

NATO-UKRAINE ANNUAL TARGET PLAN FOR THE YEAR 2007 IN THE FRAMEWORK OF NATO-UKRAINE ACTION PLAN

INTRODUCTION

The NATO-Ukraine Annual Target Plan (ATP) for the year 2007 is elaborated on the basis of the proposals of Ukraine's central executive bodies and state bodies, taking into account the results of the four previous NATO-Ukraine Target Plans (2003-2006) in the framework of NATO-Ukraine Action Plan, whose strategic goals, priorities and tasks remain valid.

In preparing the ATP, the experience of NATO-Ukraine cooperation in the framework of the Intensified Dialogue on Ukraine's aspirations to membership and relevant reforms, the Charter on a Distinctive Partnership, EAPC/PfP as well as NATO recommendations were taken into consideration.

The 2007 ATP is an important instrument for the activities of the Government of Ukraine directed at the intensifying internal reforms in the concrete spheres involving corresponding possibilities and mechanisms of NATO-Ukraine cooperation.

The ATP was developed and agreed in the framework of the National System of Coordinating NATO-Ukraine Cooperation, created according to the Decree of the President of Ukraine of March 13, 2006 N215/2006 "On National Coordinating System of NATO-Ukraine Cooperation". The Interagency Commission on Preparation of Ukraine for NATO Membership exercises advisory activities on improving state regulation in the sphere of Euro-Atlantic integration. Practical steps of NATO-Ukraine cooperation in political, military, information, economic, security, legal, financial and other spheres are within the competence of corresponding Interagency Working Groups within the Interagency Commission.

EXECUTIVE SUMMARY

GENERAL PROVISIONS

1. Ukraine's strategic course of Euro-Atlantic integration aimed at achieving full membership in the Alliance remains unchanged. Ukraine remains committed to fulfil all obligations within the NATO-Ukraine cooperation framework, including by supporting efforts to ensure regional stability and security and by conducting internal reform efforts aimed at meeting Euro-Atlantic standards.

2. Ukraine and NATO have built a solid foundation for cooperation and integration in the framework of the Partnership for Peace (PfP), the NATO-Ukraine Distinctive Partnership, the NATO-Ukraine Action Plan, and the Intensified Dialogue on Ukraine's Membership Aspirations and Related Reforms. 2007 will mark the tenth anniversary of the Charter on the Distinctive Partnership and the fifth anniversary of the Action Plan.

3. The NATO-Ukraine Annual Target Plan for 2007 (ATP-2007) will continue cooperation and implementation of obligations under the NATO-Ukraine Action Plan. The Interagency Commission on Preparing Ukraine for NATO Membership, and its subordinate working groups, will remain the core mechanisms for national coordination of NATO-Ukraine cooperation.

Foreign and Security Policy

4. Ukraine is committed to actively support peace and stability at the regional and global levels, maintaining good relations with neighbours, Ukraine has been and will remain an active supporter of peaceful resolution of conflicts, peacekeeping activities, and cooperation in the defence and security spheres with NATO, EU, UN and OSCE.

Contribution to International and Euro-Atlantic Security

5. In 2007 Ukraine will continue to develop its contributions to international security through participation in UN and NATO-led peacekeeping operations, in particular in KFOR and NATO's Training Mission Iraq (NTM-I), provision of airlift capabilities to NATO's logistic support of the African Union in Darfur (Sudan) and support for NATO and Allied operations in Afghanistan, including through participation in a Provincial Reconstruction Team. In 2007, Ukraine stands ready to further deepen support for the Alliance's collective defence and security efforts, particularly through the participation of two vessels in the Operation "Active Endeavour", deploying the first ship in spring 2007.

6. Ukraine remains fully committed to the fight against terrorism and to efforts to combat WMD proliferation. Ukraine continues to implement the Partnership Action Plan on Terrorism and is strengthening its efforts to ensure strict control over the export of armaments and dual-use goods taking part in international export control regimes, including the Nuclear Suppliers Group, the Zangger Committee, the Missile Technologies Control Regime, the Australia Group and the Wassenaar Agreement. Ukraine will continue working to further deepen bilateral relations with Allied intelligence services and law-enforcement authorities, including discussions on modalities for joining the Integrated International Data Base of individuals linked to terrorist organisations. Ratification of several international arrangements on extradition of suspects and coordination of criminal prosecutions will be the focus of the Ukrainian government's activity. For anti-terrorist

operations, the MOD is working to prepare its units according to NATO standards. The Interior Troops under the Ministry of Interior remain involved in international programmes to fight terrorism.

Regional Stability

7. Ukraine continues to contribute effectively to regional security and stability, using its solid knowledge of and strong cultural links within the Black Sea region and the post-Soviet area to resolve “frozen conflicts” in Abkhazia, South Ossetia, Nagorny Karabakh and Transdniestria based on the principles of sovereignty and territorial integrity. Particular efforts will be put toward supporting the resolution of the Transdniestrian conflict on the basis of the initiatives of the President of Ukraine “Through Democracy to Settlement” and support for the EU Border Assistance Mission (EUBAM) as well as cooperation with the European Union and the United States.

8. Ukraine continues to work closely with regional partners to develop the Community of Democratic Choice (CDC), as a unique format for developing interregional and interstate dialogue on democracy, human rights and the rule of law. Ukraine will also continue its regional leadership in the GUAM to ensure its full transformation into an Organisation of Democracy and Economic Development headquartered in Kyiv, as decided during the GUAM Summit in spring 2006. Ukraine continues to work with the Black Sea Economic Cooperation Organisation (BSEC) to implement the strategy set out in the “BSEC Economic Agenda” (2001).

Good-Neighbour Policy

9. Ukraine’s good neighbour-policy aims to deepen regional partnership and intensify trade and economic cooperation.

10. Ukraine remains committed to friendly relations with all neighbouring states and peaceful resolution of disputes. Ukraine has a well-defined land border with all of its NATO neighbours and continues to strengthen confidence- and security-building measures with them in cross-boundary regions. At the same time, Ukraine will continue negotiations with the Russian Federation on delimitation of its maritime border and demarcation of its land border, and with Belarus encouraging it to ratify the 1997 Agreement.

Internal Policy Goals

11. In 2006, Ukraine introduced political reforms to enhance the role of the parliament and improve checks and balances between the legislative and executive powers. Legislation is now being developed to delineate responsibilities and relationships between state institutions more transparently.

12. In order to complete implementation of PACE commitments, Ukraine continues work on the Code of Criminal Procedure in the framework of a broader criminal justice sector reform, as well as on the reform of the Prosecutor General’s Office in line with European standards.

13. Ukraine is firmly committed to further strengthening guarantees of freedom of expression, including freedom of the press and free access to information. In 2006, Ukraine strengthened legislation designed to protect the professional activities of journalists and ensure freedom of information. State authorities are closely monitoring its

full implementation and taking actions to prevent monopolisation of national mass media. Ratification of the European Convention on Trans-border Television Broadcasting and revision of the Information Code in accordance with Council of Europe standards remain on the agenda.

14. Ukraine will continue to facilitate the development and strengthening of civil society and civic freedoms, notably through the adoption of legislation guaranteeing the right of peaceful assembly, implementation of the recommendations of the European Committee on prevention of torture, improvement of access to the judicial system through free judicial consultative centres at the local level. In 2007, Ukraine intends as well to further strengthen inter-agency cooperation to ensure ethnic minorities' rights. The State Committee on Nationalities and Minorities will work to further improve migration policy and legislation on migration and ethnic minorities. The Ministry of Foreign Affairs will continue to coordinate Ukraine's work with the International Organisation for Migration (IOM).

15. Ukraine also continues to strengthen civilian, democratic control over the Armed Forces and the whole security sector. Further changes to legislation and regulations governing democratic oversight of intelligence will be developed in 2007 on the basis of the security sector review and the work of the NATO-Ukraine Working Group on Civil and Democratic Control of the Intelligence Sector, under JWGDR, which held its inaugural meeting in Sintra in October 2006.

16. The Ministry of Defence is further strengthening its system of democratic management and oversight, including MOD oversight of defence policy, forces planning (including PARP), resource management, and personnel management. The proportion of civilian personnel in the Ministries of Defence and Interior will be further increased. Officials from the MOD and other security institutions will continue to be trained through the NATO-Ukraine JWGDR Programme for Professional Development of Civilian Personnel. Establishment of MOD CIMIC units is under way. The MOD also improved transparency on defence policy, especially through publication of the White Book 2005. These efforts will continue in 2007.

17. Ukraine is actively working to strengthen the role of civil society in democratic oversight of the security and defence sector. Public boards have been established at the Ministry of Defence, the Ministry of Foreign Affairs, the Ministry of Interior, as well as at the State Border Guard Service. In 2007, Ukraine will work with NATO to increase the expertise of civil society in support of security sector and defence reform through the Partnership Network for Civil Society Expertise Development, based on the letter of intent signed at Sintra in October 2006.

18. Ukraine will intensify its fight against corruption through implementation of the National strategy on the fight against corruption, the UN Convention Against Corruption, and the Council of Europe Criminal Convention Against Corruption, together with an additional protocol. Major measures will include the submission of draft laws on the fundamentals of the fight against corruption and legal entities' responsibility for corruption activities to Parliament. In order to combat money laundering and terrorist financing, Ukraine continues to adapt its legislation to international standards, including implementation of Financial Action Task Force on Money Laundering (FATF) recommendations. The State Committee on Financial Monitoring continues to work on drafting amendments to the existing legislation on money laundering. Ukraine continues to participate actively in the training for specialists on financial monitoring.

Economy

19. In 2007, Ukraine will maintain a balanced economic policy aimed at achieving GDP growth of 6.5%, maintaining inflation at or below 7.5%, and increasing real income growth by 7.9%. Ukraine remains committed to joining the WTO, both as an integral part of the overall process of economic reform and as an important element of the internal economy. In 2007, Ukraine plans to complete the ratification of relevant protocols and internal legislation. Ukraine will also provide adequate social protections, modernise the pension system, and update relevant legislation.

20. In order to guarantee property rights and a stable, predictable investment climate, Ukraine will enhance transparency and efficiency in the privatisation processes. Ukraine will also bring legislation on the economic rights and freedoms of citizens, including intellectual property rights, in compliance with international standards. Ukraine plans to continue strengthening national energy security by diversifying fuel and energy sources and ensuring the security of oil and gas transit pipelines on its territory, in particular through launching strategic projects including "Eurasian Oil Transport Corridor", and the establishment of a Joint State Energy Crisis Management Centre. In 2007, Ukraine will further strengthen its security and the viability of the defence industrial sector by implementing a State Programme of Reform and Development in this area until 2010.

21. Ukraine will seek to further strengthen NATO-Ukraine economic cooperation through consultations in the framework of the NATO-Ukraine Joint Working Group on Economic Security. In 2007, Ukraine looks forward to hosting an energy security seminar of this Group postponed from 2006. Internal actions will include the drafting of a State Programme of Ukraine-Allied Economic Cooperation until 2010 and a Programme of NATO-Ukraine military and technical cooperation until 2010.

Information Policy

22. The government of Ukraine regards information activities as a top priority of its Euro-Atlantic integration policy. In 2007, the government of Ukraine will undertake an intensified information campaign aimed at achieving better understanding of NATO basics, Alliance activities and the transformation process within Ukrainian society. Special attention will be paid to raising public awareness at the regional level, in particular in cooperation with local authorities. Ensuring sufficient state funding remains crucial in this regard.

23. Ukraine will continue implementing the State Programme on Public Information on Ukraine's Euro-Atlantic Integration for 2004-2007, using the mechanism of the National Coordination System for NATO-Ukraine Cooperation. This programme focuses on cooperation between national ministries and agencies with regional and local authorities, as well as with relevant NGOs. Cooperation with NATO in this area will be used as a tool to help catalyze internal actions. The government of Ukraine intends also to develop the above-mentioned Programme for the years 2008-2011.

24. The goal of the public awareness campaign is to ensure sufficient public understanding of NATO and NATO-Ukraine cooperation, as well as support for reforms related to Euro-Atlantic standards and eventual support for membership in a referendum.

Security Sector Reform

25. Ukraine continues to implement its National Security Sector Reform and is conducting an ongoing comprehensive review of the security sector, under the overall coordination of the National Security and Defence Council. In 2006 Ukraine completed the first phase of the Review – the threat and risk assessment until 2015 – and on this basis developed a draft National Security Strategy (NSS). Ukraine has also begun a detailed review of its security sector institutions and is working in parallel to develop a new model of this sector until 2015. After this, Ukraine intends to publish a “White Book on the National Security Strategy of Ukraine” in order to ensure public transparency in security sector reform. In 2007, Ukraine intends to complete this phase of the review and begin specific reforms to implement the new security sector model.

26. Ukraine has taken a number of concrete steps to implement criminal justice reform. Implementation of the concept of criminal justice reform has been started, along with drafting of relevant legislation and development of a new Criminal Procedural Code and the Administrative Code. A draft constitutional amendment to reform the General Prosecutor’s office has been developed, and Ukraine is looking to amend legislation governing operational searches by law-enforcement bodies. These efforts will continue throughout 2007.

27. Work continues to clarify the status, tasks and missions of the Interior Troops in the framework of their transformation into a National Guard or Gendarmerie and is working to establish an International Training Centre for forces providing public order. The Border Guard Service is working on a special programme on border control with NATO and individual NATO member states. The Ministry of Emergencies continues to reform its medical structure and civil protection units according Euro-Atlantic standards.

28. Ukraine has made progress in reforming the intelligence sector. Amendments to legislation governing the security service were drafted in accordance with PACE obligations, and the SBU has begun shedding extraneous functions, resulting in the creation of an independent State Service of Special Communication and Information Protection. Ukraine is also drafting amendments to legislation on the Foreign Intelligence Service (FIS). Ukraine continues close consultations with international organisations and bilaterally with NATO Allies on reforming the Security Service of Ukraine, the Foreign Intelligence Service, the State Border Agency and military intelligence. Key issues include demilitarisation, personnel, transparency, public oversight. In 2007, Ukraine will continue to elaborate special programmes in this area within the framework of wider security sector reform.

29. In 2007, Ukraine will continue close cooperation with NATO in support of security sector reform, including in the framework of the JWGDR and the ID. Ukraine is committed to maximizing the impact of the non-governmental sector in supporting security sector reform, transparency, and public oversight, and has designated the NCEAI as the official point of contact for facilitating the NATO-Ukraine Partnership Network for Civil Society Expertise Development. Ukraine will also work with NATO to further increase the positive impact of the JWGDR Programme for Professional Development of Civilian Personnel on security sector reform by extending its application in the security sector and civil service. Ukraine will work with NATO to consider how harmonisation efforts, currently focused on the defence sector, might be used to support security sector reform.

Defence

30. Ukraine's Defence Policy is directed at ensuring the inviolability of national sovereignty and territorial integrity, as well as working together with international partners and potential future allies to ensure national security, counteract possible threats to the stability of Central and Eastern Europe, and support wider efforts to foster international stability and security. Ukraine continues to reform its Armed Forces, through implementation of the State Programmes for the Development of Ukraine's Armed Forces 2006-2011 and for the Development of Armaments and Military Equipment until 2009. Key priorities include the strengthening of civil management and oversight (addressed earlier), improving defence planning and resource planning, developing deployable and operational capabilities, streamlining support systems and infrastructure, and reducing or eliminating redundant structures and infrastructure.

31. In 2007, the MOD will pay increased attention to reform of the personnel management system. The MOD appreciates the support of Allied advisors in the area of defence management, and will continue to focus on training personnel, through PfP and bilateral activities, especially in the framework of the JWGDR Professional Development Programme.

32. The Ukrainian Armed Forces have taken concrete steps to enhance their ability to support NATO-led peace support and crisis response operations. The process of developing a NATO-compatible Joint Operational Command (JOC) has begun. In 2007, the JOC will assume control of all forces and personnel assigned to international operations; by the end of 2008 it will also assume control of all joint Armed Forces' missions. In addition, Ukraine has begun to improve interagency coordination, particularly in the area of crisis management (CRM) and civil emergency preparedness (CEP). The development of deployable capabilities took a major step forward with the completion of the Joint Rapid Reaction Forces (JRRF) in 2006. Continuing efforts in 2007 to strengthen interoperability for the Operational Capability Concept (OCC) and Partnership for Peace (PfP) units at JRRF's core will ensure a good basis for eventually developing the full interoperability of all JRRF forces.

33. Ukraine continues practical efforts to implement the transition to all volunteer forces by 2010. The implementation of a pilot project by which one brigade in each service (Army, Navy and Air Force) uses a full volunteer (i.e. contract-manning) system continues. The Army's professionalisation will be supported by the establishment of a recruiting system and the development of a professional NCO corps.

34. In 2006, Ukraine formally requested participation in NATO's Air Situation Data Exchange (ASDE) program. An inter-agency working group has been created to address the issue and there have been active consultations with NATO on relevant interoperability issues. In 2007, Ukraine will work to use ASDE effectively to improve national procedures for civil-military coordination and provide support to NATO in case of aviation emergencies or terrorist acts. In 2007, Ukraine will also work to introduce a NATO-compatible air SAR system.

