings. The law is yet to be signed by the President.

On parliamentary oversight and control, Parliament amended legislation that strengthens the independence of the Accounting Chamber, Ukraine's supreme audit institution. It also introduced an obligation for relevant parliamentary committees to consider external audit reports prepared by the Accounting Chamber. Furthermore, during the reporting period the 'Hour of Questions to the Government' was reinstated.

The legislation on political parties is still in need of a comprehensive update, including regarding procedures for holding political parties accountable for breaches of financing rules. Women still remain underrepresented in politics and decision making, with the proportion of female MPs remaining stable at 21% (in April 2025). Some opposition MPs continued to be subject to certain restrictions, especially regarding travelling abroad or freezing of assets. It is important for democratic resilience to continuously ensure that the rights of the opposition are respected. No legislative initiatives regulating the rights of the parliamentary opposition have been developed or registered.

EU integration

The institutions in charge of the **EU integration** process are in place. There remains an overall consensus, which includes the parliamentary opposition, that EU integration is a priority.

While Parliament continued to adopt the reforms necessary for EU accession in the future, the pace of adoption gradually slowed down over the course of the reporting period.

A team has been created to draft the National Programme for the Adoption of the *Acquis* (NPAA) and formally launched in May 2025. The European Integration Committee within Parliament is tasked with assessing whether draft legislation under deliberation complies with the EU *acquis*. Negotiation Working Groups have been formed for each negotiation chapter and include representatives of the relevant line ministries, Parliament and CSOs. They serve as discussion platforms for topics related to EU integration.

Ukraine started regular reporting on the implementation of the roadmaps on rule of law, public administration reform and on the functioning of democratic institutions and on the action plan on national minorities adopted in May, and is developing a system for coordinated monitoring and implementation.

Governance

Ukraine's **government** has continued to function effectively amidst Russia's full-scale war of aggression. During the reporting period, there were changes in the composition of the government (which has been in place since March 2020). In July, there was a significant government reshuffle marked by the appointment of a new Prime Minister and First Deputy Prime Minister. Several ministries were merged, including the merger of the Economy, Ecology and Agriculture portfolios into a single department. The Ministry of Defence was expanded to encompass responsibilities previously held by the Ministry of Strategic Industries. The Ministry of National Unity was dissolved, and its functions were transferred to the Ministry of Social Policy, Family and Unity. Leadership changes affected multiple ministries, with several officials transitioning into new roles, including into the Office of the Deputy Prime Minister for European and Euro-Atlantic Integration, as well as the Ministers for Defence, Energy, and Justice. The government focused on strengthening security and defence, pursuing reforms related to EU integration, ensuring macroeconomic stability, and supporting economic and general recovery.

Ukraine's **multi-level governance** continues to function effectively, despite wartime challenges. The decentralisation reform focuses on maximising the potential of local government authorities and should remain a central element of Ukraine's efforts to fulfil the requirements of EU accession, including those requirements set out in the Ukraine Plan and PAR Roadmap, and in line with the European Charter of Local Self-Government. Progress in creating an effective and transparent multi-level governance system remains limited, particularly in terms of introducing a prefecture-type proportionate system of state local administrations' oversight over local government decisions, while reforming the territorial organisation of executive authorities. Good and consistent efforts have been made to define the concept and the principles of delineating powers and sectoral competences between the state executive level and local self-governments. This should be translated into relevant legislation on delineation of powers based on the subsidiarity principle. There are still concerns about the growing number of local military administrations and the unclear legislative framework for resuming local governance in de-occupied territories. Fiscal decentralisation was maintained during the reporting period, with 64% of personal income tax (PIT) allocated to municipalities, while military-related PIT continued to be reduced. Ukraine should progress on the planned legislative amendments to the framework for the financing of the local government level related to the fair distribution of personal income tax based on the taxpayer's residence, and further the work on developing the management at local level of public investments.

The adoption of the Law on public consultations, the 2025 Comprehensive Government Action Plan on regional development and decentralisation, the further development of the Digital Restoration Ecosystem (DREAM), and the restoration of mid-term budgeting at the local level constitute significant steps regarding local government. The publication of the study on the possibility to grant legal personality to municipalities, and the ambition of the Ministry for Development of Communities and Territories to adopt a suitable action plan are meaningful to advance decentralisation. This should be followed up with an open and comprehensive debate between government and local stakeholders, and a reflection on possible future legislative steps.

Civil society

Civil society organisations (CSOs) operate in an overall enabling environment, but there have been incidents of alleged political pressure on anti-corruption activists. In 2024 and early 2025, three key laws were adopted to strengthen the engagement of the public and CSOs in policymaking at national and local level in the areas of ensuring transparency and democracy in local self-government, as well as public consultations. Authorities should prepare for the implementation of these laws once martial law is lifted and ensure that civil society in its diversity is meaningfully engaged in decision-making. Even though the formal state-CSO partnership structures mandated by legislation have not yet been fully established, civil society and the authorities have engaged in positive collaborations, especially in the context of the EU integration process.

The authorities cooperate with civil society to investigate reports of instances of pressure against investigative journalists, human rights defenders and CSOs with a view of bringing perpetrators to justice. Such cases are of serious concern and highlight the importance of ensuring that civil society can continue to operate freely and independently.

Registration of CSOs is overall accessible, but organisations sometimes face bureaucratic hurdles and lengthy processes. The electronic registration systems that are available for business entities should also be provided to CSOs. The legislative framework governing volunteer activities is in need of systemic reform and strategic policy planning by the state. An important first step would be the adoption of the State Target Programme for the Development of Volunteering in Ukraine 2025-2030 with matching funds for its implementation. Some positive initiatives to increase public funding for civil society were recorded, but overall further improvements are required as there is no comprehensive and accessible funding system in place across the different institutions, which negatively affects the financial sustainability of CSOs. The cuts to USAID funding have further highlighted the reliance of CSOs on international donors, substantially affecting their ability to operate effectively and seriously challenging their long-term sustainability.

Instances of CSOs being denied financial services have increased considerably. In the context of the

2025 money laundering and financing of terrorism national risk assessment, the risks associated with the non-profit sector should be assessed and vulnerabilities addressed through focused, proportionate and risk-based measures, in line with revised recommendation No. 8 of the Financial Action Task Force. The responsible authorities and the banking sector should continue a credible and regular engagement with civil society to ensure they have adequate access to financial services.

The initiatives taken by the Presidential Office and the Ministry of Defence during the reporting period to improve civilian oversight of the security and intelligence sector through cooperation with civil society are positive. They should continue and, where possible, expand.

2.1.2. Public administration reform

Strategic framework for public administration reform

The **strategic framework** for public administration is in place. In May 2025, the government adopted the public administration reform (PAR) roadmap, which serves as the key guiding document for the PAR reform process during the EU accession negotiations. Both the PAR and the public financial management (PFM) strategies for the 2026-2030 period are under development. The strategies should be developed and adopted through an inclusive consultation process and aligned with the Ukraine Plan and the PAR roadmap.

In July, due to the Government reshuffle, the **institutional framework** for PAR was changed. The responsibility for coordination of the implementation of PAR was assigned to the Deputy Prime-Minister for European and Euro-Atlantic Integration, while the First Deputy Prime Minister-Minister for Digital Transformation is responsible for digitalisation in civil service and service delivery. The Secretariat of the Cabinet of Ministers (SCMU) continues to exercise a formal coordination role at the administrative level. Cooperation and synergy among the responsible institutions, in particular in the field of civil service reform, including digitalisation, needs to be significantly improved. The reform process needs strong political leadership, which is essential to ensure consistent progress across all areas of PAR. The political responsibility for civil service policy development and implementation should be clearly assigned to a member of the Cabinet of Ministers.

Management and coordination mechanisms for the implementation of the PAR and PFM strategies are in place and operational. The role of the PAR Coordination Council in overseeing the implementation of the PAR strategy should be strengthened to ensure a more results-oriented approach, particularly in addressing reform bottlenecks, improving inter-institutional coordination and ensuring effective and strategic steering of reform. The financial sustainability of PAR remains a challenge.

Policy development and coordination

The policymaking system is coordinated by the SCMU, while the area of national strategic planning is led by the Ministry of Economy, following the approval of the Concept of National Strategic Planning System (NSPS) by the Government in August. The law on the NSPS is yet to be adopted. In 2025, Ukraine initiated the development of the concept of the National Programme for the Adaptation of Ukrainian Legislation to EU *acquis* (NPAA); its adoption, including the action plan, is pending.

The capacity for **evidence-based policymaking** remains insufficient. The role of the government as an initiator of draft legislation remains limited, as the majority of adopted legislation continues to originate from Members of Parliament (only 32% of adopted laws are initiated by the Cabinet of Ministers).

The quality of explanatory notes and impact assessments accompanying legislative proposals remains weak and should be improved in line with European standards. While the law on public consultations introduced mandatory consultations for the government and local government authorities, it does not extend this requirement to the legislative initiatives of Members of Parliament.

The **monitoring** of the implementation of policies and legislation needs further strengthening. Some progress was made in 2024, when Ukraine introduced a 'reform matrix' - an analytical tool designed to support decision-making and monitoring of reforms. It systematises and aligns all

recommendations and conditionalities jointly agreed with international partners. To monitor and report on the implementation of the commitments in the field of European integration, the information system ‘Accession Pulse’ is prepared to be launched. The future National Programme for the Adoption of the EU *acquis* should facilitate a more consistent approach to evidence-based policymaking.

Public financial management

PFM is broadly in place and efforts to improve it are ongoing. The PFM reform strategy for 2022-2025 remains credible and relevant and is being implemented. Annual monitoring reports on the implementation of the strategy are prepared under the coordination of an inter-ministerial working group. The **PFM reform strategy for 2026-2030** is being prepared.

The government has resumed **medium-term budget planning**. On 30 June 2025, the Cabinet of Ministers approved the budget declaration for 2026-2028, which showed progress towards alignment with the EU *acquis* on medium-term budgetary frameworks. Notably, it included headline revenue and expenditure projections for the pension and unemployment funds, alongside more detailed projections for the state and local budgets. The government has taken steps to improve the quality of public expenditure through annual **spending reviews** of the state budget. In April, the government launched a spending review of the 2025 state budget, covering 31 policy areas. The methodology for conducting spending reviews is being improved. The optimal number of key spending units needs to be determined to improve spending efficiency. Efforts are also ongoing to create a framework for identifying, assessing, and managing **fiscal risks**, including for the budgets of local government authorities. The link between strategic planning and budgeting needs to be further strengthened. In January 2025, a law amending the Budget Code was adopted, which provides for the application of gender-based budgeting at the state and local levels.

An effective oversight of the budget process is needed, notably by setting up an **independent fiscal institution** to evaluate the government’s forecasts, scrutinise the government’s budgetary assumptions, and assess the performance of previous forecasts.

The **public investment management** (PIM) framework is being reformed in line with the PIM roadmap and action plan for 2024-2028. Core to the new system is the creation of single project pipelines at the central, regional and local levels, which rely on transparent prioritisation, appraisal and selection mechanisms to form portfolios of public investment projects. Further strengthening of the PIM institutional framework is essential, including the strategic planning system at the central level. As the PIM system is being operationalised, it is essential that the sub-national levels of government are enabled to play their role in the new system. While there has been progress in piloting the Digital Restoration Ecosystem for Accountable Management (DREAM) as an integral part of the PIM system’s IT architecture, its role should be formally established and its functionality ensured.

Budget transparency and openness needs to be restored unless security concerns preclude it.

Public service and human resources management

Martial law continues to have a significant effect on the civil service regulatory framework. Competitive **recruitment and selection** to the civil service based on **merit and equal opportunities** is still suspended. The selection and recruitment procedures should be improved, particularly for the top management positions, and aligned with European best practices. Draft legislation was registered to restore and improve the procedures for merit-based recruitment and selection, including by strengthening integrity in the civil service. The adoption of this legislation should be followed by the full restoration of merit-based recruitment in the civil service. All civil service vacancies should be transparently published on the unified state web portal of electronic services.

Progress has been made in the area of **civil service remuneration**. In March 2025, legislative amendments were adopted to introduce a salary based on job classification, set a cap on the variable part of the salary at 30% of the total guaranteed part, and limit the seniority supplement to 30% of the base salary, thus reducing management discretion in setting salaries. The salary system is still based on the concept of ‘levels of jurisdiction’ of institutions, which differentiates salaries for comparable

roles based on the perceived and politically determined importance of an institution. The implementation of the reform should be analysed to address implementation gaps and further improve the salary system.

The roll-out of the **human resource management information system (HRMIS)** has advanced slowly, with approximately 52 000 posts now covered. Its actual use by state bodies remains limited. The roll-out of the HRMIS, including its payroll module, across all government entities should be accelerated. This should result in fully transparent, real-time and comparable human resource and payroll data across the entire civil service. The National Agency of Ukraine on Civil Service, which administers the HRMIS, continues to lack sufficient administrative capacity to implement the system. A comprehensive plan, endorsed by the government, to roll out the HRMIS is still lacking. In parallel, the Ministry of Digital Transformation is advancing with the implementation of Diia.Office, a portal for civil servants. Its alignment with the HRMIS should be ensured. The **gender balance** in the civil service remains uneven. As of June, senior civil service management comprised 74% men and 26% women, middle management 33% men and 67% women, while 21% of non-managerial civil servants were men and 79% women.

Accountability of the administration

Ukraine keeps the system of **public accountability** operational, however certain mechanisms need improvement. The recommendations of the independent oversight bodies (the Ombudsman and the Accounting Chamber) should be addressed by the relevant bodies. During the reporting period, Ukraine adopted legislative amendments aimed at improving state external control in line with international standards, as well as strengthening financial independence and expanding the powers of the Accounting Chamber to oversee the flow and use of all local budget funds.

Internal governance within ministries continues to lack a clear separation of responsibilities at the highest level of management, namely between deputy ministers and state secretaries. Policy areas continue to be managed and coordinated by political appointees (deputy ministers) instead of professionally selected senior civil service managers. The internal reorganisation of ministries should advance to strengthen the policymaking capacities of ministries in a sustainable manner, and to ensure that ministries strategically direct and coordinate their subordinated bodies through result-based performance management.

In October 2024, nearly 200 laws were aligned with the **Law on administrative procedure (LAP)**. The alignment of secondary legislation with the LAP started with the harmonisation of 167 legal acts. Since January 2025, the LAP applies to the public services provided by the National Bank. Further alignment and harmonisation with the LAP are still needed, namely in the areas of **taxation and customs legislation and land relations**. All **digital administrative procedures and secondary legislation** should be aligned with the LAP. Training for officials at all levels continues but should be particularly strengthened at the level of local government authorities. The adoption of the Law on citizen appeals to differentiate between administrative procedure cases and other forms of public petitions is still pending. The adoption of the new code on administrative violations is necessary to systematise penalties for administrative violations and should be aligned with the LAP. The majority of public bodies have adopted anti-corruption programmes; however, some are still lacking.

The right of individuals to access **public information** is well-regulated and consistently applied. Ukraine regularly and systematically publishes open data on a dedicated government portal, but access to certain public information remains restricted due to martial law.

As for the **right to administrative justice**, in February and September 2025, Ukraine adopted necessary legislation to establish the Kyiv Specialised District Administrative Court and the Kyiv Specialised Administrative Court of Appeal. Cases of the old Kyiv district administrative court (abolished in December 2022) were redistributed between administrative courts, which facilitated the treatment of the pending cases and improved access to justice. The new courts should be operationalised without delay to ensure that people can access their right to administrative justice involving central government bodies.

Service delivery to citizens and businesses

The delivery of services to both the public and businesses continues to function well. The new Government Priority Action Plan for 2025-2026 adopted in September continues to prioritise the **digitalisation** and enhancement of public service provision to improve transparency, efficiency and accessibility for all citizens and businesses. In March, the government adopted the Action plan for the digitalisation of public services until 2026, covering more than 30 areas, including education, healthcare, social protection of veterans, military services, and construction, in 25 state bodies.

The Unified State Web Portal (Diia) remains one of the most widely used platforms to access public services, as **online services** continued to develop. All digital services should be aligned with the Law on administrative procedure.

The **offline provision of public services** continued through a broad network of local administrative service centres (ASC). At the beginning of 2025, the number of ASCs increased by 9% compared with the previous year. The number of ASCs accessible to people with disabilities and reduced mobility reached 74% in 2025, compared to 72% in 2024. To further strengthen the capacity to provide administrative services and to better regulate the policy on the funding of administrative services, Ukraine should adopt the law on administrative fees.

2.2. RULE OF LAW AND FUNDAMENTAL RIGHTS

2.2.1 Chapter 23: Judiciary and fundamental rights

The EU's founding values include the rule of law and respect for human rights. An effective (independent, high quality and efficient) judicial system and an effective fight against corruption are of paramount importance, as is respect of fundamental rights in law and in practice.

Functioning of the judiciary

Strategic documents

The strategic framework is partly in place. In May 2025, Ukraine adopted the rule of law roadmap outlining the key pre-accession reforms. Ukraine should still adopt a new mid-term strategy for the development of the justice system and constitutional judiciary that is aligned with and holistically complements the rule of law roadmap.

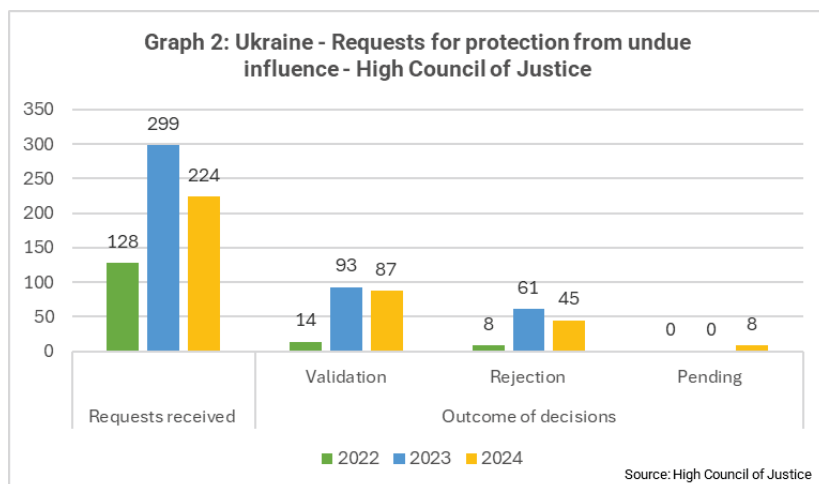
Management bodies

The management bodies are in place and continued to function adequately overall. However, issues related to the selection and appointment of their members, as well as institutional capacities, including IT and analytical tools, and access to databases, need to be resolved without delay.

Since spring 2025, the High Council of Justice (HCJ) operated with a minimum quorum of 15 members (out of 21), but in October 2025, the President appointed two internationally vetted members. The filling of two HCJ vacancies from the quota of the Congress of Judges needs to be urgently accelerated, while the Congress of Attorneys still refuses to launch the competition for its two vacancies, quoting martial law as the reason. The incomplete composition of the HCJ negatively affected how it discharged of its constitutional functions. Two international members of the Ethics Council (a body assisting in the selection of HCJ members) resigned due to personal reasons and were successfully replaced in September.

The filling of the one remaining vacancy in the High Qualification Commission of Judges (HQCJ) was delayed after the HCJ, in January, did not appoint either of the two candidates put forward by the HQCJ selection commission. In May, the selection commission nominated two new candidates and in August, the HCJ appointed one of them.

The mandate of the selection commission for the HQCJ, which includes international experts, expired in June. While the mandate of the current HQCJ runs until 2027, Ukrainian law would require the formation of a new HQCJ selection commission composed of representatives from unreformed national bodies. To ensure the sustainability of judicial reform and the integrity of the reformed HQCJ, the formation of such selection commission should be discontinued and instead, the



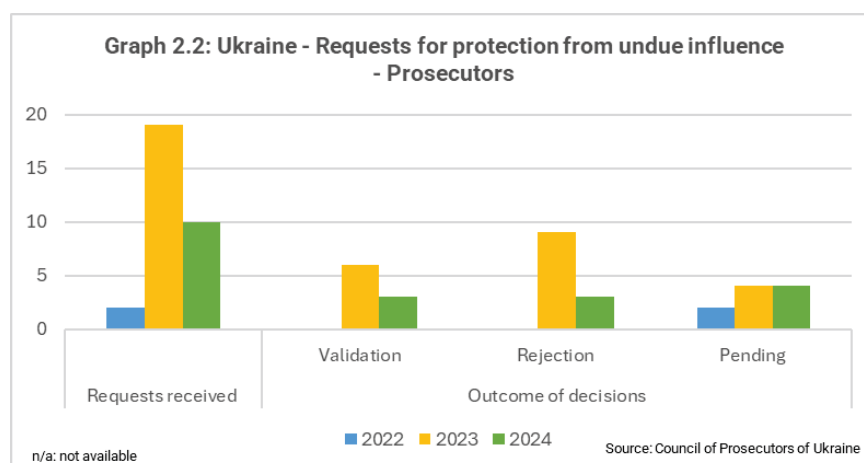
meaningful involvement of internationally nominated independent experts in the selection of HCJ members should be extended. In parallel, Ukraine should launch the reform of the national bodies involved in the selection of the HCJ members.

Growing resistance to the involvement of internationally nominated independent experts in various selection or vetting processes, including a

pending constitutional petition and a legislative initiative challenging all internationalised processes, raises serious concern.

The State Judicial Administration (SJA) continued to operate with an acting Head following the dismissal of its previous Head on suspicion of corruption. After some delays, the HCJ relaunched a competition to select the new Head of the SJA.

The new Public Integrity Council (PIC), composed of 20 civil society representatives, was formed in August 2025. Given its workload and critical role in judicial renewal, the PIC needs to be strengthened, especially by improving its access to judicial dossiers and its analytical capacities, and by creating a sufficiently resourced secretariat. The Council of Prosecutors and the Qualification and Disciplinary Commission of Prosecutors (QDCP) need to become more independent, in particular from the Office of the Prosecutor General. There is a need to strengthen their integrity, powers and autonomous resources, and establish independent and objective pre-selection procedures for their members, following the advice of the Venice Commission.



Independence and impartiality

The independence and impartiality of the judiciary is guaranteed by the constitution and the relevant legislation, but certain shortcomings in the law and in practice persist. Public trust in the judiciary remains very low.

In September 2024, the Council of Judges approved a new version of the Code of Judicial Ethics. The HCJ and the Council of Prosecutors should be more proactive in protecting judges and prosecutors from undue interference. The automatic allocation of cases to judges should be further improved as part of the renewal of the unified judicial information and telecommunication system. The legislation on recusals and conflicts of interest needs to be strengthened. Ukraine still needs to introduce a system to randomly allocate cases to prosecutors based on clear and objective criteria, with proper safeguards against possible manipulation, ensure consistent justification for and provide appeal mechanisms against reassignment decisions.

In July 2025, the Parliament adopted a law that, *inter alia*, subordinated the independent specialised

anti-corruption agencies – the National Anti-Corruption Bureau (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO) – under the authority of the politically appointed Prosecutor General. Following domestic protests and international criticism, another law was swiftly adopted that restored the independence of NABU and SAPO, but it failed to address several other problematic provisions, including those that allow, during martial law, to transfer and appoint prosecutors to regional prosecution offices and the Office of Prosecutor General (OPG) without competition, and that grant the Prosecutor General access to any pre-trial investigation materials (except those of NABU and SAPO). These provisions undermine meritocracy within prosecutorial service and raise risks of undue interference in criminal cases. They should be repealed, and in the meantime, their application should be put on hold.

In spring 2025, the State Bureau of Investigation (SBI) searched the premises of the HQCJ and questioned its members as part of several criminal investigations. The HQCJ, the PIC and CSOs expressed serious concern about these actions of the SBI and considered them as an encroachment on the independence of the HQCJ.

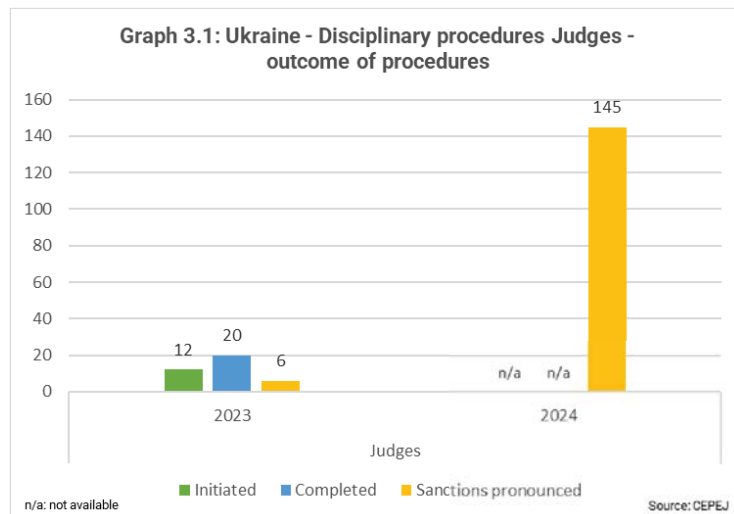
In January 2025, the HQCJ adopted a regulation on the methodology to evaluate qualifications and on the indicators of compliance. In May 2025, Parliament adopted a law to streamline the judicial selection procedure. The judiciary still suffers from severe understaffing with 2 198 judicial vacancies remaining to be filled (as of August), due to the slow pace of selections and appointments, ongoing retirements and resignations. The HQCJ continued the competitions to recruit 1 800 first instance, 550 appeal court and High Anti-Corruption Court (HACC) judges. In total, from September 2024 to August 2025, the President appointed 180 judges upon their nomination by the HCJ. Given the slow pace of work and persistent understaffing, the capacities of the HQCJ, the HCJ and PIC should be strengthened urgently.

After the resignation of the Prosecutor General in autumn 2024, a new Prosecutor General was appointed in June 2025. To reduce the risk of politicisation, the selection and dismissal procedures for the Prosecutor General should be made more objective, transparent and merit-based in line with European standards. In June, the new Prosecutor General cancelled the pilot procedure for forming a reserve list of candidates to fill managerial positions in the prosecutor's offices, shortly before the reserve list of candidates of high integrity and professionalism was finalised. In addition, prosecutors started being transferred to regional prosecution offices and the OPG without competition by invoking the problematic legal provisions introduced in July 2025. The system for selecting management-level prosecutors needs to be improved, in particular to enhance transparency and ensure credible integrity and professionalism checks, while competitions need to be urgently restored for transfers and appointments at lower levels. Prosecutors' salaries remain lower than those of judges even though the subsistence minimum used to calculate the salaries for prosecutors was raised as of 1 August. Overall, the prosecutorial reform process has slowed down due to the structural changes.

The transparent selection of judges to the Constitutional Court of Ukraine (CCU) continued with the involvement of the Advisory Group of Experts. However, in January 2025, the CCU lost its quorum of 12 judges (out of a total of 18 judges) after the mandates of several judges expired. In February 2025, the Advisory Group of Experts recommended ten duly vetted candidates to fill five vacancies under the President's and Parliament's quotas. In June and September, the President appointed two new judges to the CCU, which restored the Court's quorum. However, in October 2025, the Parliament failed to appoint two judges from its quota, delaying the renewal of the CCU. The appointing authorities must urgently proceed with the selection and appointment of the vetted candidates, avoiding further delays. In May 2025, the Supreme Court annulled the presidential decree that dismissed a former CCU judge. The Supreme Court held that the President had no authority to dismiss a CCU judge by simply revoking the previous President's decree of appointment. This Supreme Court decision strengthened the independence of CCU judges. The Law on the constitutional procedure should still be improved in line with the 2021 Venice Commission recommendations.

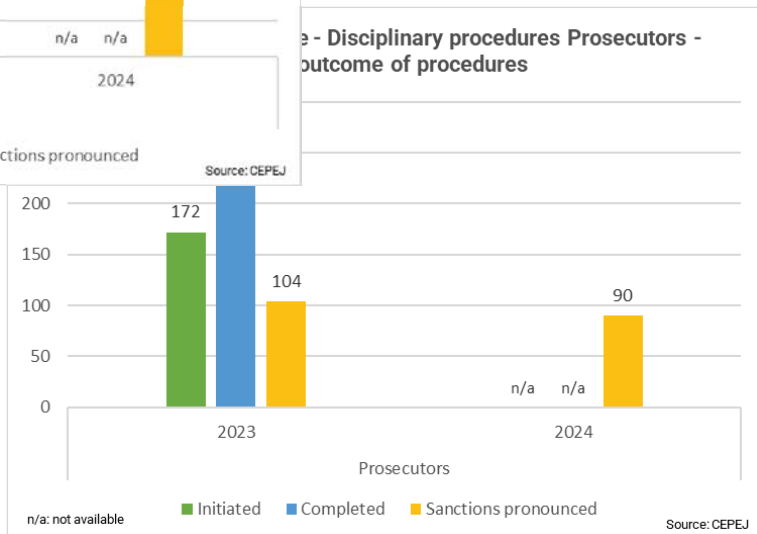
Accountability

The accountability of the judiciary is broadly satisfactory but needs to be further improved and enforced in practice. The HQCJ has continued to evaluate the qualifications of sitting judges (vetting) with the involvement of the PIC, albeit at a slow pace due to persisting capacity constraints. By September 2025, 2 549 judges have undergone this procedure, while 1 413 judges still have to



complete it. During the reporting period, the HQCJ recommended dismissing a total of 30 judges who failed to pass the evaluation, while the HCJ dismissed 10 judges. The capacities of all institutions involved should be strengthened urgently. In particular, the HQCJ should develop autonomous capacities to conduct credible integrity checks of

candidates and should further digitalise its work. It still has to improve the reasoning of its decisions that override a negative opinion of the PIC. The HCJ needs to expedite the review of submissions from the HQCJ on the dismissal of judges who failed the evaluation of qualifications and improve the reasoning of its decisions. The Supreme Court did not reverse its controversial decision of June 2024 on the evaluation of judges' qualifications that weakened the role of the PIC, and rendered further decisions on judicial selection and the disciplinary liability of judges that were criticised by civil society for lack of consistency and for potentially undermining judicial reforms.



The new Service of Disciplinary Inspectors (SDI) was established in December 2024 as an autonomous department of the HCJ to assist the latter in processing disciplinary cases against judges. The head and deputy head of the SDI, as well as 21 disciplinary inspectors, were appointed by the HCJ following a transparent procedure with the involvement of independent experts. In April, the HCJ launched the competition for filling five new disciplinary inspector positions. The SDI started handling the heavy backlog of about 11 000 disciplinary complaints against judges. Since December 2024, the HCJ, with the assistance of the SDI, reviewed some 6 000 disciplinary complaints. During the reporting period, 36 judges received disciplinary sanctions, and the dismissal procedure was launched for 7 judges. The HCJ rules on the prioritisation of disciplinary cases should be systematically applied, and priority cases handled without delays. The HCJ should also improve the reasoning and uniformity of practice in disciplinary cases and revise its rules to ensure that HCJ members from the judiciary do not review disciplinary complaints against judges from their own courts. The SDI should receive greater financial and institutional support to sustain its operations. Disciplinary offences relating to judges' conduct need to be defined more precisely, in line with the recommendations of the Council of Europe's Group of States against Corruption (GRECO). The current legislation still allows judges who are subject to disciplinary proceedings to resign before the HCJ's decision on dismissal, thus avoiding negative consequences, and requires the HCJ's approval before an appeal procedure against an HCJ decision can be launched. In March 2025, a new draft law was registered to comprehensively revise the disciplinary liability system for judges, but it was

criticised by CSOs. The HCJ requested its review by the Venice Commission. Ukraine will have to take into account the latter's recommendations and engage in further expert discussions when revising the draft law.

To increase the accountability of the judiciary, legislation improving the system of judges' declarations of integrity should be adopted, including, as a temporary measure, the meaningful involvement of independent experts, nominated by international partners, in the verification of the declarations of integrity made by judges from the highest courts. To address corruption risks in the Supreme Court, such experts should also be temporarily involved in the selection of new Supreme Court judges.

In December 2024, following inclusive consultations, the HCJ approved the unified indicators for evaluating the integrity and professional ethics of judges. However, some of the indicators would need to be clarified to allow an effective evaluation aligned with European standards. The detailed procedures to verify declarations of assets and lifestyle monitoring for ordinary and CCU judges still need to be agreed between the National Agency on Corruption Prevention, the High Council of Justice and the CCU. In July, the CCU approved new rules on the professional ethics of judges of the CCU, which will need to be effectively applied in practice.

The attestation of prosecutors is continuing and should be completed without any further delays. Prosecutors who fail it should be dismissed in line with the law, while pending court cases should be resolved. In autumn 2024, it became known that dozens of prosecutors had been benefiting from allegedly unlawful disability pensions. As a result, administrative and criminal investigations were launched, including more than 330 disciplinary proceedings. Dismissal decisions were adopted in relation to four prosecutors. Apart from indictments in two criminal proceedings, no progress was made in related criminal cases. Ukraine should adopt legislation to improve the disciplinary system for prosecutors and strengthen the institutional capacity of the QDCP, in line with GRECO recommendations. A transparent selection procedure for all members of the QDCP should be introduced, including a credible integrity check. The power to review complaints against decisions of the QDCP should be transferred to the Council of Prosecutors.



Quality of justice

The quality of justice should be further improved. More efforts are needed to ensure the uniformity of court practice within the first, appeal and cassation instances. Periodic performance evaluations of judges and prosecutors still need to be introduced, based on objective rules and assessment criteria in line with GRECO recommendations and European

standards.

No progress was made on reform of the Bar. Concerns about the abuse of disciplinary mechanisms against lawyers and uneven disciplinary practices remain. The Ukrainian National Bar Association (UNBA) has still not launched the competition for the HCJ members from its quota. In addition, the Bar's self-governing bodies have not held elections, despite their mandates having expired. Ukraine needs to urgently launch a comprehensive reform of the Bar, with the aim to ensure that the bodies of the UNBA are created on the basis of a transparent and credible procedure and to substantially improve qualifications, admissions, disciplinary liability, financial management and continuous training systems.

Some aspects of legal education have improved and a concept on higher legal education was developed, but comprehensive reforms are still pending. New legislation should address: (i) the

institutional separation of legal education and law enforcement training; (ii) the allocation of state funds based on merit; (iii) the strengthening of the admission criteria for law school and of licensing requirements; and (iv) integrity issues in legal education. Further steps are needed to develop and spread knowledge of EU law and of specialised competencies, including in the area of ethics.

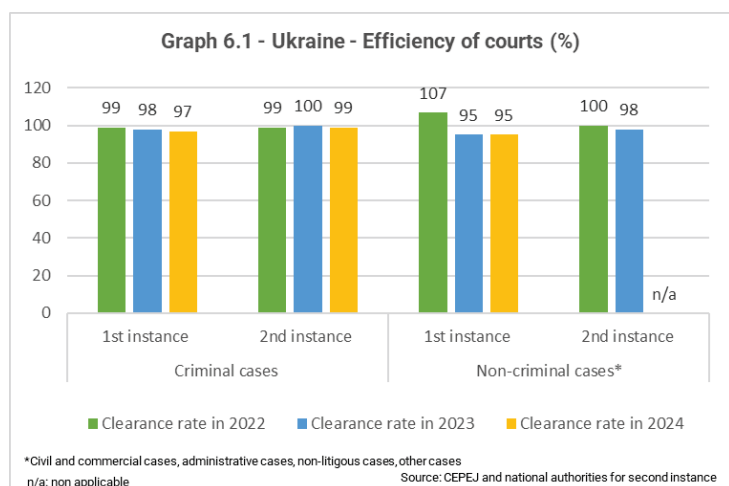
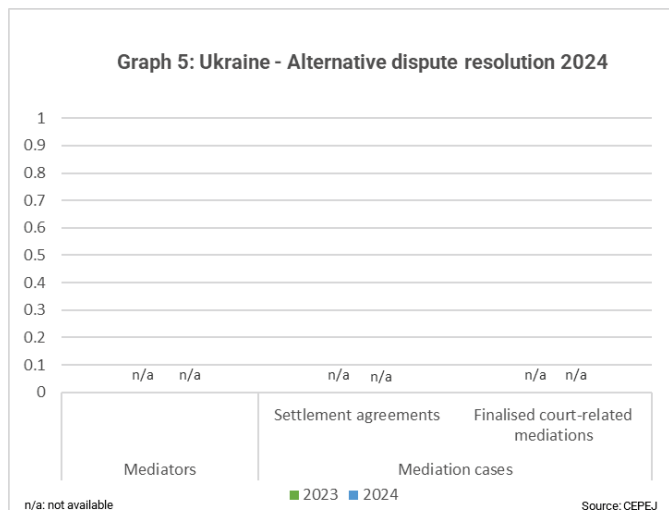
The National School of Judges of Ukraine (NSJU) and the Prosecutor's Training Centre improved international cooperation. The announcement of a competitive selection of the position of vice-rector is a positive step towards transparency and institutional accountability. However, the selection process lacks clear criteria on integrity, competence, transparency and merit-based evaluation. Transparent and merit-based procedures are needed for the selection of its management and staff, and new accountability and anti-corruption procedures should be established. In October 2024, the NSJU launched a Training Laboratory on EU law. The curriculum, and teaching and evaluation methods should be further modernised. The budget allocation for the NSJU for 2025 meets 41.2% of its expenditure requirements, compared with 58.9% in 2024. The budget allocated for the Prosecutor's Training Centre met 100% of its expenditure requirements and was increased for 2025.

Efficiency

The efficiency of justice is negatively affected by a persistent lack of human, financial and technical resources against the backdrop of the ongoing Russian war of aggression. Funding for the judiciary in the 2025 budget covered only around 61% of its needs, even though it was increased compared with 2023 and 2024. The budget of the prosecution service was also increased by 11% in 2025. However, prosecutors still receive lower salaries than judges. The judicial governance bodies have adjusted the judicial system to the challenging realities, facilitating remote hearings in certain cases and adopting new security protocols. While clearance rates well exceeded 90% across all court instances and specialisations, a backlog of cases continued to accumulate. Ukraine should further improve its system to collect and analyse judicial statistics to strengthen evidence-based judicial policymaking and management of the courts. Further efforts are needed to optimise the judicial network.

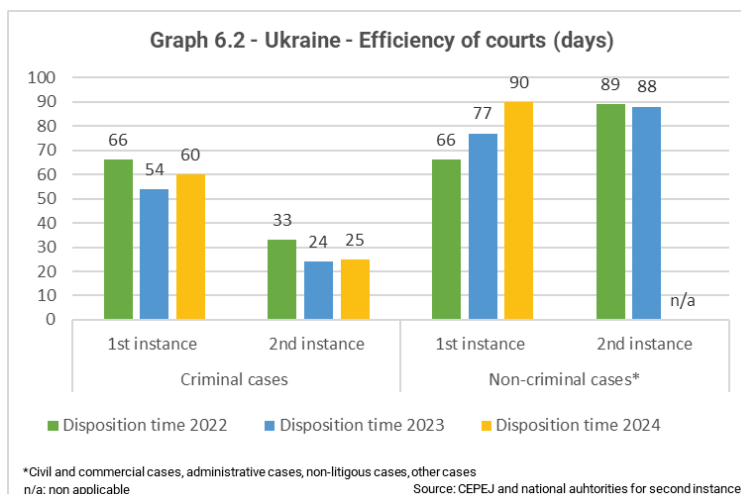
In autumn 2024, the SJA launched the allocation of 20 000 pending cases from the dissolved Kyiv District Administrative Court to other district administrative courts. Legislation was adopted in February and September 2025 to establish the Kyiv Specialised District Administrative Court and the Kyiv Specialised Administrative Court of Appeal to hear cases involving national state agencies. In September, the HQCJ formed the Expert Council, composed of three national and three international members, to assist in the selection of their judges. The establishment of these important courts needs to progress without further delays.

The provision, introduced in May 2024, which allows certain high-level officials (including Members of Parliament) to opt for their criminal cases in any court to be heard by a panel of three judges,



regardless of the severity of the possible penalty, should be reviewed in terms of its proportionality and impact on judicial efficiency. Ukraine should also remove from the relevant legislation the provision on the automatic closure of criminal cases due to the expiry of the time limits for pre-trial investigation and review the current time limits to ensure sufficient time for criminal investigations.

To further improve the efficiency of justice, procedural reforms are needed, such as: (i) expanding simplified and written court proceedings; (ii) envisaging for alternative dispute resolution in certain categories of cases; (iii) reducing the scope for procedural delays and abuses; (iv) and further streamlining procedural codes in line with good EU practices. Reforms are also needed to modernise the digitalisation of the justice system, including for the courts and case management, and to better enforce court decisions. A detailed roadmap for the development of IT solutions in the judiciary was approved in December 2024. Ukraine also continued to develop an e-case management system in the criminal justice system and created an inter-agency working group in December.



In December 2024, the Law on judicial oversight of the enforcement of court decisions entered into force, which provides additional instruments to courts to improve the currently low rate of enforcement of decisions. Ukraine needs to adopt additional legislation on improving the enforcement of court decisions related to monetary and non-monetary obligations, on the digitalisation of enforcement proceedings, and to create a system to collect data on enforcement. The legal status of private bailiffs needs to be strengthened. Ukraine should also prepare a roadmap for the abolition and revision of existing moratoria, and continue to implement the strategy and action plan for resolving the problem of non-enforcement of domestic court decisions. More efforts are needed to execute judgments of the European Court of Human Rights.

The level of implementation of the 2021 mediation law is still insufficient. There is no national system to collect data on various forms of alternative dispute resolution. The planned mandatory mediation for specific categories of disputes still needs to be prepared and implemented, public awareness of mediation should be further promoted, and arbitration should be developed and used more frequently.

International crimes

As of September 2025, 184 030 criminal proceedings related to international crimes had been registered, 1 217 people had been indicted and 449 convicted for war crimes and the crime of aggression. The Rome Statute entered into force in Ukraine in January 2025, following its ratification. The minimum required changes were introduced to align Ukraine's criminal law with the Rome Statute, while a comprehensive alignment with international criminal law standards is still outstanding.

The Victims and Witness Coordination Centre strengthened its regional presence. Following the conclusion of a memorandum, the Centre started cooperating with the Register of Damages and sharing information with victims and witnesses about the possibility of registering claims. In November 2024, Parliament adopted a law that established the legal status of a victim of conflict-related sexual violence and the possibility to receive immediate interim reparations, as a result of Russia's war of aggression. Implementation of these provisions, however, requires the adoption of implementing legislation.

Fight against corruption

Track record

Ukraine continued to make progress on building a track record in the fight against high-level corruption.

NABU and SAPO maintained pressure by exposing major cases of corruption, including at highest levels of government. The number of indictments in NABU cases increased, while the total number of suspects and indicted persons declined slightly. The number of indictments in corruption cases investigated by the National Police (NPU), the State Bureau of Investigation (SBI) and the Economic Security Bureau (ESBU) decreased. A large number of cases remained without court decision, while there was an increase in the number of closed cases.

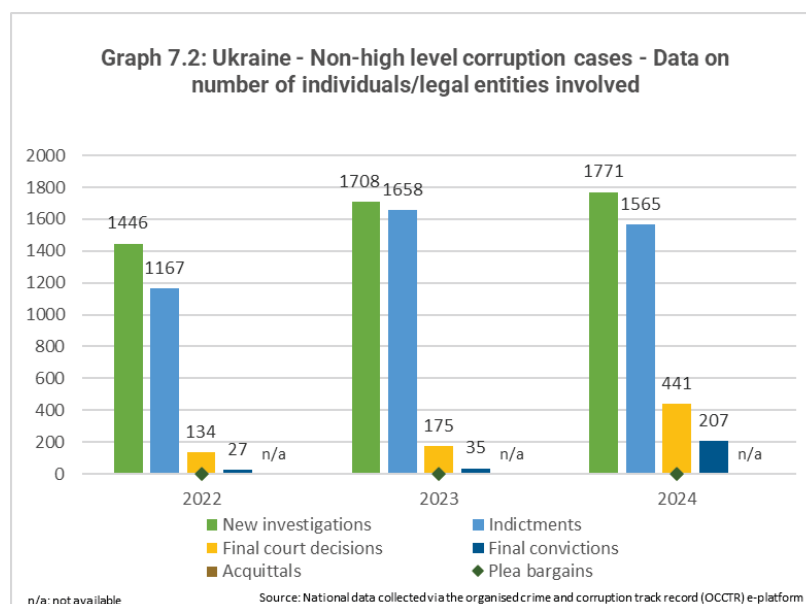
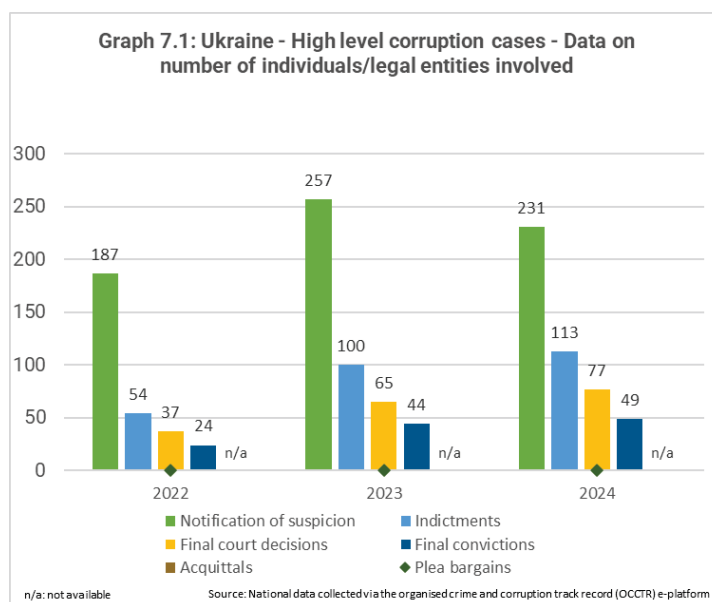
The number of cases considered by the High Anti-Corruption Court (HACC) remains at a similar level to the previous year while the number of verdicts issued, including final convictions, has increased slightly. The average duration of criminal trials at the court is very high, resulting in a backlog that needs to be urgently addressed. The number of cases resolved with plea agreements and of convicted persons released on probation is increasing. There are very few final convictions for illicit enrichment and false declarations, both in high-level and non-high-level corruption cases, which requires corrective measures at legislative and institutional levels.

The application of civil confiscation of unjustified assets is progressing with most claims fully or partially satisfied. The number of seizures and final confiscation of assets in high-level corruption cases remains low and further progress is needed, including through carrying out effective parallel financial investigations.

The number of internal corruption reports received by the National Agency on Corruption Prevention (NACP) has increased considerably (from 534 in 2023 to 982 in 2024) but the number of confirmed whistle-blowers fell from 25 in 2023 to 17 in 2024. Only a small number of people were convicted in criminal proceedings based on whistle-blower reports (0.47% of proceedings at the level of ordinary courts; 5% in HACC proceedings).

Legal framework

The legal framework for the fight against corruption is broadly in place but needs to be further strengthened. Ukraine should extend the statute of limitation periods and review the grounds for its



interruption and suspension, in line with European standards, to ensure a sufficient timeframe to properly investigate, prosecute and adjudicate corruption and corruption-related offences.

In 2024, Ukraine adopted legislative amendments that improve the regulations on plea bargains in corruption cases. Ukraine also adopted rules of ethical conduct for lobbyists during the reporting period. The Law on lobbying entered into force in September 2025 following an initial postponement due to delays in putting the Transparency Register into operation. The NACP needs to develop its capacities to effectively and impartially monitor compliance with the lobbying framework.

In December 2024, Ukraine adopted legislation to align with the accession criteria of the OECD Anti-Bribery Convention by introducing autonomous corporate liability for foreign bribery and explicitly prohibiting deductibility of bribes for all tax purposes. In October 2025, the OECD Working Group on Bribery in International Business Transactions approved Ukraine's request of accession to the OECD Anti-Bribery Convention, while outlining remaining issues to be addressed, including on the definition of a foreign public official and successor liability for legal entities. This opens the way for the ratification process. Further strengthening of the corporate liability regime is still necessary to address domestic corruption.

Anti-corruption proofing of draft legislation by NACP or Parliament's Committee on Anti-Corruption Policy is not systematic, and their recommendations are not consistently followed. The Parliament adopted legislative amendments, allegedly aimed at promoting business interests or national security, which however negatively affect other public interests, transparency and oversight. These include the law on the protection of good faith purchasers of illicitly privatised land, adopted in April, as well as the law curtailing public access to key state registers, adopted in August. Other legislative initiatives, exempting certain defence companies from criminal liability or introducing unwarranted restrictions regarding criminal liability and investigations, including for corruption and other economic crimes, should be substantially amended or not pursued further.

NABU's jurisdiction needs to be reviewed with the aim of covering all high-risk public positions (such as leadership of the President's Office, heads of regional administrations, etc.). Further strengthening of safeguards against circumvention of NABU's investigative jurisdiction by other law enforcement authorities has yet to be introduced. Legislative amendments should also be adopted to address frequent procedural delays in criminal proceedings effectively. The legal framework on whistle-blower protection still requires full alignment with the EU *acquis*.

Strategic documents

The impact of the 2021-2025 Anti-Corruption Strategy and the State Anti-Corruption Programme has been limited due to a gap in their implementation, indicating the need for whole-of-government engagement.

The new 2026-2030 Anti-Corruption Strategy and State Anti-Corruption Programme must be developed and adopted without delay in a transparent and inclusive manner. They should include an ambitious but realistic level of priority measures in the areas most prone to corruption, such as public procurement, reconstruction, energy, infrastructure, construction and land management, the judiciary and law enforcement, customs and taxation, extraction industries and natural resources. To avoid implementation challenges with the future strategy, strengthening of capacities and resources is needed, including at the level of the NACP. In addition, enforcement structures and the regular engagement of (high-level) political coordination bodies should be stepped up urgently.

Most public authorities have adopted anti-corruption programmes, but they rarely address root causes of corruption and the NACP should strengthen its quality-control. Certain local government authorities and smaller state-owned enterprises are not required to develop such programmes, which remains a concern to be addressed.

Institutional framework

Ukraine's institutional framework for the fight against corruption had remained overall effective and the specialised anti-corruption institutions had continued to operate independently and effectively.

In June 2025, the Parliament established a Temporary Investigative Commission with a broad mandate to investigate possible corruption in law enforcement agencies, courts and judicial authorities. It is important that parliamentary oversight does not erode public trust in anticorruption institutions through unwarranted public statements nor overstep the limitations stemming from the separation of powers.

In July, the OPG, the State Security Service of Ukraine (SSU) and the State Bureau of Investigations (SBI) conducted a substantive number of searches concerning the staff of NABU. Some NABU staff were arrested and placed in pre-trial detention. In addition, the SSU carried out unannounced inspections related to the handling of classified information by NABU and SAPO.

Shortly after, the Parliament adopted a law dismantling important safeguards for the independence of NABU and SAPO and putting their operational work under the authority of the politically appointed Prosecutor General. Following domestic protests and international criticism, a law was subsequently adopted restoring NABU and SAPO's independence. Undue pressure on anti-corruption agencies remains a matter of concern.

The first external independent performance audit of NABU, completed in May 2025, assesses the institution as moderately effective. The audit's recommendations should be fully complied with. NABU and SAPO maintain a relatively low overall rate of cases ending in acquittal or dismissal, and are increasing their efforts in pre-trial investigations, but NABU needs to focus more on high-impact investigations. The problems with NABU's access to timely and impartial forensic examinations should be addressed urgently. NABU still requires independent wiretapping capacities in practice. To this end, a memorandum of understanding between NABU and the SSU was signed in October 2024, providing for an implementation plan after the lifting of martial law. It will be equally important for NABU to address internal structural issues and procedures to prevent and address effectively the risks that have been identified of improper disclosure of information about investigations, and to ensure the full effectiveness of its internal control department. NABU continues to gradually increase its human resources, which will require extensive training. The limitations preventing the full deployment of the e-Case management system are yet to be addressed.

The external independent audit of SAPO should be carried out to ensure proper control and oversight, and its recommendations should be implemented. SAPO's powers and competencies need strengthening, particularly to allow the head of SAPO to launch investigations and approve investigative actions against Members of Parliament independently of the Prosecutor General.

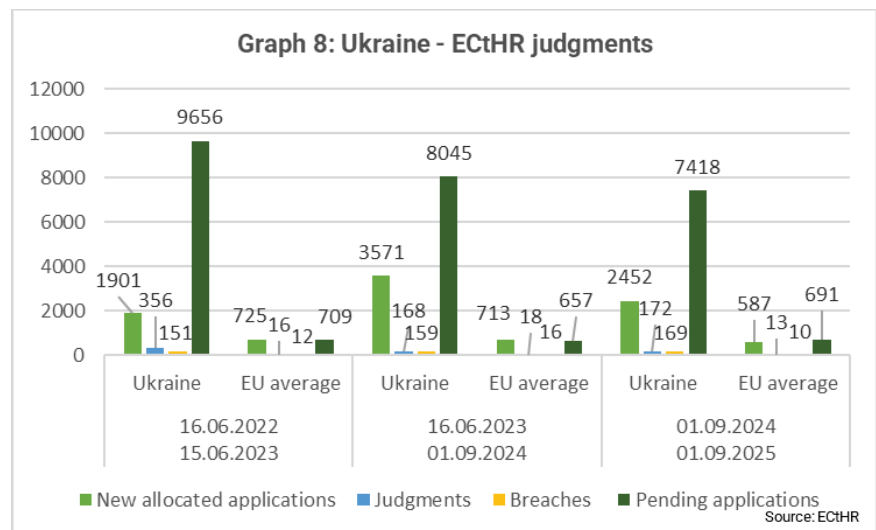
Following the launch of competitions by the High Council of Justice and the High Qualification Commission of Judges to recruit 25 additional judges for the High Anti-Corruption Court, only 2 out of 140 candidates succeeded and were appointed. To fill the remaining 23 posts, additional competitions were swiftly launched and are currently ongoing; it will be important that the Public Council of International Experts remains engaged in this process until the selection of the remaining posts is completed. Ukraine has also adopted legislative amendments to streamline the selection process and eligibility criteria for judges, which had a positive impact. To address the significant delays, reduce the backlog of cases and shorten the disposition time, the HACC should develop a comprehensive strategy to ensure the efficiency of adjudication. The HACC still needs new premises to accommodate additional judges and auxiliary staff.

Overall, the NACP maintains its central role in anti-corruption policy making and preventing corruption, but concerns have been raised regarding its impartiality and effectiveness in some of its operations. The Agency should urgently implement the outstanding recommendations of the report issued in July 2023 of the commission that conducted an independent assessment of the effectiveness of the NACP. The next independent assessment of the NACP effectiveness should be conducted without further delay, applying a credible methodology and criteria. The Agency in particular needs to ensure that its internal processes are regulated through binding bylaws after broader stakeholder consultations, instead of through non-binding recommendations or similar documents. A competitive level of salaries as well as clear internal human resource policies should be continuously guaranteed to recruit and retain skilled employees. The Agency has created sectoral expertise units, which should

be empowered to provide additional methodological support to anti-corruption units and officials from public bodies and state-owned enterprises. The skills, professionalism and accountability of anti-corruption officers should also be strengthened.

The asset declaration system needs to be strengthened to prevent and detect unexplained wealth effectively. The practical and legal shortcomings that remain to be addressed concern the (automated) verification process, including the verification methodology and the applied risk-based approach. Some degree of external oversight of the logic and arithmetic control of declarations should be enabled. The NACP continues to steadily increase its efficiency and improve its results on monitoring the lifestyles of public officials, including effective follow-up and civil confiscations approved by the HACC. More attention to high-level officials is needed in the practical application of financial control tools, in light of the number of allegations of unexplained wealth and hidden assets that have been reported. Parliament should further increase the penalties for unexplained wealth and reduce the applicable thresholds to make the sanctions regime more relevant and effective. In addition, the personal scope of the obligation to declare assets should also cover the staff of private offices of high-level political officials, including advisers and assistants.

The number of public authorities and other entities that are connected to the Unified Whistle-blowers' Reporting Portal remains limited and is increasing slowly. The challenges with addressing the Portal's shortcomings and ensuring confidentiality needs to be addressed because it may lead to an increase in violations of whistle-blowers' rights and undermine public confidence.



Fundamental rights

General framework

The general framework for fundamental rights is satisfactory. Martial law has led to some restrictions, but they have generally been in proportion to the security situation and applied cautiously. Ukrainian institutions should continuously assess restrictions related to martial law and, in consultation with the affected groups, where deemed to be unnecessary or disproportionate, proceed with the necessary steps to lift them. Ukraine should also develop a strategy to swiftly restore all restricted rights and freedoms once security circumstances allow and martial law ends.

International human rights instruments

Cooperation with international human rights bodies and the follow-up to their recommendations is overall satisfactory. Ukraine has ratified most of the key international human rights instruments.

In October 2024, Ukraine ratified the Rome Statute of the International Criminal Court, which came into force on 1 January 2025. Ukraine invoked Article 124 of the statute for a seven-year transitional opt-out on the prosecution of war crimes committed by its nationals. Additional amendments to the Criminal Code should be adopted to further align it with the text of the Rome Statute.

European Court of Human Rights

The cooperation with the European Court of Human Rights and the implementation of its judgments must improve. During the reporting period, the European Court of Human Rights (ECtHR) found breaches of the European Convention on Human Rights relating mainly to the protection of property,

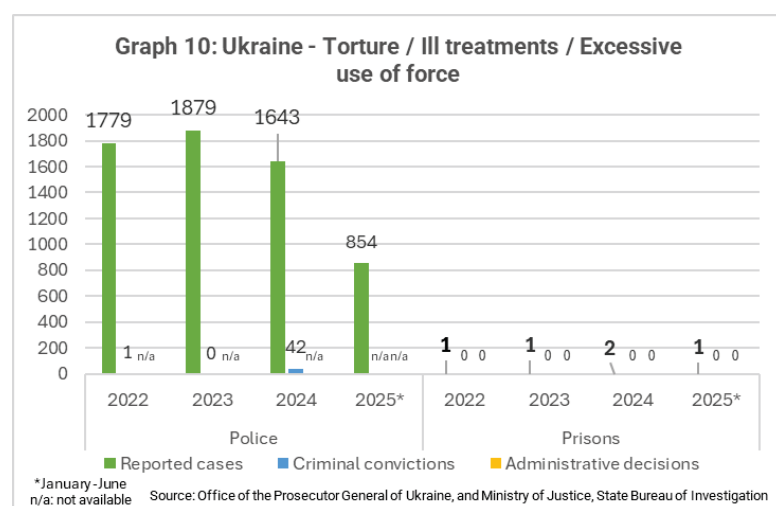
the right to a fair trial, the right to liberty and security of persons and the prohibition of torture. There are currently 694 (as of 31 August 2025) cases under enhanced supervision by the Committee of Ministers. These cases predominantly concern issues related to unlawful arrests, length of detention on remand, violations of the right to life, ill treatment by police, poor detention conditions and lack of adequate medical treatment, as well as the excessive length of criminal and civil proceedings and lack of effective remedy. Ukraine needs to address systemic or structural issues raised by the Court, in particular in the areas of the judiciary, law enforcement and human rights, and to ensure the systematic and timely enforcement of ECtHR judgments.

Promotion and enforcement of human rights

The legal and institutional framework for the promotion, protection and enforcement of human rights is broadly in place. The Parliamentary Commissioner for Human Rights – the Ombudsperson – is

active and efficient but remains under-resourced. The financial and operational independence of the Ombudsperson should be ensured by adapting its legal base in line with the Paris and Venice Principles, and in full alignment with the EU *acquis*. The proposed draft law on the Commissioner for Human Rights still needs to take this fully into account.

Ukraine needs to continue its positive track record by updating its national human rights strategy and developing a corresponding action plan. It should also finalise

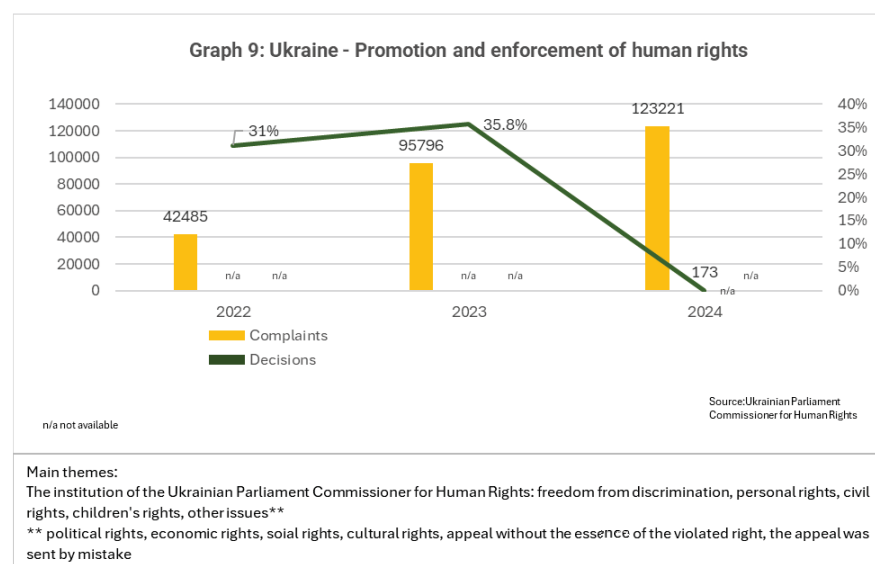


and implement the strategy for restoring power and reintegrating the population of the occupied territories of Ukraine with a view to the eventual reintegration of territories currently outside government control, while promoting social cohesion and ensuring that the fundamental rights of the Ukrainian citizens that have lived under Russian occupation are upheld.

Prevention of torture and ill treatment

Ukraine's legislation provides some legal guarantees on the prevention of torture and ill treatment; aligning it further with international law and advancing with criminal proceedings in torture cases is key to ensure accountability. There have been some positive developments in terms of legal safeguards, material conditions in particular facilities and improved capacities of the State Bureau of Investigation (SBI) to investigate allegations of torture. Still, torture and ill treatment remain an issue of concern in Ukraine's prison and detention system; the investigation and prosecution of such cases

need to become prompt and effective.



The annual public reporting to Parliament on the work of the Office of the Prosecutor General and the SBI on cases of torture has not yet been introduced.

The effectiveness of measures to address torture, ill treatment and corruption – for instance via the introduction of internal

security units – should be carefully monitored to ensure a strict separation of custodial and law enforcement functions. Simultaneously, it is equally important to ensure that investigations of cases of torture and ill treatment are carried out by the dedicated independent and impartial bodies. The conditions in the prison system and detention centres remain an issue of concern and Ukraine should closely comply with the guidance issued by the Council of Europe’s committee on prevention of torture (CPT), including by implementing its recommendations.

The National Preventive Mechanism (NPM) fulfils an important function in monitoring places of detention, but requires adequate and sustainable funding, including to compensate for CSO monitors participating in NPM visits to fully implement its mandate.

Execution of criminal sanctions

The system for the execution of criminal sanctions (including probation) needs to be further improved. In November 2024, two laws aimed at protecting the rights of convicts were adopted. The new laws provide the possibility to serve sentences in the form of community service and fines, and the right to be compensated for poor conditions in prison. Commissions for complaints on inadequate detention conditions were introduced in January 2025 but the right to appeal a Commission’s decision has not been implemented and requires amendments to the Criminal Procedure Code.

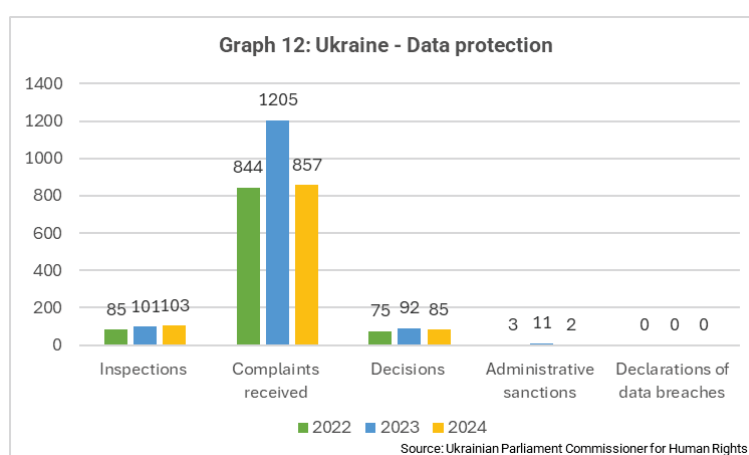
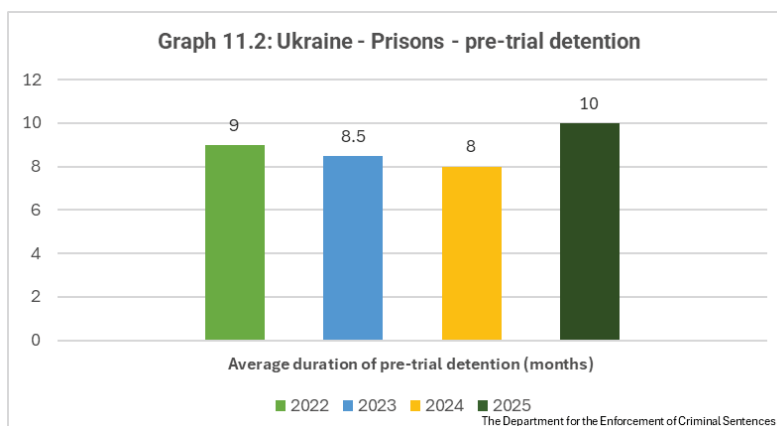
Probation supervision, as a new type of criminal punishment as an alternative to a custodial sentence, was introduced last year, and the number of court verdicts applying probation supervision has been constantly increasing since then. Access to rehabilitation opportunities, including vocational training, should be strengthened to facilitate reintegration and reduce the risk of recidivism. The recommendations of the CPT to transfer responsibility for prison healthcare to the Ministry of Health have yet to be implemented.

Protection of personal data

The legal framework for the protection of personal data, and the capacities of the data protection agency are not sufficient. Ukraine made no progress in aligning its legal framework on personal data protection with the EU *acquis*. The final adoption of draft laws on personal data protection and on the National Commission on Personal Data Protection and Access to Public Information, registered in 2022, is still pending.

Freedom of religion or belief

Ukraine provides legal guarantees on freedom of religion or belief. Incidents of hate speech and intimidation based on



religion or belief remain rare. Ukraine needs to ensure that the implementation of the Law on religious organisations, which prohibits the activities of religious organisations affiliated with the Russian Orthodox Church in Ukraine, for instance as regards the Metropolis of Kyiv, remains in accordance with international standards on freedom of religion or belief, including the ECtHR's jurisprudence in this area, especially at the local and regional level.

Regarding conscientious objection during wartime, a number of persons who claimed conscientious objections based on grounds of religion or belief have been sentenced to prison for evading military service. Ukraine needs to establish safeguards protecting individuals from criminal prosecution in case of conscientious objection taking into account the *amicus curiae* brief of the Venice Commission of March 2025.

During the reporting period a draft law to introduce a special coordinator for preventing and combating antisemitism was withdrawn, with a new draft law being prepared for re-submission.

Freedom of expression

Overall, Ukraine provides adequate legal guarantees on freedom of expression; further improvements are needed to ensure an enabling environment for the media to operate freely and independently.

Intimidation of journalists

Ukraine needs to continue its efforts to ensure the safety and protection of journalists. During the reporting period, a number of cases of alleged harassment and intimidation of journalists were recorded in government-controlled Ukraine. These cases concern local and investigative journalism in particular, while previously reported cases were followed up by law enforcement to some degree. However, the effectiveness of investigations into offences committed against journalists and media workers needs to be improved. Cases of strategic lawsuits against public participation (SLAPPs) related to journalistic investigations remain an issue in Ukraine. A working group on developing effective mechanisms to counter SLAPPs was established in June 2025 and legislative work has begun to align with the EU *acquis* (Anti-SLAPP Directive and Recommendation) in this field, which should also ensure a systematic monitoring of such cases.

Legislative environment

Ukraine should continue its efforts to make progress with regards to legislative reforms and avoid delays.