35. Ukraine remains committed to full implementation of Partnership Goals and effective use of international cooperation. In addition to increased MOD leadership in PARP, the General Staff has set up a separate PARP division within the J-3. Ukraine has improved mechanisms to help harmonise NATO and bilateral cooperation, and made the

harmonisation matrix developed in 2005 an obligatory guiding document. Ukrainian input to the Military Committee plus Ukraine Work Plan is also synchronised to this matrix. This matrix will continue to be updated and improved in 2007.

36. In conformity with its dedication to regional initiatives, Ukraine will also continue to contribute to BLACKSEAFOR and work toward participation in the Turkish-led naval operation Black Sea Harmony. Ukraine will pursue full membership in the Council of Ministers of Defence of Countries of South-East Europe (SEDM). In 2007, a Ukrainian liaison officer will be sent to the Multinational Peacemaking Forces of South-East Europe (SEEBrig) HQ.

37. Ukraine appreciates the assistance provided by Allies in the framework of joint programmes helping to address legacy issues. The NATO/PfP Ukraine II Trust Fund began practical operation in 2006, and the first step – disposal of 1,000 MANPADS – was completed in September 2006. Early in 2007, destruction of SALW and Munitions is expected to begin. Ukraine has also started negotiations with NAMSA and OSCE concerning the disposal of “melange” liquid rocket fuel. Ukraine appreciates continuing consultations with Allied and NATO experts to pursue clean-up of the former munitions storage site at Novobohdanyvka, and to improve the safety, security and lifecycle management of munitions. In 2007, Ukraine intends to increase budget resources dedicated to all of these problems.

38. Ukraine highly appreciates the continuing NATO resettlement project and PfP Trust Fund on adapting former military personnel to civil life. Based on this experience and expert consultations with a NATO expert team in 2006, Ukraine’s MOD has ensured for the first time significant funding to build its own resettlement system in 2007.

Resources Issues

39. The main priorities for the state budget are to maintain a high level of national defence and security, to support economic competitiveness, to ensure sustainable development, and to provide for social and economic growth at the regional and local levels. Within these priorities, Ukraine is committed to allocate sufficient funds to ensure an adequate level of NATO-Ukraine cooperation and to achieve objectives within the Euro-Atlantic integration process. For 2007, this has been done in accordance with the process of forming the State Budget, based on the key national security and defence priorities identified by the security and defence institutions.

40. The State Budget also allocates funds for relevant central executive bodies for implementing measures in the sphere of European-Atlantic integration.

41. In 2007, it is planned to increase state budget expenditures for defence by € 171,6 million, compared to 2006 levels. Based on the government’s approved mid-term projections, 1,48% of GDP will be allocated to defence needs in 2008, 1,51% in 2009, and 1,5% in 2010. Allocations for public order and judicial needs are envisaged to be 2,54% of GDP in 2008, 2,56% in 2009, and 2,57% in 2010. This level of budget allocations should support improvement of the security sector and force structure, strengthening of border security, and re-equipment of forces.

Information Security

42. Ukraine considers the implementation of NATO standards in its information protection system to be a crucial component of Ukraine's information security reform, which is based on implementation of the National strategy on classified information protection. As a part of this reform, the Security Service of Ukraine (SBU) is studying the possibility of forming a special national security agency responsible for protecting both national and NATO classified information. The SBU will continue to work closely with the State Service of Special Communication and Information Protection (SSSCIP) to ensure technical protection of classified information.

43. The Security Service of Ukraine continues to work with the NATO Office of Security and relevant Allied authorities to ensure effective mutual protection of classified information. During 2006, the NATO Office of Security found the state of protection of NATO classified information protection in Ukraine to be satisfactory. The SBU will continue to ensure adequate protection of NATO classified information by all state authorities, enterprises and institutions which have access to such information. It is also planned to continue expert training, including at relevant Allied educational institutions, in the area of classified information protection (documents and INFOSEC system).

44. In 2006, Ukraine launched several new segments in the National Confidential Communication System with NATO-compatible information protection procedures. In 2007, this will include as well a secure communication link between Ukraine's Mission to NATO and relevant central authorities in Kyiv.

Legal Issues

45. Ukraine will continue to take steps to ensure proper implementation of existing legal cooperation instruments with NATO, including legislative amendments as necessary. Training of personnel on legal issues related to Euro-Atlantic integration will remain a high priority.

46. Inter-agency consultations will continue on the adoption of the text of a NATO-Ukraine transit agreement, including in support for ISAF.

47. Ukraine will seek improvements in the implementation of the law on the deployment of foreign armed forces to Ukraine, in particular in the context of international exercises. 2007 activities should be based on lessons learned from the existing practice of organising exercises, with special attention to HNS and SOFA issues.

SECTION 1 POLITICAL AND ECONOMIC ISSUES

1. FOREIGN AND SECURITY POLICY

During the years of independence Ukraine has become firmly established as a state that conducts its foreign policy on the principles of international law, equality and mutually beneficial cooperation. Maintaining democratic principles, the rule of law, aspiring to generally recognized European values is a considerable factor in the success of foreign policy initiatives.

Ukraine implements a gradual foreign policy according to the obligations in the framework of the strategic course for integration into Euro-Atlantic and European structures. With the April 21, 2005 launch of the NATO-Ukraine Intensified Dialogue, Ukraine took a significant step toward implementation of one of its foreign policy priorities and created preconditions for raising the format of its cooperation with NATO to a qualitatively new level.

Ukraine is a member of the UN, the OSCE and the Council of Europe. These organisations are aimed at the maintenance of peace, stability and democracy in Europe and throughout the world. Ukraine participates actively in the activities of the aforementioned international organizations, in particular by fighting international terrorism.

Ukraine implements a balanced and constructive policy in the region of Central-Eastern Europe, and plays an important role in guaranteeing stability and security in the post-Soviet area. Ukraine was among the initiators of the Community of Democratic Choice (CDC), which aims to spread and protect democracy at the regional level. Ukraine maintains good relations with all neighbor-states and participates in regional organizations such as GUAM (Georgia, Ukraine, Azerbaijan and the Republic of Moldova) and the Central European Initiative. Ukraine implements an active policy aimed at ensuring peace and stability in the South-Eastern Europe and Black Sea region. Ukraine develops constructive relations with the Russian Federation on the basis of strategic partnership. It corresponds to the national interests of state.

1.1.1. Cooperation with NATO in the sphere of supporting security of Euro-Atlantic space. Participation and support of NATO-led operations and missions

Ukraine pays appropriate attention to issues of priority importance to Allies within Euro-Atlantic Partnership Council (EAPC), particularly to support the democratic values of partnership, fighting trafficking in human beings, countering organised crime and drug trade.

Ukraine shares the goals of the NATO Partnership Policy and commits to active participation in Partnership for Peace (PfP) activities, according to the PfP Framework document signed in 1994. The aim of Ukraine's participation is to use the experience and support of NATO, especially in reforming Ukraine's defence and security sector. Ukraine intends to achieve an appropriate level of military interoperability with armed forces of NATO member-states and deepen cooperation in civil emergency planning and other spheres of mutual interest.

Ukraine plans to intensify implementation of existing practical mechanisms to achieve the necessary level of interoperability with Allied armed forces through active

participation in the relevant programs – PARP, MTEP, OCC, TEEP and the regular conduct of joint military training to assess gained experience.

Ukraine's defence and security policy is directed at the modernization of its armed forces in order to ensure sovereignty, independence and territorial integrity of the state, counter current threats, achieve NATO standards in the sphere of civil control and transparency, and strengthen interoperability with Alliance forces. According to commitments undertaken, Ukraine will provide support to NATO operations, particularly in the field of logistic and strategic air transportation, including by implementing Memorandum of Understanding between Ukraine and NATO on Strategic Airlift.

Ukraine contributes substantially to security in the Euro-Atlantic area, providing support to and participating in NATO missions and operations in Kosovo, Afghanistan, in the Mediterranean and in Iraq, and plans to extend such support.

Ukraine will continue to support Alliance peacekeeping efforts in the Balkans, particularly via the participation of the Ukrainian contingent as a part of the Ukrainian-Polish battalion in KFOR. Last year, there was an increased number of Ukrainian Armed Forces peacekeeping personnel in the headquarters of both KFOR and MNTF "East". An option of sending additional troops to Kosovo at the end of 2007 is currently under consideration.

Ukraine's policy on Iraq following withdrawal of the Ukrainian peacekeeping contingent in December 2005 foresees continued contributions to the development and stabilization of the country, particularly via the involvement of the Ministry of Defence (MOD) as well as other ministries in activities aimed at providing assistance in the training of the Iraqi Security Forces. Currently, Ukraine remains the only PfP nation taking part in the NATO Training Mission – Iraq.

Ukraine took part in Alliance efforts in support of the African Union peacekeeping mission in Darfur (Sudan).

In order to consolidate its efforts in the struggle against terrorism, Ukraine has launched a Contact Point Cell in the framework of NATO antiterrorist operation "Active Endeavor" (OAE), which provides for information exchange with NATO. Ukraine and NATO continue to prepare Ukrainian Naval assets for practical participation in the operation.

Ukraine supports NATO efforts in Afghanistan, aimed at the consolidation of society, economic reconstruction of the state, expanding security and control over the territory of the country. Ukrainian air transport has been involved in providing transportation of cargoes for Canada, the Czech Republic, France, Germany, Great Britain, Italy, the Netherlands, Poland and the USA, in the framework of their participation in the ISAF. Preparation for the deployment of Ukrainian peacekeeping personnel (up to 10 persons) to Afghanistan as staff of Lithuanian-led PRT is ongoing.

Actions:

- 1.* Hold NATO-Ukraine Commission meetings at the level of the Foreign Ministers, Defence Ministers and Ambassadors; organise high level Ukraine-NATO expert consultations and consultations within joint working groups on issues related to defence reform, economic security, civil emergency planning, science, environmental protection and defence and technical cooperation in the framework of Ukraine-NATO Commission activity.¹
2. * In the context of the Intensified Dialogue and the NATO-Ukraine Action Plan, hold consultations with the NATO Political Committee on urgent issues of Ukraine's foreign policy and aspects of domestic policy relevant for NATO.
- 3.* Ensure the continued effectiveness of the Ukrainian contingent in the Ukrainian and Polish Battalion of KFOR ‡.
4. * Work to increase the size of Ukraine's national contingent within KFOR ‡.
5. * Continue consultations with NATO military structures and bilateral cooperation with NATO member-states, Iraq and Afghanistan to determine modalities for Ukraine's optimal contribution to the peaceful reconstruction of these countries.
6. * Work on the issue of participation of Ukraine in ISAF.
7. * Participate in the NATO Training Mission – Iraq (NTM-I)‡.
8. Provide an air corridor for NATO member-states' military transport aircrafts over Ukrainian territory in support of the operation in Afghanistan.
9. * Specify and implement the priority directions of the Armed Forces of Ukraine development to achieve the correspondence to NATO military standards.
10. * Continue cooperation with NATO member-states and partner-nations within the Euro-Atlantic Partnership Work Programme and the NATO-Ukraine Individual Partnership Programme.
11. Continue work on increased involvement of Ukrainian peacekeeping personnel in existing and future UN peacekeeping missions.
12. Summarize the experience of the Armed Forces of Ukraine in peacekeeping activity and publish relevant annual analytical study book.
13. Hold international seminar on learning experience of armed forces in coalition operations together with Foreign Military Studies Center of the US Land Forces.
14. * Complete preparation and certification, with the assistance of NATO experts, of Ukrainian Navy assets for practical participation in OAE ‡.

1.1.2. Fighting terrorism

Ukraine implements active anti-terrorist activities, supporting international community efforts to counter global terror threats. The state system of fighting terrorism, coordinated by the Antiterrorist Centre of the Security Service of Ukraine, created in 1998, directs its efforts at prevention, detection and stopping terrorist acts and crimes of a terrorist character. The legal basis of the activity of the Centre is determined by the provisions of the Law of Ukraine "On Fighting Terrorism" (2003) and relevant Decrees of the President

¹ * denotes joint NATO-Ukraine actions

‡ Included in MC+UKR Work Plan 07

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of Ukraine. The list of terrorist activities, which corresponds the requirements the UN Security Council Resolution 1373 (2001) is determined by the Law. In 2006 the amendments to the criminal legislation of Ukraine were made according to the CoE Convention on Terrorism Prevention.

Ukraine pays great attention to international cooperation in countering terrorism and cooperates effectively with international organisations. In order to strengthen the level of cooperation with NATO, Ukraine is interested in intensifying its participation in the framework of Partnership Action Plan against Terrorism.

Actions:

1. *Hold the third Ukraine-NATO special seminar to exchange experience in reacting to modern threat to international security, in particular financing of terrorism, transnational crime and money laundering.

2. Work over the possibility of creating a group of liaison officers at the embassies of Ukraine in NATO member-states as well as relevant international organisations, responsible for countering transnational organised crime and terrorism.

3. Continue coordinating efforts of the Armed Forces of Ukraine and the USA on the military aspects of fighting international terrorism through the group of liaison officers of the Armed Forces of Ukraine to the Central Command of the USA Armed Forces (Tampa, Florida).

4. Continue working toward the creation of a common international data bank of persons related to the activity of international terrorist organizations. Improve the mechanism of informational interaction of Anti-terrorist Centre of the Security Service of Ukraine with the Ministry of Interior, the State Border Guard Service of Ukraine, the Foreign Intelligence Service and other foreign entities dealing with the struggle against terrorism, with a view to the creation of a united automated information system.

5. * Continue jointly with the special services of NATO member-states work on revealing international criminal groups and channels of financing for terrorist organisations.

6. Initiate steps to involve the Ministry of Interior in international programmes to fight terrorism. Submit to the relevant NATO structures well-grounded proposals to involve the Ministry of Interior in international programmes to fight terrorism.

7. *Hold consultations with NATO and NATO member-states to improve training and participation of Ukrainian naval assets in Operation Active Endeavour (OAE).

8. *Ensure functioning of the Contact Point and information exchange on suspicious vessels within Ukraine's contribution to Operation Active Endeavour (OAE).

9. Ensure training of Ukrainian Armed Forces' personnel involved in participation at antiterrorist activities.

10. Ensure participation of representatives of Military Law-Enforcement Service Armed Forces of Ukraine in international courses, seminars, training courses and conferences on fighting terrorism, in particular within the framework of the NATO-Ukraine IPP.

11. *Participate in available activities of the permanent working groups of the NATO Air Traffic Management Committee.

12. *Participate in available activities in the framework of the Conference of National Armaments Directors (CNAD) Programme of Work and Defence against Terrorism.

1.1.3. Policy of Ukraine on resolving “frozen” conflicts

Ukraine makes considerable efforts to resolve long-term “frozen” conflicts in the region on the basis of peaceful agreements.

Ukraine promotes the settlement of the Transdnestrian conflict and supports continuing negotiations on the basis of the Ukrainian plan for a peaceful settlement in the broadened (with participation of the USA and EU) format.

Ukraine appreciates the good organisation of the work of the European Commission Border Assistance Mission to Republic of Moldova and Ukraine and its orientation toward harmonisation of standards and procedures of border management, strengthening cooperation of border and customs services, and provision of analysis of potential threats.

Ukraine supports the peaceful settlement conflicts in Republic of Moldova (Transdnestria), Georgia (Abkhazia and South Ossetia), and Azerbaijan (Nagorny Karabakh) on the basis of principles of territorial integrity and respect to their sovereignty.

Actions:

1. * In the context of the Intensified Dialogue, hold consultations with NATO on peacekeeping and Euro-Atlantic stability measures, including on the Southern Caucasus and the Republic of Moldova, bearing in mind NATO's stance with regard to the resolution of these conflicts.

2. Provide assistance to resolving "frozen" conflicts, in particular, in Republic of Moldova (Transdnestria), Georgia (Abkhazia and South Ossetia), and Azerbaijan (Nagorny Karabakh).

3. Ensure consistent implementation of the Memorandum of Understanding between the Government of Ukraine, the Government of the Republic of Moldova and the European Commission Border Assistance Mission to Moldova and Ukraine in order to increase effectiveness of border and customs control on the Transdnestrian segment of the Ukraine-Moldavian state border.

1.1.4 Participation of Ukraine in the international organizations and regional initiatives

1.1.4.1 The Council of Europe (CoE)

In the context of further development of cooperation with the Council of Europe (CoE), Ukraine will direct its efforts to the improving, developing and implementing new legislation in accordance with European standards in the field of human rights and the rule of law. Ukraine will continue to cooperate actively with CoE structures in the following fields: ensuing media and press freedom; developing a tolerant society based on democratic standards; guaranteeing social rights and rights of national minorities, gender equality, and protection of children; and uniting efforts to strengthen the fight against terrorism, corruption and organized crime.

Ukraine participates in the Council of Europe programmes to prepare aspirants for EU membership.

Actions:

1. Ensure participation of Ukrainian representatives in CoE structures dealing with counteracting international drug trafficking, money laundering, corruption, organised crime and terrorism ("Pompidou Group", "GRECO", "Venice Commission", etc.).

2. Ensure participation in programmes and projects under the Council of Europe on preparation of EU aspirants' states.

1.1.4.2. Organization of Security and Cooperation in Europe (OSCE)

As an active OSCE member, Ukraine is interested in using this organisation to strengthen democracy in the European area, ensure territorial integrity and inviolability of its borders, and promote stable economic development. Ukraine will make efforts to maintain balance among the three dimensions of the OSCE activity, in particular, strengthening the economic and ecological dimensions as well as the Organization's analytical potential and readiness to undertake preventive actions.

Welcoming the results of common activity with the OSCE/ODIHR Election Observation Mission, Ukraine will continue active cooperation with the OSCE in the sphere of improving its electoral process. The unbiased assessments of the electoral process in Ukraine, as recognised by the international observers, corresponded to the obligations taken by Ukraine in the frameworks of the OSCE and other international organisations. This provides an indispensable prerequisite for Ukraine's further integration into the European and Euro-Atlantic structures.

Actions:

1. Provide active participation in the OSCE Annual meeting on commitments in the field of human resources (Warszawa, Poland) as well as in the OSCE/ODIHR seminars and conferences on tolerance and non-discrimination.
2. Ensure participation of Ukrainian representatives in negotiations in the framework of the OSCE Forum on Security Cooperation, Joint Consulting Group, created according to the Treaty on Conventional Armed Forces in Europe and the Advisory Commission on Open Skies created according the Open Skies Treaty.
3. Continue holding consultations with the OSEC on providing assistance to Ukraine in the sphere of "melange" fuel elimination.

1.1.4.3. Organization for Democracy and Economic Development - GUAM

Ukraine considers the Organisation for Democracy and Economic Development – GUAM (Georgia, Ukraine, Azerbaijan and Republic of Moldova) to be an important regional organisation, called upon to implement practical projects in the interest not only of its member-states but also for the European space as a whole.

Ukraine will support the efforts of GUAM to implement priority directions of cooperation, determined in particular by the provisions of the GUAM Yalta Charter as well as the Charter and Resolutions of the Kyiv Summit (2006): deepening trade links; development of transport infrastructure, harmonisation of legal and institutional structures, unification to tax regulations with world standards; ensuring energy security; fighting international terrorism, organised crime, illegal migration and drug trafficking. Practical implementation of concrete tasks foresees the creation of a free trade zone among GUAM states, as well as cooperation in the border and customs fields.

Actions:

1. Continue Ukraine's active participation of Ukraine in GUAM activity, including through strengthening the Organisation's interaction with leading international organisations and regional structures in the spheres of mutual interest.
2. Continue to work on creation of free trade zone among the GUAM states.
3. Ensure participation in operations on countering drug trafficking, organised crime, human and arms trade, illegal migration and terrorism, conducted within GUAM.
4. Ensure functioning of the GUAM Virtual Centre on fighting terrorism, organised crime, drug trafficking and other dangerous crimes.
5. Implement GUAM-USA Framework Programme on Trade and Transport Facilitation according to the provisions of the National Action Plan on Implementing the Project on Trade and Transport Facilitation adopted by the Resolution of the Cabinet of Ministers №568-p from December 24, 2005.
6. Facilitate ratification of the GUAM Statute in order to launch activity of the GUAM Secretariat in Kyiv.

1.1.4.4. Community of Democratic Choice (CDC)

Ukraine continues to participate actively in the Community of Democratic Choice (2005) – a forum of regional dialogue aimed at assisting the growth of democracy within the Baltic-Black-Caspian Seas' region.

Ukraine considers the possibility of using the CDC for development of interregional and interstate dialogue on democracy, human rights and supremacy of law as a cornerstone of stability and sustainable development in all spheres of state activity. The CDC provides a practical possibility for the exchange of experience among the countries of the region, currently at different stages of democratic development.

Actions:

1. Continue to involve Ukraine in the work of the CDC forum to expand democratic initiatives and values in the European space.

1.1.4.5. Central-European Initiative (CEI)

Ukraine sees additional possibilities for strengthening regional cooperation with the countries of the Central and Eastern Europe as a member of the Central European Initiative (from 1996). Ukraine considers the Central European Initiative an important mechanism to promote integration into the European economic and political space, and to strengthen stability and good neighbourly relations in the region.

Ukraine is considering possibilities to use the format of the Organisation to participate actively in European regional political processes. The CEI activity should be directed, in particular, at the development of interregional cooperation in the spheres of transport, energy, education, and public administration.

Actions:

1. Ensure participation of Ukraine in CEI activities, defining new perspective spheres of cooperation in accordance with the CEI Action Plan for 2007-2010.

1.1.4.6. Multilateral Initiatives Aiming at Enhancement of Cooperation in the Black Sea Region

1.1.4.6.1. Black Sea Economic Cooperation Organization (BSEC)

Ukraine considers the BSEC to be an important mechanism for furthering cooperation among its member-states within Black Sea region in various spheres: economic development, finance and banking, science and technology, environmental protection, countering organized crime. Ukraine considers the collective strategy of the Organization – the "BSEC Economic Agenda" – an effective tool for achieving agreed goals.

Ukraine intends cooperate actively within the BSEC in the further development of this organisation. Enhancement of BSEC is expected in line with the forthcoming BSEC Summit (Istanbul, Turkey; June 2007) and Ukraine will focus its attention on using the possibilities of the Organisation in the context of Ukraine's forthcoming BSEC Presidency (November 2007 – April 2008).

Actions:

1. Consider possibilities for BSEC structural optimisation aimed at improving of cooperation within the organisation. Submit a proposal on determining ways of developing comprehensive regional policy of the Organisation, with possible involvement of BSEC observer states.

1.1.4.6.2. Enhancement of Security in the Black Sea

In conformity with its dedication to regional initiatives, Ukraine will also continue to contribute to BLACKSEAFOR and work toward participation in the Turkish-led naval operation Black Sea Harmony.

Actions:

1. Continue participating in the activity of "on call" multinational military and naval unit BLACKSEAFOR.
2. Ensure the practical participation of the Armed Forces of Ukraine in the Operation "Black Sea Harmony", under the relevant protocol on Cooperation in Information Exchange within the Operation signed by Turkey and Ukraine on January 17, 2007.
3. Implement the Document on Measures to Strengthen Trust and Security in the Naval Sphere in the Black Sea.
4. Participate in activities of the Black Sea Forum for Dialogue and Partnership within the CDC format.

1.1.4.7. Southeast European Cooperative Initiative (SECI)

Since 2001, Ukraine's law-enforcement agencies actively participation in the activities of the Southeast European Cooperative Initiative (SECI). The aim of this organisation is to develop and implement agreed actions directed at countering international organised crime at the regional level.

Ukraine has observer status in the SECI. Ukraine's law-enforcement agencies have taken part in all operations (operation "Containment") held by this organisation. In addition, Ukrainian law-enforcement agencies coordinate these operations with activities within GUAM in the framework of the operation "Harmony".

Further broadening of cooperation within this organisation, including Ukraine's membership in it, will have considerable positive impact on the implementation of the Ukraine's policy of integration into Euro-Atlantic, and will serve to further improve international cooperation of Ukraine's law-enforcement bodies in fighting international drug trafficking and other forms of organised crime.

Actions:

1. Ensure Ukraine's membership in the Southeast European Cooperative Initiative and permanent presentation of liaison officers of the Security Service of Ukraine and the Ministry of Interior to the headquarters of this organisation in Bucharest.
2. Ensure participation in SECI operations to counteract drug trafficking, organised crime, armaments and human trade, illegal migration and terrorism (operation "Containment").
3. Consider the issue of Ukraine's contribution to the SEEBRIG activities.

1.1.5. Relations with Neighbouring States

Ukraine appreciates the high level of its bilateral relations, which exists in the relations with neighboring countries (Belarus, Hungary, Republic of Moldova, Poland, Romania, Russian Federation, Slovakia). Ukraine seeks to develop relations with neighbouring countries on the basis of reciprocity, generally recognised democratic principles and comprehensive development.

Despite a number of problematic issues in the relations with neighboring countries, Ukraine adheres to the general principle that any divergences of approaches with neighbouring countries in the resolution of problems of international relations and in the field cooperation should not negatively impact on forming national security as a component of the Euro-Atlantic security architecture.

Ukraine intends to maintain and strengthen current positive achievements in bilateral relations, first of all in trade and economy, which will remain priority fields in bilateral relations.

Ukraine will make all necessary efforts to maintain positive dynamics in interstate dialogue, improve the stability of border territories, and support of stable political dialogue.

Ukraine pays special attention to the legal registration of its state borders. The demarcation of borders with neighbouring countries will promote the settlement of a considerable number of contentious issues. Ukraine supports carrying out relevant work exclusively on the basis of international legal norms and parity of relations.

Ukraine has completed the legal regulation of its state border with Hungary, Poland, Romania, and Slovakia. At the same time the demarcation of state borders with Belarus, the Republic of Moldova and the Russian Federation is being implemented. Ukraine's efforts will aim to settle current issues.

The appropriate regulation of state border will strengthen efforts to fight smuggling, drug trafficking and illegal migration. Establishment of the legally adopted state border in the Sea of Azov and Black Sea and the Kerch strait will permit the determination of common rules of navigation in this complicated body of water, expanding the possibility of effective measures to fight against transnational crimes as smuggling, poaching and violation of norms of environmental protection.

Actions:

1. Facilitate settlement of problematic bilateral issues with neighboring countries.
2. Hold meetings of the Ukrainian-Russian Joint Commission on the State Border.
3. Establish the relevant level of cooperation with the European Agency for the Management of Operational Cooperation at External Borders.
4. Hold bilateral consultations to establish cooperation in the context of “Appeal of the Government of Ukraine to the Government of Canada on providing Ukraine technical assistance in settlement of the state border” made in August 2005.
5. Conduct negotiations with the Russian Federation on the delimitation of the Sea of Azov and the Black Sea and the Kerch Strait. Finalise legalisation of this issue.

1.2. Internal Policy**1.2.1. Providing Supremacy of Law and Human Rights**

Ukraine is interested in strengthening fundamental principles of democratic society, maintaining values common to all mankind and establishing the rule of law. Ukraine will safeguard and guarantee the rights and freedoms of its citizens. Respect for human rights and freedoms determine the content and direction of state activity.

Ukraine adheres to democratic principles and will promote balance between the branches of state power by improving mechanisms of their interaction as a result of constitutional reform. The improvement of interaction between the President of Ukraine, the executive and legislative branches of power continue in order to strengthen inner political structure of state.

Ukraine as a party to basic international treaties on protection of human rights, respects the principles of international law on prohibition of human discrimination. At the same time, Ukraine continues to make efforts to maintain the principle of equality of citizens and to promote tolerance in society.

Ukraine is constantly directing its efforts to create appropriate conditions to meet the spiritual, educational, cultural and social needs of all ethnic communities that live on its territory. In this context, implementation of the provisions of the CoE Framework Convention on Protection of National Minority Languages (ratified in 1997) and the European Charter for Regional or Minority Languages (ratified in 2003) continues. Information on the status of implementation of the aforementioned documents' provisions is provided to citizens on a permanent basis. Implementation of state policy in this includes adaptation of national legislation, practical activity by central and local executive bodies, and the conduct of relevant monitoring.

Actions:

1. Ensure implementation of the draft of Law of Ukraine “On the Cabinet of Ministers of Ukraine” in part which does not contradict the Constitution of Ukraine.
2. Elaborate the draft of Law of Ukraine “On the Ministries and other Central Executive Bodies”.
3. Ensure follow-up to the new wording of the Law of Ukraine “On the Bar” in the Verkhovna Rada and facilitate its adoption.
4. Establish a system for the provision, free of charge, of legal aid in order to guarantee the right to legal representation for indigent groups of the population. Elaborate the draft Law “On Free Legal Aid”.

5. Transform the system of prosecution into a democratic institution, in line with the rule of law principles, taking into account commitments undertaken during accession to the Council of Europe. Draft a new version of the Law of Ukraine “On the Prosecutor’s Office”.
6. Draft Law of Ukraine: “On the Ministry of Interior of Ukraine”, and new wording of Law of Ukraine “On the Operational and Search Activity”.
7. Codify electoral legislation and establish the Law of Ukraine “On State Register of Electors”.
8. Ensure implementation of the European Charter for Regional or Minority Languages in accordance with its purpose and object. Ensure follow-up to the Law of Ukraine “On Amendments to the Law of Ukraine “On the Ratification of the European Charter for Regional of Minority Languages” in the Verkhovna Rada of Ukraine in order bringing it into accordance with the Charter, and facilitate its adoption.
9. Implement measures to improve institutional capacity, including the possible establishment of a Migration Service within the Ministry of Interior as a single body responsible for migration issues.

1.2.2 Judicial Reform

Ukraine continues to implement a programme of measures directed at judicial reform. According to the provisions of the Administrative Justice Code (2005) and the Civil Procedure Code (2005), it is necessary to promote the protection of rights, freedoms and interests of physical individuals, and the rights and interests of juridical individuals in the field of public and legal relations from violation by state bodies and their authorities. Ukraine makes every effort to complete the formation of an integral system of administrative courts, whose duty is to protect the rights and freedoms of individuals in their relations with public authorities.

Ukraine seeks to overcome negative trends in the functioning of the court. The aim of reforming jurisdiction is the creation of a common judicial system, functioning on the basis of the rule of law according to European standards, and guaranteeing the right of every individual to fair judicial process.

Actions:

1. Ensure follow-up and facilitate adoption in the Verkhovna Rada of the draft Laws “On Amendments to the Law of Ukraine “On the Judicial System of Ukraine” and “On Amendments to the Law of Ukraine “On the Status of Judges”.
2. Create legislative guarantees of the right to an effective judiciary in accordance with European Convention of Human Rights. Prepare the draft of the Law of Ukraine “On Amendments to the Laws of Ukraine on the Protection of Individual’s Right of Pre-trial, Trial Proceedings and Implementation of Court Decisions within a Reasonable Timeframe”.

1.2.3 Administrative Reform

Ukraine considers the process of conducting administrative reform a tool of creating a system of state management corresponding to the standards of democratic state. Measures taken in the context of implementing administrative reform are directed at: continuation of work on structuring executive state bodies (ministries, state committees, central state executive bodies with special status, governmental bodies etc.); optimisation of functional powers of the ministries and other central executive state bodies in order to avoid duplication. It is necessary to accelerate completion of a legislative basis to regulate

executive activity: the Cabinet of Ministers of Ukraine, ministries and other central and local executive bodies. It is necessary to continue reforming the civil service system particularly by guaranteeing the rights and obligations of state employees; establishing transparent conditions of their employment and promotion depending on their ethical character and professional skills. Ukraine pays considerable attention to improvement of a system of training of management staff. In this regard, implementation of the State Programme on Training, Retraining and Raising of Skills Level for specialists in the sphere of European and Euro-Atlantic integration for 2004-2007 is ongoing.

Actions:

1. Submit to the Verkhovna Rada, follow-up and facilitate adoption of the Administrative Procedure Code of Ukraine in order to ensure protection of human rights in individuals' relationships with public authorities, local authorities, their officials and employees, as well as other subjects while implementing their duties and to define procedures for the provision of administrative services.
2. Facilitate the development and follow-up of new wording of the draft Law of Ukraine "On State Service" in the Verkhovna Rada in order to reform the legislation in this field; elaborate modern standards of state service.

1.2.4. Fighting Corruption, Organized Crime and Money Laundering

Ukraine continues to implement its state policy on overcoming corruption on the basis of the Concept on Fighting Corruption of Ukraine "Toward Honesty", approved by decree of the President of Ukraine as of September 2006, No: 742. The Concept aims to create transparency in authorities' functioning, optimise the quantity of state officials and management, and establish a mechanism of control over public officials' service expenses.

Ukraine will undertake the following measures to fight corruption: improvement of national anti-corruption legislation; development of an effective and transparent system of public service and openness of power institutions; improvement of the system of control on the use of state ownership and implementation of principles of publicity in appointments to contract service; wide public involvement in countering corruption and anti-corruption public education; strengthened cooperation between law-enforcement bodies, public organisations and mass-media directed at publicising the process.

Ukraine will continue to implement measures to counter money laundering. In this regard, the Cabinet of Ministers of Ukraine and the National Bank of Ukraine adopted an Action Plan for 2006 on prevention and countering legalization (laundering) of illegally gained money and financing terrorism (as of March 2006, No:359), which is now being implemented. The Plan determines the basis for reforming national legislation according to international standards (special FATF Recommendations, International Convention on Countering Terror Financing and UNSC Resolution No. 1373/2001).