The draft law amending certain laws on media activity, registered in Parliament in October 2024, aims to strengthen the institutional and functional independence of the national media regulator. It also aims to improve the disclosure of information on media ownership and the media regulator's authority to verify compliance with transparency obligations concerning media entities' ownership structures, with a view to further aligning with the European Media Freedom Act.

At the end of November 2024, a draft law was registered in Parliament which aims to regulate legal relations in the field of advertising. The draft takes into account law enforcement practice and the market changes caused by the rapid growth of the digital advertising segment, as well as the development of digital technologies, in particular, artificial intelligence. The draft aims to further align Ukraine with the EU Audiovisual and Media Services Directive and other EU *acquis*.

In January 2025, Parliament adopted a law aimed at improving access for journalists and the public to official events of parliamentary committees, particularly those held online.

In July 2025, a law was adopted introducing as administrative offence the identification of a lawyer with their client. The broad protective clause does not provide for a sufficient balance with the protection of freedom of expression and the law should be revised to ensure legality, legitimacy, necessity, and proportionality in line with international standards.

In September 2025, a draft law was introduced in Parliament amending the Civil Code with the aim to

better regulate a number of fundamental rights. However, certain provisions risk restricting the space of freedom of expression as well as potentially leading to a surge in SLAPP cases and need to be reconsidered.

Implementation of legislation/institutions

In 2024, the provisions of the Law on media providing for an appropriate budget for the regulator were again suspended for the 2025 budget, resulting in the continued underfunding of the Council.

Ukraine needs to continue to implement the media roadmap that supports the full restoration of a pluralistic, transparent and independent post-war media space after martial law ends. Even before this, public service media should ensure that Ukraine's political and societal pluralism are adequately represented.

There is a regular policy dialogue between the Ukrainian government, the media regulator, civil society, journalists' unions and independent outlets to discuss media reforms.

Public service broadcaster and other media outlets

For 2025, the Ukrainian public broadcaster Suspilne was allocated almost all of the budget it had requested, but due to general public budget constraints, this was still below the amount mandated by Ukrainian law. In April 2025, the Chair of the Board of Suspilne was re-elected following an open, competitive and merit-based competition.

In October 2024, Suspilne officially announced its withdrawal from the united news Telethon and launched its own independent news channel. Since then, the Telethon pools together the remaining media outlets and continues to receive state funding. The reassessment of the publicly funded Telethon should take place at the latest by the time of the eventual suspension of martial law, in particular given the ongoing decline in public trust and outreach. Rada TV resumed live broadcasting of Parliament's sessions as of 16 September 2025.

Economic factors

Ukraine's independent media continues to suffer from the economic impact of the war, especially at regional level and near the frontline. Sudden funding cuts by external donors have notably added to the difficulties and have particularly affected independent regional and local media outlets. The financial sustainability of local media outlets remains a concern.

Transparency of media ownership has seen some progress in the past, but the previously introduced amendments requiring greater disclosure of media ownership structures, including the ultimate beneficial owners, still require increased enforcement efforts. This is especially the case in instances involving online platforms and regional media where ownership structures can still be obscured. Ukraine's progress in media pluralism requires further steps to fully ensure pluralism and protect all media from political or oligarchic influence.

Internet

Access to internet resources still needs to be fully aligned with European standards and the EU *acquis* on freedom of expression. Mechanisms to block web resources, introduced in response to national security concerns under martial law, lack sufficient legal safeguards. The transparency of decisions to restrict access to internet resources should be increased to limit the potential for abuse by authorities. The use of face-recognition systems and other intrusive technologies should be aligned with European standards in the field of personal data protection and privacy.

Professional organisations and working conditions

Low salaries and the declining economic perspectives of small independent media further increase the pressure on qualified media personnel, and lead to a deterioration of working conditions, as well as to personnel seeking alternative employment offering higher salaries.

Freedom of assembly and association

Ukraine provides overall adequate legal guarantees of freedom of assembly and association, and the regulation of assemblies is adequate. The authorities generally exercise restraint when introducing temporary restrictions on the right to peaceful assembly in the context of martial law, but these are not always consistently applied or clearly communicated in all parts of the country. There is a need for a comprehensive review of its legislation to ensure full compliance with international standards related to the organisation and conduct of peaceful assemblies.

Property rights

The legal and institutional framework for enforcing property rights is broadly in place. Property rights continue to be generally respected, and the modernisation of the state land registry system is still ongoing. The authorities are applying property rights legislation introduced at the start of the full-scale invasion, in particular on the monitoring of and compensation for property damage. Recent legislation effectively inhibits the possibility for local authorities to reclaim illicitly alienated land, if the transaction dates more than 10 years, while other legislation on the expropriation of plots of land to develop digital infrastructures and the relocation of strategic objects requires careful monitoring.

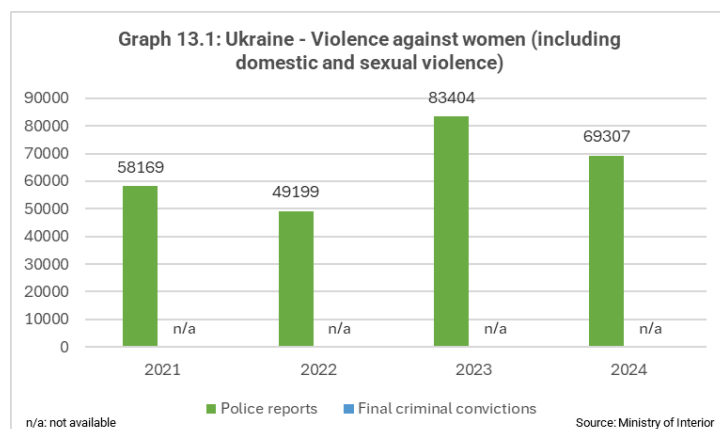
Non-discrimination

Ukrainian society is increasingly open and tolerant towards persons in vulnerable situations. Generally, instances of hate offences are prosecuted. However, the legal and institutional framework should be strengthened. As concerns the criminal law framework for hate offences, the Ukrainian legislation is currently not aligned with the EU *acquis*, i.e. the 2008 Framework Decision on combating racism and xenophobia, including as concerns the definitions and scope of these offences. Systematic collection of hate crime data is not in place yet and sexual orientation and gender identity are not covered under its criminal legislation.

The legal and institutional framework for non-discrimination remains to be fully aligned *inter alia* as regards the Racial Equality Directive and the Directives on standards for equality bodies.

Efforts to increase the capacities of police officers, prosecutors, judges and staff of the Ombudsperson to tackle discrimination, hate speech and hate crime are ongoing and should continue through suitable training and effective enforcement. Ukraine needs to consistently implement strategic measures on anti-racism, rights of LGBTIQ persons and rights of persons with disabilities.

Gender equality



The legal and institutional framework on gender equality and combating gender-based violence is broadly in place. In March 2025, Ukraine launched its own Gender Equality Index using the European Institute for Gender Equality methodology, scoring 61.4 compared with the EU-27's median score of 71 in 2024. Ukraine has several laws in place to promote gender equality and counter gender-based discrimination and gender-based violence. Effective implementation and enforcement of the legislation, as well as policies and action plans, especially at local level, should be ensured. Ukraine has taken certain steps to align its domestic legislation with the Council of Europe Convention on preventing and combating violence against women and domestic violence (the Istanbul Convention). A draft law registered in Parliament in December 2024 proposes amendments to the Criminal and Criminal Procedural Codes to further align with the Istanbul Convention and the EU Directive on combating violence against women and domestic violence. Gender-based violence remains a critical issue; more decisive measures are needed to tackle it. Access to and awareness of specialised support services and infrastructure for victims of gender-based violence, domestic violence and conflict-related sexual violence should be strengthened, and stable budgetary funding for long-term support and rehabilitation should be ensured.



In November 2024, Parliament adopted a Law on the status of victims of sexual violence related to the armed aggression of the Russian Federation against Ukraine, and on urgent interim reparations and access to rehabilitation services. Implementation and stable funding have not yet been ensured.

Rights of the child

The legal and institutional framework on the rights of the child is generally in place, but further efforts are needed for its implementation and enforcement. Ukraine continued to strengthen mechanisms for child protection and increased support for families. Procedures and criteria for determining the best interests of the child, however, still need to be developed. As regards the integrated child protection system, further steps need to be taken to prevent family separation, and to support the transition towards alternative family-based care of children deprived of parental care and children with disabilities. Similarly, it is important to ensure the reintegration of children from temporarily occupied territories through recognition of their acquired education and support for their psycho-social adaptation.

In July 2025, the National Strategy on Child Justice and its Operational Plan for 2025-2028 has been adopted. Ukraine has made progress in setting up 12 child-friendly, interdisciplinary and multi-agency centres, and in adopting the Barnahus model, but alternative services ensuring child-friendly justice and free legal aid are still to be further developed. Adequate specialised training for professionals also needs to be further ensured. Ukraine continues to develop tools and programmes for juvenile justice and should in doing so further promote non-judicial measures and the use of non-custodial sentences as well as restorative approaches.

In November 2024, Ukraine adopted the Strategy for Ensuring the Right of Every Child in Ukraine to Grow Up in a Family Environment. Sustained progress on the implementation of the strategy is needed, including through strengthening local ownership and resources in child welfare, developing tailored action plans for all regions, investing in diversified social service providers at community level, and enhancing the staffing and expertise of the social service workforce. The number of children in institutional care remains high at 51 462 children, of which 25 620 stay round the clock in institutions.

Persons with disabilities

The legal and institutional framework on the rights of persons with disabilities remains to be fully aligned with the EU *acquis*, including the European Accessibility Act, and its implementation and enforcement needs to be further improved.

The number of persons with disabilities continues to grow (both among civilians and veterans) due to the armed aggression of the Russian Federation against Ukraine, presenting the Ukrainian authorities with challenges in implementing accessibility policies and upholding the rights of persons with disabilities. Increased efforts are still required to ensure the accessibility of buildings and other types of infrastructure, especially in the context of reconstruction efforts. Increased efforts are also needed on public services in general as well as support for the legal means for persons with disabilities to claim their rights.

Regarding the deinstitutionalisation of adults, Ukraine adopted the Strategy of reform of psycho-neurological and other institutions and deinstitutionalisation of care for adults with disabilities and elderly until 2034 and adopted an operational plan for its implementation for 2025-2027. The implementation of this strategy and plan needs to be ensured. Ukraine is yet to adopt legislation to improve the rehabilitation system for persons with disabilities.

LGBTIQ persons

While the generally positive trend of increasing tolerance and acceptance of lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons continued, progress has stalled on key pieces of legislation to ensure the legal protection of the rights of LGBTIQ persons. These include, since 2021, the draft law amending the Code on Administrative Offences and the Criminal Code to combat manifestations of discrimination, which will include sexual orientation and gender identity under its definition of hate crimes. The ECtHR judgment in the Maymulakhin and Markiv v. Ukraine case reiterated the requirement for the state to ensure the legal recognition and protection of same-sex couples in Ukraine. In June 2025, a district court in Kyiv formally granted certain family rights to a same-sex couple, setting a first legal precedent. However, Parliament still did not progress on two draft laws on the institution of registered partnerships.

Procedural rights and victims' rights

The legal framework on procedural rights is partially aligned with the EU *acquis*. Further efforts need to be made to ensure full alignment with the EU *acquis* on the rights of victims of crime. Procedural rights are outlined in the Law on the judiciary and status of judges and in the Criminal Procedure Code, but their implementation suffers from inefficiencies and weaknesses in the judicial system. Violations of the right to access justice and to a fair trial, along with excessively lengthy proceedings and misconduct by law enforcement officers, remain a challenge. The legislation has to be further aligned with the EU *acquis*, in particular regarding the scope of application of procedural rights. Ukraine's legislation on victims' rights still needs to be fully aligned with the EU's Victims' Rights Directive and the Directive relating to compensation to crime victims, as well as with sectoral legislation on victims' rights that responds more directly to the specific needs of victims of particular types of crime such as domestic violence, human trafficking and child abuse.

The free legal aid system provided more than 1 million legal services in 2024 and legal awareness-raising activities were carried out to inform the general population. In April 2025, the *Verkhovna Rada* adopted a law on the effective guarantee of the right of detainees and convicted persons to free legal aid, which provides for a mechanism to provide free legal aid defence counsel within 24 hours in cases where a convicted person in prison is subject to disciplinary proceedings.

The approach of the Ukrainian authorities towards some categories of victims of war crimes needs to be addressed. It is important to ensure that the classification of crimes does not function as a barrier to accessing victim support. In particular, after the release of Ukrainian prisoners subjected to deportation from occupied territories to Russia, they should have the same access to benefits and services as other types of victims, such as humanitarian support, financial compensation, rehabilitation and recognition of their victim status. Ukraine is encouraged to adopt a general reparation mechanism for victims of violent intentional crime in line with the EU *acquis*.

Protection of minorities

The rights of persons belonging to minorities continue to be generally upheld. Following the introduction in 2023 of legislation on national minorities, in May 2025 Ukraine adopted the Action Plan for the Protection of the Rights of National Minorities, which was developed in consultation with representatives of national minorities and international partners. The Action Plan should be implemented in close consultation with representatives of national minorities. The administrative capacities of the ministries and implementing bodies involved at all levels of government should be ensured and the Council of National Minorities should be further developed as a representative interlocutor.

Roma²

The legal and institutional framework on Roma is largely in place, but the implementation and enforcement of policies are inadequate, while Roma people still face discrimination. Progress in implementing Ukraine's National Roma Integration Strategy and Action Plan was limited and not sufficient to meet the significant challenges. Due to limited capacities and political priorities focused elsewhere both nationally and locally, implementation of the policies adopted in the fields of education, health services, employment, access to identity documents, displacement, housing, discrimination and exclusion, and poverty remain below expectations.

Internally displaced persons

Based on the International Organization for Migration data for April 2025, almost 3.8 million people are displaced within Ukraine, with a further 5.7 million persons fleeing the Russian military aggression from Ukraine elsewhere in the world recorded by UNHCR as of September 2025. The Ukrainian government continues to implement its strategy on internal displacement, accompanied by an operational plan, which runs until 2025. It is expected that these efforts will be prolonged, while persistent difficulties remain in ensuring sufficient budget allocations for social services. Ukraine has committed to ensuring access to housing for people in need, in particular internally displaced persons. Challenges remain in ensuring evacuation and accessible facilities and housing for displaced elderly and persons with disabilities. Ukraine still needs to ensure that the protection of citizens from the occupied territories and of internally displaced persons remains a priority.

Citizenship rights

A draft law allowing Ukrainians to also hold the nationality of certain other countries, including EU Member States, was adopted by Parliament in June 2025. Attention should be paid to the rights of Ukrainian nationals in occupied territories (in particular children born under occupation) who are forced by Russian occupiers to accept Russian citizenship, to ensure alignment with the EU *acquis*.

2.2.2 Chapter 24: Justice, freedom and security

The EU has common rules for border and migration management, visa policy, and asylum.. Schengen cooperation entails the lifting of border controls inside the EU. Member States also cooperate in the fight against serious and organised crime and terrorism, and judicial, police and customs cooperation, all with the support of the EU Justice and Home Affairs agencies.

Fight against serious and organised crime

The legal framework on serious and organised crime is partially aligned with the EU *acquis*. The capacity to fight against serious and organised crime needs to be improved.

Legal alignment, strategic and institutional frameworks

Ukrainian law enforcement agencies (LEAs) have started to implement some of the measures within

² In line with the terminology of European institutions the umbrella term 'Roma' is used here to refer to a number of different groups, without denying the specificities of these groups.

the overarching strategic plan on law enforcement reform (OAS AP). Continuous implementation of the OAS AP until the end of 2027, along with the corresponding Chapter 24 parts of the rule of law roadmap, is crucial to reforming the civilian security sector in line with European standards. After some delay and following national and international criticism, the government appointed the head of the Economic Security Bureau (ESBU) proposed by the internationalised selection commission. The ESBU reform should now continue with the revision of its strategic development plan and focusing on the re-attestation of ESBU staff based on integrity and merit. In order to enable the ESBU to deliver on its mandate, it should be granted the necessary financial, human and technical resources, as well as adequate operational independence. It is important that Ukraine implements the 2025 comprehensive action plan to combat organised crime based on the results of the 2019-2022 serious and organised crime threat assessment (SOCTA). Ukraine should also conduct a threat assessment based on the SOCTA methodology for the period 2021-2024, which should inform the development of the 2026-2030 Strategy for Combating Organised Crime, along with an action plan for its implementation. Overall, Ukraine should strengthen the institutional and operational capacities of its LEAs to further institutionalise the SOCTA methodology. There is still a lack of progress in setting up a permanent national coordination body for the fight against organised crime. The law on the organisation and legal principles of combating organised crime is outdated and not aligned with the EU *acquis*. The legislation on witness protection also needs to be modernised. A policy for reforming forensics in line with international best practices remains to be developed and implemented.

Ukraine has strengthened the legal framework on **financial investigations** by adopting appropriate implementing legislation. The strategy for financial investigations is being prepared by the Ministry of Internal Affairs and needs to undergo adequate stakeholder consultations prior to finalisation. It is important to allocate sufficient resources, provide training, grant access to necessary databases, and develop practical guidelines and tools to ensure that financial investigations are conducted systematically, effectively, and at an early stage alongside criminal investigations. Financial crime investigations are often triggered by civil society and media reports, hence recent legislative amendments that disproportionately reduced transparency of state registers during martial law raise concerns. Further controversial amendments to the Criminal Procedure Code are being pursued in Parliament, with the declared aim of protecting businesses. If adopted, they could undermine the effectiveness of financial and criminal investigations of economic crime and the investigative independence of the ESBU.

A legislative package to introduce, among others, a bank account registry of individuals and whistleblower protection in the field of **Anti-Money Laundering and Countering the Financing of Terrorism** was withdrawn from Parliament following the government's reshuffle and should be resubmitted. In September 2024, Ukraine launched a mechanism for obliged entities to report discrepancies on beneficial ownership information. However, mandatory reporting on beneficial ownership by legal entities is suspended during martial law. The legislative gap on virtual assets needs to be urgently filled (*see Chapter 4*).

In December 2024, Ukraine adopted legal amendments introducing autonomous criminal liability for legal entities, including special confiscation of their properties. The law on the reform of the Asset Recovery and Management Agency (ARMA) was adopted in June 2025. It introduced a system of competitive selection for the agency's head, regular independent audits and a revised asset management system. The head's selection is ongoing, while the full implementation of the reform requires the adoption of the necessary implementing legislation, as well as an independent assessment of the Agency's effectiveness. Ukraine should amend the Criminal Procedure Code to enable pre-trial asset seizure for the purpose of extended confiscation and confiscation of proceeds ('special confiscation'). The rules on non-conviction-based confiscation in criminal proceedings should be further aligned with the EU Directive on asset recovery and confiscation.

In early 2025, the State Financial Monitoring Service (SFMS), Ukraine's Financial Intelligence Unit, underwent a swift reorganisation, with a number of staff and functions transferred to the Ministry of Finance. The SFMS should be guaranteed the necessary capacities and resources to effectively fulfil its mandate, in particular to produce timely and quality intelligence.

On **cybercrime**, Ukraine should ratify and implement the Second Additional Protocol to the Budapest Convention and should consider removing the reservations it made to the Budapest Convention. The Internet Organised Crime Threat Assessment, as planned under the OAS AP, is under preparation and the system should be implemented by LEAs and the prosecution service by the end of 2025. On **child sexual abuse**, Ukraine is aligned with the Council of Europe Convention on Protection of Children against Sexual Exploitation and Sexual Abuse, also known as ‘the Lanzarote Convention’, and has participated in the Victims Identification Task Force hosted by Europol. In addition, the legal framework needs to be aligned with the Directive on combating the sexual abuse and sexual exploitation of children and child pornography. The National Police (NPU) is planning to establish a dedicated unit within its structure specialised in counteracting online child sexual exploitation and abuse.

The legal and strategic framework linked to **trafficking in human beings** needs further alignment with international standards and the EU *acquis*. The adoption of the new anti-trafficking law should be accelerated.

The legal framework for the acquisition and possession of **firearms** needs further alignment with the EU *acquis*, but some progress has been made. In November 2024, a law improving the procedure for obtaining, declaring and handling firearms was enacted. The national plan focused on the integral control and fight against firearms trafficking has not been adopted. The Criminal Code does not fully comply with international obligations, notably with the UN protocol on firearms. Legislation on the acquisition and possession of military-grade firearms by civilians needs further alignment with the EU *acquis*. In February 2025, a permanent National Firearms Focal Point (NFFP) was established and became operational, under the framework of the interministerial committee “Coordination Centre for Combating Illicit Trafficking in Firearms, their Parts, Components and Ammunition”.

There was no progress during the reporting period in reforming the Security Service (SSU). Its mandate should focus on national security tasks. Its pre-trial investigation functions should be either transferred to the dedicated LEAs or strictly limited to crimes related to national security, while introducing effective safeguards against abuse. The SSU’s monopoly on wiretapping communications should be lifted. Its internal and external oversight and anti-corruption mechanisms need to be strengthened, along with the rules on selecting its management and staff.

Corruption in the law enforcement authorities remains a serious concern, with several high-ranking officials removed from office due to corruption cases. In 2024 the NPU issued 495 protocols against police officers for administrative corruption offences, and 570 in the first half of 2025. Ukraine should focus on strengthening integrity and anti-corruption measures in the criminal justice system and among LEAs, to build public trust and to fight more effectively against serious and organised crime. In particular, Ukraine should introduce transparent and merit-based recruitment and selection procedures for the key managerial positions in the central and regional offices of the NPU and the State Bureau of Investigation (SBI), with the temporary but meaningful involvement of independent experts nominated by international partners, and strong disciplinary and anti-corruption frameworks tailored to the local context, addressing actual corruption risks.

Implementation and enforcement capacity

Ukrainian home affairs institutions continue to demonstrate strong resilience and determination to deliver on their core mandates, while also being partially engaged in countering the Russian war of aggression.

The risks of war-related crimes linked to trafficking in arms, drugs and human beings (mostly for the purpose of labour and sexual exploitation) remain high. Cooperation between agencies is still lacking in efficiency. Existing rules and court practice on the inadmissibility of evidence gathered by non-competent LEAs, along with unclear division and fragmentation of competencies, undermine the fight against complex forms of organised crime and increase the risk of corruption. Establishing a permanent national coordinator for combating organised crime should improve this situation. There has been limited progress in implementing the concept of **intelligence-led policing**, mainly due to the lack of a unified information- and intelligence- gathering

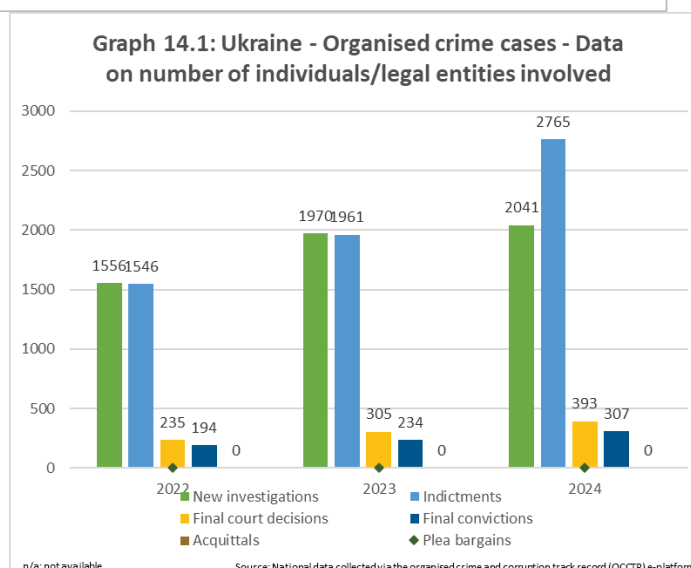
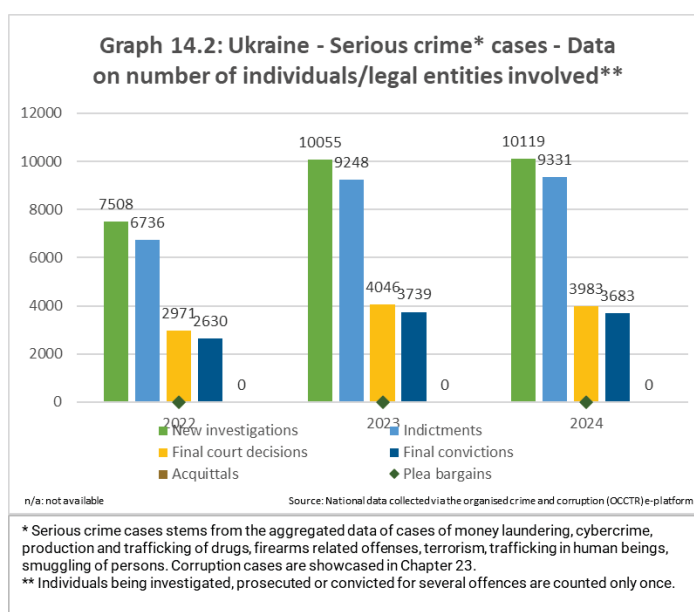
system for all LEAs.

The number of new investigations, final court decisions and final convictions of organised crime groups were slightly higher in 2024 than in 2023, with a notable increase in the number of indictments. A slight increase from 2023 to 2024 can also be noted in the number of new investigations and indictments in serious crime cases, while the number of final court decisions and final convictions dropped slightly.

Financial investigations are still hindered by a lack of reliable information on property ownership, company structures, banking records and cross-border transactions. A “follow the money” approach is largely missing, while the Unified Register of Pre-Trial Investigations does not keep statistics on financial investigations. In 2024, the SFMS received 1 750 940 reports (1 429 594 in 2023) on financial transactions that were subject to monitoring, marking a 23% increase compared with the previous year. Of these, 82% pertained to threshold transactions, while the remaining 18% involved suspicious activities. Following analysis, the SFMS forwarded over 1 000 case files to LEAs (608 in 2023), involving transactions totalling UAH 62.6 billion (UAH 102.1 billion in 2023).

On **money laundering**, the track record improved. In 2024, 3 187 criminal proceedings were investigated. Of these, however, only 94 were based on materials from the SFMS. In 2024, there was a 51% increase in the number of cases sent to court compared with the previous year, however the clearance rate stagnated, leading to a growing number of pending cases (870). In 2024, 157 defendants were convicted, more than twice as many as in 2023, however a large number of sentences (105) were passed on the basis of plea bargains with subsequent release without serving a prison sentence.

The **confiscation** of proceeds (‘special confiscation’) and extended confiscation are largely underutilised, while consolidated statistics on confiscations are not produced. ARMA tracked 53 936 more units of immovable and movable property in 2024 compared with the previous year, however less than 8% of units were frozen and less than 3% entrusted to the agency for management. The



income from assets managed by ARMA increased by 146% compared with 2023, while the number of management contracts signed fell to seven. The agency's audit by the Accounting Chamber revealed some shortcomings in asset management and in the selection of asset managers, which should be addressed in light of the ongoing reform of the agency.

International cooperation with police and prosecutorial bodies continued to produce positive results, including in uncovering cross-border organised crime activities. During the reporting period, Ukraine cooperated with the European Union Agency for Law Enforcement Cooperation (Europol) and the European Union Agency for Law Enforcement Training (CEPOL). CEPOL's training courses should be institutionalised across all relevant Ukrainian LEAs and integrated within the national law enforcement training system. During the reporting period, Ukraine was involved in 92 cases at Eurojust. In 2024, there were 35 joint investigative teams (JITs) operating between Ukraine and EU Member States, of which 16 were new that year, and 19 were continuing their operations.

SIENA and SIENA-CT, the Europol secure information exchange platforms for EU law enforcement on serious and organised crime and counterterrorism respectively, are operational in Ukraine. Ukraine participated in 222 operational actions within the European Multidisciplinary Platform Against Criminal Threats (EMPACT), and was co-leader on one operational action plan.

On **trafficking in human beings**, in the reporting period Ukraine participated in operational law enforcement activities within the EMPACT framework. The State Border Guard Service (SBGS) and the NPU increased measures to counter trafficking in human beings at border crossing points. Ukraine should equip law enforcement officials with up-to-date skills to conduct complex investigations. Ukraine should increase its efforts to detect and identify victims of trafficking in human beings, in particular child victims and victims of exploitative surrogacy, and strengthen the capacity of social services to provide adequate protection.

Ukraine made good progress in countering the **trafficking of small arms and light weapons**. Ukraine engaged with EU Member States to reduce the risk of illicit firearms trafficking in a post-conflict context by engaging in different operational actions of the EMPACT firearms, and by regularly sharing records of lost, stolen and seized weapons with Europol. Further efforts should be focused on data sharing and establishing effective cooperation between the NFFP and its counterparts abroad. In 2024, law enforcement officers seized 1 334 rifled firearms, 529 other firearms, 41 smooth bore firearms, 177 grenade launchers, 4 784 hand grenades, and 602 799 rounds of ammunition. By August 2025, 11 684 firearms (including 6 560 automatic) and 5.4 million rounds of ammunition have been declared.

The witness protection system is underdeveloped and fragmented, and no progress was made in its reform.

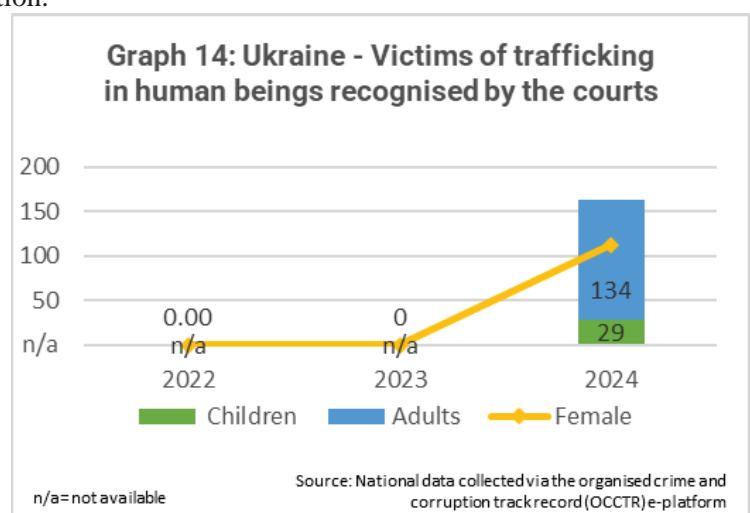
Some efforts have been made to further introduce a gender perspective into the work of LEAs. The ESBUE carried out a gender audit aiming at an inclusive approach to victim support and a gender-based perspective during all phases of an investigation.

Cooperation in the field of drugs

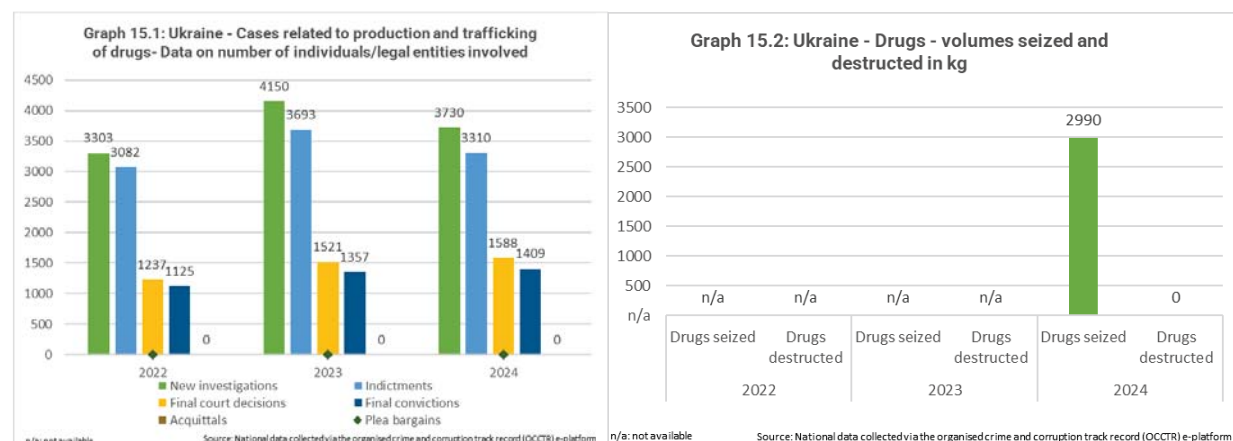
The legal framework for cooperation in the field of drugs needs to be improved and aligned with the EU *acquis*.

Legal alignment, strategic and institutional frameworks

During the reporting period, Ukraine successfully cooperated with the European Union Drugs Agency, through regular exchanges of information, participation of Ukrainian experts in the agency's events, capacity-building initiatives, and the



gradual integration of Ukraine into the EU Early Warning System. Progress was made with the reporting of drug-related data and quality of the data provided. The national drug policy strategy for the period up to 2030 has been approved, without prior consultation with the EU. There was no progress in setting up the national drugs observatory nor the national early warning system on the detection of new psychoactive substances. There is a need to adopt and implement the legal



framework required to formalise the national drugs observatory within the Public Health Centre with sufficient human and financial resources, the nomination of a correspondent to the EU Early Warning System and the setting up of a national early warning system.

Within the integrated border management (IBM) system, in January 2025 the NPU and the State Customs Service approved a joint action plan particularly aimed at identifying, preventing and stopping: (i) criminal offences related to the trafficking of narcotic drugs, psychotropic substances, their analogues and precursors; and (ii) customs violations under the Customs Code of Ukraine, which may occur in the customs territory of Ukraine, along the national border, or in customs control zones.

Implementation and enforcement capacity

The use of drugs and other illegal substances is a growing problem. Drugs, especially synthetic drugs, are sold and widely available across Ukraine, including at the frontline. The illicit production of synthetic drugs continues. Drug monitoring is heavily affected by the war. Cooperation between judicial entities and LEAs should increase, as should international cooperation in this area, including within the framework of EMPACT.