Actions:

1. Draft legal acts on implementation of the 40 FATF Recommendations, Council of Europe Convention on the Prevention of Terrorism, Directive 2005/60/EC of the European Parliament and of the Council of Europe of October 26, 2005 on the prevention of the use of the financial system for the purpose of money laundering and financing of terrorism.
2. Ensure implementation of the Cooperation Plan between the Council of Europe and Ukraine on administrative procedures project aimed at preventing corruption and

- proceeding with the “Next project on countering money-laundering and financing of terrorism (MOLI-UA-2)”.
3. Ensure functioning of the National System of Confidential Communication, which is used as a transport network of the Single State Informational System in the sphere of prevention and countering money laundering and financing terrorism (EDIS FM).
 4. Facilitate adopting and implementing laws to fight corruption:
 - “On Basis for Prevention and Counteraction of Corruption in Ukraine” (registry N 2113);
 - “On Amending the Certain Legal Acts of Ukraine on Responsibility for Corruption Violations” (registry N 2112);
 - “On Responsibility of Juridical Persons for Corruption Crimes” (registry N 2114).
 5. Facilitate implementation of the Concept of Fighting Corruption in Ukraine “Toward Honesty”, adopted by Decree of the President N742 of September 11, 2006.
 6. Participate in meetings, seminars and conferences held by the Group of Member-States of the Council of Europe against Corruption (GRECO).
 7. Ensure preparing of draft legislation to reform legislation in force to remove preconditions of corruption, facilitating state management regulation. Ensuring transparency of state body’s activity and management, monitoring of incomes and expenditures of state employees.

1.2.5. Economic issues

1.2.5.1. Economic priorities and ensuring economic security of Ukraine

In December 2006 the Verkhovna Rada of Ukraine adopted the Law of Ukraine “On the State Budget of Ukraine for 2007”, which foresees a deepening of structural reforms aimed at strengthening the competitiveness of national economy. The Government of Ukraine makes every effort to reform the industrial and agricultural sectors to strengthen the financial sector, and to ensure the effective implementation of antimonopoly policy.

Promotion of investments and protection of investor’s rights, both foreign and domestic, is an integral and mandatory part of Ukraine’s economy. The Government’s Programme of Action envisages protection of the rights of all business entities in the interaction with other enterprises and state structures, the minimisation of state pressure and interference into business activity, as well as number of special measures to reduce investment risks.

Ukraine continues to ensure industry development, increase possibilities of industry entities to research spheres for their development and provide access to the international level of economic relations through the European Business Register (EBR).

Ukraine considers WTO accession a top priority in the context of implementing economic reforms, and an important element of internal economic policy. Ukraine seeks to complete bilateral negotiations on access to markets of goods and services in the nearest future, taking into account economic necessity and national interests.

The most important task for the nearest period is agreement on the provisions of the draft report of the Working Group with its member-states and its submission to the WTO General Council to adopt the Protocol on Ukraine’s Accession to the WTO.

Ukraine pays special attention to ensuring the economic security of the state in the context of implementation of a balanced foreign and internal economic policy. The key tasks in ensuring an appropriate level of economic security in the international space are, particularly, ensuring an appropriate level of energy supplies for internal needs; maintaining a stable level of transit potential of Ukrainian gas/oil transport networks; ensuring a high level interaction with suppliers and customers of energy resources; pragmatic use of possibilities of economic cooperation in the frameworks of the Commonwealth of Independent States (CIS) and Single Economic Space (SES); diversification of the sources of energy supplies.

Ukraine continues to implement measures to strengthen energy conservation and the use of energy-saving technologies. The action plan on reduction of needs in natural gas through technology renewing energy infrastructure has been developed and is being implemented. Attention is being paid to the promotion of innovation in the enterprises of the real sector of the economy, and its competitiveness as well as affirmation of Ukraine as a state with advanced technologies.

The level of economic and political independence of the country depends on the development of its energy complex. Owing to this, the Government of Ukraine has identified the modernisation of energy consumption as one of its priority directions and outlined a wide complex of measures of state support to expand fuel extraction and electricity generation. A complex of measures on diversification of sources of gas and oil supplies is planned.

Exceptionally important for Ukraine is the problem of energy conservation, and the exploration of new energy-saving technologies. The high level of dependence on energy resources supplied from one source, the necessity of ensuring the uninterrupted supply, particularly of natural gas, makes the state focus attention on the problem of energy security. Ukraine cooperates actively with NATO in the frameworks of the Joint Working Group on Economic Security. Cooperation is focused on the physical protection of energy infrastructure objects, the fluctuation of prices for energy resources, and diversification of energy supplies. The issue of cooperation between NATO member-states and Ukraine regarding energy security in the region is a subject of special interest.

Actions:

1. Facilitate examination and adoption by the Verkhovna Rada of Ukraine of the Law of Ukraine "On Amendments to the Law of Ukraine "On Licensing of Some Spheres of Economical Activity".
2. Conclude harmonisation of national legislation to WTO norms. Ensure division of authorities between the state central executive bodies of Ukraine concerning control over quality and safety of alimentary products.
3. Ensure further cooperation of Ukraine and EBR country-participants in the mutual exchange of agreed information in the EBR network and national register systems of EU member-states on industry entities.
4. Ensure effectiveness of state regulation and control over the accumulating pension system through involving insurance organisations.
5. Improve the automated informational and analytical system of developing reports on financial institutions using web-technologies on a portal basis.
6. Develop intercity infrastructure for the single national science and education telecommunication network URAN and ensure its interaction with the Pan-European Science and Education Network GEANT.

7. Ensure security of transiting of oil and gas through the territory of Ukraine by installing technical measures of protection on pipeline parts and stationary objects.
8. * Hold a meeting of Ukraine-NATO Joint Working Group on Economic Security with an agenda focusing on energy security.³
9. Contribute to the enhancement of regional environmental security through participation in the first phase of the Environment and Security (ENVSEC) Initiative, with the support of NATO member states, OSCE, UNDP and UNEP.

1.2.5.2. Priorities of scientific-technical and innovation development of Ukraine

The priority directions of science and technology development are fixed at the legislative level in order to strengthen effective use of key financial factors. These directions include resolution of problems of demographic policy, development of human potential and formation of civil society; environmental protection and sustainable development; new biotechnologies, diagnostic methods of treatment of communicable diseases; new software means and technologies of informing society; new resource-saving technologies and technologies in energy infrastructure, industry and the agricultural sector; new substances and materials.

Ukraine is working to develop science, technology and innovative priorities as well as concentration of state endeavors on decisive directions in the frameworks of the State Program on Scientific-Technical and Innovation Prognosis through corresponding research. This research aims not only at the determination of current scientific and technical directions, but also the creation of a System of Scientific-Technical and Innovation Prognosis of development of Ukraine as the most modern and effective instrument of elaborating state policy in the innovative sphere.

The implementation of the “Information and Communication Technologies in Education and Science” State Programme for 2006-2010 has been extended. This will promote competitiveness of national science on the global labour market; provide new possibilities for scientific research and technology development, promote effectiveness of state administration over the scientific-educational sphere through the introduction and proliferation of information and communication technologies, and the transition of the economy to innovational tracks of development.

Ukraine has a strong legal basis in the sphere of intellectual property. This corresponds to international standards and the introduction of mechanisms of implementation of legal norms on the protection of rights on intellectual property. Adoption of the Law of Ukraine “On Amendment to Certain Legislative Acts of Ukraine Concerning Intellectual Property Rights Protection on Fulfilling Demands on Ukraine’s WTO Accession” (May 2003) ensures the correspondence of Ukrainian legislation to the norms of the Agreement on Trade Aspects of Rights on Intellectual Property (adopted by the WTO in 1994).

Actions:

1. Ensure adopting bills to implement legislative norms in the sphere of intellectual property.
2. Prepare necessary standard systems of unification to raise the level of interaction with relevant science programs of NATO member-states.

³ This action was included in ATP 2006 but the planned meeting was postponed to 2007.

3. * Ensure Ukraine-NATO cooperation within the Ukraine-NATO Joint Working Group on Science for Peace and Security.
 4. * Ensure participation of Ukraine in the activity of the NATO Committee on Science for Peace and Security in the EAPC format.
 5. * Follow-up on the ongoing CCMS Pilot Study "Risk Assessment of Chernobyl accident consequences: lessons learned for the future".
 6. * Prepare the CCMS workshop "Environmental Management Systems in the Military Section (EMS), to be held in 2008.
7. Prepare and submit to NATO a proposal for an advanced training course for military officers in the environmental field.

1.2.5.3. Tax Policy and Ways of its Improvement

In 2005 the measures aimed at creating equal conditions for all entities of enterprise activity through amending the existing tax legislation were implemented in Ukraine. Such measures were made in order to eliminate artificial, ungrounded tax benefits, as well as causes of shadow sectors of the economy and possibilities for tax evasion.

The changes introduced into tax legislation are aimed at: expanding the tax basis through the elimination of privileges for particular sectors; elimination of privileges given to business entities registered in the zones that suffered from radioactive pollution as a result of the Chernobyl catastrophe; introduction of a five years moratorium on granting and widening privileges with regard to Value Added Tax.

The concept of reforming the tax system envisages its transformation by 2015 with an aim of forming a social-oriented competitive market economy.

The main tasks of tax reform are: improving institutional tax environment aiming at realization of the principle of equality for all tax payers, as well as ensuring that all tax payers implement their tax duties; establishing clear regulations of mutual obligations between the state and tax payers, effective control over their observing; increasing the regulating potential of tax system based on introducing innovative and investment preferences; increasing fiscal effectiveness of taxes through widening of tax basis, forming the budgets at all state levels by carrying out the balanced mid-term policy; gradual decreasing of tax pressure over the payers; promoting the strengthening of domestic businesses in concurrent struggle by decreasing the tax amount in overall expenditures; reproaching tax and account calculations; harmonizing tax, currency, custom, and foreign-economy legislation; decreasing the number of controlling bodies with simultaneous establishment of unified rules of control over adding and paying taxes and fees; carrying out measures on legalization of income and property acquired with violation of tax legislation.

Actions:

1. Implement measures to elaborate the draft Tax Code of Ukraine and other legal acts on legal aspects for improving tax payments and fees, directed toward the implementation of the Concept of reforming the tax system of Ukraine.
2. Facilitate adoption of the draft of the Law of Ukraine "On a Single System of Payment and Calculation of Dues for Obligatory State Social Insurance" in the Verkhovna Rada. Ensure collection, calculation and control over payment of uniform social dues and maintain a state register of social insurance for the Pension Fund of Ukraine.
3. Facilitate adoption of the Tax Code of Ukraine by the Verkhovna Rada of Ukraine.

1.2.5.4. Improvement of the procedures of budget planning and budget fulfillment, ensuring budget transparency

In 2002, Ukraine introduced the Budget Classification, which corresponds to standards established by the International Monetary Fund for statistics of state finances and provides for comparisons of Ukraine's state expenditures with those of other countries. The programme method of forming and fulfilling budget targets is being used following the adoption of the Budget Code in Ukraine. This method has strengthened the effectiveness of the public sector and focused efforts on achieving necessary budget results. The following elements of the programme method of planning budget targets at the state level have been introduced: strategic planning, medium term planning, budget programmes, passports of budget programmes, transparency of the budget process and public involvement.

Ukraine will continue to develop its budget system, with the aim of strengthening the programme target method of budgeting, fulfilling its principles and elements at a qualitatively new level with interdependence of distribution of budget resources and real results of their use. Currently, measures on the gradual introduction of the programme target method are being implemented at the level of local budgets.

Ukraine ascribes great importance to the development of a system of medium-term budget planning, which is implemented through the annual determination by the Government of Ukraine of medium-term figures for a balanced budget according to the main kinds of incomes, expenditures and financing for a three-year period, and serves as a basis for planning the following year's budget. The Resolution of the Cabinet of Ministers N 1359 "On Prognosis of Figures of the Balanced Budget of Ukraine According to the Main Kinds of Incomes, Expenditures and Financing for 2008-2010" was adopted on 25 September 2006.

The priority direction of developing Ukraine's state finances will remain the development of a system of inner control and audit, which provides increasing levels of management effectiveness for state financial resources, enlarging the level of effectiveness of state financial resources' management, increasing the rapid reaction on the risks of ineffective usage of state recourses and as well as financial offences.

The single center of management of state finances – the Ministry of Finances -- was created to regulate interagency coordination of management of state finances. The Minister of Finances has the right to coordinate the activity of the State Tax Administration, the State Customs Service, and the General Control and Inspection Department.

The Government of Ukraine pays special attention to the analysis of implementation of state action programmes, working on proposals for their further implementation or termination, according to the priorities of economic development and availability of financial recourses. Ukraine will continue to promote full-scale use of international standards of budget transparency and reporting on the results of implementation.

Ukraine will maintain the principle of publicity and transparency of budgets as a core principle of the national budget system. Ukraine considers the publication of information on budget implementation one of the most important tasks of the budget process. The Cabinet of Ministers of Ukraine reports annually on the implementation of the Law of Ukraine "On State Budget of Ukraine" in the Verkhovna Rada.

Ukraine ensures the publication of reports on the implementation of budgets in mass media in the context of detailed economic classification of expenditures.

Public Councils have been created in Ukraine, composed of representatives of public organisations, communities of employers and trade unions involved in the consideration of budget issues. Ukraine will continue to promote unimpeded access of citizens to information on the budget.

Actions:

1. Elaborate and follow-up draft Law of Ukraine “On Amendments to the Budget Code of Ukraine on Improvement of the Budget Procedure, Budget Management and Control over its Use”.
2. Elaborate the Laws of Ukraine “On State Inner Financial Control” and “On Financial Control”.
3. Elaborate standards of inner control and audit.
4. Bring state programmes in line with the priorities of Ukraine’s social and economic development as well as budget resources.
5. Create a Single Integrated Informational and Analytical Center to ensure the effective management of finances.
6. Hold consultations with the public on budget policy (conferences, seminars, forums, public hearings, roundtables, TV/radio debates, Internet conferences, telephone hotlines).
7. Ensure regular information on budget policy.

1.2.6. Arms Control and Non-proliferation, Military-Technical Cooperation

Ukraine will continue to take steps to prevent the proliferation of weapons of mass destruction (WMD). Ukraine will continue to devote its efforts to strengthening the regimes under the Non-proliferation Treaty (NPT), the Comprehensive Test Ban Treaty (CTBT), the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction (BWC), the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on Their Destruction (CWC). At the same time, Ukraine supports strengthening the mechanisms of the International Atomic Energy Agency (IAEA).

Ukraine cooperates within new international initiatives on WMD non-proliferation, primarily in the context of the G-8 Initiative “Global Partnership against the Spread of Weapons and Materials of Mass Destruction”. Effective implementation of specific projects, especially in the spheres of strengthening control over destruction, storing and elimination of radioactive sources, physical safety of nuclear facilities and material – represents Ukraine’s priority within this Initiative.

Ukraine makes all necessary efforts to broaden and strengthen international cooperation aimed at fulfilling critical needs of Ukraine in the sphere of non-proliferation and disarmament, particularly through implementation of the Cooperative Threat Reduction Programme. Ukraine ensures all necessary support to resolve the problem of destruction of large stockpiles of surplus armaments and outdated munitions. Priority attention is given to implementation of existing and future projects initiated in cooperation with NATO.

Ukraine considers military-technical cooperation with NATO member-states and Partner nations as an important element in the pursuit of its national interests. In particular, great attention is paid to establishing contacts and seeking new directions for cooperation

in this sphere. Ukraine's main priorities in the sphere of military-technical cooperation are achievement of a sufficient level of interoperability of the Armed Forces of Ukraine with the Armed Forces of NATO member-states to ensure an adequate level of interaction while accomplishing joint tasks, a complex review of Ukraine's military-industrial complex of Ukraine with the aim of optimising its structure to function under market conditions, creation of a state system of codification, corresponding to the NATO codification system, achievement of an appropriate level of interoperability in the sphere of standardisation, introduction of new approaches to managing armaments' life cycle.

In this context, the Ministry of Industrial Policy has developed a draft State Programme for Ukraine-NATO Cooperation in the Military-Technical Sphere to 2010, which is intended to ensure implementation of directions for development of Ukraine in the sphere of military-industrial complex. Ensuring implementation of this Programme will facilitate the fixing of positive tendencies of military-technical cooperation, its transformation into optimal, flexible system of interstate relations, capable of developing independently and adjusting to the demands of national security and the world arms market.

Actions:

1. * Activate consultations with international partners, including NATO on arms-control, export control and non-proliferation.
2. Monitor implementation of Ukraine's international commitments in the sphere of arms-control and information exchange with the participants of the Wassenaar Arrangement, Missile Technologies Control Regime, Nuclear Suppliers Group, Australia Group.
3. Ensure compatibility of the permission procedures for export and import of military and dual-use goods with the requirements of relevant multilateral export control regimes.
4. Promote introduction of the IAEA guarantee regime in the countries of the Middle East and East Asia region (North Korea).
5. Ensure the conduct of inspections on Ukraine's territory in accordance with the Treaty on Conventional Armed Forces in Europe and the Treaty on Strategic Offensive Armaments, as well as observation visits in accordance with the Treaty on Open Skies, inspections in accordance with the 1999 Vienna Document, negotiations on strengthening confidence and security, control measures in accordance with bilateral agreements.
6. * Coordinate actions within the NATO Verification Coordination Centre on verification activity and specifying data base of information exchange in accordance with international treaties in the sphere of arms-control through: participation in the NATO Verification Committee Seminar on checking annual information exchange; participation in the annual meeting of command personnel of verification structures within the NATO Verification Committee (Brussels, Belgium).
7. * Ensure transfer annual information exchange for Ukraine to the representatives of NATO member-states under international treaties on control over armaments.
8. Create a modern air complex of surveillance in order to make surveillance flights on the basis of the 15-th air brigade (transport) of the Air Forces Armed Forces of Ukraine.
9. Participate in testing certification of Turkish surveillance aircraft in order to attain experience to conduct corresponding procedures on the aircraft AN-26 TK -300.
10. * Hold consultations with NATO military and economic structures as well as bilateral cooperation with Allies on using the offset practice in cases of purchasing military equipment and armaments by Ukraine.

1. 3. Informing the Public on Euro-Atlantic Course of Ukraine

Ukraine is aware of the need for considerable improvement of information activity in the context of Ukraine-NATO cooperation. The Government of Ukraine considers the activation of informing the public on Ukraine's Euro-Atlantic aspirations a priority task. Special attention will be paid to the achievement of an unprejudiced and transparent perception by society of the policy of Euro-Atlantic integration, the advantages and disadvantages of Ukraine's membership in NATO, and the current role of the Alliance in supporting peace and stability in Europe and in the world.

Ukraine's information strategy concerning NATO is based on political and legal aspects, certain national legislation, fundamental bilateral documents of cooperation between Ukraine and NATO, governmental programmes on informing the public on Euro-Atlantic integration and preparation, retraining and raising skills of specialists in the field of European and Euro-Atlantic integration for 2004-2007. The Government of Ukraine will provide these efforts with adequate financing.

Ukraine will implement its information strategy with the active involvement of non-governmental public organisations. The Government of Ukraine will attach great importance to the coordination of common efforts of state bodies, local bodies of self-government and non-governmental public organisations, in particular at the regional level, in order to create an effective system of informing society on Euro-Atlantic integration. In this context, the initiative of the Ukraine-NATO Joint Working Group on Defence Reform on launching the Partnership Network to enhance society's awareness of NATO is extremely important.

Ukraine devotes priority attention to ensuring the principles of freedom of speech and the press, freedom of the dissemination of information in order to strengthen democratic society, and follows the principle of the rule of law. Ukraine will improve the legislative basis on which the mass media works, in order to promote objective, impartial, responsible coverage likely to improve public opinion about NATO in Ukrainian society.

Actions:

1. Ensure implementation of the Action Plan for 2007 of the State Programme to Raise Public Awareness on Ukraine's Euro-Atlantic Integration for the years 2004-2007 (all actions are aimed at bringing to the Ukrainian public unbiased and comprehensive information about current NATO activities and Ukraine's Euro-Atlantic integration course. The Action Plan is designed to stimulate a nation-wide discussion about NATO with involvement of all layers of the Ukrainian society).

2. Elaborate the drafts of the Concept and the State Programme of Raising Public Awareness on Ukraine's Euro-Atlantic Integration for the years 2008-2011 and adopt them.

3. * Create and ensure functioning of the Partnership Network, under the auspices of the Ukraine-NATO Joint Working Group on Defence Reform, to enhance civil society awareness.

4. * Continue work to create a network of information centres in universities and private and public institutes. Open 12 information centres on Euro-Atlantic integration in the regions of Ukraine together with the NATO Information and Documentation Center.

5. Provide assistance for system-defined research on development and introduction of modern methodology for the implementation of information support to the state policy of Euro-Atlantic choice by public organisations at the regional and local level.

6. Ensure implementation of information measures of the budget programme “Implementation of State Organisational, Information and Analytical as well as Science and Technological Measures of the Ukraine-NATO Action Plan” for 2007.
7. Ensure elaboration and adoption of the budget programme “Implementation of State Organisational, Information and Analytical as well as Science and Technological Measures of the Ukraine-NATO Action Plan” for the next period.
8. Facilitate adoption of the draft Law of Ukraine “On System of Public Television and Broadcast (new wording)” by the Verkhovna Rada.
9. Elaborate courses on Ukraine-NATO cooperation for students of higher educational establishments receiving bachelors degrees with the specialty of “International relations”.
10. Prepare scientific and methodical recommendations for teachers of general education institutions on studying NATO activity.
11. Continue informing state bodies, scientific and research institutions and non-governmental public organisations on NATO-Ukraine cooperation, including through preparation and dissemination of the weekly bulletin “Ukraine on the way to NATO”.
12. Ensure inclusion of issues of international security, NATO activity and Ukraine-NATO cooperation in the content of secondary and high school programmes.
13. Publish informational bulletin on European and Euro-Atlantic integration, increase circulation of the review “Atlantic Panorama” of the Ministry of Defence. Create and disseminate video materials on NATO activity and cooperation of the UAF with the armed forces of NATO member-states.
14. Elaborate and publish the guide “Ukraine-NATO: questions and answers”.
15. Hold annual (seventh) International NATO Week in Ukraine ‡.

‡ Included in MC+UKR Work Plan 07

SECTION II. DEFENCE AND MILITARY ISSUES

2.1. DEFENCE POLICY

2.1.1. Main Goals and Tasks of Defence Policy

The state policy of Ukraine in the defence sphere aims to ensure inviolability of national sovereignty and territorial integrity, strengthen national security and counteract possible threats to stability in Central and Eastern Europe. Ukraine considers its participation in the Partnership for Peace (PfP) and the European Security and Defence Policy (ESDP) as essential elements of its international security and defence policy.

Ukraine continues to develop the Armed Forces (UAF) in order to make them capable for deterrence against external threats to national sovereignty and participation in international peacekeeping missions as part of multinational peacekeeping troops led by NATO, the EU and the UN.

2.1.2. Implementation of Defence Policy Goals

2.1.2.1. State of Reforms in the Defence Sphere and Plans for 2006-2011

Ukraine continues to implement its programme on reform of defence sector, taking into account the Strategic Defence Bulletin (SDB) to 2015. The SDB is a conceptual long-term document on reform and development of the Armed Forces according to NATO standards. Ukraine publishes annually its reform goals and current activities of the UAF in the White Book "Defence Policy of Ukraine". These documents contain information on implementation of defence policy and reform.

With NATO expert assistance, considerable results have been achieved in the first year of implementation: the legal basis of the UAF and its structure and system were improved; quantitative data of troops, armaments and equipment was decreased; training was improved; contract service is being introduced (according to corresponding State Programme coming into force) together with a new system of forming reserve of military personnel.

The development of the UAF is being implemented in the framework of a unified process of reforming Ukraine's security and defence sector. The State Programme of the Development of Armament and Military Equipment of the Armed Forces of Ukraine till 2009 specify the tasks aimed at comprehensive development of the UAF in the mid-term perspective.

Ukraine seeks to provide the appropriate level of financial allocations for military reform. The ways of implementation of the state policy in the defence sphere through concentration and effective use of financial, material and technical resources to create modern, combat capable UAF are determined.

Actions:

1. * Continue cooperation with NATO in the sphere of expert assistance for development conceptual defence documents.
2. * Hold regular consultations at NATO-Ukraine Commission meeting at MOD level on implementation defence reform.

3. * Discuss progress achieved in the development of the UAF according to Euro-Atlantic standards, at regular meetings of NATO-Ukraine Military Committee at CHOD level ‡.
4. * Conduct NATO-Ukraine high level consultations with participation of ministries of defence.
5. * Conduct regular meetings of the NATO-Ukraine Joint Working Group of Defence Reform at all levels according to JWGDR Work Plan for 2007-2008.
6. * Implement activities of the NATO-Ukraine Military Committee Work Plan for 2007 §.

2.1.2.2. Strengthening Civil Democratic Control over the Security and Defence Sector

Implementation of democratic civil control over the UAF and security sector is ensured. The Law of Ukraine “On Civil Democratic Control over Military Organisation and Law-Enforcement Bodies” determines the background for ensuring democratic civil control over the security sector and the UAF. Officially, activity of the NATO-Ukraine Working Group on Civil and Democratic Control over Intelligence Sector under the aegis of NATO-Ukraine Joint Working Group on Defence Reform started at the NATO-Ukraine high level consultations with participation of Ministers of Defence in October 2006 in Portugal.

Ukraine makes all efforts to provide transparency of MOD, Ministry of Interior, and Security Service of Ukraine activities, as well as those of other bodies in the security and defence sector. Broad involvement of the public in the activity of these structures is welcomed. Public Councils were introduced into the MOD, Ministry of Interior, and Security Service of Ukraine in order to assure the constitutional right of participation in state management processes by each Ukrainian citizen. Public Councils are permanent advisory bodies.

Ukraine will further enhance civil democratic control over the UAF. The MOD will deepen the level of democratisation of the military management system in close cooperation with experts of NATO member-states and Partner nations. Public support for the UAF will be assured through interaction between military authorities and public organisations. This will promote independent assessment of defence and security sector reform.

A modern approach to staffing and recruitment of UAF and security sector bodies has been introduced. A civil personnel retraining system is being introduced in the UAF and MOD. The optimisation of the quantity of civil servicemen and military experts of the UAF/MOD and raising the level of their skills is put into practice with NATO assistance and based on national facilities. Since the beginning of 2006, the JWGDR Programme for Professional Development of Civilian Personnel employed in the Ukrainian security institutions is being implemented.

The practice of appointing a civilian Minister of Defence and first Deputy is being implemented in Ukraine. A mechanism of comprehensive control over the UAF and other military structures by the President and MOD of Ukraine has been created. The Decree of the President of December 2006 “On Measures on Strengthening Control over the UAF and other Military Formations Activity” foresees establishment of Presidential Inspector to control military formations’ activity. This Inspector assesses the activity of troops (forces) and measures to maintain combat readiness in the UAF and other military formations. The

‡ Included in MC+UKR Work Plan 07

§ MCM-181-2006 approved on 16 November 2006.

Inspector General of the MOD has been reformed. This structure has to provide effective control over UAF reform, including appropriate spending of budget funds.

Actions:

1. Ensure activity of the Public Council at the MOD of Ukraine.

2. * Fulfill planned activities within the JWGDR Programme for Professional Development of Civilian Personnel employed in Ukrainian security institutions. Extend this project to other security structures in cooperation with the National Security and Defence Council. Continue improving the qualifications of civilian personnel at short-term courses in the National Academy of Defence of Ukraine.

3. *Implement the main task of the NATO-Ukraine Working Group on Civil and Democratic Control over the Intelligence Sector under the aegis of the Joint Working Group on Defence Reform, which consists of joint development of a package of experts' advises in mentioned field.

4. Consider the possibility of involving representatives of relevant committees of the Verkhovna Rada in the activity of Interagency Commission for Ukraine's Preparation for NATO Membership.

5. Study NATO members' experience in the sphere of effective civil and democratic control over defence and security structures; prepare common proposals about the ways of strengthening this control in Ukraine.

6. *Conduct a NATO-Ukraine high-level roundtable on civil and democratic control over the security sector with the participation of NATO and Ukrainian parliamentarians.

7. Ensure the publication of a new edition of White Book 2006, defence policy of Ukraine".

8. Ensure participation of MOD authorities in the 13th annual Seminar on International Policy and Security "Armed Forces in Democratic Society" conducted by the German Fund for Science and Policy, International Security Policy Institute, together with the German Federal Ministry of Defence (Berlin) and NATO Headquarters (Brussels).

9. Elaborate a Programme of development of the civil-military relations system in Ukraine, a Concept of establishing civil-military relations in the UAF, and a draft of a new section for UAF Training Regulations - "Civil-military cooperation".

10. Establish a special training course (Civil-military cooperation) for military and civilian personnel in UAF, based at the Centre of training officers for multinational staff at the National Academy of Defence of Ukraine.

2.1.2.3. Defence Planning System and Preparation for Participation in NATO Defence Planning

Ukraine pays special attention to defence planning as an integral part of the strategic planning system and state resources management in the defence sphere. The goal of this process is to ensure the appropriate level of state defence capabilities. It can be achieved through the definition of the UAF development perspectives and other military units, taking into account the character of real and potential threats in the military sphere and economic potential of the state.

Improvement of the national defence planning system, development of effective and transparent mechanisms of financial support for training, development and reform of the UAF and the security sector are priorities for Ukraine. A new system of strategic defence planning in accordance with NATO standards was introduced in 2004 with the approval of the Law of Ukraine "On Defence Planning" (for 2 years – short-term, for 6 years – mid-term and for 12 years – long-term).

This law defines the defence planning system, and the scheme of coordination, interaction and responsibility of state institutions in defence sphere. The MOD has adapted to a goal-oriented method of strategic planning compatible with NATO standards.

The list of MOD budget programmes was compiled in accordance with defence planning programmes. The process of transition to the planning system based on ensuring determined combat capabilities is well under way. The UAF cooperate closely with Allied experts in the framework of bilateral programmes as well as within PARP, which has proved to be a very effective tool of preparation for NATO membership in the security and defence field.

Actions:

1. Improve the defence planning system by introducing an effective management system for MOD budget development, depending on current and mid-term priorities. Further adapt the Ukrainian MOD legal base of defence planning to NATO standards. Develop a list of tasks at strategic, operational and tactical levels as a single basis for the planning process ‡.

2. Take measures to introduce an automated budget planning system in MOD of Ukraine.

3. * Conduct seminars and courses to learn NATO-compatible methodology for planning and development of the UAF ‡.

4. * Conduct on-the-job training of MOD and GS representatives in NATO member-states' national defence planning structures ‡.

5. Raise the level of skills of MOD and GS experts in the field of defence planning in accordance with NATO standards, including on the basis of National Defence Academy.

6. Ensure training of Ministry of Interior experts in accordance with NATO standards to fulfill law-enforcement tasks in peacekeeping missions in framework of PfP.

7. Ensure and support a visit of NATO PARP experts to Ukraine in April.

8. * Ensure participation of a Ukrainian delegation in the meeting of the Politico-Military Steering Committee (PMSC/PARP) with Ukraine to discuss and approve "PfP and PARP Assessment – 2007" – 21 May.

9. * Implement Partnership Goals referring to defence planning system development.

2.1.2.4. Participation in Partnership for Peace Program. Bilateral Cooperation with NATO nations and partners.

Ukraine intends to continue the active participation of military units/forces in military training within NATO/PfP and international cooperation programs. The goals of participation in the PfP program, peacekeeping operations and international cooperation activities are the fulfilment of European and Euro-Atlantic integration policy, and the enhancement of UAF operational capabilities. Ukraine participates annually in cooperation with NATO in the framework of the NATO-Ukraine Individual Partnership Program. 40% of such activities are multinational military trainings and supporting measures, 60% are international cooperation activities, special courses and training seminars.

Ukraine considers cooperation with NATO in the security, defence, military and technical spheres as a considerable factor providing valuable experience, strengthening confidence and good-neighbourly relations. Cooperation between the MOD of Ukraine and

‡ Included in MC+UKR Work Plan 07

Partners is an important mechanism of elaborating common position on perspectives for the further development of the armed forces and the improvement of their capabilities.

Actions:

1. * Ensure full participation in approved NATO-Ukraine IPP activities for 2007.
2. * Ensure participation of Ukraine in the multinational military training in the framework of NATO/PfP as well as in bilateral training “in the spirit” of PfP. Together with NATO structures, determine the possibilities and conceptual basis of involving military units of the UAF to participation in the trainings of NATO Response Forces ‡.

3. Continue training UAF units to NATO multinational structures ‡.
4. Ensure professional training of security structures personnel in accordance with NATO requirements and standards. To carry out this task use the resources and possibilities of the Ukraine-NATO Individual Partnership Program ‡.
5. Ensure training, internship and retraining of Ukrainian security structures personnel at training facilities of NATO members and Partners. Exchange of delegations and working groups ‡.

6. * Competition of special operations units with the participation of NATO and Partners’ law-enforcement forces personnel in the Training Center of Internal Troops of the Ministry of Interior.
7. * Ensure participation of UAF representatives in the annual Conference of the PfP Consortium of Defence Academies and Consortium working groups’ permanent activities.

2.1.2.5. Social Protection of Servicemen and their Families

The social protection of servicemen of the UAF and their families is provided, in particular, through ensuring worthy conditions of life and military service. Strengthening the image of military service is also an important factor in this respect. Ukraine makes considerable efforts to support retired servicemen.

Ukraine takes steps to improve social protection of servicemen, raise salaries, and balance pensions for military pensioners retired in different years. Ukraine continues to provide housing for military servicemen, servicemen of Ministry of Interior, State Criminal-Executive Service, Tax Services as well as their families, in accordance with a “Complex Programme of Housing for Servicemen and their Family” supported by state budget allocations.

Ukraine will make efforts to provide an adequate level of social adaptation and retraining for retired servicemen. The important conditions for this process are adequate State Budget allocations and international assistance.

Actions:

1. Continue to implement the “Complex Program of Housing for military servicemen, servicemen of Ministry of Interior, State Criminal-Executive Service, Tax Services and their Families”.
2. Ensure implementation of the second stage of the Netherlands-led NATO/PfP Trust Fund for social adaptation of retired servicemen at Khmelnytsky Center.
3. Implement cooperation programmes between Ukraine and NATO, the EU and Norway in the field of social adaptation of retired servicemen.