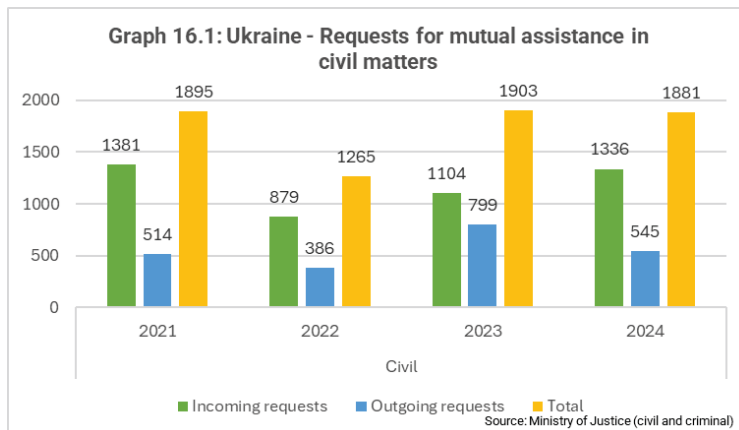
Fight against terrorism and prevention of radicalisation and violent extremism

The legal framework on the fight against terrorism, countering violent extremism and critical infrastructure protection, as well as resilience of critical entities is partially aligned with the EU *acquis*.

Legal alignment, strategic and institutional frameworks

Under martial law, the State Special Communications Service is the authorised body in the field of critical infrastructure protection. The provisions related to resilience in critical infrastructure protection (CIP) are to a significant extent already part of the legislation. Ukraine is a party to the relevant UN and Council of Europe counterterrorism conventions and protocols. The national system to fight against terrorism and the dedicated legislation are comprehensive, with the SSU as the major agency within the national system and other relevant institutions involved, ensuring an integrated approach.

Ukraine should develop and adopt a new policy on combating terrorism until 2030, along with the corresponding action plan for its implementation, by the end of 2025. Ukraine should also set up a coordination mechanism to develop and adopt a strategy and action plan on preventing and countering violent extremism. Ukraine should transpose the directive on combating terrorism and implement the Terrorist Content Online regulation.



Implementation and enforcement capacity

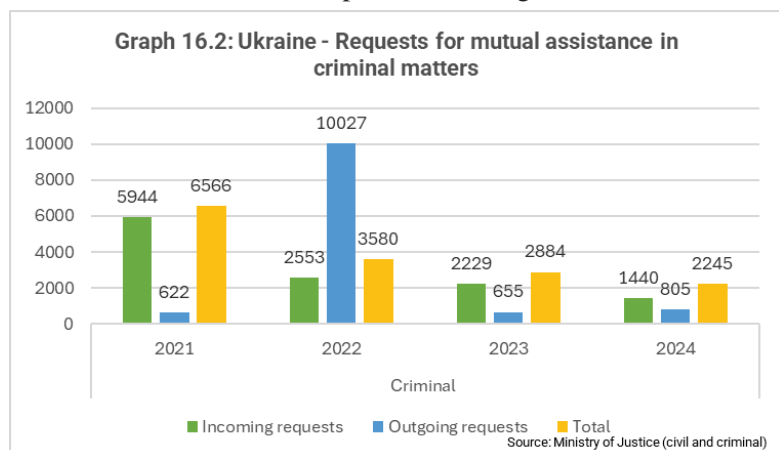
The institutions in charge of counterterrorism work effectively and in a professional manner. The SSU deals with the terrorism threat in connection with Russia's war of aggression. Its counterterrorism units are also heavily involved in countering and investigating international crimes committed by the Russian authorities and in the protection of Ukraine's critical

infrastructure. As of April 2025, the SSU is administering the list of terrorist organisations, published on the SSU website and on the Unified State Open Data Portal.

Judicial cooperation in criminal, civil and commercial matters

Judicial cooperation in civil and criminal matters needs to be improved. The legal framework in this area is partially aligned with the EU *acquis*.

Ukraine is a party to all core conventions adopted by The Hague Conference on Private International Law. Ukraine maintained good cooperation with partners on mutual legal assistance (MLA) in civil and criminal matters and has been participating in the negotiations on a new Council of Europe instrument that aims to strengthen judicial



cooperation in matters of criminal asset recovery. In 2024, the number of incoming MLA requests in civil matters was higher than in the previous two years, which indicates international partners' growing reliance on Ukraine for legal cooperation in civil matters, but less so for criminal ones. Nevertheless, Ukraine needs to further improve the timeliness and efficiency with which it processes judicial cooperation requests, particularly requests for MLA in criminal matters, through the application of relevant Council of Europe Conventions and by ensuring sufficient administrative capacity for the authorities dealing with such cases.

In the reporting period, Ukraine participated in 129 new cases at Eurojust, including 16 joint investigation teams (JITs), related to fraud, organised crime, money laundering and drug trafficking; 40 of these cases were opened at the request of the Liaison Prosecutor. Ukraine worked with the European Judicial Network (EJN) and developed cooperation with the European Public Prosecutor's Office (EPPO). A liaison officer from OPG was seconded to the EPPO in October 2024. In 2024, the EPPO sent two requests for MLA to the Ukrainian authorities.

The insolvency regime should be further aligned with the EU *acquis*. In September 2024, Parliament adopted a law to align Ukraine with the Directive on preventive restructuring frameworks. Additional legislation on simplified insolvency procedures for micro, small and medium-sized enterprises should be developed and adopted.

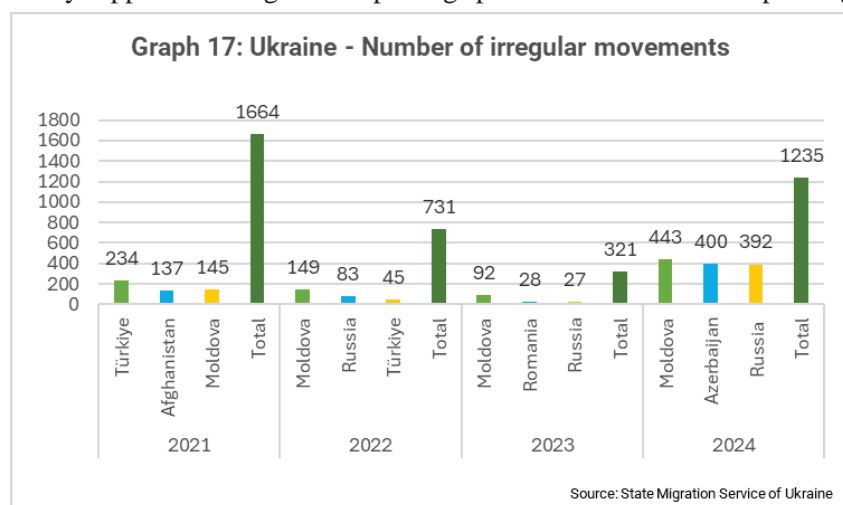
Legal and irregular migration

The legal framework on legal and irregular migration is partially aligned with the EU *acquis*. The management of legal and irregular migration needs to be improved.

Institutional set-up and legal alignment

Inter-agency coordination and cooperation between the relevant authorities needs further strengthening. In the reporting period, Ukraine continued to reform the State Migration Service. The National Contact Point in Ukraine of the European Migration Network became operational. Full alignment with the EU *acquis* on the status of third-country nationals who are long-term residents, on the right to family reunification on the Blue Card Directive, on intra-corporate transferees, on seasonal workers and on a single permit for work and residence for third-country nationals has not yet been achieved. The establishment of the situational centre for monitoring the migration process and assessing migration risks would help to improve the coordination of migration management.

The legislative framework for a mass influx of migrants is in place, but a mechanism for inter-agency coordination in the event of a migration crisis is still lacking. The voluntary returns procedure was rarely applied during the reporting period. The rules on passenger information and the visa



verification obligations for carriers transporting foreign nationals to Ukraine have not been adopted. The Passenger Information Unit has not been set up. The law on collecting and processing Advance Passenger Information and Passenger Name Record data has not been adopted.

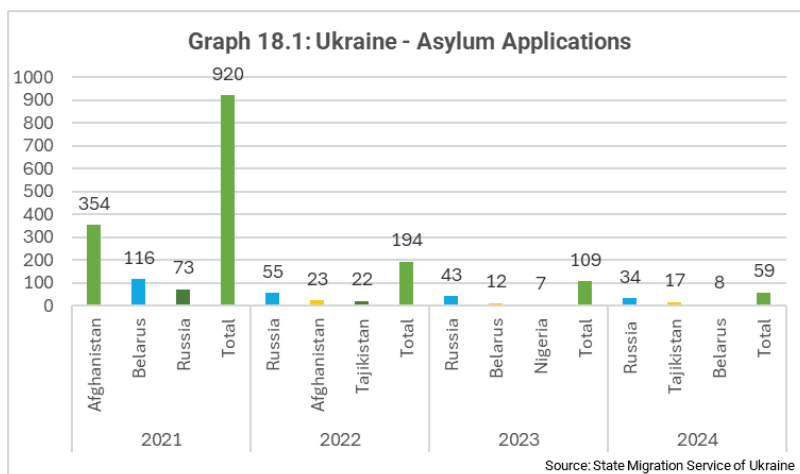
Implementation and enforcement capacity

In 2024, the number of irregular migrants detected

by the State Migration Service throughout Ukraine was almost four times larger than in the previous year, returning to similar levels as before the full-scale invasion. The largest number of migrants detected originated from the Republic of Moldova, Azerbaijan and Russia. The majority of irregular migrants were detained for irregular border crossings. Cases of the illegal smuggling of people have been registered as criminal offences and investigated by the relevant authorities. The migrant accommodation centres have sufficient capacity, although the staffing remains below the number of posts envisaged. The Chernihiv migrant accommodation centre was reopened. Ukraine continues to take part in the Global Alliance to Counter Migrant Smuggling and is invited to renew its engagement at the occasion of the Global Alliance's second conference scheduled to take place end of 2025.

Regarding **border control**, the SBGS continued to cooperate with the European Border and Coast Guard Agency on information exchange, joint risk analysis, operations and staff training, with no major changes.

The 2007 EU-Ukraine **readmission** agreement was continuously applied, together with the protocols facilitating its implementation, signed between Ukraine and ten EU Member States. Ukraine signed an implementing protocol with Slovakia and the protocol with Latvia came into force, while those with Hungary, Spain and Serbia are awaiting signature. The integrated migration management system is not fully operational.

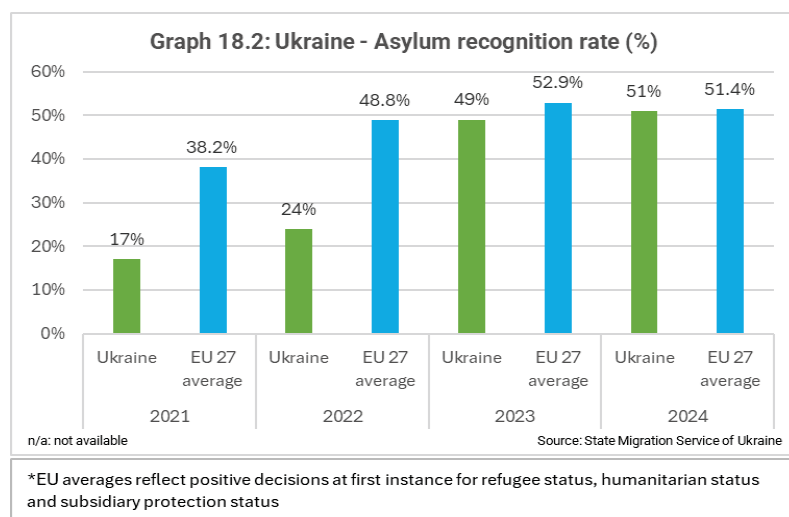


Asylum

The legal framework on asylum is partially aligned with the EU *acquis*. The management of asylum needs to be improved.

Legal alignment, strategic and institutional frameworks

Due to a lack of capacity and a shortage of staff, limited support is available to asylum seekers. Following last year's recommendation, Ukraine needs to start developing a roadmap for bilateral cooperation with the EU Agency for Asylum.



Implementation and enforcement capacity

The number of applications for international protection declined during the reporting period. No cases of refoulement or non-admission at the borders were reported, although the capacity to integrate recognised refugees remains limited. The average duration of the asylum procedure did not change. In 2024, there were 59 asylum applications, to

Ukraine, continuing the decreasing trend since the full-scale invasion. Ukraine should ensure that the conditions for identifying applicants for international are in line with the EU *acquis*.

Visa policy

The national visa regime is largely aligned with the EU *acquis*, including on the processing of applications, the criteria and process for issuing visas. Ukraine's list of visa-free countries diverges from the EU list by 15 countries. The phasing out of non-biometric passports by 2026 is ongoing. The issuance of visas at the border was suspended on 24 February 2022 and has not been resumed. In February 2025, the Ministry of Foreign Affairs resumed the issuance of electronic visas. The **visa-free regime** with the EU is in place. Ukraine continues to meet the EU benchmarks on visa liberalisation.

Schengen governance and external borders

The legislative and strategic framework for the management of external borders is partially aligned with the EU *acquis*. The management of borders needs to be improved.

Legal alignment, strategic and institutional frameworks

Given the need to reinforce and establish solid foundations for the Schengen system, it is necessary to continue strengthening the national Schengen governance by establishing the Schengen Action Plan (SAP) covering the whole Schengen framework. The SAP is foreseen to be developed by the end of 2025.

Ukraine should adopt additional legislation on border control, and the simplification of border and customs procedures in line with the Schengen Border Code and Directive supplementing the provisions of Article 26 of the Convention implementing the Schengen Agreement. Full implementation of the Integrated State Border Management (IBM) action plan for 2023-2025 and the adoption of a new strategy and ensuing action plan for 2026-2030, including clear indicators for its assessment and based on principles of the European Integrated Border Management, is needed.

Implementation and enforcement capacity

The institutional capacities and inter-agency cooperation mechanisms for IBM should be further improved. During the reporting period, the Inter-Agency Working Group for IBM met twice. The

National Coordination Centre needs to be strengthened to bring concrete operational results. There is still no structured crisis response mechanism.

Shortages of staff, infrastructure and equipment are the main challenges for the border management agencies capacity to carry out their work. While border controls meet minimum standards, the technical infrastructure requires a significant upgrade. A comprehensive asset management system for the border agencies is required. Additional capacities are needed to counter smuggling, including weapons and people. Border surveillance is not fully effective, despite a satisfactory risk analysis based on the border surveillance mechanism in place. The funding gap remains substantial. Half of the border crossing points remain closed. Two new border crossing points were opened at the borders with Hungary and Poland.

Further efforts by the SBGS and the State Customs Service in the fight against corruption at the border are needed. The SBGS continues its cooperation with the European Border and Coast Guard Agency on information exchange, joint risk analysis, operations and staff training. On operational cooperation with neighbouring countries, Ukraine continued to establish bilateral agreements on joint controls with Poland and Slovakia.

Counterfeiting of the euro (criminal law aspects)

The relevant legislation on the suppression of counterfeit currency is partially aligned with the EU *acquis*.

2.3. ECONOMIC CRITERIA

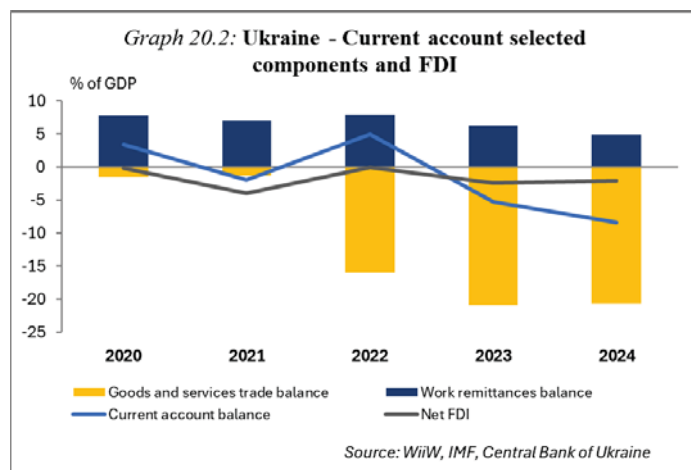
Table 19: Ukraine - Key economic figures		2015-20 average	2021	2022	2023	2024
GDP per capita (% of EU-27 in PPS)	29	35	28	29	28	
Real GDP growth (% change)	-0.3	3.4	-28.8	5.5	2.9	
Activity rate of the population aged 15-70 (62.3	61.8	57.7	56.7	-	
Unemployment rate of the population aged	9.1	9.9	25.0	20.0	14.0	
Employment of the population aged 15-70 (-0.6	-0.9	-21.5	4.8		
Nominal wages (annual growth %)	22.5	20.9	6.0	17.4		
Consumer price index (annual growth %)	16.4	9.4	20.2	12.9	6.5	
Exchange rate against EUR	29.1	32.3	34.0	39.6	43.5	
Current account balance (% of GDP)	-0.6	-1.9	4.9	-5.3	-8.4	
Net foreign direct investment, FDI (% of GI	-2.3	-3.8	-0.1	-2.5	-1.8	
General government balance (% of GDP)	-2.4	-3.4	-16.1	-20.1	-17.6	
General government debt (% of GDP)	67.2	49.0	77.8	83.3	91.2	
<i>Sources: WiiW, State Statistics of Ukraine, National Bank of Ukraine, Ministry of Finance</i>						

2.3.1. The existence of a functioning market economy

Economic governance

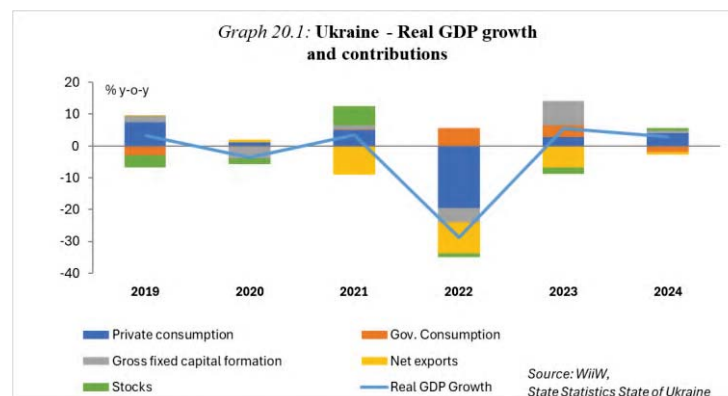
Despite the significant challenges imposed by Russia's continued war of aggression, Ukraine remains committed to implementing reforms agreed with both the EU and International Monetary Fund, although the pace of implementation has recently slowed. All policy conditions for the first three regular payments under the Ukraine Plan were met, while there are delays in the implementation of a subset of measures linked to the fourth and fifth payments. Reform conditionality under the exceptional macro-financial assistance loan provided through the G7's Extraordinary Revenue Acceleration (ERA) initiative – fully aligned with the Ukraine Plan – was fully met, unlocking EUR 18.1 billion in urgent budget support. The IMF's eighth programme review was

successfully completed at the end of June, despite delays in the implementation of reforms relating to customs, the financial sector and governance. Implementation of the National Revenue Strategy advanced with initial steps taken to boost revenue mobilisation and strengthen the State Tax Service, although progress on some areas has been slower than anticipated. Around 75% of the measures scheduled for 2024 have been completed so far. In August 2025, a medium-term reform plan for the State Customs Service was adopted, aiming to accelerate digitalisation, strengthen EU alignment, improve governance and transparency, and reduce corruption risks.



Economic governance has further improved, with progress in key areas. In October 2024, a law on public consultations was passed, creating a formal framework for stakeholder engagement in policymaking, aimed at improving transparency, accountability, and regulatory quality. Medium-term budget planning has resumed. On 30 June 2025, the Cabinet of Ministers approved the budget declaration for 2026-2028, which showed progress towards alignment with the EU *acquis* on medium-term budgetary frameworks. A new state debt management strategy for 2026–2028 is being prepared, setting debt sustainability targets and measures to deepen the domestic bond market. In April, the government launched a spending review of the 2025 budget, covering 31 policy areas. The National Bank of Ukraine (NBU) has continued the gradual easing of foreign exchange restrictions, while maintaining a managed float for the hryvnia and pursuing its medium-term inflation target of 5%. The NBU has refrained from monetary financing since the beginning of 2023.

Macroeconomic stability



Ukraine's economy has demonstrated significant resilience, but signs of a slowdown have emerged. After robust growth extending into early 2024, momentum weakened noticeably from mid-year. Real GDP growth slowed from 6.8% year-on-year in the first quarter of 2024 to a slight contraction of 0.1% by the fourth quarter. This deceleration reflected a weaker agricultural harvest, alongside

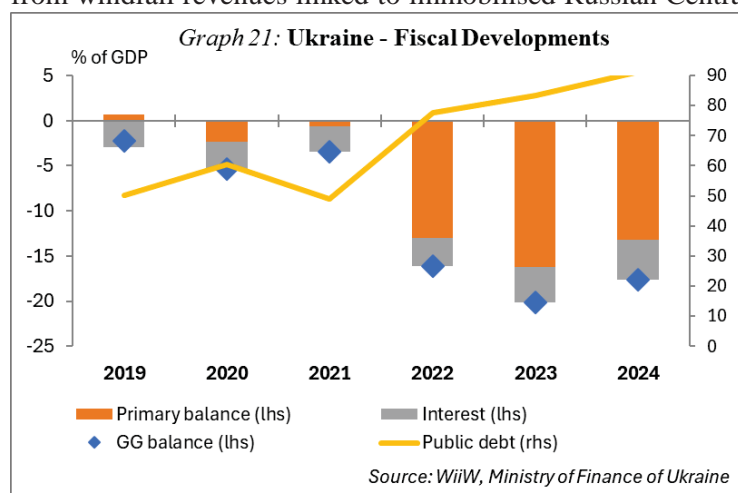
persistent labour shortages and ongoing attacks on critical infrastructure, which weighed on economic activity. As a result, real GDP growth fell to 2.9% in 2024, down from 5.5% in 2023, leaving output at 23% below pre-war levels. Economic weakness has persisted into 2025: real GDP grew by 0.9% year-on-year in the first quarter, while goods exports declined by 2.3% year-to-date in July compared to the same period in 2024, driven by poor performance in metallurgy and agriculture.

The current account deficit widened over 2024, rising from 5.3% of GDP in 2023 to 8.4% in 2024. This deterioration was driven by a further weakening of the investment income balance and a decline in international grants, which were increasingly replaced by loans. The former reflected both lower income receipts from abroad and higher income payments to foreign investors – notably in the form of distributed earnings – following a partial relaxation of capital controls. At the same time, elevated import needs, related defence and repair, kept the trade balance firmly in deficit, at approximately -20% of GDP, despite some export recovery supported by the effective use of Black Sea and Danube routes. Strong external financing inflows from international partners continued to underpin reserve accumulation, with gross international reserves reaching USD 46.0 billion in August

2025, equivalent to approximately 5 months of imports.

Inflation accelerated visibly, prompting the NBU to tighten monetary policy. Inflation rose from a low of 3.3% in May 2024 to 14.1% in July 2025, driven by higher electricity and labour costs, rising food prices, and depreciation of the hryvnia. In response, the NBU halted its monetary easing cycle and has raised the key policy rate by a cumulative 2.5 percentage points since end-2024, bringing it to 15.5% in March 2025. Nonetheless, inflation expectations – particularly among households – have increased and remain above the NBU’s target. After depreciating from 38 UAH/USD to 42.1 UAH/USD over 2024, the hryvnia stabilised in early 2025, supported by foreign exchange interventions.

The fiscal deficit narrowed slightly in 2024 but remains very high, and its financing is heavily reliant on external support. Revenue measures – including higher excise duties, a military tax, and a windfall tax on banks – helped lower the general government deficit to 17.6% of GDP (23.5% excluding international grants) in 2024, down from 20.1% of GDP in 2023 (26.6% excluding international grants). However, expenditures remain elevated as the war continues: military personnel costs reached 18% of GDP in 2024, while defence procurement, including ammunition, represented 9% of GDP. The deficit of the pension fund, estimated at around 4% of GDP, is set to increase in the absence of pension reform. As a result, public debt rose to 91.2% of GDP in 2024, from 83.3% in 2023. Ukraine continues to rely on very concessional external financing and more costly domestic borrowing. The very concessional terms of external financing and, specifically, the financing under the G7’s ERA initiative (representing up to EUR 45 billion until 2027), which is expected to be repaid from windfall revenues linked to immobilised Russian Central Bank assets, are essential for ensuring debt sustainability in a forward-looking manner.



Ukraine has made progress in advancing reforms to improve the efficiency and effectiveness of its revenue administration and the tax system, but weaknesses remain. In September 2024, the Ministry of Finance adopted a new methodology for evaluating tax expenditures. Benchmark systems for the four main tax types (corporate income tax, personal income tax, value added tax, and excise tax), which will serve as

reference to identify tax expenditures, have been established. A comprehensive inventory of all tax expenditures, detailing all exemptions, deductions and credits, is planned for inclusion in the 2027 budget. The State Tax Service advanced towards a risk-based compliance approach, supported by the adoption of a digital development plan, improved capacity for international information exchange, and the launch of a pilot project for tax risk management. Still, revenue collection continues to be weakened by high levels of informality, complex and burdensome tax compliance processes, tax fraud and a broadly applied and distortive presumptive tax regime. Additionally, the publication of fiscal data at the general government level remains limited, and access to this data is restricted.

The macroeconomic policy mix remains appropriate and has helped sustain macroeconomic stability despite substantial challenges linked to Russia’s ongoing war of aggression. Fiscal policy will need to focus on strengthening domestic revenue mobilisation, where the National Revenue Strategy should remain a key anchor, reducing reliance on external financing in the medium-term, and ensuring long-term fiscal sustainability, while prioritising the efficient use of public funds to support recovery and reconstruction. Monetary policy remains adequately calibrated and sufficiently tight to contain inflationary pressures. The key challenge to macroeconomic stability includes a potential intensification of Russia’s war of aggression against Ukraine, which could lead to further destruction of productive capacity and trigger additional outward migration and further weaken the current account balance.

Functioning of product markets

Business environment

Despite ongoing reform efforts, Ukraine's business environment remains constrained by structural and wartime challenges. Business surveys show that war-related disruptions, labour shortages and inflation are the top three impediments to business activity. In addition, cumbersome procedures – particularly inefficiencies in tax administration, such as excessive documentation requirements and processing delays – increase compliance costs and place a disproportionate burden on smaller firms. High market concentration and low dynamism of young businesses point to weak market competition. Nonetheless, some progress has been made to improve the business climate, with firms increasingly expressing confidence in the legal system's ability to enforce contracts and protect property rights. In September 2024, Ukraine adopted a comprehensive Action Plan on Deregulation aimed at simplifying permitting procedures, introducing risk-based supervision, and advancing digitalisation through the e-permit system, in line with EU standards. In line with this plan, new laws adopted in September and November 2024 introduced cost-free notifications for most economic activities – so that permits are not required except in high-risk areas – and aligned licensing rules with general administrative procedures. Deregulation efforts, coordinated by an inter-ministerial working group, led to the repeal of 200 approvals and permits in April 2025. Reforms of the insolvency framework were also advanced to streamline procedures and improve restructuring options. At the same time, informality remains a major structural challenge, driven by weak enforcement of legislation, limited institutional capacity, high fiscal burdens, and disruptions linked to the war.

State influence on product markets

The state footprint in the economy remains high. Although the public sector's share of gross value added declined slightly to 21% in 2024, it remains well above the pre-war level of 6%. State-owned enterprises (SOEs), including state-owned banks, continue to play a major role in the economy, employing around 568 000 people (4% of total employment), holding 14% of national business assets, and generating net income equivalent to 15% of GDP. Although some are profitable, SOEs underperform compared to private firms, reflecting operational inefficiencies. Administered prices cover 22.1% of the consumer price index basket, compared to around 9% in the EU. Energy price liberalisation has made little progress. In June 2024, household electricity tariffs were raised from UAH 2.64/kwh to UAH 4.32/kwh, but still cover only half the cost of supply, while small businesses in Kyiv pay UAH 8.96/kwh.

Privatisation and restructuring

Some progress was made in the privatisation and restructuring of SOEs, though there have been some setbacks on corporate governance reform. Privatisation auctions generated an historical high of UAH 19.7 billion (around EUR 492 million) for state and local budgets in 2024, including UAH 6.5 billion (EUR 162 million) from large-scale and over UAH 4 billion (EUR 100 million) from small-scale privatisation. On 29 November 2024, the government adopted a new policy on state ownership, setting out the criteria for keeping SOEs in state ownership, setting out improved corporate governance standards (aligned with OECD principles), and requiring regular performance reviews of state assets. In December 2024, the Cabinet of Ministers approved the triage of SOEs, classifying companies into three categories: those to remain under state ownership, those to be privatised or liquidated, and those for which privatisation is temporarily suspended under martial law. In April 2024, the authorities adopted an action plan setting out steps to ensure a mandatory structural separation of accounts between public service obligation (PSO) activities and non-PSO activities in the biggest SOEs. These steps aim to streamline the state's portfolio and improve the efficiency, transparency and accountability of SOE management. In May 2025, the authorities amended the statutes of key SOEs in the energy sector, as well as the transport sector, introducing a *de facto* power of veto for state representatives on their supervisory boards on key strategic decisions including the appointment and dismissal of CEOs. This undermines the independence of supervisory boards, which is a key component of recent reforms adopted as part of the Ukraine Plan, in line with OECD corporate governance principles. In addition, the supervisory boards of several SOEs remain incomplete, and procedures for the selection of state representatives do not follow a merit-based

competitive process, negatively affecting the SOEs' independence and stable governance.

Functioning of the financial market

The Ukrainian banking sector remains resilient. Liquidity levels are around three times the regulatory minimum, and despite the retroactive increase in the tax rate on bank profits to 50% for 2024, the sector continued to generate sizeable profits, though this largely reflects banks' exposure to sovereign risk. The National Bank has resumed the annual resilience assessment of Ukrainian banks, with a detailed report expected to be published in the first quarter of 2026. The first results were issued on 1 September 2025. As part of the strategy to reduce non-performing loans (NPLs), banks have started applying since January 2025 an updated methodology for calculating NPL ratios, aimed at improving statistical comparability and bringing practices closer to EU standards, although a formal assessment of compliance has not yet been conducted. The NPL ratio fell by 6.6 percentage points over the year but remained high at 30% in March, with stark differences by ownership: 42.9% for state-owned banks, 12.6% for private Ukrainian banks, and 10.9% for foreign-owned banks, which can be partially explained by legacy factors. Provisioning remains robust, with a 95.6% NPL coverage ratio. The share of state-owned banks in total assets declined slightly to 53.5%.

Lending to households and businesses increased markedly in 2024, but overall credit penetration remains low. Lending growth reached 22% for business loans and 38% for household credit, supported by public and international financial institution (IFI)-backed guarantee and support schemes, lower interest rates, and stabilising real estate prices. Still, the loan-to-GDP ratio is just 11%, compared to around 80% in the EU. The NBU has started implementing significant measures under its Lending Development Strategy, including transitional provisions for EU regulatory alignment. Capital markets remain underdeveloped, and the National Securities and Stock Market Commission (NSSMC) remains under-resourced, impacting its capacity to supervise market participants effectively and enforce compliance with international standards. In line with IMF programme requirements, work is ongoing to develop a roadmap to guide the implementation of the updated Financial Sector Development Strategy, setting out concrete reform measures for strengthening financial market infrastructure.

Functioning of the labour market

War-related labour shortages have become a growing structural constraint on the economy. Around 38% of businesses reported difficulties in finding qualified workers, and estimates suggest that labour shortages reached 16% of total labour demand in 2024. The problem is particularly acute for skilled blue-collar professions, especially in the transport and construction sectors. While shortages have contributed to a rise in the labour market participation of women, traditionally underrepresented in Ukraine's workforce, the gender gap in the labour force participation remains notable. On 15 October 2024, the government adopted a medium-term labour market forecast to better align vocational education and training with projected labour needs. In addition, in November 2024, the Cabinet of Ministers approved an action plan to operationalise the Strategy for the Demographic Development of Ukraine until 2040, which seeks to counterbalance workforce shortages linked to external and internal population displacement induced by Russia's war of aggression. Legislative amendments submitted to Parliament in May 2025 introduced tax reporting obligations for digital platform operators, with the aim of improving tax compliance and formalising employment in the platform economy. Work is ongoing on a new Labour Code, designed to align with EU best practices, remove impediments to labour mobility, and raise labour market participation.

2.3.2. The capacity to cope with competitive pressure and market forces within the EU

Education and innovation

The authorities continue to take steps to improve the quality of education. Public spending on education as a share of GDP has remained steady and similar to that in the EU. Results from the most recent PISA (Programme for International Student Assessment) study in 2022 showed a decline in performance compared to the previous round in 2018, likely due to the combined effects of the

pandemic and the war³. Ukraine has continued its ongoing reform efforts, including through a new law on preschool education which entered into force in January 2025 and aims to achieve universal coverage and improve educational outcomes. The implementation of the New Ukrainian School Reform of Curricula and the Pedagogical Approach has continued, with the launch of the pre-pilot project in upper secondary education starting from September 2025. The authorities have also continued to take steps to prepare the education and training system to meet the needs of Ukrainians currently living abroad. These include accelerated curricula, modified distance-learning courses on Ukrainian language and history, recognition of education received abroad, and allowing university applicants to use temporary exam centres abroad to qualify for entrance to Ukrainian bachelor's and master's programmes. In addition, the Ukraine Plan contains a number of measures and investments to improve human capital, in particular through improvements to vocational education. Spending on research and development remains low at 0.37% of GDP in 2024, though Ukraine approved a new Global Innovation Development Strategy to 2030 aimed at boosting innovation by improving infrastructure, reducing regulation, improving access to funding and creating centres of excellence in areas such as defence and healthcare.

Physical capital and quality of infrastructure

Amidst tight budgetary conditions, Ukraine has continued to address urgent reconstruction needs, in particular for energy generation, where 4 GW of generation capacity was restored and 830 MW built in 2024 (together worth over a quarter of peak winter demand), but also for housing and roads. The Ministry of Economy has commissioned 600 MW of additional distributed generation in 2025. The NBU and 17 commercial banks signed a memorandum to increase financing for energy needs, with the total financed generation capacity above 1 GW since June 2024. In addition, the Ministry for Development of Communities and Territories and the Ministry of Energy have introduced 'energy independence passports' for each region of Ukraine to assess the potential for the development of distributed generation in each region, and to allow for regions to develop detailed actions plans. Procedures for building and reconstructing gas transport and power lines have been simplified. Ukraine has made strong progress in reforming public investment management, creating the strategic investment council and the single project pipeline, using the DREAM digital platform, developing much of the regulatory framework for the new public investment management system and amending the budget code to better embed public investments in the budget cycle, in line with the Ukraine Plan. Ukraine has also made notable progress in maintaining and expanding household internet access with a 1.2% increase in fixed access points overall and a 6.3% increase in rural areas.

Sectoral and enterprise structure

The ongoing war continues to impact the structure of the economy. Agriculture's share of GDP fell from over 12% in 2021 to around 8% in 2024, following a 30% decrease in total agricultural production in 2022, from which Ukraine has only partially recovered. However, Ukraine's exports continue to rely heavily on agricultural products, which account for 63% of all exports, despite major challenges, including supply-chain disruptions, loss of farmland, risks from mines, destruction of machinery, and soil damage. Industry has seen a similar decline to around 17% of GDP in 2024, the share of construction nearly halved, while the relative size of the service sector grew to around 70% of GDP. Industrial production is dominated by energy, basic metals, mining and other lower value-added industries. The information and communication technology sector, where Ukraine had been developing a comparative advantage, maintained its relative share of output at 5.2% of GDP, and digital services made up 12% of total exports.

Economic integration with the EU and price competitiveness

³ The PISA study was conducted in October 2022 in 18 of Ukraine's 27 regions. The results are thus not entirely comparable with those from 2018. Nevertheless, the authorities themselves do make the comparison (in their contribution to the enlargement report) and conclude that 'the educational loss of Ukrainian 15-year-olds in reading can be estimated to be about two years of schooling.'

The overall openness of the economy, as measured by the trade-to-GDP ratio, declined from about 87% in 2022 to 78% in 2024, where it has since stabilised as a result of disruptions related to the war. The EU remains Ukraine's largest trading partner, accounting for over half of Ukraine's exports and imports of goods and services. The EU is also the largest source of foreign direct investment (FDI) in Ukraine, accounting for over three quarters of FDI inflows in 2023 and 2024. However, much of this reflects reinvested earnings, driven by capital controls that restrict the repatriation of dividends. The real effective exchange rate again appreciated slightly in 2024, driven by higher inflation and a slower exchange rate depreciation of the hryvnia as a result of the NBU's managed floating exchange rate policy.

2.4. PUBLIC PROCUREMENT, STATISTICS AND FINANCIAL CONTROL

Chapter 5 - Public procurement

EU rules ensure that the public procurement of goods, services and works in any Member State is transparent and open to all EU economic operators on the basis of non-discrimination and equal treatment.

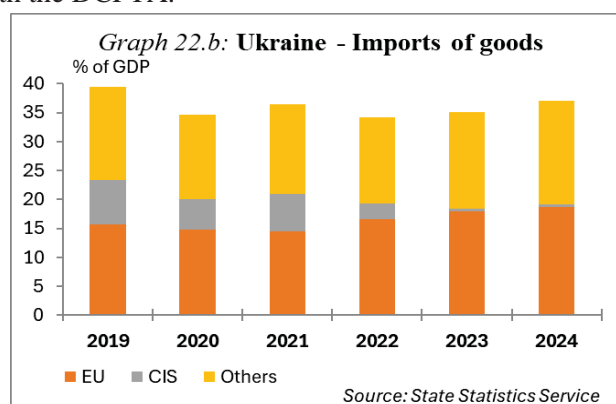
Institutional set-up and legal alignment

The **legal framework** on public procurement is partially aligned with the EU *acquis* on public procurement. Due to Russia's war of aggression, Ukraine introduced temporary exceptions from the public procurement legislation by way of government decrees. The scope of exemptions, mainly related to the needs of the martial law, has increased.

A new centralised procurement body was created under the State Agency for Reconstruction and Development of Infrastructure in pilot mode for a two-year period. The two central defence procurement bodies respectively for non-military and military procurement, continued their operations although instances of political interference were noted in their governance. Lack of legal clarity related to the distinction between conventional and defence procurement also continued to persist. Procurement officer positions have been created within military units, to improve decentralised defence procurement.

Some progress has been made in implementing the Strategy for Reforming the Public Procurement System for 2024-2026 and its Action Plan, notably on the professionalisation of public procurers and further development of the electronic procurement system Prozorro, enhancing transparency and efficiency, which could result into Ukraine's more effective participation in EU instruments.

The adopted Law on Concessions and Public-Private Partnerships (PPP), in several aspects still falls short of compliance with the EU *acquis*. The law fails to fully treat the EU economic operators equally as domestic ones. Ukraine needs to take steps to fully align with the EU *acquis* which would make its framework for public-private partnership and concessions more attractive for investment. As a result, this law, in its current form, is not in line with the DCFTA.



Implementation and enforcement capacity

Ukraine's **public procurement market** represented 11.6% of nominal GDP (compared with 12.1% in 2023), out of which 68% were contracted via competitive procedures with an average number of

bidders of 1.55, impacted by many procedures where only a single bid is submitted. The overreliance on price as the sole award criterion indicates a significant imbalance in prioritisation of price over quality.

The State Audit Service (SAS) continues to carry out monitoring of legal compliance of contract award and implementation. A new methodology for determining automatic risk indicators, their list and procedure for application were adopted by the Ministry of Finance. However, so far only a minority of monitoring actions were triggered by automatic risk indicator. The violations identified continue to be challenged in court only in a minority of cases, with a low success rate for SAS. The procurement audit guide, aimed to enhance the compliance audit capacity, has been approved by the decision of ACU Chairperson.

The contracting authorities need to continue to build **capacity of management of public procurement processes** across the institutions. Following a comprehensive needs assessment in July 2024, progress was made in updating the training offer, including different free online courses.

While a legal and institutional framework on the **prevention of corruption** is in place, risk assessments within the contracting authorities, conflict of interest prevention, as well as internal and external controls remain weak, particularly in the pre-awarding phase. A sectoral anti-corruption strategy is still awaiting. Integrity criteria for bidders, alongside the monitoring and enforcement capacity, require further strengthening.

Efficient remedy system

The legislation on the **right to legal remedy** in the field of public procurement is partly aligned with the EU *acquis*. In 2024, the Antimonopoly Committee (AMCU) received 10 535 complaints out of which 70.8% have been determined as justified. In 2024, 140 decisions of the AMCU were appealed to the court out of which 130 are still under consideration while 10 decisions were confirmed.

Chapter 18 - Statistics

*European statistics are developed, produced and disseminated by EU Member States, guided by the principles and criteria elaborated in the Regulation on European statistics, such as professional independence, impartiality, reliability, accessibility and statistical confidentiality. Common rules are provided for the methodology, production and dissemination of statistical information, which are further specified in sectoral legislation that constitute the EU *acquis* on statistics.*

On **statistical infrastructure**, the professional independence of the State Statistical Service (SSSU) was negatively affected by the sudden dismissal of its head in March 2025. The new head was nominated without a due procedure. Ukraine should amend and adopt a revised statistical law to ensure the full professional independence of the SSSU and the enforcement of all rules under the law on official statistics, including the selection, appointment and duration of assignment of the head of the SSSU. The allocation of adequate financial and human resources is needed to achieve full alignment with the EU *acquis*. The coordination role of the SSSU of the national statistical systems and the definition of responsibilities of the producers of official statistics should be outlined in a revised law on official statistics.

For statistical reporting that has been made voluntary during martial law and hindering the SSSU from collecting data from reporting units, progress was made. On 18 June 2025, Ukraine adopted a law requiring legal entities to resume statistical and financial reporting to state statistical bodies, including to submit within three months from the date of entry into force of the law any missing reports not filed since 2022. The law also enabled the SSSU to resume surveys of households. Following the adoption of the law, reporting by businesses to the SSSU on the years 2022-2025 has resumed and the SSSU has launched a pilot for the Labour Force Survey for the current year.

Ukraine should continue putting in place the necessary infrastructural elements to use the Statistical Data and Metadata Exchange (SDMX) standard for the exchange of statistical data at the international level, including the transmission of data to Eurostat.

On **classifications and registers**, some of the major European classifications are already in place, but

newer versions of the classification of individual consumption according to purpose (COICOP-2018), statistical classification of economic activities (NACE rev. 2.1), statistical classification of products by activity (CPA rev 2.2) and classification of occupations harmonised with international standard of classification of occupations (ISCO-08) need to be introduced by 2027.

On **macroeconomic statistics**, the compilation of macroeconomic and government finance statistics remains disrupted due to the martial law. National accounts and gross national income (GNI) data in Ukraine partially comply with the European System of Accounts 2010 standards but no data are submitted to Eurostat. Ukraine is encouraged to conclude a memorandum of understanding between the SSSU, the National Bank and the Ministry of Finance and to set up a dedicated working group in the area of macro-economic statistics.

On sectoral statistics, energy statistics have improved. Substantial progress is still required in the areas of **business, social, health, international trade, price, science, technology, innovation, agriculture, tourism and transport statistics**.

Chapter 32 - Financial control

The EU promotes the reform of national governance systems to improve managerial accountability, sound financial management of income and expenditure, and external audit of public funds. The financial control rules further protect the EU's financial interests against fraud in the management of EU funds and the euro against counterfeiting.

Public internal financial control (PIFC)

The **strategic framework** for PIFC is in place as part of the public finance management reform strategy for 2022-2025. While the structure is formally in place, its operational effectiveness needs to be improved. The delegated managerial accountability and risk management practices have already been incorporated in the legal framework, however administrative practices are yet to be strengthened, including through identification and operationalisation of institutional pilots.

A certification commission for the internal audit function has been created within the Ministry of Finance. The creation of an Audit Committee at central government level by the end of 2025 would strengthen the independent functioning of internal audit.

In January 2025, new amendments to the Budget Code were adopted which updated the definition of “internal audit” in accordance with Global Internal Audit Standards, clarified and strengthened managerial responsibility for the functioning of internal control and the performance of internal audit, and mandated the creation of audit committees in key spending units.

External audit

The current legal framework for external audit was further aligned with the International Standards for Supreme Audit Institutions (ISSAI) in December 2024, following amendments to the Law on the Accounting Chamber. Ukraine should continue to bolster the political and financial independence of the Accounting Chamber (ACU), particularly through the selection and operationalisation of the ACU Board, and its administrative capacities.

To achieve full compliance with the ISSAI, the ACU should prioritise the effective implementation of approved ISSAI-based audit methodologies in its audit practices. Moreover, the ACU should develop robust quality assurance mechanisms to regularly assess the effectiveness of its audits, ensuring that they meet international benchmarks for transparency and accountability.

Progress has been made in monitoring audit recommendations and developing specialised IT tools. To facilitate reforms, audits should be selected based on risk and impact assessments, which need to be reflected in the ACU's operational plan for 2026. The process of conducting initial financial audits on the annual consolidated financial statements of institutions has commenced. The ACU should significantly expand its audits of annual consolidated financial and budget statements during 2026. Key decisions in this process must include establishing a timeline, allocating resources, and sourcing qualified financial auditors.

Protection of the EU's financial interests

The national legislation is partly aligned with the EU *acquis* in terms of protection of EU's financial interests. Ukraine still needs to fully align its national legislation with the EU Directive on the fight against fraud to the EU's financial interests by means of criminal law. A national anti-fraud strategy to protect EU's financial interests still needs to be adopted and implemented by 2027. Moreover, Ukraine needs to focus legislation on strengthening measures to monitor procurement procedures.

On the **institutional set-up**, the State Audit Service (SAS) has been designated as the anti-fraud coordination service (AFCOS) but its mandate and capacity to protect the EU's financial interests need to be consolidated. A corresponding AFCOS network of 13 national authorities involved in the detection, investigation, prosecution and prevention of fraud affecting EU funds has also been created during the reporting period.

In January 2025, the SAS established a working relationship with representatives of the Secretariat of Ukraine Facility Audit Board focusing on measures to strengthen control over the expenditure of funds under the Ukraine Facility. In March 2025, a memorandum of cooperation was signed between the SAS as Anti-fraud coordination service (AFCOS) and the Ukraine Facility Audit Board. Based on the KPMG audit report of May 2025, the Audit Board carried out an initial assessment of Ukraine's internal audit system, and is finalising its first recommendation report, while also building cooperation with the European Public Prosecutor's Office on investigations into fraud, corruption, and other illegal activities affecting the EU's financial interests. The AFCOS has quickly worked together with OLAF to set up a reporting structure for the Irregularity Management System, for which access was granted in July 2025.

Human and financial resource shortages limit effective internal control and audit. *Ex ante* controls of public procurement remain limited, with few cases of detected violations being successfully remedied, particularly for high-value contracts.

Protection of the euro against counterfeiting

Ukraine has made no progress on the ratification of the 1929 Geneva Convention for the Suppression of Counterfeiting Currency.

3. GOOD NEIGHBOURLY RELATIONS AND REGIONAL COOPERATION

Ukraine is an active participant in a variety of regional formats, including in the Eastern Partnership, the Central European Initiative, Black Sea Economic Cooperation, the Organisation for Democracy and Economic Development and the Regional Cooperation Council. Moreover, Ukraine has invested diplomatic capital in improving ties with its neighbours, especially with EU Member States.

Ukraine and **Hungary** have continued efforts to strengthen dialogue, particularly in the fields in which Hungary provides Ukraine with support and in the protection of the rights of persons belonging to national minorities. Numerous meetings, including some at Heads-of-State level, have taken place. The Hungarian government organised a non-binding national consultation on Ukraine's accession to the EU.

Poland is one of Ukraine's closest strategic partners in the context of Russia's war of aggression. Poland provides vital political, humanitarian, economic, technical and defence assistance and hosts the largest number of Ukrainian persons fleeing Russian military aggression, as well as logistical hubs for the delivery of EU humanitarian and civil protection support to Ukraine. Both countries have shown strong political commitment to finding solutions to some longstanding issues. In November 2024, they reached an agreement and issued a joint statement on the exhumation of victims of the Volyn Tragedy, which led to search and exhumation efforts starting in April 2025.

Ukraine and **Romania** continue to cooperate closely and have recently strengthened their bilateral political dialogue. Since early 2022, Romania has provided strong political support to Ukraine, including by facilitating the export of Ukrainian food products through EU solidarity lanes and hosting logistical hubs for the delivery of EU humanitarian and civil protection support to Ukraine. The first meeting of the new trilateral cooperation format that brings together Moldova, Romania and Ukraine took place in June 2025, with a focus on regional security, countering hybrid threats and

cybersecurity, energy security, cross-border cooperation, logistical connectivity, military and technical cooperation, and European integration.

Ukraine's good relations with **Slovakia** have also been enhanced during Russia's war of aggression. Slovakia continues to host a network of logistical hubs to channel EU in-kind assistance to Ukraine. Slovakia also hosts a significant number of Ukrainian persons fleeing Russian military aggression (per capita rate) under temporary protection arrangements.

Relations with **Bulgaria** are bolstered by Bulgarian political, financial, military and humanitarian aid for Ukraine, and by growing economic ties. They were also nurtured by Bulgaria's support for EU solidarity lanes.

Ukraine maintains longstanding and close ties with neighbouring **Moldova**. Bilateral political dialogue has been strengthened at all levels, reflecting Moldova's strong support for Ukraine in the context of Russia's war of aggression. The dialogue on EU accession has been further boosted by the fact that the screening process for Ukraine and Moldova took place simultaneously. The two countries also discuss regional and security issues, the situation in the Transnistrian region and the management of the water resources of the Nistru River, which remains a challenging topic.

Ukraine and **Georgia** continue to implement a strategic partnership that began in 2017. While Georgia supports Ukraine's territorial integrity and sovereignty, Ukraine has expressed concerns that Georgia has not aligned itself with EU sanctions against Russia and does not cooperate on military-technical matters. The *de facto* halt of Georgia's accession process has led to further political dissonance between the two countries. Relations deteriorated during the reporting period. Ukraine imposed sanctions on the honorary Chair of Georgian Dream and 19 other officials in December 2024. In March 2025, Georgia reduced the maximum duration of visa-free travel for Ukrainian citizens from three years to one year.

Türkiye is a partner of strategic significance for Ukraine, with important economic and people-to-people ties, evidenced by a bilateral visa-free regime and a free trade agreement (not yet ratified). Bilateral relations have been bolstered since the beginning of Russia's full-scale war by Türkiye's technical, humanitarian and military support for Ukraine, and by its co-sponsoring of UN resolutions supporting Ukraine's territorial integrity and sovereignty. In January 2024, Ukraine and Türkiye signed an accord that will allow Turkish companies to take part in the reconstruction of Ukrainian infrastructure. Türkiye has consistently supported Ukraine's sovereignty and territorial integrity and has continued to highlight its role as facilitator and potential mediator, as underpinned by hosting direct talks between Russia and Ukraine in May, June and July 2025 in Istanbul. Türkiye refrained from aligning with the EU's restrictive measures against Russia in relation to Russia's war of aggression against Ukraine while continuing constructively collaborating with the EU to find solutions addressing sanctions' circumvention.

Relations with **Albania** and **Bosnia and Herzegovina** are based on their support for Ukraine's territorial integrity and sovereignty and its condemnation of Russia's war of aggression. The ties between Ukraine and **North Macedonia** are strong and deepening through political dialogue, diplomatic support and military assistance in the face of Russia's full-scale war. Ukraine-**Montenegro** relations remain strong, bolstered by the latter's continued support in UN forums and on sanctions, trade and technical and military assistance.

Ukraine-**Serbia** relations have improved, although Serbia has not joined the sanctions against the Russian Federation. The Ukrainian and Serbian presidents held in February 2024 their first meeting since Russia's full-scale invasion, where the latter confirmed Serbia's support for Ukraine's territorial integrity and sovereignty and committed to increasing humanitarian assistance for Ukraine. Serbia is Ukraine's biggest trading partner in the Western Balkans, though negotiations on a free trade agreement still need to be concluded.

Ukraine has not recognised the independence of *Kosovo** but has indicated continued support for EU-facilitated dialogue between Belgrade and Pristina. On a voluntary basis, Kosovo supports all declarations on Ukraine by the High Representative on behalf of the EU and has aligned with EU restrictive measures related to Russia's war of aggression against Ukraine.

4. ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

CLUSTER 2: INTERNAL MARKET

This cluster covers: the free movement of goods (Chapter 1); freedom of movement for workers (Chapter 2); right of establishment and freedom to provide services (Chapter 3); free movement of capital (Chapter 4); company law (Chapter 6); intellectual property law (Chapter 7); competition policy (Chapter 8); financial services (Chapter 9); and consumer and health protection (Chapter 28).

Chapter 1 - Free movement of goods

The free movement of goods ensures that many products can be traded freely across the EU based on common rules and procedures. Where products are governed by national rules, the principle of the free movement of goods prevents these rules from creating unjustified barriers to trade.

General principles

The Deep and Comprehensive Free Trade Area (DCFTA) provides for the possibility to conclude an Agreement on Conformity Assessment and Acceptance (ACAA) once Ukraine has fully aligned to, implemented the EU harmonised *acquis*, and selected product legislation. The preparations for negotiating an ACAA are at an advanced stage, pending the adoption of an aligned market surveillance law.

Non-harmonised area

Ukraine is not yet aligned with all the general principles governing the free movement of goods. It has not yet started activities for screening national technical regulations for compliance with Articles 34-36 of the TFEU and relevant CJEU case law.

Harmonised area: quality infrastructure

Ukraine's legislation is fully aligned with the EU *acquis* on **standardisation**. The national standards body needs to replace staffing losses and to apply to becoming a full member to the European Committee for Standardisation (CEN) and the European Committee for Electro-technical Standardisation. Ukraine is fully aligned to the EU *acquis* on **accreditation** and on **conformity assessment** and is partly aligned on **metrology**. Ukraine currently has 62 conformity assessment bodies in place, covering over 20 different sectors.

Ukraine is partly aligned with the EU *acquis* on **market surveillance**, new law designed to be fully aligned with the EU *acquis* on market surveillance needs to be adopted. Ukraine fully restored all market surveillance at the end of December 2024, but market surveillance bodies still lack funding and face serious staffing issues. During 2024, the market surveillance authorities had conducted 2 004 scheduled and 1 218 unscheduled inspections resulting in 12 607 corrective measures.

Harmonised area: sectoral legislation

During the reporting period, Ukraine adopted legislation designed to be fully aligned with the EU '**new and global approach**' product *acquis* on lifts, on cableways, on gas appliances, on equipment and protective systems intended for use in explosive atmospheres (ATEX), on simple pressure vessels, on noise emissions by outdoors equipment, personal protective equipment, and on construction products.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

No progress was made on alignment with EU ‘**old approach**’ product *acquis*.

On **procedural measures**, there were no developments on alignment with the EU *acquis*.

Corruption risk mitigation and effective penalties remain a serious challenge in regard to market surveillance.

Chapter 2 - Freedom of movement for workers

Citizens of one Member State have the right to work in another Member State and must be given the same working and social conditions as other workers.

On **access to the labour market**, there were no significant legislative developments in the reporting period. Ukraine’s legislation remains not aligned with the EU *acquis* on access to the labour market. EU nationals fall under the same conditions as nationals of non-EU countries and need to obtain a permit for employment in Ukraine from the State Employment Service. EU citizens do not have access to public posts.

In October 2024, Ukraine adopted an action plan to prepare the authorities for joining the **European Network of Employment Services (EURES)**, focusing on institutional and informative measures.

On the **coordination of social security systems**, there were no developments on establishing an electronic system for exchange of social security data and no new bilateral agreements have been concluded over the reporting period. Ukraine signed a Memorandum of Understanding with Slovenia on comprehensive support of Ukrainian citizens temporarily displaced to Slovenia.

With regards to the **European Health Insurance Card**, a national health insurance card has yet to be implemented in Ukraine.

Chapter 3 - Right of establishment and freedom to provide services

EU natural and legal persons have the right to establish themselves in any Member State and to provide cross-border services. For certain regulated professions, there are rules on mutual recognition of qualifications. EU rules on postal services focus on improving the quality of universal service, gradual market opening to competition, and the establishment of an independent regulator.

The EU-Ukraine Association Agreement allows the **right of establishment** and cross-border supply of services to EU natural and legal persons in Ukraine, with some exceptions which are not in line with the EU *acquis*. Ukraine has not started the process to eliminate these exceptions and should start making progressive steps to align with the **Services Directive**.

Further efforts are needed to align with the **mutual recognition of professional qualifications**, particularly with the Directive on the recognition of professional qualifications and the minimum training requirements for professions benefiting from the automatic recognition, the directives on the free movement of lawyers and the Directive on a proportionality test before adoption of new regulation of professions. No agreement for mutual recognition of professional qualifications currently exists with the EU.

In the area of **postal services**, Ukraine is partially aligned with the EU postal *acquis*. The postal monopoly on some specific services (such as sending citizens’ driver’s licenses, vehicle registration certificates and license plates) has been abolished in January 2025, while the state-owned designated universal service provider maintains the exclusive right to provide a universal postal service. Ukraine has continued to guarantee universal service on its territory, despite the full-scale invasion and significant destruction of the postal infrastructure. Further alignment is needed with the remaining rules of the EU postal *acquis*, including the Regulation on cross-border parcel delivery services, in line with Ukraine’s taken commitments related to postal and courier services under the Association Agreement.

Chapter 4 - Free movement of capital

In the EU, capital and investments must be able to move without restrictions, with common rules for cross-border payments. Banks and other economic operators apply certain rules to support the fight against money laundering and terrorist financing.

On **capital movements and payments**, the National Bank of Ukraine (NBU) continued to implement its strategy for easing the war-related foreign currency restrictions and transition to greater exchange rate flexibility. At the same time, the NBU introduced additional war-induced restrictions to safeguard economic and financial stability. As soon as conditions allow, Ukraine should lift the restrictions enacted following the martial law and continue the liberalisation of pre-existing restrictions to foreign exchange transactions. In addition, Ukraine must address the restrictions which remain embedded in the national legislation on the acquisition of agricultural land by EU nationals, contrary to the relevant EU *acquis*.

On **payment services**, progress was made in the area of the instant credit transfers. A law was adopted in October 2024 aiming to implement EU Regulation 2024/886. Furthermore, in March 2025, the NBU updated requirements for credit and debit transfers in the domestic currency, aiming to align with Regulation 260/2012. The registration of the payment market participants was amended as of January 2025. Going forward, Ukraine should enhance efforts to align with the relevant EU *acquis*. On 1 August 2025, Chapter 4 of the Law on Payment Services, covering the procedure for payment service providers to access users' accounts (Open Banking), came into effect. The NBU has adopted regulations on open banking, outlining requirements for authorization, electronic trust services, liability insurance, risk management, regulatory capital, and governance systems.

On the **fight against money laundering and terrorism financing (AML/CFT)**, the government – following its reshuffle – is to resubmit to Parliament in Q4 2025 a comprehensive legislative package aiming to align with the AML/CFT *acquis* through, in particular: the establishment of the Register of Accounts and Individual Bank Safes of Natural Persons, their authorised people and beneficial owners; the creation of a register of beneficial owners of trusts and other types of legal arrangements; and the introduction of whistle-blower protection in the field of AML/CFT. Ukraine should increase efforts to advance with alignment with the EU *acquis*.

A dedicated AML/CFT policy department was created within the Ministry of Finance, transferring personnel and functions from the State Financial Monitoring Service (SFMS), Ukraine's financial intelligence unit. In March 2025, the Cabinet of Ministers appointed a new head of the SFMS. The appointment was carried out without competitive procedure, due to the legal regime of martial law. The SFMS should promptly be ensured the necessary capacities and resources to fulfil its mandate. The fourth AML/CFT National Risk Assessment of money laundering and terrorist financing risks was launched in April 2025 with the aim to be completed by the end of 2025. Going forward, Ukraine should further strengthen its supervisory capacities.

Further progress is needed in some areas, including regulation and supervision of virtual assets and their service providers. A new draft law on virtual assets aiming to align with EU Regulation 2023/1113 and EU Regulation 2023/1114 (Markets in Crypto-Assets) was adopted by Parliament in first reading in September 2025. In 2024, the SFMS received 1 750 940 reports on financial transactions subject to monitoring, marking a 23% increase compared with the previous year. Of these, 82% pertained to threshold transactions, while the remaining 18% involved suspicious activities. In the first half of 2025 the SFMS received 1 118 158 reports. With more than 99% of suspicious transaction reports being submitted by banks, Ukraine needs to improve the capacities of other reporting entities, in particular designated non-financial businesses and professions, to comply with the AML/CTF obligations.

The NBU, the Ministry of Finance, the SFMS and other responsible bodies should strengthen internal oversight of conflicts of interest and promote the reporting of misconduct through whistle-blower channels. The effectiveness of their respective anti-corruption programmes in preventing, identifying, and sanctioning misconduct should be further improved, and cooperation with anti-corruption bodies and law enforcement agencies further streamlined.

Chapter 6 - Company law

The EU has common rules on the formation, registration and disclosure requirements of a company, with complementary rules for accounting and financial reporting, and statutory audit.

In the area of **company law and corporate governance**, on 9 January 2025, the Verkhovna Rada

adopted the Law on regulation of the activity of certain types of legal entities, restoring the obligation of reporting to the National Securities and Stock Market Commission (NSSMC) that had been suspended during martial law. A draft Law has been submitted to the Rada, aiming at harmonising corporate governance-related aspects of protection of investors' rights and improvement of gender balance with the *acquis*. The NSSMC also adopted in May 2025 a resolution with recommendations on the quality of information disclosure in corporate governance reports.

In the area of **company reporting**, in October 2024, the Cabinet of Ministers adopted a strategy and action plan to introduce sustainability reporting. A draft law regarding the introduction of sustainability reporting has been submitted to the Rada in August 2025. Ukraine should take into account the evolution of the EU *acquis* in this area. The Ministry of Finance continued bringing national accounting regulations (standards) in line with the International Financial Reporting Standards.

In the area of **statutory audit**, Ukraine is developing a draft law setting out provisions related to corporate sustainability reporting assurance, bearing in mind ongoing developments in the EU *acquis*.

Chapter 7 - Intellectual property law

The EU has to a large extent harmonised rules for the legal protection and enforcement of intellectual property rights (IPR), covering notably patents, biotechnological inventions and pharmaceuticals, including supplementary protection certificates (SPCs), trade marks, designs, geographical indications (GIs), including craft and industrial GIs, as well as copyright and related rights.

On **copyright and related rights**, the Ukrainian authorities produced a draft law aimed at increasing the alignment with the EU *acquis*. It is of concern that the accreditation procedures for collective management organisations (CMOs) remain suspended under martial law, which negatively affects the collection and distribution of royalties to the rightsholders.

On **industrial property rights**, rules on drafting, filing and examination of an application for an invention and a utility model entered into force in October 2024 and respective guidelines were approved in May 2025. The order “On Approval of the Procedure for Consideration of the Application for Supplementary Protection for Rights to Inventions” entered into force in June 2025. Further alignment is necessary in particular with regard to supplementary protection certificates for plant protection products and medicinal products, compulsory licensing of pharmaceutical patents and biotechnological inventions. New rules for drafting and submitting a trademark application came into force in September 2024.

On the enforcement of **intellectual property rights**, in May 2025, a law was adopted to resume the pre-war standard procedural timelines for IP-related actions – such as filing, fee payments, responses to office communications, and renewals. The Ukrainian National Office for Intellectual Property and Innovations (NIPO) has published its consolidated data on IP enforcement on for 2024 on 30 June 2025, pointing to year-on-year reduction of IP-infringement related cases in the consideration of enforcement bodies. The Office provided technical trainings and information campaigns, as well as concluded memoranda of understanding with the involved enforcement authorities. The Intellectual Property Court is still not operational.

On the institutional framework, NIPO continued close collaboration with the European Union Intellectual Property Office (EUIPO). In particular, Ukraine started integrating with the EU Intellectual Property Network's Tools and Common Practices. The integration of data on national trademarks (from UANIPIO Special Information System API) into the EUIPO was completed.

Chapter 8 - Competition policy

EU rules protect free competition. They include antitrust rules against restrictive agreements between companies and abuse of dominant position, and also include rules on concentrations between companies which would significantly impede effective competition. EU rules also set out a system of State aid control. Governments are only allowed to grant State aid if restrictive conditions are met, with a view to preventing distortion of competition.

Antitrust and mergers

On the **legislative framework**, some provisions of the Law on the protection of economic competition and the implementing legislation still need to be aligned with the EU *acquis*. A draft law was registered in Parliament in January 2025, aiming at further aligning aspects of the Ukrainian legislation with the EU *acquis* but is still pending adoption.

On **implementation**, the Antimonopoly Committee (AMCU) continued adopting decisions in cases for anticompetitive concerted actions, abuse of dominant position and mergers. The amounts of fines imposed by the AMCU as a conclusion to these cases has increased, notably in cases of anticompetitive concerted actions. AMCU applied the newly introduced leniency mechanism in three cases, resulting in decisions on full exemption of liability, and carried out a dawn raid in one case. The AMCU's enforcement record could be further improved.

State aid

On the **legislative framework**, the State aid law needs to be amended on a number of issues to ensure alignment with the EU State aid rules, as regards substantive and procedural rules. Ukraine is expected to amend and put into force the updated legislation on State aid, including rules on services of general economic interest, together with the unsuspension of the application of State aid control.

Ukraine approved further implementing provisions on criteria for assessing the compatibility of State aid to undertakings. It also submitted to the Commission a report showcasing some progress in compiling a State aid inventory but still needs to prepare and submit complete and comprehensive information on the inventory of existing State aid measures.

Further alignment with the EU State aid *acquis* and, where necessary, amendments to the legislation are needed, combined with a focus on enforcement. This further includes specific aspects, such as the transparency of financial relations with public undertakings as well as financial transparency within certain undertakings, and separation of accounts in undertakings in order to avoid cross-subsidisation of economic activities from public service obligations and/or SGEI-related activities within the undertakings.

In terms of **implementation**, the State aid control remains suspended under the martial law, and there is no obligation to notify to AMCU new or modified State aid measures. Ukraine has been preparing legislative amendments for the unsuspension of State aid control, and they need to be adopted together with the necessary administrative arrangements to enable implementation. The State aid control has already been partially restored as regards aid granted through the Business Development Fund as of November 2024.

Chapter 9 - Financial services

EU rules aim at ensuring fair competition among financial institutions and the stability and integrity of financial markets, namely in the fields of banking, insurance, supplementary pensions, investment services and securities. They include rules on authorisation, operation and supervision of these institutions.

On **banking and financial conglomerates**, the NBU has resumed the annual resilience assessment of Ukrainian banks, with a detailed report expected to be published in the first quarter of 2026. Results were issued on 1 September 2025: the assessment covered 60 banks, with 39 undergoing only the Asset Quality Review (AQR) and 21 also stress-tested, representing over 90% of sector assets.

In December 2024, the NBU adopted a series of new regulations on on-site banking supervision, organisation of risk management systems and determining the minimum settlement risk in banks and banking groups. On 27 December 2024, the NBU Board adopted a resolution on the procedure for consolidated supervision of non-bank financial groups. In April 2025, the NBU updated the procedure on credit risk weighing of banks' exposures. From 1 January 2025, new definition of non-performing exposures came into force, aiming to align with Regulation 575/2013, and to strengthen monitoring of such exposures by supervisors. On 6 June 2025, the Law on Factoring was adopted, introducing regulatory conditions for the launch of the NPL market and set to enter into force in June 2026.

In March 2025, a law was adopted that envisages a new type of financial services provider – banks of financial inclusion – servicing both people (including vulnerable groups) and micro-enterprises in difficult to reach areas.

On 23 June 2025, the NBU Board adopted Resolution 68, establishing a 3% minimum leverage ratio for banks and banking groups.

On insurance and occupational pensions, a new law on mandatory insurance against civil liability in respect of the use of motor vehicles, aiming to partially align with the EU *acquis*, entered into force in January 2025.

The regulation on authorising insurance intermediaries and terms and conditions for distribution insurance and/or reinsurance products was approved in January 2025, as part of the implementation of the Law on Insurance.

The National Securities and Stock Markets Commission adopted in January 2025 a White Paper on voluntary pensions accumulation reform. The aim is to modernize voluntary funded pension provision, increasing the efficiency of management of voluntary pension savings and ensuring their proper protection, as well as at transforming Non-State Pension Funds into Funded Pension Funds in accordance with the requirements of EU legislation.