‡ Included in MC+UKR Work Plan 07

4. Ensure transparent implementation of target projects within the State Budget and financial assistance of international organisations: support the social adaptation of retired servicemen; promote further retraining; introduce a special Centre for retired servicemen; monitor the status of social adaptation and support a relevant information campaign.

2.1.2.6. Minimisation of Damages Caused by Environmental Pollution as a Result of Military Activity. Improvement of the System of Management of Consequences of Civil Emergency Situations and Response to Natural Disasters

Ukraine makes considerable efforts to assure environmental protection. The main goals are: ecological security of all kinds of daily activity of forces, environmental maintenance and rehabilitation, and rational use of natural resources.

Activities to improve ecological security have been ongoing. Protection of the environment and rational use of natural resources in the daily activity of forces is an important state task. The fulfilment of this task requires relevant organisational, financial, technical and material efforts. Steps to bring the legal basis in line with modern international ecological standards are being undertaken. An ecological security service has been created.

Ukraine participates actively in regional operations to manage the consequences of natural disasters and civil emergency situations, works to improve its common national planning system on civil emergency situation and response to natural disasters, and pays considerable attention to the development of interoperability in consequence management operations.

Actions:

1. Conduct an ecological analysis of the territories of 19 UAF military bases, particularly those being released from military activities and planned for transfer to control of local authorities.
2. Conduct ecological research on the impact of military and technical factors on the environment during military exercises and trials of armaments and military equipment at the aerodrome in city of Pryluky, with participation of local executive bodies and self-governance bodies.
3. Perform environmental recovery works on the territories of 4 military bases being released from military activities and planned for transfer to control of local authorities.
4. Improve the legal basis determining organisation and activity of civil protection forces. The goal is to complete a transition from a State system of civil defence to a Single state system of civil protection in accordance with standards of NATO states.
5. Draft legal acts on amendments to current legislation concerning distribution of responsibility between central and local executive authorities concerning their participation in implementing the state policy on civil protection of population and territories.
6. Elaborate a Concept of management of threats of natural emergency situations.
7. Elaborate national standards of Ukraine on introduction of ozone safety technologies in the gas fire-extinguishing plants.
8. Study the experience of NATO states on criteria of classification of emergency situations, their practical use for estimation of forces, assets, material and financial resources engaged for management of negative consequences of emergency situations. Prepare the respective recommendations for implementation in the Ministry of Emergencies, primarily for management of trans-border negative consequences.
9. Cooperate with NATO neighboring states (Czech Republic, Hungary, Poland, Romania, Slovak Republic) in the framework of bilateral and multilateral agreements in the

field of additional confidence-building measures in border regions and management consequences of natural and industrial emergency situations.

10. Hold consultations with NATO and OSCE on the possibility of launching a common Project on destruction of mélange in Ukraine.

2.2. CURRENT STATUS OF THE ARMED FORCES OF UKRAINE AND PLANS FOR THEIR DEVELOPMENT

2.2.1. The Status of the Ukrainian Armed Forces (UAF) and Main Tasks of Their Development for 2006-2011

2.2.1.1. Structure and Strength of the UAF

Ukraine continues to implement reforms of the Defence sector and the UAF modernisation in accordance with NATO standards.

Currently, the UAF has the following structure:

- a. General Staff of the Ukrainian Armed Forces (the main military management body);
- b. the UAF services – Land Forces, Air Forces, Naval Forces;
- c. formations, units, military educational institutions and organizations not subordinated to UAF services.

Ukraine continues to optimise the strength of the armed forces in accordance with their tasks and resource capabilities. The strength of the UAF as of December 2006 amounts to 221.000 personnel, including 165.000 military servicemen.

The strength of the Land Forces amounts to 88.000 servicemen as of the end of 2006. The level of the main types of armament and equipment is 100%. It is envisaged to form 16 brigades within the Land Forces structure, with 60 000 personnel (including 52.000 military servicemen) by the end of 2011.

The strength of Air Forces amounts to 51.000 personnel as of the end of 2006. It is envisaged to have an Air Forces structure with 35.000 personnel (including 32.000 military servicemen) till the end of 2011.

The strength of the Naval Forces amounts to 20.000 personnel, including 15.000 military servicemen as of the end of 2006. Combat strength consists of 15 combat vessels. Personnel strength of the Naval Forces will be about 11.000 military servicemen by the end of 2011.

The UAF structure is in the following correlation: Land Forces – up to 40% of total figure, Air Forces – up to 24%, Naval Forces – up to 8%, formations, units, military educational institutions and organizations not subordinated to UAF services – up to 28%.

Since February 2005, the Supporting Forces Command (SFC) is managing logistic support. Supplying Forces Formation will be responsible for supplying forces after implementation of a prospective logistic system during 2007. This will help harmonise Ukraine's logistic system and, particularly, to update the force's supply system according to common standards.

Functionally, the UAF consists of Joint Rapid Reaction Forces (JRRF) – up to 29.000 personnel, Main Defence Forces (MDF) – up to 65.000 personnel, as well as formations, units, supporting organisations and institutions of the UAF directly subordinated to the General Staff – up to 49.000 personnel.

2.2.1.2. Directions of the UAF Development

The priority directions of the UAF development are:

- enhancing military efficiency of JRRF and raising of MDF military efficiency level;
- ensuring command and control improvement;
- improving the logistic system;
- achieving interoperability between the Ukrainian Armed Forces and NATO member-states' forces for the effective solving of national tasks as well as participation in the NATO-led operations;
- improving training and manning systems;
- modernising and renewing armaments and military equipment;
- disposing of excessive missiles, ammunitions and equipment;
- developing military infrastructure;
- developing Host Nation Support doctrine capabilities.

2.2.1.3. Development of Combat Capabilities of the Joint Rapid Reaction Forces (JRRF). Increasing of the Main Defence Forces' Combat Capabilities

Ukraine continues to develop the JRRF of the UAF, and aims to approach their capabilities to the implementation of tasks of national territorial defence and participation in international peacekeeping operations.

Formations and units dedicated for PARP/OCC should achieve the necessary level of readiness to participate in the antiterrorist operations and joint operations with NATO member-states' military contingents.

The functional principle of organisation and use of the UAF envisages prioritising development of the JRRF (which consists of formations, units and elements of land, air and navy components). According to the terms of preparing military units and elements of JRRF to combat readiness and sufficient manning they are subdivided into two components – Immediate Reaction Forces and Rapid Reaction Forces.

Development of the JRRF and determination of the main principles of its training in order to be able to fulfil defined tasks are being conducted based on the principles and standards applied by the Alliance to its NRF.

Ukraine intends to take all necessary measures to improve the status of formations and military units that form the Main Defence Forces (MDF). The main aspects of this work are: achieving a high level of technical readiness of armament and military equipment, and providing appropriate training of formations and units of the MDF.

In order to synchronize the UAF and NATO transformation process in 2007, Ukraine plans to develop and start implementing Strategic Long Term Transformation Agenda for UAF operational capabilities development in accordance with Euro-Atlantic standards.

Actions:

1. Introduce NATO documents and staff procedures used in planning for multinational formations to the programmes of command training of the JRRF units.
2. Take steps to enable JRRF/PARP command personnel to learn NATO staff procedures. Continue preparation of JRRF officers in accordance with NATO principles,

procedures and standards within educational courses on the basis of the National Defence Academy.

3. Ensure preparedness of JRRF officers through the course of the Multinational Staff Officers Training Centre, subordinated to the National Defence Academy.

4. Create a training facility to prepare UAF Air Forces aircraft crews for flying using information on new navigational means and digital maps, with databases according to NATO/ICAO standards.

5. Introduce into peacekeeping units tactical level communication equipment: stationary, mobile and handheld radio stations ("Harris" type) interoperable with corresponding equipment of NATO member-states.

2.2.1.4. Command and Communication Systems

Ukraine appreciates the high level of cooperation of national armed forces with NATO member-states' armed forces, aimed at achieving interoperability, improving staff procedures, and strengthening management of multinational formations.

The purpose of improving the command and communication system is to increase its effectiveness by decreasing the number of command levels, reorganising administration activity and accentuating the management of multi-service formations (groupings), either in Ukraine or in other regions of the world. Ukraine seeks to continue cooperation in the framework of joint operations with NATO, in particular on the field of approaching NATO staff procedures and standards.

The Command and Communication System of the Armed Forces is structured at five-levels: General Staff – Armed services – Operational commands – Army corps (Air Commands) – Formations (military unit). Currently, it provides general control over forces, while remaining very complex, multistage and insufficiently prepared for effective management of multi-service formation (groupings) as well as peacekeeping contingents.

Creation of a new body of military management on operational level was initiated in 2006 with the creation of a Joint Operational Command, responsible, in the first stage, for planning and managing peacekeeping contingents, and, subsequently, interdepartmental units, including NATO-Ukraine joint operations. It is planned to reform the Air Commands into Command and Control (C2) Warning Centres, linked by a general automated control system.

In order to achieve interoperability with the armed forces of NATO member-states it is planned to introduce communications equipment interoperable with NATO standards. Within the process of forming an Overall Automated Control System (OACS), tactical level open and protected Automated Control System (ACS) has been achieved.

Actions:

1. Modernize the intergovernmental Signal Office Centre through the installation of equipment according to the Agreement on Strategic Assault Armaments.

2. Implement the First and Second phase of the Project on the Creation of a UAF Integrated Admin and Supply Management System.

3. Improve the database and architecture of I&R System "Emergencies in the UAF".

4. Establish a system for collecting and processing information on the use of UAF units during peacekeeping operations (OPS Lessons Learned System).

5. Introduce and certify 7 (seven) multifunctional communication platforms on the COMCENs of the UAF General Staff, Services HQs, Operational Commands HQs, Army

Corps HQ and peacekeeping contingents. Introduction and certification of 3 (three) automated phone stations on the COMCENs of the UAF General Staff.

6. Produce an experimental tactical set of tools for command, signal monitoring and navigation systems for trial use within peacekeeping contingents.

7. Purchase services and equipment for improving the Automated Command System “Dnipro”.

2.2.1.5. Improvement of Logistic System

Ukraine makes all efforts to provide the appropriate level of logistic support to the UAF. The aim of improving the logistic system is to provide the UAF effective with logistic support on Ukrainian territory as well as during fulfillment of tasks by military contingents of Ukraine together with NATO member-states outside of Ukraine.

The Armed Forces’ Logistic Support System will include both a stationary system for supporting forces during peacetime and a mobile system for supporting forces during special periods or peacekeeping operations.

The Logistic Support System of the Armed Forces of Ukraine will be developed according to the territorial principle and will consist of Joint Supply Centres (JSC). JSC will carry out tasks of material and technical supply. The outsourcing system and the system of electronic calculation of goods’ and services’ circulation are planned to be established.

At the same time, a mobile system for supporting forces during special periods or peacekeeping operations will conform to the system used by NATO.

Actions:

1. Create a joint system of deployment and redeployment of the UAF units and material and technical means.

2. * Conduct a logistic officers training course (according to the IPP) with ADAMS support at the Multinational staff officers training centre of the National Defence Academy of Ukraine.

3. Ensure advisory support to the development of a new basis of material and technical supply structure: use of ADAMS systems for optimizing military and medical divisions’ management; use of NATO codification system for achieving primary operational capabilities.

2.2.2. Attaining Interoperability of the Armed Forces of Ukraine with the Armed Forces of NATO Member-States

Ukraine has undertaken measures to attain interoperability of the UAF with the NATO forces through: introducing defence planning procedures in accordance with NATO standards, directing the preparation of identified UAF forces and means for attaining the collective requirements of the Alliance, taking into account the priority tasks of Ukraine’s defence policy and coordinating programmes for their development with the economic capabilities of the state.

Ukraine undertook a commitment to strengthen the interoperability of identified divisions of the forces in the framework of 94 Partnership Tasks, focused on: increasing the quantity of experts with a high level of foreign language proficiency, attaining interoperability in command and headquarters procedures, adopting automated systems of

information management and exchange, peculiarities of material and technical providing in the operations out of the national territory, capabilities of selected military units and divisions to act in the conditions of using nuclear, biological and chemical weapons. Ukraine-NATO military and technical cooperation is carried out in the following directions: achievement of a sufficient level of interoperability of the UAF with the forces of Alliance and Partner-countries in support of the realisation of common goals; support for exchanging opinions on the adaptation of Ukraine's defence-industrial complex to the market environment; development of a system of codification interoperable with the NATO system of codification; achievement of an appropriate level of interoperability in the spheres of air defence and airspace management; achievement of an adequate level of interoperability with NATO in the command, control, communication and information system; achievement of an appropriate level of interoperability in the sphere of standardisation, particularly interoperability of systems of development, introduction and logistics in accordance with NATO standards; introduction of approaches to the life cycle management of armaments; support for existing and new projects to eliminate dangerous, useless and surplus armament as well as small arms in Ukraine.

The Ukraine-NATO Joint Working Group on Defence and Technical Cooperation (JWGDTTC) supplements the activity of NATO structures on cooperation with Ukraine. The Ukraine-NATO JWGDTTC will develop annual work plans, which will be coordinated with other NATO-Ukraine cooperation plans (the Ukraine-NATO Annual Target Plan in the framework of the Ukraine-NATO Action Plan, the Ukraine-NATO Individual Partnership Programme). These will contain information on JWGDTTC tasks, the structures responsible for their implementation and timetables. Ukraine will continue to work on ensuring technical capabilities, and comprehensive participation in the activity of relevant NATO groups open to Partners. Within the JWGDTTC, a document on "Main Directions of Ukraine-NATO Defence and Technical Cooperation" has been agreed.

The practical achievement of interoperability with the Alliance in 2007 will be implemented, inter alia, via active participation of the AF of Ukraine in the Operational Capabilities Concept.

Actions:

1. Ensure the participation of the Ministry of Defence of Ukraine, UAF in the tasks envisaged by Ukraine's Individual Partnership Programme for 2007.
2. Continue composing and publishing 1:250,000 scale topographical maps of Ukraine in accordance to NATO standards.
3. Make a centralised translation of NATO legal documents used for achieving Partnership Goals.
4. Improve Ukraine's air management system by joining the NATO Programme on Air Situation Data Exchange (ASDE) and the Regional Airspace Initiative ‡.
5. Ensure participation of UAF representatives in meetings of the NATO Air Defense Committee (NADC).
6. Amend the training programme of the National Academy of Defence of Ukraine on introduction of the NATO member-states' staff procedures ‡.
7. * Ensure practical participation in the OCC via conduct of a NATO Level 1 Evaluation of the Ukrainian Navy unit and Self-evaluation of the Ukrainian Air Force unit ‡.

‡ Included in MC+UKR Work Plan 07

‡ Included in MC+UKR Work Plan 07

8. * Conduct a series of NATO-Ukraine consultations with DGP on proliferation issues.

2.2.3. Improvement of Personnel Training and Manning System of the Armed Forces of Ukraine

Improvement of the UAF personnel training and manning system is aimed at creating a modern, cost-effective and scientifically supported training system of highly qualified (according to NATO standards) military specialists with experience needed by the UAF and other military formations.

The UAF are manned by three main types of personnel: (1) officers and non-commissioned officers; (2) privates, NCOs and warrant officers (conscripts and contract service for 3-5 years); and civilian personnel. The conscript period has been reduced to 12 months (in the Navy 18 months, for citizens with higher education 9 months).

In the framework of transition to contract service by 2010 (for privates, NCOs and warrant officers), it is envisaged to cancel the drafting of citizens for conscript service. A package of incentives for military contract service is being introduced.

The system of UAF military education is being balanced with the structure and strength of the armed forces, and integrated into the national education system through the inclusion of a number of military higher educational institutions, which includes military institutes, into civilian ones. The optimisation of structure and strength of the network of military higher educational institutions, faculties and chairs of military training is being continued.

The Multinational Staff Officers Training Centre of the National Defence Academy of Ukraine conducts training for candidates for Reserve Staff for the positions of peacekeeping personnel of international staff elements (centres and commanders of peacekeeping missions).

Actions:

1. Create an International Peacekeeping and Security Centre on the basis of the Yavoriv Training area of the UAF Western Operational Command.
2. Create an automated UAF personnel management system ‡.
3. Develop a professional sergeant corps in the UAF by elaborating and introducing renewed programs of NCO training in military educational units (centres); develop new methods of sergeant selection; develop legal documents on NCO service ‡.
4. Implement advisory support to improve NCO training in the UAF (elaboration of legal documents, provisions, instructions, recommendations).
5. Amend the system of training for specialists at UAF training areas and centres in order to raise their professional skills.
6. Organise the Land Forces of the UAF system of tactical simulation MILES 2000 and MILES IWS (purchase of battalion set of tactical simulation system for the full cycle of units training at the 240th training area).
7. Introduce a reserve service in the UAF ‡.
8. Optimise the network of military higher educational institutions.