As regards **financial market infrastructure**, there were no developments in the reporting period. Ukraine remains partially aligned with the EU *acquis*.

On the **securities markets and investment services**, on 6 September 2024, the NSSMC adopted a regulation on the public and private issuance of corporate bonds. On 14 November 2024, the NSSMC approved the procedure on appointing heads of professional participants in capital markets and organised commodity markets, as well as the internal control system officers and people responsible for financial monitoring. Ukraine should further implement the law on the NSSMC's operational independence.

Ukraine should undertake further efforts to align with the EU *acquis* on securities markets and investment services, taking into account the evolution of the EU *acquis*.

On **sustainable and digital finance**, in December 2024, the NBU updated its macroprudential policy strategy, including ESG risks as a potential systemic threat for financial stability. In March 2025, the NSSMC approved the Sustainable Finance Roadmap 2025–2030, outlining measures to foster sustainable finance in Ukraine by promoting ESG integration, ensuring a stable regulatory framework, and preparing the market for the transition to sustainable finance.

Ukraine needs to take further actions on virtual assets as a matter of priority.

On digital operational resilience, in March 2025, a new law was adopted clarifying NBU powers and procedures, as well as banks' cybersecurity and information security requirements, and the operation of the national cyber incident response system. In February 2025, the NBU Board adopted a resolution to enhance regulation of cybersecurity, information security, and electronic trust services oversight in the banking system.

On **anti-corruption**, the NBU continued to implement its anti-corruption programme and resolved all identified conflicts of interests. The NSSMC updated its Code of Ethics. The reform of the Deposit Guarantee Fund should ensure its independence and accountability, including competitive procedures for the transfer of bank assets.

Chapter 28 - Consumer and health protection

EU rules protect consumers' economic interests and in relation to product safety and liability for defective product. The EU also ensures high common standards for tobacco control, blood, tissues, cells and organs, and medicinal products for human and veterinary use. The EU also has rules for upholding patients' rights in cross-border healthcare, and in preparing for and responding to serious cross-border health threats including communicable diseases.

Consumer protection

On **horizontal aspects**, progress was made in the field of protection of **consumer rights in financial services**. Ukraine strengthened enforcement of consumer information and awareness and training of judges on consumer rights. On **enforcement and redress**, progress is needed on cooperation between national authorities responsible for the enforcement of consumer protection laws, and on alternative dispute resolution.

On **product safety**, Ukraine needs to adopt legislation that is fully aligned with the EU *acquis* on market surveillance and control of non-food products. Ukraine needs to adopt legislation aligned with the general product safety regulation. Ukraine has already developed a rapid alert system based on the model of the EU Safety Gate system and a national market surveillance risk assessment tool based on the EU 'Safety Gate' guidelines.

In December 2024, Ukraine reintroduced market surveillance *[See under Chapter 1, above, for further information on market surveillance]*.

Public health

On **horizontal aspects**, in January 2025 Ukraine approved the Strategy for healthcare system development. The adoption of implementing legislation for the 2023 law on public health is still pending, and resource constraints continue to hamper the healthcare system and access. There was notable update to Ukraine's **e-Health system**. However, Ukraine should continue to work towards alignment with existing EU e-Health recommendations and with the General Data Protection Regulation.

While Ukraine increased its level of alignment of its national **tobacco control** legislation with the EU *acquis*, further work remains, and it needs to ensure its formal accession to the WHO Protocol to Eliminate Illicit Trade in Tobacco Products. On **communicable diseases and serious cross-border health threats**, Ukraine remains partly aligned with the EU *acquis*. The epidemiological surveillance system needs to be integrated with the relevant EU's systems. A multi-sectoral national public health emergency preparedness plan (including inter-ministerial governance mechanisms), integration with the EU early warning and response system, and alignment with the guidelines of the European Centre for Disease Prevention and Control (ECDC) are all still needed. In December 2024, Ukraine approved a strategy and action plan to combat **antimicrobial resistance**.

Ukraine has strengthened **cancer** screening and addressed gaps on **non-communicable diseases**. The National Cancer Registry needs to be fully integrated into the e-health system. The Strategy for tackling cancer, and its action plan, need to be fully implemented. On **blood**, further steps were taken to make the national blood system operational. In March 2025, Ukraine established an annual process, for defining reference blood entities, costs, and prices, alongside forecasting national needs, coordinated by the National Transfusion Centre. Ukraine's law on medicinal products aims to be aligned with the EU *acquis* on **medicinal products for human use**, some of its provisions only entering into force in January 2028. In April 2025, Ukraine joined the EU agreement on the joint procurement of medical countermeasures. A new law on the **mental health** care system, which is a national priority, was adopted in January 2025, which includes a clear policy shift towards community-based care.

There was no progress on alignment with the EU *acquis* on **tissues, cells, and organs**, on **patients' rights in cross-border healthcare**, on **medical devices**, on **cosmetic products**, on **nutrition and healthy lifestyle**, on **health inequalities**, on **rare diseases**, or on **drug abuse and prevention**. Ukraine is encouraged to draw up a roadmap for the implementation of the Regulation on standards of quality and safety for substances of human origin intended for human application and to strengthen the administrative capacity and oversight to properly implement and enforce it. Ukraine is partially aligned with the EU Regulation on **health technology assessment** because it has a long-established national system on this matter. While there was no progress on alignment with the EU *acquis* on **medicinal products for veterinary use**, a new draft law on veterinary medicines is being prepared.

Anti-corruption in public health is a key priority, particularly in the area of medical procurement, licensing and accreditation, conflict of interests and management of financial resources. In January 2025 the Supervisory Board of the medical procurement enterprise was created, while the Ministry of

Health is expected to adopt a new anti-corruption programme. *[See also corruption-related issues on market surveillance under Chapter 1]*

CLUSTER 3: COMPETITIVENESS AND INCLUSIVE GROWTH

This cluster covers: digital transformation and media (Chapter 10); taxation (Chapter 16); economic and monetary policy (Chapter 17); social policy and employment (Chapter 19); industrial policy (Chapter 20); science and research (Chapter 25); education and culture (Chapter 26); and customs union (Chapter 29).

Chapter 10 - Digital transformation and media

The EU supports the smooth functioning of the internal market for electronic communications, electronic commerce and audiovisual services. The rules protect consumers and support the universal availability of modern services.

On **electronic communications**, after fulfilling all EU requirements, including as regards alignment with the EU roaming *acquis*, as defined in the EU-Ukraine Association Agreement, Ukraine will effectively join the EU Roam Like at Home area as of 1 January 2026.

Ukraine shows progress in alignment with EU *acquis* on connectivity. Ukrainian legislation is partially aligned with the Broadband Cost Reduction Directive (BCRD) 2014/61/EU. The provisions on infrastructure sharing, access to infrastructure, transparency, reduction of bureaucracy and streamlining administrative procedures are already reflected in Ukrainian legislation. For the rest of BCRD provisions Ukraine aims to ensure full alignment by the end of 2025.

Ukraine is also invited to continue efforts on alignment with the Gigabit Infrastructure Act (Regulation (EU) 2024/1309) as some of the GIA provisions (regarding Single Information Point, judicial remedies, access point as well exemptions for certain types of civil works) are already reflected in the national legislation of Ukraine.

Due to current security constraints, Ukraine has not yet been able to fully implement the acts related to the regulatory framework for radio spectrum policy, in particular the release of the 700 MHz band from TV broadcasting for mobile communications. Nonetheless, on 1 November 2024, the Cabinet of Ministers adopted amendments to the plan for the allocation and use of the radio frequency spectrum, introducing a number of harmonisations measures. In November 2024, the regulator conducted spectrum auction in the 2100/2300/2600 MHz bands for mobile communications.

On **digital services**, the Government approved the Strategy for Digital Development of Innovations until 2030 (WINWIN), detailing sectoral strategies for digitalisation of social sphere, education and science, public finances and SMEs, among others.

The full enactment of consumer protection regulations is delayed due to martial law.

Ukraine took initial steps towards aligning its national law with the Platform-to-Business Regulation (P2B), the Digital Services Act (DSA) and the Digital Markets Act (DMA) and is currently working on identifying a competent authority. Ukraine should continue preparation of draft legislation of the DSA, DMA and P2B, in consultation with relevant stakeholders. Ukraine should continue seeking alignment with the European Interoperability Framework (EIF) and the provisions present in the Interoperable Europe Act to make their public services more efficient and at the service of their businesses and citizens.

Ukraine shows notable progress on **open data usage**, maintaining more than 80 000 datasets on its open data portal. Alignment with EU *acquis* like the Open Data Directive and Data Governance Act remains partial, requiring further legislative amendments. The Diia Platform confirmed in 2023 that it meets or exceeds the relevant requirements of the e-IDAS Regulation. In addition, the operator of the e-IDAS Node in Ukraine has obtained ISO/IEC 27001 certification in June 2025, demonstrating compliance with international best practices in information security management. One remaining challenge with respect to full compliance with the e-IDAS Regulation concerns the certification of qualified signature creation devices, where Ukraine must rely on certification by designated bodies

within EU Member States.

On **digital trust and cybersecurity**, Ukraine has continued to strengthen its cybersecurity framework through significant legal reforms and capacity-building measures. A comprehensive Cybersecurity Strategy is in place alongside updated legislation. The amendments to certain laws on information protection and cyber defence of state information resources, objects of critical information infrastructure adopted in March 2025, establishes a unified national system for responding to cyber incidents. A number of pertinent rules of the EU *acquis* still need to be fully implemented to ensure alignment with the NIS II Directive.

Institutional capacity has been bolstered: the State Service of Special Communications and Information Protection (SSSCIP) leads coordination, supported by CERT-UA (the national CERT) and other bodies, to protect critical information infrastructure. This enhanced capacity has underpinned strong cyber resilience during Russia's ongoing war of aggression. Notably, cooperation with ENISA and other EU cyber institutions has advanced, building Ukraine's ability to manage cyber incidents and crises.

Regarding **5G security**, Ukraine has adopted a Protocol of Intent on 5G Security between the responsible authorities, which includes an action plan to develop and implement rules on 5G security in line with the EU's 5G Cybersecurity Toolbox, including the exclusion of high-risk suppliers. However, Ukraine has made limited progress in implementing these commitments. Notably, in a recently launched 5G pilot project in Lviv, the National Commission for the Regulation of State Electronic Communications, Radio Frequency Spectrum and Postal Services (NCEC) granted a licence to a high-risk supplier, contradicting the spirit of the Protocol and risking increased dependence on high-risk vendors, thereby posing a threat to the security of critical infrastructures. Ukraine should effectively and quickly address such risks.

On **media**, Ukrainian legislation is broadly in line with the Audiovisual Media Services Directive (AVMSD) and only partially aligned with the European Media Freedom Act. To increase alignment, Ukraine's legislation would need to, among others, remove the requirement for state registration of the media regulator's legal acts by the Ministry of Justice, introduce additional legal guarantees for the regulator's independence and provide guarantees for adequate financial and human resources for the media regulator.

The current media restrictions imposed by martial law, including restricting the transmission of programmes and audiovisual commercial content/communications, are still considered necessary to protect Ukraine's information space in the current security situation, although they will need to be reassessed upon lifting of martial law. In light of the European Media Freedom Act (EMFA) requirements, Ukraine should work on, among others, enhancing the editorial freedom and independence of media service providers and ensuring that an assessment of the impact of key media market concentrations on media pluralism and editorial independence is provided in the national law.

Several amendments to the media legislation are planned, among others, on the financial independence of the media regulator; provisions on disclosure of the ownership structure of online, print and non-linear media with a view to further align with the EMFA; and amendments to the Law On Law-Making Activities with a view to exclude state registration of regulatory acts of the National Council with the Ministry of Justice.

On **semiconductors**, Ukraine is not yet fully aligned with the Chips Act. Ukraine is currently developing a National Semiconductor Strategy and is working on the first draft legislation to harmonise its standard with the Chips Act.

On **artificial Intelligence (AI)**, Ukraine is not yet aligned with the EU's AI Act. Ukraine's white paper on AI Regulation and the AI Regulation roadmap pave the way of Ukraine's alignment with the AI Act. Ukraine plans to develop and adopt its National AI Strategy 2030 by end of 2025. In August 2025, the Ukrainian government announced the launch of its first state infrastructure for AI development, the AI Factory, and efforts to build its own national LLM (large language model).

Chapter 16 – Taxation

EU rules on taxation cover value added tax and excise duties and aspects of corporate taxation. They also cover cooperation between tax administrations, including the exchange of information to prevent tax evasion.

Ukraine made progress in further aligning the national legislation on **indirect taxation** with the EU *acquis*. The law amending the Tax Code to revise the rates of excise duties on tobacco products introduces a gradual alignment with Directive 2011/64/EU on excise duty rates on manufactured tobacco by 2028. The law was adopted and entered into force in March 2025. Ukraine needs to align its tax warehousing system for alcohol, tobacco and energy products with the EU *acquis*.

Further steps are needed to align national VAT rules with the EU *acquis* on common system of VAT. In July 2025, a law amending the Tax Code entered into force, ensuring equal treatment for welfare and social service providers by making them eligible for VAT exemption, provided they are in the Register of Social Service Providers. This aligns national legislation more closely with EU VAT rules, which require Member States to exempt activities of public interest from VAT based on the nature of the service rather than the status of the provider. Improvements are still needed in VAT rules related to reduced rates, exemptions, deductions, and special schemes.

On **direct taxation**, there were no changes to personal income tax. The corporate income tax is not yet fully in line with the EU *acquis*. Ukraine does not have exit taxation rules equivalent to the EU ones and global minimum taxation rule.

On **administrative cooperation and mutual assistance**, in August 2025, the Ministry of Finance approved the implementation of certain requirements of the Directive on Administrative Cooperation (DAC) 1, including clear deadlines for responding to requests from Member States' tax authorities, rules on group requests, and procedures for managing incoming and outgoing requests. National legislation still needs to be aligned with the DAC 7 and reporting rules for digital platforms.

On **operational capacity and computerisation**, Ukraine made progress by approving the strategy and implementation plan for the development of a competency-based approach in key human resource processes for 2025–2030 in the State Tax Service (STS). The list of tax competencies was approved. Further integration of a competency-based people management approach into selection, performance appraisal and professional development with revisions of current training programmes is needed. The functionality of the STS' online information system has been improved with connections to the VAT Information Exchange System (VIES) to verify the validity of VAT identification numbers for taxpayers registered in the EU. In December 2024, the Ministry of Finance approved a strategic plan for the digitalisation of the STS up to 2030. A roadmap on the deployment of IT solutions required for EU accession needs to be developed.

In March 2025, the STS updated its Anti-Corruption Action Plan for 2024-2025 and created a unified **anti-corruption** department. In 2024, 21 STS employees were subject to disciplinary actions, while law enforcement agencies continued to uncover large-scale tax evasion schemes by business entities. As reported by the National Agency for Corruption Prevention, in 2024, 15.8% of taxpayers experienced corruption with the tax system (up from 13.1% in 2023, however the lowest among all the institutions surveyed).

Chapter 17 - Economic and monetary policy

EU rules require the independence of central banks and prohibit them from directly financing the public sector. Member States coordinate their economic policies and are subject to fiscal, economic and financial surveillance.

In terms of **monetary policy**, in September 2024, the NBU approved new medium-term monetary policy guidelines, reintroducing flexible inflation targeting with a three-year time horizon. The NBU continued to ease foreign currency restrictions in a series of steps, mostly recently in August 2025, which did not cause significant market reaction. The NBU law generally provides for the functional, institutional, personal, and financial independence of the NBU, though further steps are needed to fully align it with the EU *acquis*. In particular, the primary objective should focus explicitly on price stability, safeguards should be introduced to prevent interference from Parliament and government,

and the grounds of dismissal of the Governor and the other members of the decision-making bodies should be brought in line with the ESCB/ECB Statute. The right of judicial review of the Governor to the CJEU and of the other members of the decision-making bodies to the national courts, should also be enshrined in the central bank law. Although monetary financing has been possible under the martial law, it has been avoided since the start of 2023.

On **economic policy**, fiscal rules have been continually suspended through the annual budget laws since the start of the Russia's war of aggression. On 30 June 2025, the Cabinet of Ministers approved the budget declaration for 2026-2028, which showed progress towards alignment with the EU *acquis* on medium-term budgetary frameworks. Notably, it included headline revenue and expenditure projections for the pension and unemployment funds, alongside more detailed projections for the state and local budgets. However, further steps will be needed to ensure full alignment with EU standards. These include: (i) ensuring that general government data is consolidated in line with the European System of Accounts methodology; (ii) preparing detailed medium-term projections for revenue and expenditure items covering the general government level (not only the central and local budgets), and; (iii) linking these projections to clear budgetary targets (such as on deficit and debt) and explaining which policies will be used to meet them, to the extent possible under martial law. This will help Ukraine to prepare for implementing the new EU fiscal framework. While preparatory work has started, there is no independent fiscal institution to evaluate the government's forecasts, scrutinise the government's budgetary assumptions, or assess the performance of previous forecasts. Martial law and security concerns continue to disrupt the collection of key macroeconomic and financial statistics, including those needed for the macroeconomic imbalance procedure, as well as budget reporting.

Chapter 19 - Social policy and employment

EU rules in the social field include minimum requirements for labour law, equality and non-discrimination and health and safety at work. They also promote social inclusion and social protection, and social dialogue at EU level.

On **labour law**, the Ukraine national labour legislative framework, with a labour code from 1971, needs to be modernised and aligned with the EU *acquis*. Ukraine is developing a new labour code and in July 2025 the government and social partners signed a memorandum of understanding and cooperation on reforming labour legislation and labour relations.

On **occupational safety and health at work (OSH)** the current national legal framework has yet to be aligned with the EU *acquis* and international standards. Alignment with the EU OSH Framework Directive is expected as part of the Labour Code reform. In 2024, 1 013 inspections took place reporting 9 537 labour safety violations.

Labour inspection legislation is not yet aligned with the EU *acquis* and international labour standards and the capacities of the State Labour Service is limited. In addition, the enforcement functions of the State Labour Service continue to be limited due to the martial law. Inspection visits for undeclared work increased slightly from 92 in 2023 to 112 in 2024, while inspections on labour safety decreased from 1 954 in 2023 to 695 in 2024.

On **social dialogue**, the National Tripartite Social and Economic Council faces challenges such as high staff turnover, unclear roles and limited resources. It remains inactive, as its head has not been appointed. This prevents timely, systemic and meaningful consultations. Authorities need to develop an enabling environment for effective social dialogue and capacities for both bipartite and tripartite social dialogue need to be strengthened.

On **employment policy**, the State Employment Service trained 66 600 people while assisting 327 000 people to find employment in 2024. In October 2024, the authorities created a working group to prepare proposals for a Population Employment Strategy. In 2024, the **unemployment rate** in Ukraine was estimated at 14%.

The adequacy of the **social protection and inclusion** system in Ukraine remains a challenge, in particular for persons in vulnerable situations. Ukraine has adopted a resolution on procurement of social services for comprehensive development and care for children with disabilities. Furthermore,

Ukraine approved the Strategy for Ensuring the Right of Every Child to Grow Up in a Family Environment. Sustained progress on the implementation of the strategy is needed, including through strengthening local ownership and resources in child welfare, developing tailored action plans for all regions, investing in diversified social service providers at community level and enhancing staffing and expertise of social service workforce. Following an invitation by the European Commission, a national contact point for the European child guarantee has been nominated.

On non-discrimination in employment and social policies, national legislation is not aligned with the EU *acquis*, including as regards the Employment Equality Directive and the Racial Equality Directive. In January 2025, authorities adopted amendments to certain laws on ensuring the rights of persons with disabilities to work. Support for access to employment for persons with disabilities is progressively being addressed, but gaps remain. In 2024, the Ukrainian Parliament Commissioner for Human Rights received 12 notifications of discrimination based on sexual orientation and 10 notifications based on gender identity. Legislation is not fully aligned with the EU *acquis* on equal treatment in employment and occupation.

On the equality between women and men in employment and social policy, Ukraine has in place a national strategy on reducing the gender pay gap but needs to further align with the EU *acquis*. Regarding the share of care responsibilities, 33.4% of women and 19.1% of men care for children, older people or people with special needs on a daily basis. Ukraine has yet to align with directives on Work-life balance, Pay transparency and Women on Boards.

The level of preparation for the participation in the **European Social Fund Plus** is low. (See also Chapter 22 - Regional policy and coordination of structural instruments).

Chapter 20 - Enterprise and industrial policy

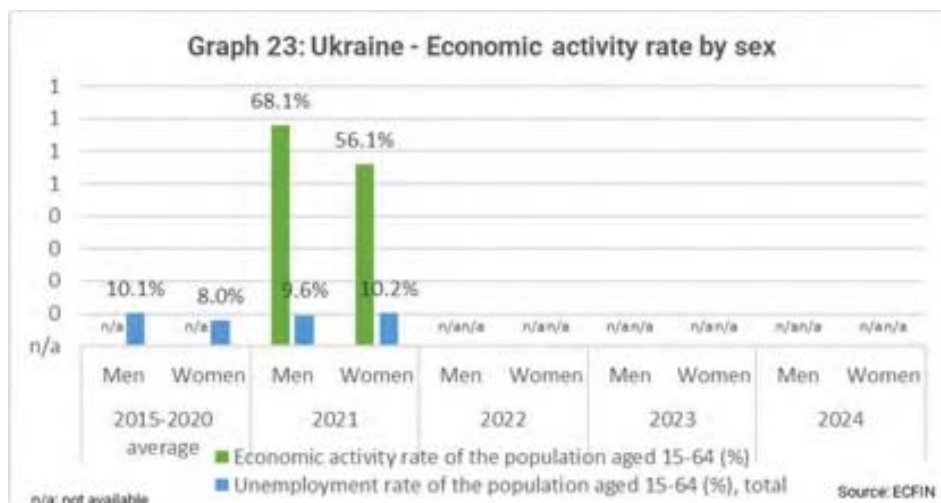
EU industrial policy strengthens competitiveness, facilitates structural change and encourages a business-friendly environment that stimulates small and medium-sized enterprises (SMEs).

On enterprise and industrial policy, Ukraine has undertaken strategic initiatives and implementation steps to improve industrial competitiveness and support to SMEs, as provided for in the SME Strategy until 2027, adopted in 2024. The strategy builds on the OECD findings and recommendations and is accompanied by an action plan with 86 measures. At the end of 2024, 11 measures were fully or partially implemented and 57 were in progress.

The Digital Innovation Development Strategy until 2030 was adopted in January 2025, setting out key directions, principles and goals of state policy in the field of innovation and creating favourable conditions for business, startups, and investors.

In the deregulation field, an inter-ministerial working group (IWG) reviewed 1 323 instruments of state regulation of business operations and recommended to abolish 456 instruments, amend or digitalise 584 tools and leave 283 regulations unchanged. As of August 2025, 352 instruments were already abolished. Most of the IWG's recommendations on the abolition of instruments were included in the new version of the deregulation action plan.

On deregulation efforts and digitalisation of permitting procedures, in three steps starting in September 2024 the government launched the e-permit system to simplify the work of



entrepreneurs, reduce corruption risks and promote economic development by digitalising six initial permits and licences, as well as business appeal procedures in licensing (3 public services are already developed, 3 more are under development). The Law updating the approaches to regulating business activities and introducing changes to several other laws entered into force in February 2025, with the focus on succession of permits/licenses/certificates between an enterprise terminating through transformation, merger, or acquisition, and its successor.

On **enterprise and industrial policy instruments**, the “Diia.Business” portal remains key in providing support to Ukrainian SMEs and underwent a major update in 2024. On SME digitalisation, considerable progress has been achieved through developing instruments such as digital vouchers for IT solutions, digital maturity assessments, and electronic invoicing platforms. The Ministry of Economy has progressed in promoting the “Made in Ukraine” policy instruments to shift from a raw materials-based economy to a processing economy by developing production, attracting investment into the real sector, and promoting manufactured exports.

Ukrainian legislation on remedies for **late payment** is still not aligned with the Late Payment Directive on combating late payment in commercial transactions.

On **sectoral policies**, Ukraine has intensified its focus on the **critical raw materials** sector. Institutional and regulatory frameworks have significantly evolved, with strengthened roles for the responsible ministries. The State Service of Geology and Subsoil became an active participant in the European Raw Materials Alliance and the European Battery Alliance, marking Ukraine’s deeper integration into EU CRM ecosystems.

Chapter 25 – Science and research

The EU provides significant support for research and innovation ecosystem. All Member States can participate in the EU’s research and innovation programmes and benefit from them, especially where there is scientific excellence and solid investment in research and innovation.

Due to the war, the continued destruction of infrastructure and human capital, has exacerbated the long-term trend of underinvestment in research and innovation, with public investment in science and innovation kept at a minimum level.

According to the European innovation scoreboard 2025, Ukraine is regarded as an Emerging Innovator, performing at 29% of the EU average. The gap between Ukraine and EU is widening.

Spending on research and development remains low standing at 0.37% of GDP in 2024.

The law on the support of research activity in higher education institutions was signed on 8 April 2025. The law is aimed at aligning with Art. 431 of the Association Agreement between Ukraine and EU, improving performance of research activity and enhancing quality of higher education. Ukraine introduced a new methodology for assessing research institutions in 2024, with the goal of building an effective system for managing a network of research and higher education institutions through performance-based funding.

The strategy for the digital development of innovation in Ukraine until 2030 (WINWIN Strategy), aiming to align with the EU policy agenda in the field of research and innovation, was adopted December 2024.

Cooperation between science and business is underdeveloped, and the level of commercialisation of and spending on research results from private sources remains limited.

As regards the **EU framework programmes**, Ukrainian representatives are engaged in 14 Horizon Europe Programme Committees and a national network of 22 national contact points covers 18 thematic areas of the programme.

In total, 225 Ukrainian institutions and organisations participate in Horizon Europe projects.

The Ministry of Education and Science created a working group in January 2025 to gather input from the scientific community to the development of an updated national ERA Roadmap for the period 2025 – 2027. To enable comprehensive integration in the ERA, inter-agency cooperation needs to be

further developed.

Ukraine created a temporary advisory body for implementation of **smart specialisation** in November 2024 and regional S3 teams have been created.

Chapter 26 - Education and culture

The EU supports cooperation in education and culture through funding programmes and the coordination of Member State policy through the 'open method of coordination'. The EU and the Member States must also prevent discrimination and ensure quality education for children of migrant workers, including those from disadvantaged backgrounds.

On education and training, Ukraine needs to further improve the collection and use of statistical data. The Ministry of Education and Science (MOES) published in 2025 the report on the implementation of its Annual Operational plan for 2024. In September 2024, the MOES adopted the Action Plan for Education Restoration (2024–2027), planning to rebuild educational institutions and prepare human resources for post-de-occupation education. Ensuring quality education for all children, in particular near the front line and in temporary occupied territories, including inclusive education, remains challenging.

On preschool education, the new law came into force in January 2025 and most of the implementing legislation has been adopted. This law introduces significant changes aimed at improving the quality, accessibility, and inclusivity of early childcare and preschool education for children 0-6, including children with disabilities and other groups of children in need.

In October 2024, Ukraine approved the conceptual framework for the reform of specialised secondary education (Academic Lyceums) as part of the optimisation process for the general secondary education. Ukraine should continue this process at national and local levels ensuring the sustainability and quality of education.

On secondary education, the new Ukrainian school reform continued and in 2024 Ukraine extended the certification of primary school to mathematics, Ukrainian language and literature, and history. In 2024, the State Standard for Specialised Secondary Education for 10th-12th grades was approved, introducing flexibility in subject choices, educational trajectories, and the integration of disciplines. In February 2025, Ukraine amended the law on complete general secondary education allowing for the recognition of the results of studies of Ukrainian children who are abroad due to Russia's war of aggression against Ukraine and had received education. Ukraine did not take part to the Teaching and Learning International Survey (TALIS 2024) yet it will join TALIS+, the 2026 administration of the survey. Ukraine is participating to PISA 2025.

The issue of national minorities in education will continue to be monitored as part of Chapter 23 on judiciary and fundamental rights.

In August 2025, Ukraine adopted a new law on **vocational education and training (VET)**. Ukraine adopted the law on the national qualifications system and continued with the referencing process of the National Qualifications Framework with the European Qualifications Framework. Ukraine presented a state of play in referencing in 2025. As of October 2024, dual education is being implemented in 176 VET institutions across 87 working professions. In June 2025, Ukraine submitted the national commitment to become a member of the European Alliance for Apprenticeships (EAfA), through which Ukraine will implement measures that align with the 2018 Council Recommendation on a European Framework for Quality and Effective Apprenticeships.

On higher education, in October 2024, Ukraine adopted a resolution on the awarding of professional qualifications by higher education institutions if professional standards are absent. Ukraine has adopted the strategy for the development of higher education but has yet to adopt its operational implementation plan for 2025-2028. Currently, 35 higher education institutions from Ukraine participate in the European Universities Alliances as associated partners. Ukraine is encouraged to apply fully key commitments under the Bologna Process, notably in quality assurance.

The rate of Roma children completion of compulsory education is significantly lower than that of the

general population. Particularly worrying is the situation of displaced children.

On digital learning, as of January 2025, 306 digital learning centres had been set up in various regions of Ukraine.

Ukraine continued to benefit from the international dimension of the 2021-2027 Erasmus+ programme. In 2024, 3 192 Ukrainian students and staff benefited from the mobility component of Erasmus+. Ukraine is participating in all the European Education Area working groups 2021-2025.

In order to **fight corruption** in education, an independent committee was created for the certification of textbooks, while online mechanisms for school enrolment were introduced. In 2025 a transitional model was introduced for the submission of investment projects on education infrastructure through the DREAM platform.

On **youth**, on 5 June 2025, Ukraine adopted the law on the basic principles of youth policy. It has a National Youth Council and participates in the European Solidarity Corps. In April 2025, the city of Lviv inaugurated its nomination as European Youth Capital for 2025.

On **sport**, Ukraine continued taking part in the European Week of Sport. In May 2025, Ukraine amended the law on physical culture and sports as far as adaptive sports are concerned.

In March 2025, Ukraine approved the Strategy for the development of Ukrainian **culture** 2025-2030. Ukraine has ratified the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions. Since December 2024, Ukraine has participated fully in both culture and media strands of the Creative Europe programme.

Chapter 29 - Customs union

All EU Member States are part of the EU customs union and follow the same customs rules and procedures. This requires legislative alignment as well as adequate implementing and enforcement capacity, and access to and interoperability with the EU electronic customs environment.

As regards **customs legislation**, a new law which substantially aligns Ukrainian Customs Code with the Union Customs Code, entered into force in 2025. The key novelties relate to customs representation, authorisations, placing goods under a customs procedure, presentation of goods, temporary storage, customs control (including post-clearance control), etc.

In August 2025, the Cabinet of Ministers approved the new Mid-term Plan of measures to achieve the objectives of customs reform within the framework of the National Revenue Strategy for 2024-2030. The Plan covers key areas including alignment of Ukraine's customs legislation with the EU, strengthening law enforcement and anti-corruption measures, institutional and IT development, international cooperation, and support for business. Overall, it reflects EU recommendations identified over the past year.

The use of the common transit procedure was further expanded. Ukraine continues to be an active Contracting Party of the Common Transit Convention and has made good progress in updating the IT system to the latest NCTS6 phase. In the Q2 of 2025, the SCS processed nearly 34 000 transit declarations under the NCTS, compared to 25 500 in the Q2 of 2024.

The number of authorised economic operators (AEO) increased to 100 by 31 August 2025 from 50 in the same period of 2024, with 5 operators granted both the AEO Security and Safety status and the Customs Simplification status. Further progress is required at the national level to start proceeding with the negotiation on mutual recognition of AEO with the EU.

On **customs digitalisation**, the technical specifications for the new Customs Clearance System were developed to align with EU standards. They also include enhanced functionalities such as export and import systems, centralised clearance, and a new risk management system compliant with EU requirements.

A new automated customs clearance system for national use was deployed at all road border crossing points. A customs decision system, equivalent to the European customs decisions system, was introduced to process applications on AEO authorisations and authorisations for simplifications,

including transit. However, the processes are not supported with adequate human and IT resources.

On **administrative capacity building**, in line with the provisions of the National Revenue Strategy for 2024-2030, the law reforming the SCS, which introduces a new procedure for the selection of its head, a re-certification of customs employees and an annual performance audit, was adopted in September 2024. However, its implementation has experienced delays. After such delays, the selection process for the Head of the SCS has started, following the Cabinet of Ministers' approval of the Advisory Group of Experts tasked with conducting the procedure.

Ukraine needs to scale up efforts to address corruption within the customs administration. The number of disciplinary actions against customs officers increased in 2024, however their uneven geographic distribution shows a large disparity in enforcement efforts. The customs authority should be granted at the national level with adequate enforcement powers and have a capacity to be directly engaged in intelligence gathering activities and contribute to pre-trial investigation in cases of smuggling of goods.

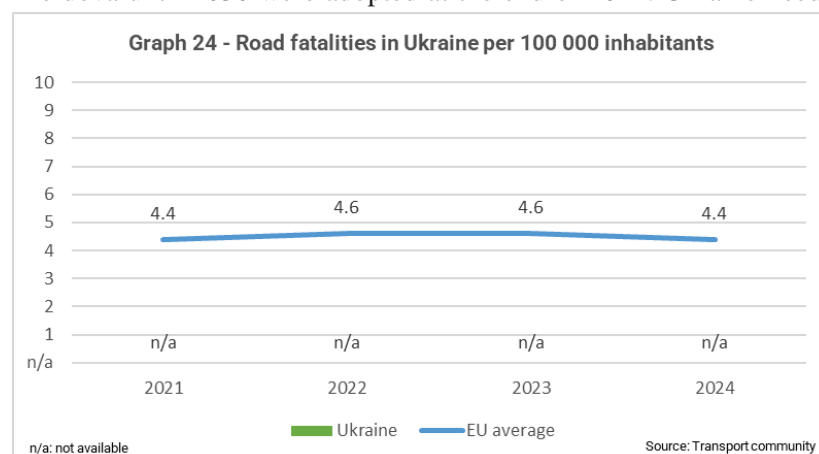
CLUSTER 4: THE GREEN AGENDA AND SUSTAINABLE CONNECTIVITY

This cluster covers: transport policy (Chapter 14); energy (Chapter 15); Trans-European networks (Chapter 21); and environment and climate change (Chapter 27).