‡ Included in MC+UKR Work Plan 07

9. Ensure the functioning of a network of courses of excellence for officers and state employees. Hold subject educational courses on the basis of the Multinational Staff Officers Training Centre of the National Defence Academy of Ukraine.
10. Conduct language training for command personnel of the Ministry of Defence and General Staff of the Armed Forces of Ukraine ‡.
11. Organise the training of two instructors at the Regional Telecommunications Academy (Cisco Systems) on the basis of Kyiv Shevchenko National University for computer network administration, and follow-on training of the experts on administering telecommunication systems in the UAF.
12. Establish a telecommunications academy courses in the UAF (Cisco Systems).
13. Train state employees of the Ministry of Defence in foreign languages without discontinuing service activity in the frameworks of the International Project of the Ministry of Defence of Ukraine for Civilian Personnel Professional Training.
14. Conduct foreign language courses in military educational institutions of the UAF and experimental military units of the UAF in the framework of Civil Personnel Training Pilot Project.
15. Improve the UAF personnel language testing system and transition to certification in accordance with Standard Language Levels (CMP), close to NATO STANAG 6001.
16. Train UAF personnel in intensive foreign language courses (English, French, German, Arabic, Turkish) at military higher educational institutions, and in language and professional courses at higher educational institutions of Canada and USA.

2.2.4. Renewal of Armaments and Military Equipment

The development of armaments and military equipment aims to achieve considerable changes in the supply of the Armed Forces of Ukraine, with new types of armaments and military equipment in full correspondence with current requirements, including adequate levels of interoperability. This will facilitate the fulfillment of operational tasks and will enable designated units to act jointly with NATO member-states' forces.

The Armed Forces of Ukraine are fully equipped with armaments and military equipment. At the same time, the technical characteristics of approximately 40% of their armaments and military equipment lag behind those of leading world countries. Renewal of material and technical means is aimed at purchasing needed models of armament and military equipment for all types of the Armed Forces.

Actions:

1. * Participate with representatives of the Ministry of Defence, Ministry of Industrial Policy and Ministry of Foreign Affairs in consultations in the format of the NATO-Ukraine Joint Working Group on Defence-Technical Cooperation.
2. * Participate with representatives of the Ministry of Defence in consultations in meetings of groups and sub-groups of the Conference of National Armament Directors (CNAD), Research and Technology Organisation (RTO), NATO Consultation, Command and Control Organisation (NC3O) and NATO Standardisation Agency (NSA).
3. Equip the Ukrainian Armed Forces with communication equipment in accordance with NATO standards.
4. Equip vessels of the JRRF with individual and collective survival and respiratory equipment that corresponds to NATO standards.
5. Re-equip PARP-designated aircraft (IL76, AN26 "Vita") in accordance with ICAO/NATO requirements, develop an automated system to collect, process and transfer radar information.

6. Arrange equipment for aircraft of the UAF Air Forces (two aircraft IL76, aircraft AN26, two helicopters MI8) to achieve ICAO/NATO standards.
7. Upgrade radio-technical flying control, navigation and landing systems (at aerodromes Melitopol, Kulbakino and Vassylkiv) in accordance with ICAO/NATO standards.
8. Ensure participation of representatives of the Ministry of Defence in meetings of the NATO Industrial Advisory Group (NIAG) in order to specify priorities in the elaboration, modernisation and repair of armaments and military equipment, and in the establishment of defence-technical cooperation with NATO nations and Partner countries.

2.2.5. Destruction of Excess Missiles, Ammunition, Armaments and Military Equipment

Ukraine strives to take comprehensive measures to resolve problems related to the existence of excess and obsolete ammunition, armaments and military equipment, and components of rocket propellant. Their safe destruction as well as provision of security and fire safety of arsenals, bases and depots of the Armed Forces of Ukraine will guarantee security for local inhabitants and the environment.

The destruction of excess and disabled missiles, ammunition, explosive materials, armaments and military equipment is conducted by military units and organisations of the Ministry of Defence, Ministry of Industrial Policy, National Space Agency with the state budget's funds, as well as by engaging financial assistance of international organizations (NATO, EU, OSCE and other).

To solve destruction-related problems, the Cabinet of Ministers, by its Decree № 1856 as of December 2006, created a Commission on coordination of activities on destruction of excess and obsolete missiles, armaments and explosives. Decree of the Cabinet of Ministers No: 501-p as of June 2006 has adopted the Concept of State Programme on utilization of conventional armaments unadapted to storing and using for 2006-2017. The estimated budget of the State Programme will be UAH 3,9 billion (EUR 590 mlns). UAH 2,8 million (EUR 420 thousands) from the State Budget of Ukraine will be allocated of the Ministry of Defence was also allocated for destruction missile's liquid fuel (melange).

Actions:

1. Develop and implement new technologies for destruction of armaments, military equipment and components of rocket propellant with the assistance of national enterprises and foreign investors. Ensure closed production cycles and transparency of disposal.

2. * Continue implementation of the NATO/PfP Trust Fund Project on destruction of surplus munitions, small arms and light weapons and man-portable air defence systems.

3. * Continue consultations on initiating a NATO/PfP Trust Fund Project on destruction of components of liquid missile fuel (melange).

4. Deploy two mobile plants on destruction of missile fuel directly at storage sites (in case the project is agreed).

5. Ensure implementation of the project on disposal of PFM-1 anti-personnel mines with EU financial assistance at two storage sites (State Plant "Zirka" (Shostka) and State Enterprise "Science-Industrial Unity Chemical Plant" (Pavlohrad)).

2.2.6. Development of Military Infrastructure

The aim of developing military infrastructure is to increase the effectiveness and sustainability of the UAF via considerable reduction of existing objects and conformity with the real needs of the Armed Forces, and with market economy's conditions.

The main challenges on military infrastructure are: the accumulation of unnecessary cantonments and excess facilities as a result of reform and reduction of the size of the UAF, the existence of unfinished construction objects and the considerable amount of buildings in emergency condition.

In 2005, the MOD initiated the elaboration and adoption of a series of legislative acts by the Cabinet of Ministries. In this regard, the process of solving the problems of handing over or selling excessive cantonments as well as separate buildings and facilities to civilian central or municipal authorities on commercial basis has been started.

Actions:

1. Ensure sales of excess objects of military infrastructure with an obligation to allocate received funds for the Armed Forces development.
2. Improve the infrastructure of the Yavoriv PfP Training Area up to the level of PfP Training Centre through development of its operational capabilities.

2.2.7. Host Nation Support (HNS) for NATO-led Operations

Ukraine implements measures aimed at developing host nation capabilities in support of NATO-led operations. In this regard, Ukraine is preparing military infrastructure (airfields, seaports, military training areas, etc.) to effectively receive military units of NATO member-states.

In recent years, Ukraine has gained experience in using military infrastructure in support of NATO member-states' military units and divisions during joint exercises.

The practical implementation of HNS doctrine on the territory of Ukraine requires improvements in the legislative and legal basis and consultative support from the Alliance.

Actions:

1. Conclude the Concept of HNS capabilities.
2. Conclude the Programme of HNS capabilities in order to ensure regulations for support of international peacekeeping trainings on the territory of Ukraine.
3. * Develop the "HNS Catalogue" ‡.

2.2.8. Military Standardisation

Ukraine aims to achieve the necessary level of military standardisation with NATO in order to increase operational capabilities and effective use of defence resources in implementing assigned tasks. This will include the adoption of normative documents/standards in the operational, administrative and logistic spheres. Implementation of NATO standards will ensure the necessary level of correspondence between UAF units and their assigned tasks.

‡ Included in MC+UKR Work Plan 07

In 2002, based on the experience gained from NATO member-states, a new standardisation programme was created. Measures to implement NATO standards are being implemented in accordance with the Law of Ukraine "On Standardisation" (2001). Basic documents of military standardisation, including 5 (five) military standards on policy, basic terminology and documentation, are being implemented.

The general organisation and coordination of military standardisation is conducted by the military standardisation body, whose representatives have completed appropriate training in the NATO Standardisation Agency and participate actively in NATO working groups in the sphere of standardisation.

UAF and NATO experts have established a permanent channel of communication through the NATO Information and Documentation Centre. The periodical catalogue of NATO documentation is prepared on a permanent basis and sent to central executive bodies, institutions and organisations involved in cooperation tasks.

Actions:

1. Train four officers on medical standardisation in accordance with the NATO standards.
2. Computerise the UAF Fund of legal documents (equip three work stations, install an automated legal documents data base), connect it to the "Internet" and "Dnipro" networks.
3. Install an Information system of standardisation management (install equipment, provide programme, create a standardisation activity data basis).
4. Introduce the NATO codification system for material military means ‡.

2.2.9. Health Care in the Military Sphere

The aim of reforming the UAF medical support system is the creation, according to NATO standards, of a modern network of medical establishments through the establishment of a common medical area, the unification of all forces and means of military medicine under the guidance of the MOD Department of Health Protection, the introduction of the territorial principle to the medical service regardless the troops (forces) subordination, comprehensive control over qualitative medical support, the conduct of sanitary and anti-epidemic measures, and the provision of medical facilities with the gradual introduction of medical standardisation.

In the framework of reforming the UAF system of medical support, the optimisation process of the current network of medical establishments is continuing. In this regard, the medical structure is improving according to the tasks and necessary level of medical service to supported units.

Measures to provide medical service units with mobile equipment and to ensure AIR MEDEVAC aim to increase the level of medical services to military units and sub-units that would take part in common operations with NATO troops. It is planned to develop regulations on medical support and to conduct training of medical personnel in accordance with NATO standards.

‡ Included in MC+UKR Work Plan 07

Actions:

1. Elaborate the Military-Medical Doctrine and Concept of Medical Service of the UAF according to NATO standards.
2. Amend normative documents on medical support in accordance with requirements of the Military-Medical Doctrine of the UAF.
3. Organise and hold a tender on supplying vaccines. Prepare and sign the Agreement on supplying vaccines, provide certification and implement Instruction on the vaccination of personnel within UAF peacekeeping units.
4. Organise the receipt of NATO-interoperable mobile module equipment of container type for four UAF mobile hospitals.
5. Create a Training and Educational Centre of the UAF Medical Service in order to train medical personnel involved in peacekeeping operations.

2.3. Security Sector Reform

The aim of security sector reform is the achievement of key world standards in this area, in particular by increasing the level of protection of human rights and freedoms in society and the state. Ukraine intends to use the Intensified Dialogue on Ukraine's Membership Aspirations and Related Reforms to exchange experience with NATO member-states in the context of defining approaches to security sector reform. Ukraine intends to systemise all forms of NATO-Ukraine interaction in the organisation of Ukraine's security sector. The reform of the security sector aims to create systematic reporting and transparency, and to ensure democratic civil control of its components' activities.

The system of democratic civil control includes oversight by the parliament, the President, the National Security and Defence Council, the Cabinet of Ministers, relevant executive and self-government central and local bodies, court bodies, and supervisory bodies of prosecution. The principle of division of functions and authorities of the political leadership of Military organisation of state and law enforcement activity, as well as the professional military management of the UAF, other military formations, law enforcement bodies, and the avoidance of duplicating their functions, is carried out in Ukraine.

In reforming the security sector, Ukraine focuses its efforts on strengthening civil control of security and defence structures, in particular by improving civil capabilities and staff development, enhancing institutional capabilities for democratic management and control, developing civil society and its supervisory capability, developing a comprehensive national security and defence policy, doctrines and capabilities, ensuring transparency of organisation and management of security and defence components, ensuring clear roles and interaction between military units and other components of the security sector.

Ukraine will improve key security sector institutions, including the Staff of the National Security and Defence Council, the Ministry of Defence, the Ministry of Interior, the Ministry of Emergencies, the State Border Service, the Intelligence Service and the Security Service.

In the framework of implementation of designated goals, Ukraine intends to use the NATO-Ukraine Joint Working Group on Defence Reform (JWGDR) as a forum for interaction with the Alliance on defence and security sector reform. The mechanism of the JWGDR can contribute to the conduct of a comprehensive review of the national security sector and the introduction of a new Security Sector Model to 2015.

Ukraine considers the reform of intelligence bodies to be an important element of national security sector reform. The NATO-Ukraine Working Group on Civil and Democratic Control of the Intelligence Sector was created to permit the Alliance to provide expert assistance to the reform of Ukraine's intelligence bodies.

2.3.1. Maximum use of possibilities of the NATO-Ukraine Joint Working Group on Defence Reform (JWGDR) to ensure the successful conduct of a comprehensive security sector review

Ukraine intends to focus its activity in the JWGDR in 2007 mainly on fulfillment of tasks aimed at ensuring the further development of NATO-Ukraine cooperation in the area of national security sector reform in accordance with the current standards of NATO member-states and other leading countries.

To achieve this goal, Ukraine intends to assess and analyse the status of implementation of the comprehensive national security sector review at meetings of the JWGDR. Such an approach will contribute to the further implementation of the JWGDR Work Plan on the Review as well as to the introduction of a new Security Sector Model to 2015.

Ukraine would be also grateful for NATO and Allied expert assistance, in the framework of the JWGDR, in the development and publication of the White Book on National Security Policy.

In this context, it is extremely important to study the experience of NATO member-states in developing strategic conceptual documents on security and defence, ensuring effective civil and democratic control of defence and security structures and elaborating mutual proposals on the ways of strengthening such control in Ukraine.

The NATO-Ukraine Working Group on Civil and Democratic Control of the Intelligence Sector under the auspices of the JWGDR, which started its activity in October 2006 in Portugal, will contribute to the development of appropriate civil and democratic control of security structures as well as the reform of intelligence bodies in accordance with Euro-Atlantic standards. The JWGDR will permanently consider the results of its work and Ukraine will take into account the recommendations of NATO member-states. At the same time, other working groups on cooperation in other components of security sector will be created under the auspices of the JWGDR if necessary.

Assistance provided by NATO member-states to improve the professional skills of civilian personnel of defence and security structures in the framework of the JWGDR Programme on Professional Development has proved useful. The professional skills of these categories of personnel are improving considerably. In this regard, Ukraine intends to extend, with assistance of NATO member states, the activities of the Programme to the whole security sector.

Ukraine stands ready to enhance cooperation with the security services of NATO member-states in the struggle against terrorism. Ukraine also supports the elaboration of mechanisms of interaction in this area through seminars or expert consultations under the auspices of the JWGDR.

Ukraine will make considerable efforts to implement effectively the Partnership Network for Civil Society Expertise Development, established at the October 2006 High Level NATO-Ukraine Consultations in Sintra, Portugal.

Actions:

1. * Develop NATO-Ukraine cooperation on the comprehensive security sector review. Conduct the third and fourth stages of the Review with NATO expert assistance. Hold meetings of the core group of the JWGDR to discuss the implementation of these stages of the comprehensive security sector review.
2. * Ensure the activity of the NATO-Ukraine Working Group on Civil and Democratic Control of the Intelligence Sector under the auspices of the JWGDR, permanently assessing the results of its work and ensuring its effective implementation.
3. * Establish under the auspices of the JWGDR, if necessary and subject to agreement by the Group, working groups on cooperation in other components of the national security sector in the context of the Review.
4. * Hold a meeting of the core group of the JWGDR to discuss NATO expert assistance in developing and publishing the White Book on National Security Policy.
5. * Hold the 6th Senior Level Meeting of the JWGDR to discuss the results of the comprehensive security sector review and NATO-Ukraine cooperation in the framework of the Review. Define ways to implement a new security sector model.
6. * Hold a meeting of the JWGDR core group to present the White Book on National Security Policy.
7. * Hold meetings of the Steering Committee of the JWGDR Programme on Professional Development to assess the status and prospects of further implementation of this project.
8. * Hold seminars, expert consultations with participation of representatives of the security services of Ukraine and NATO member-states under the auspices of the JWGDR to elaborate mechanisms of cooperation in the area of combating terrorism.
9. * Assess and analyse the results of the activity of the Partnership Network for Civil Society Expertise Development at the meetings of the JWGDR core group. Develop joint recommendations to improve its further activity.

2.3.2 Reform of the Security Service of Ukraine

Improvement of legislation regulating national and state security should be an important step towards SSU reform. This will free the SSU from inappropriate functions and avoid duplication of functions by law-enforcement bodies.

The systematic process of SSU reform and its transformation into a European-style security service is ongoing.

According to the Decree of the President of 7 November 2005 № 1556 “On Observance of Human Rights while Conducting Operational and Technical Activities”, on 23 November 2006, the Verkhovna Rada adopted the Law of Ukraine “On the State Service of Special Communication and Protection of Information”. This Service was created on the basis of the former SSU Department of Special Telecommunication Systems and Protection of Information.

A new element that helps SSU activity approach European and Euro-Atlantic standards is the cooperation with the NATO Special Committee “26+1” format, and with the NATO International Staff in the framework of Intensified Dialogue. A number of arrangements to use NATO member-states’ experience in creating democratic security

services, and introducing efficient mechanisms of control and oversight, have been created.

Activities aimed at conducting a comprehensive review of the SSU as a component of the state security sector are being implemented. The mechanism of SSU transformation into a European-style security service will be developed. The SSU will be a state body with special status, which will ensure state security according to the Constitution.