Chapter 14 - Transport policy

The EU has common rules on technical and safety standards, security, social standards, State aid and market liberalisation in road transport, railways, inland waterways, multimodal transport, aviation and maritime transport.

In the **transport sector**, the national transport strategy for the period until 2030 and the Strategy for developing and expanding the border infrastructure with the EU Member States and the Republic of Moldova until 2030 were adopted at the end of 2024. Ukraine needs to focus on the implementation



of the Strategies, to make progress in decarbonisation of road transport, and promote higher uptake of the alternative fuels and infrastructure.

In road transport, while some steps toward alignment with EU standards have taken place, regulatory reforms and legislative enactments need to continue. The prompt alignment with social and market rules for road transport,

as well as with the road safety *acquis*, is key. Good progress has been made on the smart tachograph *acquis*. In April 2025, the road transport agreement to temporarily liberalise bilateral and transit road transport between the EU and Ukraine was extended until 31 December 2025. In December 2024, Parliament adopted the ratification of the Interbus Protocol on international regular and special regular carriage of passengers by coach and bus, which entered into force for Ukraine on 1 May 2025 and aims at harmonising the conditions for the performance of the international carriage of passengers with EU standards.

In rail transport, Ukraine needs to align with the EU rail safety and interoperability *acquis* and prepare for the adoption of new legislation on railway transport to create legislative conditions for the functioning of a competitive market for passenger and freight transportation, including setting up the required institutional framework (independent regulatory body, independent national safety authority and investigating body, and separation of infrastructure management from rail transport operations) that will enable the implementation of the future rail legislation.

In **maritime transport**, progress in harmonising legislation with EU maritime principles, including port state control and vessel traffic monitoring, has been minimal. The sector struggles with regulatory compliance and safety standards. Ukraine is partially aligned with the Port Services Regulation.

The development and implementation of **inland waterway transport** regulations and directives are ongoing, aiming to increase navigation safety and market functionality. Ukraine's engagement in the EU Strategy for the Danube Region and bilateral agreements with riparian states reflect efforts to facilitate inland navigation. The process of granting recognition of the certificates, record books and logbooks in inland waterways issued by Ukraine is ongoing as well as the connection to European Crew Database. To reduce security risks, to guarantee sufficient capacity and to provide alternative transport options for Ukraine's export and import, a contingency plan for Danube route has been adopted.

Ukraine has not yet aligned with the Combined Transport Directive.

On **passenger transport**, Ukraine has to make efforts to align its legislation with EU rules on organisation and financing the **public service obligations** (PSO) in transport and EU rules on passenger rights, notably in the fields of rail, bus and coach, as well as of rights of persons with disabilities and reduced mobility.

Civil air transport remains grounded due to airspace closure. While regulatory alignment with EU aviation rules is in progress, the revision of the EU-Ukraine Common Aviation Area Agreement transposition list has not yet been addressed. Ukraine is partially aligned with the Air Services Regulation, as well as the Insurance Regulation. Regarding the EU airport *acquis*, Ukraine should make efforts to align its legislation with EU rules on slot allocation (notably regarding the establishment of an independent slot coordinator), as well as on airport charges and ground handling.

The national railway company continued to struggle with several episodes of **corruption**, particularly in procurement. The government dismissed and appointed the company's executives, despite new legislative measures attributing this power to the supervisory board. The publication of information on road infrastructure projects, foreseen under the State Anti-Corruption Programme, is facing some delays.

Chapter 15 – Energy

EU energy policy covers energy supply, infrastructure, the internal energy market, consumers, renewable energy, energy efficiency, nuclear energy, nuclear safety, radiation protection and nuclear safeguards.

In terms of **security of supply**, commercial electricity export capacity from the EU to Ukraine was increased to up to 2.1 GW from December 2024 until March 2025. Together with 250 MW of emergency capacity, this helped balancing Ukraine's energy system over the winter. In December 2024, Ukraine adopted implementing legislation on oil stocks. Alignment with the risk preparedness Regulation in the electricity sector and gas security of supply Regulation is still pending. Ukraine signed agreements on firm capacity for gas with Poland (imports) and Moldova (import/exports) and increased its firm capacity for gas imports with Hungary and Slovakia.

On the **internal energy market**, there has been little progress in aligning legislation with the EU's third energy package as relates to the electricity sector. The electricity integration package, which is key for full electricity market coupling, is pending adoption by Parliament. Day-ahead, intraday and balancing markets continue to operate under price caps. The energy regulator, the National Energy and Utilities Regulatory Commission (NEURC), increased day-ahead and intraday price-caps by more than 60% in July 2025. Ukraine needs to continue the gradual phase-out of wholesale electricity price caps in all market segments. The debts on the balancing market remain high. In December 2024, Ukraine increased network tariffs for the transmission of electricity for 2025 by 29%. However, tariffs are still insufficient for investments and maintenance needed for energy and climate reforms. The implementation of the network codes for electricity is incomplete, in particular in areas of capacity allocation and congestion management. In the coming period, Ukraine needs to adopt changes to the

indirect taxation of energy market participants.

A number of legislative amendments to the Law on the natural gas market and Law on electricity market have been introduced to improve the requirements for wholesale energy players. These include stricter obligations regarding the publication of inside information, strengthened mechanisms to prevent market abuse and revised penalty structures for violations.

The tariff for gas transmission has raised nearly four times during the reporting period. However, overall, gas market reforms including gradual phase-out of PSO and lifting the export ban on natural gas remain an important priority for Ukraine in view of alignment with EU rules and (re)establishing a competitive market. Phasing out of price caps and public service obligations should go hand in hand with setting up a financing mechanism for vulnerable customers.

Ukraine finalised the nomination of three commissioners of the energy regulator NEURC. Despite certain progress, the independence of NEURC needs further strengthening.

In the area of **renewable energy**, Ukraine started implementing its 2030 national energy and climate plan. However, most of Ukraine's renewable energy auctions failed to attract investors, indicating a need to recalibrate auction design and address systemic issues in the Ukrainian electricity market. In June 2025, Ukraine adopted a roadmap for the separation of the renewable energy surcharge from the tariff for electricity transmission services, and an action plan to implement it in 2025 and 2026. Alignment with EU sustainability and greenhouse gas emission criteria for biofuels, bioliquids and biomass remains incomplete. Regulatory progress on biomethane enabled the first biomethane exports to the EU in February 2025. In the coming period, Ukraine needs to increase alignment with the EU's renewable legislation including full alignment with RED II Directive, and address key gaps, such as resolving the debt issue and simplifying permitting rules. Ukraine has operationalised an electronic registry for guarantees of origin for electricity.

Ukraine's **energy efficiency** legislation is broadly aligned with the EU's Energy Efficiency and Energy Performance of Buildings Directives. During the reporting period, Ukraine took steps to further implement the Law on energy efficiency and to operationalise its framework. Nevertheless, effective implementation requires further secondary legislation and better harmonisation with related policies such as housing. Strengthening monitoring systems, enforcing high energy efficiency standards, and embedding the "energy efficiency first" principle into recovery efforts remain necessary. Institutional capacity and inter-agency coordination must be improved. Progress remained limited on mandatory energy efficiency criteria in public procurement and incentives for high-efficiency district heating and cogeneration. In the building sector, Ukraine has advanced on the alignment with the 2018 Energy Performance of Buildings Directive (EPBD). However, significant additional work will be required to transpose the 2024 EPBD. Limited administrative capacity remains a major barrier to advance on legislation and ensure adequate enforcement. The Energy Efficiency Fund continued to support renovations but will require sustained state funding beyond 2026. Moreover, the government still needs to modernise district heating, improve energy use in public buildings, and strengthen public procurement standards.

On **governance**, Ukraine has put in place a monitoring framework for its national energy and climate plan (NECP) and, on 15 March 2025, timely submitted its first implementation report. Key challenges for implementing the NECP are limited funding, insufficient administrative and human resources, lack of data, restricted access to data, and weak coordination across government institutions. An NECP revision taking due account of the recommendations of the Energy Community Secretariat is due at the end of 2025. On governance based on OECD standards in state-owned energy companies, challenges remain. The supervisory boards of the gas transmission system operator (GTSOU) and Ukrenergo have been completed, while Energoatom and Ukrhydroenergo remain with an incomplete supervisory board. The CEOs of Naftogaz and Ukrenergo were appointed based on competitive selection processes, however, Energoatom, Ukrhydroenergo and GTSOU are without a permanent CEO. Qualified majority voting mechanisms, which were introduced in the charters of main energy companies, including Ukrenergo, GTSOU, Energoatom and Ukrhydroenergo raised concerns about the independent decision-making of supervisory boards as regards CEO appointments and strategic decisions. In June 2025, Ukrenergo's charter was revised, but not those of other SOEs. Political

influence over the management of energy SOEs should be addressed through effective separation of their management from policymaking. In 2024, energy was among the top three sectors in terms of high-level corruption cases, with several instances of procurement fraud, energy misappropriation and prices manipulation investigated by law enforcement. In March 2025, the Ministry of Energy approved an Anti-Corruption Programme for 2025-2027. It includes measures in the areas of human resources, financial control, prevention of conflict of interest, public procurement and management of financial and material resources.

There has been no progress in aligning Ukraine's legislation on **nuclear safety**, radioactive waste management and radiation protection with the Euratom *acquis*, and both regulatory capacity and harmonisation efforts need to be strengthened. Ukraine should accelerate its efforts to fully align with Euratom legislation and strengthen the institutional stability, efficiency, and independence of the nuclear regulatory authority. In December 2024, Ukraine adopted a new National Targeted Environmental Programme for Radioactive Waste Management. Moreover, in 2025 Ukraine indicated its readiness and took further steps to join the ECURIE system. Preparations for nuclear unit decommissioning stalled, despite commitments in the NECP. Energoatom's Supervisory Board needs to be completed as a priority. In March 2025, Ukraine submitted its 8th National Report under the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.

Chapter 21 - Trans-European networks

The EU promotes Trans-European networks (TENs) in the areas of transport, telecommunications and energy to strengthen the internal market and contribute to growth and employment.

With the adoption of the national transport strategy for the period until 2030, Ukraine has paved the way for the integration of its transport system into the **trans-European transport network (TEN-T)**, including on the TEN-T corridors which have been extended to the country. While continuing on emergency repairs, restoring lifeline connections, and developing connections with Danube ports, EU Member States and Moldova under the EU-Ukraine Solidarity Lanes initiative, a comprehensive plan to introduce European standard gauge railway lines in Ukraine is in the making and the new 22 km European standards gauge rail between Chop and Uzhhorod are operational since summer 2025. While Ukraine is progressing well with implementation of rail projects, more efforts should be done to ensure timely implementation of road border crossing points. Ukraine has started building upon the Single Public Investment Projects Portfolio to develop, prioritise and submit public investment projects in transport. However, the administrative capacities and project preparation still need to be significantly strengthened to speed up the EU-backed projects and encourage smooth and interoperable cross-border connectivity in alignment with EU TEN-T *acquis*, especially in technical standards, decarbonisation and digitalisation, which still remain a major challenge. In December 2024, Ukraine adopted the Strategy for developing and expanding the border infrastructure with the EU Member States and the Republic of Moldova until 2030.

Ukraine needs to prioritise and develop the future investments, focusing on the TEN-T, remove current bottlenecks, making sure that all investments are fully coordinated with relevant EU Member States and complemented by other funding sources. These priorities should be also reflected in the Single Project Pipeline. It is very important that Ukraine develops the network in parallel to the implementation of reforms.

As regards the **trans-European energy network (TEN-E)**, Ukraine has not yet aligned its legislation with the revised TEN-E Regulation 2022/869. Other priorities for Ukraine are the deployment of energy storage capacities and smart grids as well as the development of hydrogen/biomethane infrastructure including reverse flow compressors, to integrate greater volumes of low-carbon and renewable gases. Electricity interconnection projects with Slovakia and Romania, which aim to enhance import/export potential, are advancing. Ukraine is at an early phase of developing hydrogen projects including the generic hydrogen corridor between Ukraine, Austria, Czechia, and Germany, which is a priority corridor on the list of projects of common interest and projects of mutual interest (PCI/PMI).

Chapter 27 - Environment and climate change

The EU promotes strong climate action, sustainable development and protection of the environment. EU rules contain provisions addressing horizontal environmental issues, climate change, water and air quality, waste management, nature protection, industrial pollution, chemicals, noise and civil protection.

Continued efforts are needed to fully align with EU environmental and climate *acquis* and gradually put in place a sound mid-term budgetary framework related to its implementation. This should be also accompanied by the introduction of sustainable finance standards (Environment and Social Governance). Major concerns related to the ability of Ukraine to follow up on further necessary alignment and proper implementation of the EU *acquis* in environment and climate are limited administrative capacity, funding constraints, and delayed adoption of legislation. Strengthening capacity, cross-sectoral integration and mobilisation of investments are essential for effective policy implementation and green reconstruction. Continuous lack of administrative capacity is putting further strains on the ability of Ukraine to follow up on necessary alignment and proper implementation of the EU *acquis* in environment and climate. While digitalisation in the environmental sector is progressing, further efforts are required to improve enforcement, prevent corruption, and ensure accountability, particularly by enhancing environmental compliance assurance, monitoring and data collection, and governance structures.

Ukraine's **horizontal environmental legislation** remains only partially aligned with the EU *acquis*. During the reporting period the main development was the ratification of amendments to the Aarhus Convention. Ukraine developed a concept note on the scope of deviations from environmental impact assessments (EIAs) and Strategic Environmental Assessments (SEAs). However, further efforts are needed to ensure full application of EIAs and SEAs across all relevant plans and projects, including reconstruction efforts, and to ensure limited exemptions in line with the EU *acquis*. Introduction of general exemptions and exclusion of entire project categories from assessments, in particular for forestry and agriculture, should be avoided. The exclusion of EIA requirements from the amended administrative procedure law remains problematic. Although electronic registries exist, civil society continues to report limited access to EIA and SEA documentation. Transboundary EIA and SEA procedures also require practical implementation.

Environmental monitoring legislation is only partially aligned with the EU *acquis*. The martial law has delayed enforcement, although several implementing acts were approved between October 2024 and February 2025, with postponed entry into force after the martial law ends. Progress was made in digitalising environmental services and databases. The Law on the National Register of Pollutant Emissions and Transfers has been implemented since 2023. However, supporting network such as the Aarhus Centre remains underfunded, undermining its potential in facilitating **public access to environmental information**. Ukraine needs to further improve the quality of environmental data by improving the capacity and upgrading the monitoring network, including via improved cooperation with relevant existing EU-wide information systems, and ensure broader access and transparency to meet EU standards.

Alignment on **environmental liability, crime, and control legislation** is incomplete. Criteria for environmental inspections were updated in October 2024, but the moratorium on inspections under martial law hampers implementation. No progress was recorded in aligning with the EU *acquis*. The strategy until 2029 to reform environmental control and the action plan for 2025–2027 were adopted in June 2025. Anti-corruption mechanisms, including Prozorro procurement (a public electronic procurement system) and a specialised environmental prosecutor's office, are in place, but corruption risks remain high, notably in land use, extraction of minerals, illegal logging, waste and hazardous waste management, permits and tenders for concessions, while enforcement remains weak. Amendments to the Civil Code may further legalise ownership of lands that were privatised illegally, raising serious concerns.

Air quality legislation remains partially aligned. The government adopted procedures in March 2025 for notifying the public and monitoring air quality. Full compliance will require further steps, including national emission ceilings, monitoring of volatile organic compounds emissions, better

sulphur content monitoring, and improvements in air quality data collection.

On **waste management**, progress included the adoption of the National Waste Management Plan. Adoption of a circular economy strategy and action plan in 2026, as well as development of regional and local waste management plans will advance strategic prioritisation and planning. Nevertheless, practical implementation and enforcement will require a framework and infrastructure to fully align with the provisions of the waste framework Directive and other relevant legislation. Ukraine needs also to ensure proper management of construction and demolition waste, mining waste and hazardous waste, address extended producer responsibility, packaging waste, single use plastics, batteries and electric and electronic equipment waste, and the compliance of existing landfills. The adopted waste management legislation, including on permitting, must comply with the EU *acquis* and avoid extensive use of derogations.

On **water quality**, legislation remains only partially aligned, however the implementation of the Water Framework Directive has advanced. All river basin management plans were adopted and should be integrated into reconstruction programmes, such as the state programme for water sewage and treatment companies, with its concept adopted in February 2025. However, administrative capacity, lack of funding, and incomplete alignment with directives on nitrates, drinking water, and wastewater continue to impede implementation. Measures to ensure cost recovery while safeguarding access to water and sanitation rights are still needed.

Alignment of **nature protection** legislation with the EU *acquis* is at an early stage. Ukraine started preparing a national biodiversity strategy during the reporting period, but it still needs to be finalised and adopted. Preparatory work started on a strategy for ecosystem services and invasive species classification. Although a biodiversity monitoring procedure was adopted in January 2025, its entry into force is delayed until martial law is lifted. Further alignment is needed on EU rules on wild birds, habitats, Natura 2000, biosafety, zoos, and genetic resources. Stronger involvement from agriculture, forestry, and fisheries sectors is essential. Concerns persist about construction projects encroaching into protected areas. Progress was made with pilot projects on timber certification and draft legislation to align with the EU Deforestation Regulation and amending the Forest Code.

Industrial pollution and risk management legislation are only partially aligned. Parliament adopted a law on integrated industrial pollution prevention, and some implementing legislation was approved. Full alignment with the EU Industrial Emissions Directive still requires additional secondary legislation and proper implementation. Efforts to adopt the EU Eco-Management and Audit Scheme and EU Ecolabel Regulations are needed.

Chemical safety legislation is partially aligned. Several implementing decisions to the Law on chemical safety have been adopted, such as procedures for documenting environmental checks and criteria for risk assessments, but enforcement remains a challenge due to the war. Although legislation banning asbestos exists, Ukraine needs to implement asbestos management rules, set up certified laboratories and create a registry of landfills licensed to handle asbestos, as part of wider approach to hazardous waste management.

No progress was made during the reporting period on aligning **noise** legislation with the EU *acquis*.

On **civil protection**, Ukraine is an active participant in the EU Civil Protection Mechanism. Ukraine is contributing to further strengthening the European Civil Protection Pool. Crisis coordination has improved and nationwide exercises were organised to prepare for regional blackouts during the 2024/2025 winter. As a member of UCPM, Ukraine has access to scientific partnerships through the Emergency Response Coordination Centre (ERCC), as well as to early-warning tools and is encouraged to make use of them. However, further strengthening of disaster legislation and cross-border cooperation is needed.

Climate change

Ukraine made good progress on **climate change**. In October 2024, it adopted a framework law for state climate policy aligned with the EU's 2050 climate neutrality target. A draft second nationally determined contribution is in preparation ahead of the UNFCCC/COP30. Ukraine is yet to update its

long-term low-emission development strategy to reflect its 2050 climate neutrality goal and to submit its first Biennial Transparency Report under the Paris Agreement. Mandatory monitoring, reporting and verification (MRV) of greenhouse gas emissions at installation level was restored in February 2025 (with some exceptions related to military operations). Ukraine's MRV-system remains narrower than the EU Emissions Trading System (ETS) and further work is needed for full alignment with EU standards, including to cover aviation, shipping, road transport and buildings. Ukraine approved a national ETS action plan in February 2025 aiming to start operating a national ETS by 2028. The draft law ratifying the Kigali Amendment has been pending in Parliament since February 2025. Further efforts are also required to align with the EU standards on ozone-depleting substances and fluorinated gases and emission standards for road vehicles.

The NECP needs to be updated by end of 2025. Stronger integration of the NECP into national planning is necessary. Progress was made with the adoption of methodological guidelines on climate mainstreaming (October 2024), the strategy for agriculture and rural development promoting climate-smart agriculture (November 2024), ongoing efforts in sustainability reporting and SME green transition and adoption of the action plan for environmental security and climate change adaptation (February 2025).

CLUSTER 5: RESOURCES, AGRICULTURE AND COHESION

This cluster covers: agriculture and rural development (Chapter 11); food safety, veterinary and phytosanitary policy (Chapter 12); fisheries and aquaculture (Chapter 13); regional policy and coordination of structural instruments (Chapter 22); and financial and budgetary provisions (Chapter 33).

Chapter 11 - Agriculture and rural development

The EU's common agricultural policy supports farmers and ensures Europe's food security. It helps tackle climate change and the sustainable management of natural resources; preserves rural areas and landscapes; and supports the rural economy by promoting jobs in farming, agri-food industries and related sectors. This requires robust management and control systems. There are also common EU rules for marketing standards, quality policy and organic farming.

On **horizontal issues**, the national strategy for agriculture and rural development to 2030 was adopted in November 2024. Its detailed operational action plan was updated in August 2025 to ensure alignment of key priorities with the common agricultural policy. From 2025 registration in the State Agrarian Register (SAR) has become a mandatory requirement to access any form of state agricultural support. SAR will support the development of the integrated administration and control system (IACS) A law establishing the framework for the paying agency, the IACS and the farm sustainability data network (FSDN) is pending adoption by Parliament.

The implementation of the FADN is piloted in the Poltava and Zhytomyr regions, in line with EU *acquis*. Ukraine should proceed with the establishment of an IACS including the land parcel identification system (LPIS). Inter-operability of the various elements comprising the IACS should be ensured. Preparatory steps for creating an agricultural knowledge and innovation system have been taken. The advisory services will need to be strengthened.

On **agricultural markets - common market organisation**, legislative alignment has continued, in particular for marketing standards. A law on hops and hop products was adopted in March 2025 aligning to the EU *acquis*. Ukraine continues the establishment of a vineyard register and the development of a new viticulture zoning.

On **rural development**, the strategy for agriculture and rural development to 2030 and its 2025-2027 operational plan sets out rural development priorities. The long-term plan for irrigation development to 2050 was adopted in March 2025, starting with the implementation of the pilot projects in the Odesa, Mykolaiv, and Zaporizhzhia regions. Grants are available for the development of orchards, berry crops, vineyards and greenhouse construction.

On **quality policy**, legislative alignment with the EU *acquis* needs to continue and administrative capacity further strengthened to ensure control and enforcement.

On **organic farming**, legislative alignment with the EU *acquis* needs to continue. A draft law to align with EU standards on organic production and labelling remains to be adopted. The monitoring and the control of organic production should be further developed.

On the **fight against corruption**, public support to the sector, land allocation, valuation, lease, taxation and digital cadastre services remain key risk areas. The Land Bank was launched as a transparent rental marketplace for state-owned agricultural land, while the implementation of the SAR is expected to increase transparency in the distribution and administration of state aid to agricultural producers. New measures were introduced to counter illegal grain export.

Chapter 12 - Food safety, veterinary and phytosanitary policy

The EU food acquis including hygiene rules for foodstuff production ensures a high level of food and feed safety, and a high level of protection of consumers' interests. Animal health and welfare, and the safety of food of animal origin, are safeguarded together with the quality of seeds, plant protection material, the protection against harmful organisms and animal nutrition.

On **general food safety**, the State Service on Food Safety and Consumer Protection continued its functional reform process to further align with EU standards. Ukraine has yet to update the multiannual control plan to 2026, incorporating changes in legislation, institutional structures, and food and animal health risks. The transparency principle should apply to the official control systems, and these should receive adequate financial resources for effective operation. A new draft law to align with the EU *acquis* on official controls still needs to be adopted.

On **veterinary policy**, animal health legislation in Ukraine is not yet aligned with the EU's animal health policy. Ukraine continued to align its system with the EU *acquis* through a comprehensive reform process, including to align with EU disease categorisation and related control measures. The list of notifiable animal diseases has been updated. On animal welfare, Ukraine is partially aligned with the EU *acquis*. Implementation, the resources needed and the administrative capacity need substantial strengthening, including clear timelines for alignment and implementation.

In the reporting period, the EU trade control and expert system (TRACES) became operational countrywide. It currently covers 24 commodities, with over 36 000 certificates issued from September 2024 to July 2025. Ukraine ensured EU cofinanced programmes for African swine fever, avian influenza and rabies for the period 2025-2027.

For the **placing of food, feed and animal by-products on the market**, implementing legislation was adopted with rules for products of animal origin and improved risk management. An EU compliant system of collection, storage and processing of animal by-products is not yet in place. Further implementing capacity remains needed. Import controls remain only partially aligned with the EU *acquis*.

On **food safety rules** and its **specific rules for feed**, EU-registered feed additives are now accepted without national registration. Ukraine updates its monitoring plan regularly and participates in the Rapid Alert System for Food and Feed without full membership.

On plant health and **phytosanitary policy**, Ukraine made progress toward alignment with EU legislation through a new law on plant health, adopted in December 2024 and which will enter into force in January 2028. Until then, about 80 implementing acts still need to be adopted. Implementation began with the review of inspection procedures and the e-Phyto exchange system. Since official use began in February 2025, over 73 500 e-phyto certificates have been transmitted, including more than 58 000 to the EU. To empower phytosanitary inspectors with full control authority, strengthen risk assessment capacity, integrate laboratories into the control system, and finalise alignment of border control posts remain crucial to fully align the EU *acquis* in this area.

In the area of **genetically modified organisms**, Ukraine adopted several pieces of implementing legislation, which will enter into force together with the primary GMO law in September 2026. A

comprehensive assessment of the national legislation has been carried out in spring 2025, to close remaining gaps before the national law enters into force in September 2026.

Chapter 13 - Fisheries and aquaculture

The common fisheries policy lays down rules on fisheries management, protects living resources of the sea and limits the environmental impact of fisheries. This includes setting catch quotas, managing fleet capacity, rules on control and inspection, rules on markets and aquaculture and support for fisheries and coastal communities. Further, it promotes a sustainable aquaculture.

The introduction in 2024 of the e-Fish system made it possible to digitalise the **resource and fleet management**. A ‘one-stop shop’ principle for servicing business entities has been established to simplify administrative services, including for obtaining fishing permits. A list of permitted and prohibited fishing gears was created in line with European standards. Ukraine has also introduced mechanisms to further regulate fishing areas and minimise the impact of fishing activities on sensitive habitats. However, e-Fish requires significant additional developments, including greater automation and full compatibility with the EU data collection, monitoring and reporting requirements.

The lack of effective **inspection, control and monitoring** hampers Ukraine’s capacity to efficiently address illegal, unreported and unregulated fishing. The mechanisms to introduce full traceability of fishery products and improve consumer information has been partially aligned with the EU *acquis*. Ukraine needs to complement its legal framework with legislation to modernise its state control system, including expanding the powers of regulatory authorities, allowing the e-Fish system to track violators of fisheries legislation, introducing financial penalties and procedures to bring illegal fishing perpetrators to justice.

On **market policy**, legislation on traceability and market measures need to be developed and introduced to align national standards with the EU *acquis*.

Ukraine needs to finalise legislation on **the collection and management of data** in the fisheries and aquaculture sector and to develop the legal framework required to provide **structural support** to the sector in line with the relevant EU *acquis*.

In the **aquaculture sector**, Ukraine has adopted legislation to develop investments in commercial aquaculture farms. Further efforts are required to align the legal framework with the *acquis* on sustainable aquaculture and permits for the use of alien species.

On **international agreements**, Ukraine became a member of the Port State Measures Agreement in March 2025. Ukraine remains committed to become a full-fledged member of the General Fisheries Commission for the Mediterranean (GFCM), for which legislation has been adopted in July 2025. Ukraine continues to participate at regional level with an active stance in the works of the GFCM and the Common Maritime Agenda.

Ukraine needs to create the legal framework for **maritime spatial planning**.

Chapter 22 – Regional policy and coordination of structural instruments

*Regional policy is the EU’s main tool for reducing regional disparities and investing in sustainable and inclusive socio-economic growth. It is operating through ‘shared management’ between the Commission and EU Member States. The implementation of cohesion policy programmes requires appropriate administrative capacity on programme and project level, the establishment of systems of sound financial management and control and also the fulfilment of other EU *acquis* elements such as environmental or public procurement legislation.*

Some progress has been made on **legislative framework** in facilitation of the regional development policy implementation and its funding. Notable steps have been taken with the adoption of the 2025-2027 action plan for the implementation of the updated State Regional Development Strategy 2024-2027, which was developed in a participatory manner with inclusive public consultation. The action plan cross-references the measures and actions from Ukraine’s commitments with donors. The action plan could further integrate actions related to the ongoing public investment management reform, and a comprehensive approach to strengthening the financial, technical and administrative capacities of

the regional and local government authorities to respond to the requirements of project preparation, management and execution.

The law on principles of state regional policy still needs to be fully implemented. While progress has been made with the local-level strategic planning process, further efforts should be taken to streamline and clarify the content and structure of local strategic documents, to facilitate their digitalisation through the Geographic Information System and to link them with adequate financing lines.

The efforts aimed at simplifying current planning system for regional and local development policy should be fully aligned with the ongoing Public Investment Management reform. There should be a clear path with defined milestones toward the establishment of a coordinated and coherent system of planning which considers strategic, spatial and budgetary planning.

For the first time since the beginning of Russia's war of aggression, Ukraine has allocated funding in the 2025 state budget for the reactivation of the State Fund for Regional Development. The Ministry for Development of Communities and Territories has initiated the changes to the Budget Code, updating the Fund's financing principles, and has adopted the temporary methodology for the financing distribution. The Fund should be made operational, with a fully developed, permanent allocation methodology that is transparent, efficient and aligned with recovery, multi-level governance, and regional policy principles.

Progress has been made in development of urban planning at the local level. Relevant resolutions by the Cabinet of Ministers have been adopted related to the urban planning cadastre.

In terms of the **institutional framework** Ukraine should intensify the effort to complete the legal and regulatory process to consolidate the State Agency for Restoration (SARDI) as a transparent, and accountable institution with a well-defined mandate and an adequate implementation capacity, as well as its internal administrative reform. The role of SARDI in supporting local self-government authorities during the preparation and implementation of infrastructure projects also needs to be clarified.

At central level, efforts are needed to set up the legal framework of the partnership principle, requiring the involvement of relevant regional and local authorities, public authorities, socio-economic partners and civil society in all programming stages, preparing the ground for future cohesion policy in line with the European Code of Conduct on Partnership.

On **administrative capacity**, Ukraine has appointed the Deputy Prime Minister for Restoration of Ukraine – Minister for Development of Communities and Territories as the chair of the Inter-ministerial Coordination Commission, taking a step to re-activating the regional policy coordination framework. To facilitate fully regional development, modernisation and inclusive engagement of regional and local stakeholders, capacity building is needed for national, regional and local administrations to conduct strategic planning and to prepare and implement projects.

On **programming, monitoring and evaluation**, the Ukraine Facility requirement for allocation of financing to the recovery, reconstruction and modernisation needs of Ukraine's sub-national authorities, in particular local self-government, should be implemented in line with the principles of the cohesion policy, in particular subsidiarity, efficiency, accountability and decision-making role of sub-national authorities on the use of support. Ukraine should elaborate on the reporting approach for the disbursement of these funds. On **financial management, control and audit**, the internal and external audit functions are in place, but they have yet to deliver audits in accordance with international standards. Following the adopted amendments to the Law on the Accounting Chamber, the Accounting Chamber has been granted a mandate to audit local budgets, although the Accounting Chamber currently has both capacity and professional limitations.

Ukraine participates in seven Interreg cooperation programmes and is also part of the EU Macro-regional Strategy for the Danube Region. Ukraine should ensure that the management and control systems of these programmes within the State Audit Service function effectively.

On the **fight against corruption**, a system of internal financial audit and control, including for the future management of structural and cohesion funds, has been implemented at the national level, with

the establishment of internal audit and corruption prevention units in all state authorities. At the local level, however, implementation remains deficient. The practical effectiveness of such control systems to effectively prevent fraud and corruption remains uneven.

Chapter 33 - Financial and budgetary provisions

This chapter covers the rules governing the funding of the EU budget ('own resources'). These resources mainly consist of: (i) contributions based on the gross national income of each Member State; (ii) customs duties; (iii) the non-recycled plastic resource and (iv) a resource based on value added tax. Member States must have the appropriate administrative capacity to adequately coordinate and ensure the correct calculation, collection, payment and control of own resources.

An EU budget unit was created as part of the Department of European and Euro-Atlantic Integration of the Ministry of Finance for the implementation of the own resources system. The unit coordinates activities of national institutions (State Tax Service, State Customs Service, State Statistic Service, State Treasury and Ministry of Environmental Protection) included in the system of EU own resources. The interdepartmental working group was created on 10 September 2025, which main tasks will be to develop legislation to align with the EU *acquis*.

Ukraine progressed in the underlying policy areas indirectly affecting the own resources system (*see Chapters 16 - Taxation, 18 - Statistics, 29 - Customs union, and 32 - Financial control*).

On **traditional own resources**, Ukraine has implemented most of the fundamental principles in the policy areas that affect the own resources system. In the reporting period, substantial amendments to the Customs Code aligning to the Union Customs Code (UCC) entered into force and a draft of the new Customs Code aligned to the UCC was developed and, by the Protocol decision of the Cabinet of Ministers approved and transmitted to the EU for evaluation.

Ukraine applies a single **VAT** system that is largely, but not fully, aligned with the European system. Amendments to the Tax Code aligning further to the Council Directive on the common system of value added tax were adopted. The system of calculating the VAT based own resource needs to be developed.

Issues related to national accounts and **gross national income** data are addressed in Chapter 18 - Statistics. Before adopting necessary legislation and implementing the Waste management system, calculation of the **plastic-based own resource** is not possible.

CLUSTER 6: EXTERNAL RELATIONS

This cluster covers: external relations (Chapter 30); and foreign, security and defence policy (Chapter 31).

Chapter 30 - External relations

The EU has a common commercial policy towards third countries, based on multilateral and bilateral agreements and autonomous measures. There are also EU rules on humanitarian aid and development policy.