In order to strengthen the role of the SSU in the system of law enforcement, to improve professional skills of its personnel, and to determine goals, priority directions and main tasks in SSU reform, a Commission on the development of the draft Concept of SSU Reform and the draft Comprehensive Target Programme on SSU Reform was established according to the Decree of the President of 12 December 2006 No: 396 "On Measures of Reforming Security Service of Ukraine".

The SSU carries out counterintelligence protection of state sovereignty, constitutional order, territorial integrity, economic and defence potential, information security, national interests, and human rights and freedoms. The SSU also helps prevent, reveal and combat crimes against national security and against other criminal actions that threaten Ukraine's national security.

Actions:

1. Continue to bring the main SSU tasks and functions in line with the standards of NATO member-states. Elaborate a new bill "On the Security Service of Ukraine" and submit it to the Verkhovna Rada according to the established procedure.
2. Develop a mechanism of SSU transformation into a European-style security service.

2.3.3 Reform of the Ministry of Interior of Ukraine

The reform of the Ministry of Interior will be implemented in accordance with societal needs and the possibilities of the state. To achieve maximum effectiveness the implementation of the following tasks is foreseen:

- increase effectiveness of management of bodies and divisions of the Ministry through step-by-step optimisation of management bodies' functions of all levels, bringing the organisational structure in line with the public priorities, improving staff functions, informational and analytic work, and legal support;
- ensure the most effective use of positive forms and methods of operational and service activity as well as appropriate foreign experience, ensure implementation of scientific recommendations;
- improve personnel policy, executive discipline and organisation of work, create an effective system of internal security to reveal and prevent corruption among personnel in a timely manner;
- strengthen interaction with other law enforcement bodies, establish a new basis for interaction with the population, public organisations, enterprises, institutions and mass media;
- extend and deepen international cooperation;
- meet the financial, material and technical needs of the Ministry.

The reform of the Ministry of Interior will be based on the principles of unity and optimisation of functions of Ministry structures; maximum effectiveness, simplicity and flexibility of Ministry structures; priority orientation of operational and service activity of

each body and unit regardless of specialisation, fulfillment of tasks on public order protection and fighting crime; priority development of field units; access of the population to all structures of the Ministry; planning, gradual character and transparency in implementing all transformations.

Actions:

1. Draft proposals on adoption of the Law of Ukraine “On Internal Forces of the Ministry of Interior of Ukraine” of March 1992 in accordance with current legislation of Ukraine.
2. Undertake activities to gradually transform the system of manning the Internal Troops of the Ministry of Interior to a contract basis.
3. Elaborate and agree the project on creation of the Centre of training law-enforcement forces on the basis of Internal Troops of the Ministry of Interior, with assistance of NATO member-states.
4. Increase the number of civilian personnel in the Internal Troops of the Ministry of Interior. Elaborate a list of posts that can be filled by civil personnel, implement training programmes to improve the skills of such personnel.

2.3.4. Reform of the Administration of the State Border Guard Service

The strategic priority tasks in reforming the State Border Guard Service as a law enforcement structure are the following: introduction of European law in the area of border management; promotion of passenger and goods transportation across the border; law enforcement in border areas, including participation in fighting international organised crime; effective counteraction of proliferation of weapons of mass destruction and terror means, drug trafficking, illegal migration, trafficking in human beings and other threats in the area of border security; improvement of the current system of interaction of law enforcement bodies inside the state as well as their international cooperation, including in the NATO framework.

The legal basis for reform of the Ukrainian border agency is the Law of Ukraine “On the State Border Guard Service of Ukraine” (2003), and the “Concept of Development of the State Border Guard Service of Ukraine to 2015” adopted by Decree of the President on 19 June 2006 No: 546. The final goal of reform of the State Border Guard Service is the creation of a modern European-style border service that will ensure protection of national interests on the state border.

The implementation of strategic reform tasks will ensure:

- effectiveness of state policy in the area of state border protection;
- development of a modern integrated system to protect the state border and the sovereignty of Ukraine in its exclusive (maritime) economic zone, ensuring a qualitatively new level of its protection;
- institutional independence of the State Border Guard Service as a European-style law enforcement body, through strengthening its personnel potential, ensuring effective counteraction of corruption and other crimes among the personnel;
- improved cooperation with law reinforcement bodies, other state bodies and bodies of self-government of Ukraine, the border services of neighbouring and other states, and international organisations;

- appropriate understanding of the society of the importance of state border protection.

The implementation of this Concept will contribute to the achievement of Ukraine's strategic course toward integration into the European Union and NATO, and will enhance the role of the State Border Service in counteracting cross-border and international crime.

Actions:

1. Hold a high-level international conference (with participation of US and EU representatives) to define modern technical means of state border protection in order to exchange experience with leading foreign experts in this area.

2.3.5. Reform of the State Tax Service

The process of reform of the State Tax Service will be continued in 2007. This process is being implemented within the project "Modernisation of the State Tax Service of Ukraine – 1" and according to the Agreement between Ukraine and the International Bank for Reconstruction and Development on the Loan of 4 September 2003 № 4698-UA (Law of Ukraine of 20 November 2003 № 1317. This project foresees the implementation of activities aimed at updating the organisational structure, management and main operational functions of units of the State Tax Service. In addition, a Strategic Plan on Development of the State Tax Service to 2013 was adopted by the Order of the State Tax Service of 29 September 2005 № 420.

Actions:

1. Continue implementation of the project "Modernisation of the State Tax Service of Ukraine – 1".

SECTION III. RESOURCES ISSUES

1. Macroeconomic Framework and Basic Figures. Budget Planning.

Ukraine undertakes necessary measures to promote steady economic development and provide effective and transparent distribution of its results. According to predictions real GDP is expected to increase by not less than 6% annually within the period of 2007-2011.

According to 2006 results, real GDP increased by 7.1%. In 2007 real GDP growth will be 6,5% according to the Prognosis of Economic and Social Development of Ukraine for 2007. At the same time, it is predicted that containment of customer prices' index will be 107,5 % in calculation of "December to December".

In Ukraine there is a trend toward increasing the proportion of income in the general fund of a balanced budget as a result of improved procedures of tax payment administration and a balanced tax policy.

The priority directions of budget policy in 2007 are:

- macroeconomic stabilisation of the country's financial and economic situation;
- renewal of the innovation and investment model of economic development;
- conduct of structural reforms and neutralisation of disproportions;
- achievement of a balanced budget for the Pension Fund and Social Insurance Fund;
- increased social standards and standard of living of citizens;
- increased financial capabilities of the regions.

The main tasks of the 2007 state budget is transition from an economic development model oriented toward stimulating consumption to a model that prioritises the stimulation of investment activity and development of domestic production.

A process of structural reforms will be initiated, to include: tax reform, which foresees reduced tax pressure on the economy; increased effectiveness in the use of natural resources, energy sources, and energy-saving technologies; creation of the necessary legal basis for a full-fledged land market; reform of the housing sphere, creation of market conditions for the coal industry; implementation of scientific and technical principals and innovative development.

Actions:

1. Ensure a real GDP increase of 6,5%, limit inflation to 7,5 %, ensure real monthly salary growth of 7,9%.
2. Limit state debt to an economically safe percentage of GDP.

3.2. Ensuring Security and Defense Sector with Financial Recourses

Stability of economic policy and predicted budget figures adopted by the Government of Ukraine for the mid-term perspective give confidence that Ukraine will provide the necessary funding to the security and defence sector, including for relevant measures foreseen by the Ukraine-NATO Target Plan.

Expenses from state budget during the last years for national defence and security (including pensions) have tended to increase. In the State budget for 2007 expenses for requirements of the Ministry of Defence (without taking into account state expenses) in comparison with 2006 increased to 1466,7 mln. UAH (approximately 222 mln. EUR), or by 19.3% (9061,5 mln. UAH, approximately 1,325 mln. EUR). At the same time, in order to enhance the defence capability of the Armed Forces, in particular by finalising the development of priority models of armaments and military equipment, their procurement and modernisation, expenses increased in comparison with 2006 by 906,5 mln. UAH (approximately 139 mln. EUR) or by three times in 228,8 mln. UAH in 2006 up to 1135,3 mln. UAH in 2007.

Starting in 2006, financial resources for state security are directed at ensuring qualitative changes in the structure of law enforcement bodies in order to bring them in line with international standards, through the creation of new non-military structures.

To increase the effective utilization of finances for defence and security, procedures to prepare passports for budget programmes for the aforementioned expenses have been improved. A system to manage financial resources and ensure internal control over the effective utilization of costs has also been improved.

The procedures of state budget planning and implementation, determined by the Budget Code of Ukraine, ensure democratic civil control over expenditures for defence and security at all stages.

Actions:

1. Continue to take measures to improve the system of financing for military servicemen and officers.
2. Ensure forming of fund provisions for state security and defence according to the priorities of their targeting, first of all aiming at modernization and innovation development, while forming the draft state budget for 2008.

3.3. Preparation of Personnel in the Sphere of Euro-Atlantic Integration

Ukraine pays considerable attention to the issue of appropriate staffing of the divisions of central executive and state bodies responsible for cooperation with NATO and implementation of Ukraine's Euro-Atlantic integration strategy.

3.3.1. Fulfilling Measures on Training, Retraining and Improving Qualifications in the Sphere of Euro-Atlantic Integration.

Ukraine pays considerable attention to improving the system of management training. To this end, Ukraine continues to implement the State Programme on Training, Retraining and Improving Qualifications of Experts in the sphere of Euro-Atlantic Integration for 2004-2007 adopted by the Decree of the President of Ukraine as of December 2003 No: 1433.

Representatives of central executive and state bodies take part in annual programmes of international cooperation with NATO in the framework of the Ukraine-NATO Individual Partnership Program.

Actions:

1. Ensure implementation of the Task Plan on implementation of the State Programme on Training, Retraining and Improving Qualifications of Experts in the sphere of Euro-Atlantic Integration for 2004-2007 adopted by the Decree of the Cabinet of Ministers of Ukraine as of December 2006 No: 634-p.
2. Elaborate a draft of State Programme on Training, Retraining and Improving Qualifications of Experts in the sphere of Euro-Atlantic Integration for 2008-2010.
3. * Ensure implementation of the International project on professional civilian staff training for the security and defence sector with the support of NATO member-states and Partners.
4. Improve the qualifications of military personnel and state employees of the UAF and Ministry of Defence through Higher Academic Courses of the National Defence Academy.

3.3.2. Completing the Mission of Ukraine to NATO and Increasing the Number of Representatives of Ukraine in the Military Headquarters of the Alliance

Ukraine is considering the possibility of gradually increasing the personnel of the Mission of Ukraine to NATO, which currently consists of 28 persons and contains three sections: a Political Section, a Defence Section and a Military Representation.

Ukraine plans a fully manned Political Section (including a Ministry of Emergency representative) and Military Representation (staffed by UAF military servicemen with appropriate language and special training). Vacant technical-administrative posts of the Mission will be also filled.

It is planned to appoint UAF military servicemen to NATO PSE posts at different NATO headquarters.

Actions:

1. * Complete the appointment process and send a UAF representative as a permanent national representative to Supreme Allied Command Transformation, subordinated to the Military Representative of the Mission of Ukraine to NATO ‡.
2. * Send a liaison officer of the UAF Naval Forces to HQ CC Mar Naples in order to coordinate UAF Naval Forces assets participation in the NATO operation "ACTIVE ENDEAVOUR".

‡ Included in MC+UKR Work Plan 07

SECTION IV. INFORMATION SECURITY ISSUES

The introduction of an information protection system in Ukraine-NATO cooperation, implemented on the basis of the Security Agreement between the Government of Ukraine and NATO of 13 March 1995, ratified by the Verkhovna Rada on 12 September 2002, is an important part of reforming Ukraine's security sector, aimed at creating relevant conditions for protection of restricted information and effective mechanisms of preventing its release.

The protection of state secrets and relevant commitments to their safeguarding is regulated by the Law of Ukraine "On State Secrets". According to Article 5 of the Law the National Security Authority in the sphere of ensuring protection of state secrets is the Security Service of Ukraine, which implements practical measures to protect NATO classified information.

Rules of Conducting and Ensuring Protection of NATO Classified Information have been implemented; the Main Centre of NATO Documents' Registration, which promotes the exchange of classified information between Ukraine and NATO, has been created at the Ministry of Foreign Affairs.

Centres of NATO document registration, which develop and implement measures to safeguard NATO information, were created in 22 state bodies that participate in cooperation programmes with NATO;

Preparation of state employees to protect NATO classified information has been organised within the Security Service of Ukraine.

The Security Service of Ukraine provides permanent control over the level of protection of NATO classified information.

The State Service of Special Communication and Protection of Information, created in 2006 on the basis of the former Department of Special Telecommunication Systems and Protection of Information of the Security Service, is responsible for implementing state policy in the sphere of protection of state information resources in transmission of data, the functioning of the state system of governmental communication, the National System of Confidential Communication, and cryptographic and technical protection of information.

In 2003, according to NATO requirements and standards, the Department of Special Telecommunication Systems and Protection of Information of the Security Service of Ukraine prepared proposals to create a single integrated information network to unite all central executive bodies of Ukraine using the telecommunication resources of the National System of Confidential Communication.

A special telecommunication system for the exchange of restricted information between the Mission of Ukraine to NATO and the Ministry of Foreign Affairs has been created. The principles of providing protection of information and mechanisms of their implementation, used in the process of resolving these tasks, ensure an appropriate level of protection of information with simultaneous facilitation of the procedure of integrating the national information infrastructure with the Euro-Atlantic one.

Priority issues in the sphere of information security are to develop and agree regulatory norms on the protection of classified information according to NATO standards; to improve the qualifications of experts of the executive bodies in the protection of classified information in the process of Ukraine-NATO cooperation; to modernise state telecommunication systems that transmit NATO classified information, according to NATO requirements and standards; to finance measures to protect NATO classified information in order to bring this system in line with NATO standards.

Actions:

1. Prepare proposals to improve legislation based on a comparative analysis of NATO standards and Ukrainian legislation on protection of classified information.
2. Develop and prepare for signature bilateral agreements on mutual protection of classified information with NATO member-states and Partners.
3. Undertake measures to create a special telecommunication system for the exchange of classified information between the Mission of Ukraine to NATO (Brussels, Belgium) and corresponding central executive bodies in Ukraine. Resolve issues of financing measures to bring offices where NATO confidential communication equipment will be installed in line with technical requirements on protection of classified information.
4. Undertake measures to give structural divisions of central executive bodies that deal with issues of Euro-Atlantic integration access to special communication services using telecommunication resources of the National System of Confidential Communication.
5. Verify conditions of technical protection of NATO classified information in the state bodies of Ukraine that work with this information.
6. Hold information security training courses (including training with the participation of experts of the NATO Office of Security).
7. Introduce in the structural divisions of the Ministry of Defence rules for handling and protection of NATO restricted information.
8. Equip facilities of the Ministry of Defence, where the facilities for NATO confidential communication will be installed, in accordance with technical requirements for the protection of classified information.
9. Establish the Centre of Registration of NATO classified documentation at the Ministry of Defence of Ukraine. Establish relevant Registration units at the General Staff of the Armed Forces of Ukraine.

SECTION V. LEGAL ISSUES

5.1. Current Status of Ukrainian Legislation and its Compliance with NATO Principles

The Constitution of Ukraine does not create obstacles to Ukraine's undertaking the obligations of the international treaties that form NATO's legal basis. According to the Law of Ukraine "On the Defence of Ukraine", in order to prevent military aggression and armed conflicts, to protect national interests and to implement national military policy, following the principles of responsible and cooperation-based conduct in the sphere of security, Ukraine participates in international security systems and international co-operation in the defence field on the basis of international treaties and under the procedures and conditions set forth in Ukrainian legislation. According to Article 8 of the Law of Ukraine, "The National Security of Ukraine", the core directives of state policy on national security are "participation in European and regional collective security systems, and becoming a member of the EU and NATO while maintaining good relations and strategic partnerships with the Russian Federation, CIS countries and other states of the world".

"The Recommendations of Parliamentary Hearings on the Relationship and Cooperation of Ukraine with NATO", approved by the Resolution of the Verkhovna Rada № 233-IV of 21 November 2002, find that Euro-Atlantic integration is an essential factor in strengthening national security, and call for the development of democratic institutions, civil society, and protection of human rights and freedoms. In addition, the document underscores the necessity of intensifying the process of Euro-Atlantic integration, with the ultimate goal of NATO membership. "Ukraine considers NATO the basis for a future all-European security system and supports the process of NATO's enlargement", and proceeds from the principle that "the final goal of the Euro-Atlantic integration policy of Ukraine is to become a member of this organisation". The Military Doctrine of Ukraine contains the same provisions.

Actions:

1. Elaborate a list of necessary amendments to laws and other legal acts of Ukraine in to adapt them to the basic NATO treaties.
2. Elaborate a draft Memorandum of Understanding and Technical Agreement on Ukraine's accession to the NATO Program on Exchange Data on Air Situation.
3. Organise training for experts of the legal services of the Ministry of Defence of Ukraine and the UAF General Staff on the adaptation of national legislation in accordance with provisions of NATO treaties.
4. Ensure training of representatives of the UAF General Staff in international law courses at USA military institutions of higher education.