On the **common commercial policy**, Ukraine continued to coordinate its positions and align its policies closely with those of the EU, including within the WTO and its Dispute Settlement Body. In February 2025, Ukraine completed the second review of its trade policies and practices within the WTO.

On **dual-use goods**, Ukraine is yet to achieve full alignment with the latest EU *acquis* in this area, namely Regulation (EU) 2021/821 and its annual updates as regards the list of dual-use items. Ukraine is a member of the Australia group, the Nuclear Suppliers Group and the Wassenaar Arrangement and has adopted and maintained a consolidated list of dual-use goods and technologies based on the EU *acquis*.

On **bilateral trade agreements**, Ukraine has notified to the WTO preferential bilateral trade agreements with 17 partners, seven of which do not have a preferential trade agreement with the EU.

Ukraine is negotiating further preferential trade agreements with several partners and is also active in modernising existing agreements (e.g. The Digital Trade Agreement with UK and the modernisation of the Free Trade Agreement with EFTA). In the reporting period, Ukraine signed a preferential trade agreement with the United Arab Emirates, which is currently under ratification. Similarly, a free trade agreement signed with Türkiye in 2023 is awaiting ratification. Ukraine should continue to coordinate closely with the EU on international trade negotiations, in particular to ensure that, when it joins the EU, its commitments are compatible with those of the EU and ensuring the integration of an EU accession-linked expiration clause in the provisions of bilateral free trade and investment agreements.

There are no developments to report on **bilateral investment treaties**.

Ukraine has a legal framework in place to provide **humanitarian aid** to other countries. Ukraine has been engaging in the provision of development aid by contributing to global food security efforts, although it has yet to develop its **development cooperation policy** in line with the relevant EU framework.

Chapter 31 - Foreign, security and defence policy

Member States must be able to conduct political dialogue under EU foreign, security and defence policy, align with EU statements, take part in EU actions, and apply agreed sanctions and restrictive measures.

Ukraine continued intense **political dialogue** on foreign and security policy with the EU, confirming the alignment of Ukraine's long-term strategic interests with those of the EU. Ukraine hosted an EU-Ukraine Foreign Ministers meeting in May 2025. The EU and Ukraine last held a security and defence dialogue on 18 February 2025. The 10th EU-Ukraine Human Rights Dialogue took place in June 2025.

The EU-Ukraine joint security commitments signed in 2024 continue to be the guiding document for the EU and Member States' support to Ukraine, complementary to Member States bilateral commitments towards Ukraine.

The institutional framework enabling Ukraine's participation in common foreign and security policy (CFSP) and common security and defence policy (CSDP) is in place.

In 2024, Ukraine's alignment with statements by the High Representative on behalf of the EU and Council decisions on sanctions was at 95%. As of 24 October 2025, its alignment rate was 99%.

Ukraine is gradually aligning with the EU *acquis* on **EU restrictive measures**. Ukraine has mechanisms in place to ensure effective implementation of EU sanctions. The Criminal Code still needs to be amended, as sanctions evasion is still not a criminal offence in Ukraine. Ukraine should continue strengthening its sanctions implementation framework in line with the EU *acquis*.

Ukraine's cooperation with **international organisations** is strong and constructive, including with the UN, the Council of Europe, the Organization for Security and Co-operation in Europe and Organisation for Black Sea Economic Cooperation. Ukraine continued to align with EU positions at the United Nations, including supporting EU initiatives in the UN Human Rights Council. In the context of Ukraine's diplomatic engagement with global partners in support of just and lasting peace, Ukraine initiated at the UN General Assembly, with EU support, the February 2025 Resolution 'Advancing a comprehensive, just and lasting peace in Ukraine', marking the third anniversary of Russia's full-scale invasion of Ukraine. Ukraine also ran a successful campaign and was elected to the UN Economic and Social Council (ECOSOC) for the 2026-2028 term with 130 votes.

Ukraine continues to increase its cooperation with the Office of the Prosecutor of the **International Criminal Court (ICC)** to strengthen investigation of military and other international crimes. Ukraine became a full state party of the ICC on 1 January 2025 following the ratification of the Rome Statute; however, Ukraine has to further align its legislative framework with the provisions of the Rome Statute and its related instruments.

As regards **non-proliferation** and **disarmament** Ukraine has aligned with the EU in most international fora dealing with non-proliferation over the reporting period. Ukraine complies with its

international obligations under international export control regimes. Ukraine is encouraged to ratify the Arms Trade Treaty to align its legal framework of arms control with the Common Position 2008/944/CFSP and to finalise and adopt its national strategy for countering and preventing illegal trafficking of small arms and light weapons. On 17 July 2025 Ukraine has informed the UN Secretary General of its decision to suspend the operation of the Anti-Personnel Mine Ban Convention.

On **security measures** (classified information), Ukraine continued to implement its agreement on security of information with the EU on procedures for the exchange of classified information.

On the **common security and defence policy (CSDP)**, cooperation on security and defence matters between Ukraine and the EU and its Member States was significantly increased, in particular within the framework of the European Peace Facility (EPF). Ukraine closely cooperated with EU CSDP missions and benefitted from training provided by EUMAM, as well as advisory support of EUAM.

Ukraine should keep beyond 2025 the measures included in its National Action Plan for the implementation of UN Security Council Resolution 1325 on Women, Peace and Security.

Ukraine continued to cooperate with the EU in the area of countering cyber threats, including through the regular EU-Ukraine Cyber Dialogue. In March 2025, the European Cybersecurity Competence Centre (ECCC) signed a memorandum of cooperation with the National Cybersecurity Coordination Centre (NCSCC). In the context of international security, Ukraine has actively engaged in the negotiations of the final report of the UN Open-ended Working Group on security of and in the use of information and communications technologies 2021–2025, including through alignment with EU statements and submission of national positions.

Ukraine continued to cooperate with the EU in the area of countering **hybrid threats** (including foreign information manipulation and interference) based on the bilateral security agreement of June 2024. Ukraine has aligned with the July 2025 Statement by the High Representative on behalf of the EU condemning Russia's persistent hybrid campaigns against the EU, its Member States and partners. The fight against FIMI and disinformation is especially crucial in rural and less developed regions that tend to be less resistant to such hybrid attacks.

ANNEX I - RELATIONS BETWEEN THE EU AND UKRAINE

After the start of Russia's war of aggression against Ukraine, Ukraine applied for EU membership on 28 February 2022 and was granted European perspective and candidate country status in June 2022. In December 2023, the European Council decided to open negotiations with Ukraine. The first inter-governmental conference opening the negotiations took place on 25 June 2024.

The screening (or the analytical examination of Ukraine's level of alignment with EU legislation and planned reforms) was completed in September 2025. The work is ongoing towards the opening of negotiations on clusters, starting with the fundamentals, as soon as possible in 2025.

The Association Agreement (AA) remains the basis for the cooperation between the EU and Ukraine in a broad range of areas. On 9 April 2025, the 10th meeting of the EU-Ukraine Association Council took place in Brussels. A wide range of political and bilateral issues were discussed, with a focus on the military, economic and social situation in Ukraine following Russia's war of aggression. The Association Committee in Trade Configuration (ACTC), which oversees trade relations, met in November 2024 and started the work on the priority action plan for the implementation of the DCFTA 2025-2026. The plan includes initiatives for gradual integration in the Single market.

In July 2025 the ACTC decided to grant reciprocal internal market treatment in the sector of roaming, which will apply as of 1 January 2026.

In July 2025, Ukraine and the EU concluded negotiations on the revision of the DCFTA, setting up a framework for long-term economic certainty and stable trade relations. The new trading regime was agreed by a joint decision in the ACTC on 14 October 2025 and entered into force on 29 October.

Despite growing trade integration, there remains unmet commitments breaching the DCFTA, such as wood ban, export duties on soybean and sunflower seed (and the recent adoption of additional export duties on soybeans and rapeseed by the Ukrainian Parliament) and discriminatory rules for EU participation in public-private partnerships. The suspension of State aid control does not appear to be aligned with the objectives of the DCFTA. These irritants have negative impact on EU companies, which wish to invest in Ukraine.

On **bilateral financial assistance**, since start of Russia's war of aggression, the EU, its Member States and the European financial institutions have stepped up their support in a Team Europe approach, mobilising EUR 177.6 billion for Ukraine's overall economic, social and financial resilience in the form of emergency macro-financial assistance, budget support, emergency assistance, crisis response, humanitarian aid and military assistance as well as support for people fleeing the war.

One core element of the EU's response to Russia's war of aggression against Ukraine and the latter's recently acquired candidate status for EU membership is the Ukraine Facility (UF). The UF has been operational since 1 March 2024 and is providing up to EUR 50 billion in stable, predictable and flexible support for the period 2024-2027 by combining budgetary support (Pillar I), investment incentives (Pillar II) and EU accession-related technical assistance (Pillar III). The EUR 38.27 billion Ukraine Plan financed under Pillar I is the main instrument for ensuring Ukraine's recovery, reconstruction and modernisation, while implementing reforms designed to underpin the country's accession process. The plan envisages an ambitious growth-enhancing reform agenda aimed at facilitating structural transformation while supporting Ukraine's path towards EU membership. The plan is complementary to the EU accession process as it has the potential to accelerate Ukraine's economic convergence upon successful completion, while simultaneously increasing alignment with the EU *acquis* in key areas. EUR 22.7 billion has been disbursed in the form of budgetary support for the implementation of the plan, with EUR 6.5 billion paid in 2025. In addition, under Pillar II, EUR 6.2 billion have been committed in blended finance grants and guarantees; this will allow the beneficiary international financial institutions to provide support to financial intermediaries and final beneficiaries in Ukraine for an amount of EUR 18 billion. Furthermore, under Pillar III, the EU has so far disbursed EUR 649 million in subsidy for borrowing costs and technical assistance, including EUR 10 million through the Ukraine2EU - EU Integration Support Programme for Ukraine, launched

in January 2025. This support aims to strengthen state mechanisms for the management of Ukraine's EU accession process and implementation of its related reforms. In a Team Europe spirit, the programme has mobilised financial contributions from Denmark, Lithuania and Sweden as well.

Since the beginning of Russia's war of aggression against Ukraine, the EU and its Member States have mobilised approximately EUR 4.2 billion in humanitarian assistance for Ukraine. The Commission alone has made available nearly EUR 1.2 billion, including an initial 2025 allocation of EUR 140 million.

To implement the commitment by G7 Leaders to provide approximately EUR 45 billion worth of loans to Ukraine to be serviced and repaid by future flows of extraordinary revenues stemming from the immobilised Russian sovereign assets, Regulation (EU) 2024/2773 creating the Ukraine Loan Cooperation Mechanism and providing exceptional macro-financial assistance to Ukraine in the context of Russia's war of aggression entered into force on 29 October 2024. In light of the confirmed contributions of G7 partners, ensuring fair burden sharing through a proportionate support to the size of their respective economies, the EU expects to provide a macro-financial assistance loan of approximately EUR 18 billion as its contribution to the initiative. EUR 14 billion has been disbursed since the beginning of 2025.

The EU and its Member States have also mobilised EUR 63.2 billion in military support for Ukraine, including EUR 6.1 billion under the EPF.

Given the context, **military and security cooperation** between Ukraine and the EU and its Member States was significantly increased, in particular within the framework of the EPF and through the EU Military Assistance Mission in support of Ukraine (EUMAM Ukraine) and the EU Advisory Mission for Civilian Security Sector Reform in Ukraine (EUAM Ukraine). In line with the EU-Ukraine joint security commitments, EUMAM Ukraine has completed the training of close to 80 000 Ukrainian soldiers on the territory of EU Member States, covering land, maritime and air domains. EUAM Ukraine continued providing support to its Ukrainian partners in reforming the civilian security sector as well as strengthening their capacity to address war related challenges, such as support to accountability efforts and re-establishment of the rule of law in the liberated and adjacent territories.

Ukraine is associated to 14 Union programmes Horizon Europe, Euratom Research and Training Programme, Digital Europe, Fiscalis, Customs, Creative Europe, EU4Health, LIFE, Single Market Programme, Union Civil Protection Mechanism, Connecting Europe Facility, Union Anti-Fraud, Justice, and Citizens, Equality, Rights and Values. In 2024, Ukraine became fully associated to the Media strand of the Creative Europe programme, marking an important step towards the integration of the Ukrainian audiovisual sector into the European ecosystem. In April 2025, Ukraine signed the agreement on participation in the Copernicus component, the Space Weather Events and Near-Earth Objects sub-components of the Space Situational Awareness component of the Union Space Programme. In July 2025, the agreement for Ukraine to join the Employment and Social Innovation (EaSI) strand of the European Social Fund+ was signed. Ukraine's financial obligations for its participation in EU programmes have been suspended owing to Russia's war of aggression.

Participation in the EU programmes brings several tangible benefits and support to Ukraine beyond the Ukraine Facility. For example: i) Ukraine has been awarded approximately EUR 62.5 million in EU contributions from Horizon Europe through 336 participations. Under the EURATOM 2021-2025, Ukraine has been awarded EUR 9.8 million in EU contributions through 32 participations; ii) Under the Creative Europe programme, a special call for proposals of EUR 5 million was launched in 2024 to support Ukrainian artists and organisations; iii) Ukraine's association to the Single Market Programme has enabled Ukrainian businesses to benefit from funding under the programme.

ANNEX II – STATISTICAL DATA

STATISTICAL DATA (as of 11/09/2025)

Basic data						
Population (thousand)	Note	2012	2020	2021	2022	2024
		45 453 i	41 733 i	:	40 998 i	:
Total area of the country (km²)	1)	603 549 w	603 549 w	603 549 w	603 549 w	603 549 w

National accounts						
Gross domestic product (GDP) (million national currency)	Note	2012	2020	2021	2022	2024
		1 404 669	4 222 026	5 450 849	5 239 114	6 627 961
Gross domestic product (GDP) (million euro)		136 750	136 595	168 960	154 006	:
GDP per capita (euro)	2) 3)	3 116 w	3 285 w	4 077 w	:	:
GDP per capita (in purchasing power standards (PPS))		:	:	:	:	:
GDP per capita (in PPS), relative to the EU average (EU-27 = 100)		:	:	:	:	:
Real GDP growth rate: change on previous year of GDP volume (%)		0.2	- 3.8	3.4	- 28.8	:
Employment growth (national accounts data), relative to the previous year (%)	2)	0 iw	- 4 iw	- 2 iw	:	:
Labour productivity growth: growth in GDP (in volume) per person employed, relative to the previous year (%)	2) 3)	0 w	0 w	6 w	:	:
Unit labour cost growth, relative to the previous year (%)		:	:	:	:	:
*3 year change (T/T-3) in the nominal unit labour cost growth index (2015 = 100)		:	:	:	:	:
Labour productivity per person employed: GDP (in PPS) per person employed relative to EU average (EU-27 = 100)		:	:	:	:	:
Gross value added by main sectors						
Agriculture, forestry and fisheries (%)		9.1	10.8	12.7	9.7	8.6
Industry (%)		25.2	20.9	23.7	18.9	19.9
Construction (%)		3.2	3.3	3.2	1.5	1.8
Services (%)		62.5 i	64.9 i	60.5 i	69.9 i	69.7 i
Final consumption expenditure, as a share of GDP (%)		86.9	92.6	86.9	104.4	102.8
Gross fixed capital formation, as a share of GDP (%)		19.0	13.4	13.2	11.9	19.9
Exports of goods and services, relative to GDP (%)		47.7	38.8	40.7	35.4	28.3
Imports of goods and services, relative to GDP (%)		56.4	40.3	42.0	52.0	49.2
Gross fixed capital formation by the general government sector, as a percentage of GDP (%)	2) 3)	:	3 w	3 w	:	:

Business						
Industrial production volume index (2015 = 100)	Note	2012	2020	2021	2022	2024
		134.0 w	102.8 w	105.0 w	66.5 w	73.4 w
Number of active enterprises (number)	2)	:	1 729 058 w	1 719 536 w	1 532 287 w	1 675 194 w
Birth rate: number of enterprise births in the reference period (t) divided by the number of enterprises active in t (%)	2) 4)	:	10.3 w	9.4 w	:	:
Death rate: number of enterprise deaths in the reference period (t) divided by the number of enterprises active in t (%)	2) 4)	:	10.8 w	16.1 w	:	:

People employed in SMEs as a share of all persons employed (within the non-financial business economy) (%)	2)	:	64.0 iw	63.9 iw	67.0 iw	:
Value added by SMEs (in the non-financial business economy) (EUR million)	2)	:	48 221 iw	59 859 iw	60 679 iw	:
Total value added (in the non-financial business economy) (EUR million)	2)	:	86 283 w	113 149 w	99 288 w	:

Inflation rate and house prices

Consumer price index (CPI), change relative to the previous year (%)	Note	2012	2020	2021	2022	2023	2024
2) 5)		0.6 w	2.7 w	9.4 w	20.2 w	12.9 w	6.5 w

Balance of payments

Balance of payments: current account total (million euro)	Note	2012	2020	2021	2022	2023	2024
Balance of payments current account: trade balance (million euro)	2)	- 11 153.4 w	4 735.0 w	- 3 369.7 w	7 635.7 w	- 8 846.6 w	- 12 618.9 w
Balance of payments current account: net services (million euro)	2)	- 16 997.3 w	- 5 867.8 w	- 5 689.0 w	- 14 130.5 w	- 26 932.5 w	- 28 140.2 w
Balance of payments current account: net services (million euro)	2)	5 835.4 w	3 845.7 w	3 368.9 w	- 10 736.5 w	- 8 097.8 w	- 5 085.4 w
Balance of payments current account: net balance for primary income (million euro)	2)	- 2 306.9 w	3 174.1 w	- 4 961.0 w	8 138.9 w	4 688.5 w	304.1 w
Balance of payments current account: net balance for secondary income (million euro)	2)	2 315.5 w	3 583.0 w	3 911.4 w	24 363.8 w	21 495.2 w	20 302.6 w
Net balance for primary and secondary income: of which government transfers (million euro)		- 484.5 w	- 1 183.4 w	- 1 278.8 w	15 843.7 w	11 835.4 w	9 993.7 w
*3 year backward moving average of the current account balance relative to GDP (%)	2)	- 5.3 iw	- 1.4 iw	- 0.4 iw	2.2 iw	- 0.8 iw	- 2.6 iw
*Five year change in share of world exports of goods and services (%)		:	20.2 w	31.3 w	- 22.3 w	- 29.5 w	:
Net balance (inward - outward) of foreign direct investment (FDI) (million euro)	2)	5 598.1 w	- 68.6 w	6 391.6 w	249.9 w	4 102.8 w	3 227.7 w
Foreign direct investment (FDI) abroad (million euro)	2)	938.3 w	13.5 w	- 171.0 w	333.7 w	39.7 w	- 150.5 w
of which FDI of the reporting economy in the EU-27 countries (million euro)	2)	100.4 w	- 65.7 w	- 165.3 w	- 100.7 w	20.3 w	- 64.5 w
Foreign direct investment (FDI) in the reporting economy (million euro)	2)	6 536.4 w	- 55.1 w	6 220.6 w	583.6 w	4 142.5 w	3 077.2 w
of which FDI of the EU-27 countries in the reporting economy (million euro)	2)	4 225.4 w	- 757.1 w	4 609.4 w	- 8.3 w	3 343.8 w	2 364.9 w
*Net international investment position, relative to GDP (%)		- 28.0 w	- 14.1 w	- 13.1 w	- 1.7 w	- 6.3 w	- 5.4 w
Year on year rate of change in gross inflow of remittances (in national currency) from migrant workers (%)	2)	1.0 iw	0.7 iw	1.0 iw	1.0 iw	1.0 iw	:

Public finance

General government deficit / surplus, relative to GDP (%)	Note	2012	2020	2021	2022	2023	2024
2) 6)		- 3.7 w	- 5.4 w	- 3.3 w	- 15.3 w	- 19.5 w	:
General government gross debt relative to GDP (%)	2) 7)	35.3 w	60.4 w	49.0 w	77.8 w	83.3 w	91.8 ew
Total government revenues, as a percentage of GDP (%)	2) 6)	42.9 w	39.6 w	37.0 w	50.1 w	54.0 w	:
Total government expenditure, as a percentage of GDP (%)	2) 6)	46.6 w	45.0 w	40.3 w	65.4 w	73.5 w	:

Financial indicators

Gross external debt of the whole economy, relative to GDP (%)	Note	2012	2020	2021	2022	2023	2024
2)		71.9 iw	74.6 iw	67.8 iw	79.7 iw	86.8 iw	:
Gross external debt of the whole economy, relative to total exports (%)	8)	151.7 w	192.4 w	165.6 w	225.8 w	306.5 w	333.3 w
Money supply: M1 (banknotes, coins, overnight deposits, million euro)	9)	30 674.8 w	30 226.3 w	41 433.7 w	40 342.0 w	44 143.0 w	48 473.6 w
Total credit by monetary financial institutions to residents (consolidated) (million euro)		:	:	:	:	:	:
*Annual change in financial sector liabilities (%)		:	:	:	:	:	:
*Private debt, consolidated, relative to GDP (%)		:	:	:	:	:	:

Interest rates: day-to-day money rate, per annum (%)		8.58 w	7.10 w	6.78 w	11.11 w	12.29 w	5.24 w
Euro exchange rates: average of period (1 euro = ... national currency)		11.075	30.910	32.261	34.019	39.539	43.469
Trade-weighted effective exchange rate index, 42 countries (2015 = 100)	10)	142.1 w	93.2 w	91.5 w	88.5 w	78.5 w	73.4 w
*3 year change (T/T-3) in the trade-weighted effective exchange rate index, 42 countries (2015 = 100)	10)	0.0 iw	0.1 iw	0.1 iw	- 0.1 iw	- 0.2 iw	- 0.2 iw
Value of reserve assets (including gold) (million euro)	8)	18 619.4 w	23 711.1 w	27 294.4 w	26 751.2 w	36 459.0 w	41 913.1 w

External trade in goods

Value of imports: all goods, all partners (million euro)	Note	2012	2020	2021	2022	2023	2024
	2)	64 707 iw	47 490 w	61 824 w	52 595 w	58 795 w	65 442 w
Value of exports: all goods, all partners (million euro)	2)	52 755 iw	43 053 w	57 718 w	41 752 w	33 481 w	38 573 w
Trade balance: all goods, all partners (million euro)	2)	- 11 952 iw	- 4 438 iw	- 4 106 iw	- 10 843 iw	- 25 314 iw	- 26 869 iw
Terms of trade (export price index / import price index * 100) (number)	11)	89.0 iw	105.0 iw	118.9 iw	78.8 iw	79.9 iw	95.4 iw
Share of exports to EU-27 countries in value of total exports (%)	2)	24.2 iw	36.4 iw	39.3 iw	63.6 iw	64.7 iw	59.5 iw
Share of imports from EU-27 countries in value of total imports (%)	2)	30.0 iw	42.6 iw	39.7 iw	49.1 iw	51.1 iw	50.5 iw

Demography

Crude rate of natural change of population (natural growth rate): number of births minus deaths (per thousand inhabitants)	Note	2012	2020	2021	2022	2023	2024
		- 3.1	- 7.8	:	:	:	:
Infant mortality rate deaths of children under one year of age (per thousand live births)		8.4	6.8	7.2	:	:	:
Life expectancy at birth: male (years)		66.1	:	:	:	:	:
Life expectancy at birth: female (years)		76.1	:	:	:	:	:

Labour market

Economic activity rate for persons aged 20–64: proportion of the population aged 20–64 that is economically active (%)	Note	2012	2020	2021	2022	2023	2024
	2) 3) 12)	72.4 w	72.0 w	71.9 w	:	:	:
Employment rate for persons aged 20–64: proportion of the population aged 20–64 that are in employment (%)	2) 3)	67.0 w	65.2 w	64.8 w	:	:	:
Male employment rate for persons aged 20–64 (%)	2) 3)	72.8 w	70.8 w	70.8 w	:	:	:
Female employment rate for persons aged 20–64 (%)	2) 3)	61.7 w	60.0 w	59.3 w	:	:	:
Employment rate for persons aged 55–64: proportion of the population aged 55–64 that are in employment (%)	2) 3)	40.0 w	42.1 w	41.1 w	:	:	:
Employment by main sectors							
Agriculture, forestry and fisheries (%)	2) 3) 13)	19.8 w	14.1 w	14.1 w	:	:	:
Industry (%)	2) 3) 13)	19.4 w	17.8 w	18.2 w	:	:	:
Construction (%)	2) 3) 13)	6.3 w	7.0 w	7.0 w	:	:	:
Services (%)	2) 3) 13)	54.5 w	61.1 w	60.7 w	:	:	:

People employed in the public sector as a share of total employment, persons aged 20–64 (%)		:	:	:	:	:	:	:
People employed in the private sector as a share of total employment, persons aged 20–64 (%)		:	:	:	:	:	:	:
Unemployment rate: proportion of the labour force that is unemployed (%)	2) 3) 13)	7.5 w	9.5 w	9.8 w	:	:	:	:
Male unemployment rate (%)	2) 3) 13)	8.5 w	9.8 w	9.5 w	:	:	:	:
Female unemployment rate (%)	2) 3) 13)	6.4 w	9.1 w	10.1 w	:	:	:	:
Youth unemployment rate: proportion of the labour force aged 15–24 that is unemployed (%)	2) 3) 13)	17.3 w	19.3 w	19.1 w	:	:	:	:
Long-term unemployment rate: proportion of the labour force that has been unemployed for 12 months or more (%)	2) 3) 13)	1.6 w	2.0 w	2.4 w	:	:	:	:
Unemployment rate for persons (aged 25–64) having completed at most lower secondary education (ISCED levels 0-2) (%)	2) 3)	7.1 w	16.3 w	15.3 w	:	:	:	:
Unemployment rate for persons (aged 25–64) having completed tertiary education (ISCED levels 5-8) (%)	2) 3)	5.6 w	7.4 w	8.5 w	:	:	:	:

Social cohesion

Average nominal monthly wages and salaries (national currency)	Note 2) 3) 14)	3 026 w	11 591 w	14 014 w	14 847 w	17 442 w	21 473 w
Index of real wages and salaries (index of nominal wages and salaries divided by the inflation index) (2016 = 100)	3)	:	158 w	175 w	:	:	:
Gini coefficient	2) 3) 9)	24 w	25 w	24 w	:	:	:
Poverty gap	2) 3)	20.5 w	21.2 w	21.7 w	:	:	:

Standard of living

Number of passenger cars relative to population size (number per thousand population)	Note	2012	2020	2021	2022	2023	2024
Number of mobile phone subscriptions relative to population size (number per thousand population)		1 307.8 w	:	:	:	:	:
Mobile broadband penetration (per 100 inhabitants)		:	:	:	:	:	:
Fixed broadband penetration (per 100 inhabitants)		8 w	:	:	:	:	:

Infrastructure

Density of railway network (lines in operation per thousand km ²)	Note	2012	2020	2021	2022	2023	2024
Length of motorways (kilometres)	2)	35.8 iw	32.8 iw	:	:	:	:
		15 w	15 w	15 w	15 pw	15 pw	:

Education, Innovation and Research

Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8)	Note 2) 3)	50.8 w	57.1 w	58.0 w	:	:	:
Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), males	2) 3)	44.1 w	49.7 w	51.4 w	:	:	:

Percentage of persons aged 30-34 with a tertiary education level (ISCED 2011 levels 5 to 8), females	2) 3)	57.6 w	64.8 w	64.8 w	64.8 w	:	:	:
Participation in early childhood education (children aged 3 and over)	2)	83.9 w	86.7 w	85.8 w	88.5 w	87.1 w	:	:
Participation in early childhood education (children aged 3 and over), males	2)	83.8 w	86.9 w	86.0 w	88.7 w	87.3 w	:	:
Participation in early childhood education (children aged 3 and over), females	2)	84.0 w	86.6 w	85.6 w	88.4 w	86.9 w	:	:
Low achieving 15-year-olds in reading		:	:	:	:	:	:	:
Low achieving 15-year-olds in mathematics		:	:	:	:	:	:	:
Low achieving 15-year-olds in science		:	:	:	:	:	:	:
Early leavers from education and training: proportion of persons aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		:	:	:	:	:	:	:
Early leavers from education and training: proportion of men aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		:	:	:	:	:	:	:
Early leavers from education and training: proportion of women aged 18-24 with at most lower secondary education (at most ISCED 2011 level 2) who are not in further education or training		:	:	:	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks)		:	0.5 w	0.5 w	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), men		:	0.5 w	0.5 w	:	:	:	:
Proportion of persons aged 25-64 having participated in education and training (last 4 weeks), women		:	0.4 w	0.4 w	:	:	:	:
Exposure of vocational education and training (VET) graduates to work-based learning (% of population aged 20-34)		:	:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74)		:	:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74), males		:	:	:	:	:	:	:
Share of individuals having at least basic digital skills (% of population aged 16-74), females		:	:	:	:	:	:	:
Public expenditure on education relative to GDP (%)	2)	6.4 iw	5.4 iw	5.1 iw	:	:	:	:
Gross domestic expenditure on R&D relative to GDP (%)	2)	0.72 iw	0.40 iw	0.38 iw	0.33 iw	0.32 iw	:	:
Government budget appropriations or outlays on R&D (GBAORD), as a percentage of GDP (%)	2) 15)	0.30 w	0.20 w	0.16 w	0.21 w	0.12 w	:	:
Percentage of households who have internet access at home (%)	2) 3) 16)	34.6 w	79.2 w	82.7 w	:	:	:	:

Environment		2012	2020	2021	2022	2023	2024
Index of greenhouse gas emissions, CO ₂ equivalent (1990 = 100)	Note	45.4 ew	33.8 ew	35.8 ew	24.4 ew	:	:
Energy intensity of the economy (kg of oil equivalent per 1 000 euro GDP at 2015 constant prices)	2)	214.0 dw	167.0 dw	:	:	:	:
Electricity generated from renewable sources relative to gross electricity consumption (%)		6.5 ew	11.5 w	10.6 w	:	:	:
Road share of inland freight transport (based on tonne-km) (%)	2)	31.7 w	42.3 w	39.3 w	46.0 pw	47.8 pw	:

Energy		Note	2012	2020	2021	2022	2023	2024
Primary production of all energy products (thousand TOE)			84 441	57 121	:	:	:	:
Primary production of crude oil (thousand TOE)			3 437	2 476	:	:	:	:
Primary production of solid fuels (thousand TOE)			39 052	12 690	:	:	:	:
Primary production of gas (thousand TOE)			15 413	15 856	:	:	:	:
Net imports of all energy products (thousand TOE)			38 499 i	29 487 i	:	:	:	:
Gross inland energy consumption (thousand TOE)			122 899	86 583	:	:	:	:
Gross electricity generation (GWh)			198 878	148 264	:	:	:	:

Agriculture		Note	2012	2020	2021	2022	2023	2024
Agricultural output volume index (at producer prices) (2015 = 100)		2)	90.6 w	102.6 w	119.4 w	89.2 w	99.1 w	92.9 w
Utilised agricultural area (thousand hectares)		1)	41 280.4 w	41 144.2 w	41 144.2 w	41 144.2 w	41 144.2 w	41 144.2 w
Livestock numbers: live bovine animals (thousand heads, end of period)		2)	4 645.9 w	2 874.0 w	2 644.0 w	2 307.1 w	2 156.2 w	2 023.7 pw
Livestock numbers: live swine (thousand heads, end of period)		2)	7 576.7 w	5 876.2 w	5 608.8 w	4 948.3 w	5 094.0 w	4 530.9 pw
Livestock numbers: live sheep and live goats (thousand heads, end of period)		2)	1 738.2 iw	1 140.4 iw	1 094.3 iw	941.4 iw	906.3 iw	847.0 piw
Raw milk available on farms (thousand tonnes)		2)	11 377.6 w	9 263.6 w	8 713.9 w	7 767.7 w	7 430.4 w	7 246.1 pw
Harvested crop production: cereals (including rice) (thousand tonnes)		2)	45 742.8 iw	64 333.4 iw	85 329.9 iw	53 529.6 iw	59 311.7 iw	55 539.3 piw
Harvested crop production: sugar beet (thousand tonnes)		2)	18 438.9 w	9 150.2 w	10 853.9 w	9 941.5 w	13 129.7 w	12 718.5 pw
Harvested crop production: vegetables (thousand tonnes)		2)	10 162.3 w	9 747.5 w	10 038.3 w	7 579.4 w	8 356.0 w	:

Source: Eurostat and/or the statistical authorities in Ukraine

: = not available

d = definition differs

e = estimated value

p = provisional

i = Eurostat estimate

w = data supplied by and under the responsibility of the national statistical authority and published on an "as is" basis and without any assurance as regards their quality and

adherence to EU statistical methodology

m = missing value / data cannot exist

* = Macroeconomic Imbalance Procedure (MIP) indicator

Footnotes:

- 1) Data of the State Service of Ukraine for Geodesy, Cartography and Cadastre and according to the new Classification of Land Types.
- 2) Since 2014, data for Ukraine generally excludes the illegally annexed Autonomous Republic of Crimea and the City of Sevastopol and the territories which are not under control of the Ukrainian government.
- 3) Data on Ukraine for the years 2021-2024 is limited due to exemption under the martial law from mandatory data submission to the State Statistics Service of Ukraine, effective as of 3 March 2022.
- 4) Excluding data on individual entrepreneurs.
- 5) Consumer price inflation.
- 6) Cash data (Government finance statistics manual 2014).
- 7) State and state guaranteed debt.

- 8) Assets and debt converted from US dollars to euro using cross rates at the end of the reporting year.
- 9) Monetary aggregate M1 includes: certain liabilities of resident deposit-taking corporations vis-a-vis resident sectors of the economy except general government and other deposit-taking corporations; currency in circulation outside the deposit-taking corporations; and transferable deposits in national currency.
- 10) Nominal effective exchange rate index of the hryvnia (2015=100), 39 countries; from 2022: 37 countries.
- 11) Rolling index, based on ratio in the previous period.
- 12) From 2019 data for economically active population is based on the Labour Force Survey.
- 13) Persons aged 15 years and over.
- 14) Data refer to enterprises and their independent divisions with 10 or more employees.
- 15) The share of R&D expenditure from the government budget in GDP.
- 16) Share of persons who used the internet at home.