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The Governmental Commission on Ukraine's Accession to the WTO has submitted the Note entitled An Outline on Services reproduced hereunder.

An outline on services

Banking and other financial services

Banking services

The banking system of Ukraine has two levels and includes the National Bank of Ukraine (NBU), the Foreign Economy Bank of Ukraine, Savings bank of Ukraine, other republican banks and commercial banks with different forms of ownership.

The characteristic feature of Ukrainian banking system is the power the NBU endowed to govern the financial system of country.

The NBU plays the main role in establishing and regulating the banking system. Being the Central Bank of republic, the NBU is given the right to legislative initiative. No one institution has the right to execute bank's functions on the territory of Ukraine without proper registration by the NBU in the Republican Book of Registration of Banks.

All acts issued by the NBU (in form of letters, provisions and regulations) are legally bound for all banks on the territory of Ukraine. Besides the NBU sets up one and the same rules of bookkeeping in banks.

The banking activity is subject to regulation by the Law of Ukraine "On banks and banking activity" (1991), decrees and regulations of the cabinet of Ministers, the rules and letters of NBU.

The transformation process of Ukrainian economy is the reason for amendments and modifications to the existing legislative acts. The Law "On banks and banking activity" has since its adoption 16 amendments in the form of laws and decrees.

In compliance with the aforesaid Law all banking institutions are authorised to provide to legal entities and individuals the credit - payment, cash-register and other banking services.

The legislation of Ukraine does not impose any particular restrictions on foreign banking activity in Ukraine (except the additional requirements to the documents necessary for registration). It means that the national treatment is applied to all foreign banks, their representative offices, affiliates, the banks with foreign participation in the territory of Ukraine.

For their turn, the national banking institutions may provide their services abroad upon the concord of NUB.

At present time the NUB fulfilling the governmental program of reforms takes firm measures to control all "black market" operations with currency. These measures are: liberalisation of legislation concerning operations with private deposits in currency; increasing of limits of currency permitted to be exported from Ukraine; encouraging the use of cards and travel cheques. Ukraine is now on the threshold of money reform that will be aimed at introduction of expensive national currency with further tough monetary policy.

Other financial services

The Decree of the Cabinet of Ministers "On trust entities" of 1993 with amendments of 1995 regulates the trust operations in Ukraine.

The Fund of State Property, the National Bank of Ukraine and the Ministry of Finance are the state bodies executing control over the trust activity in this country.

The acts regulating trust activity in Ukraine do not contain any particular requirements on foreign activity in Ukraine and national participation in this area abroad.

Insurance services

The system of insurance in Ukraine is divided into state social insurance provided by state and insurance services furnished by legal entities in the forms of joint-stock companies with full, or additional responsibility, or in the form of commandite companies. Another organisational forms are not permitted to avoid fraudulent practices and ensure the protection of insureds. To provide the solvency of insurer the provisions of legislation regulating supply of insurance services demand the minimum amount of Authorised Capital to be equivalent to 5000 US dollars converted into national currency accordingly to the National Bank's rate.

The state through the Committee of Supervision over the Insurance Activity carries out its control on rendering the insurance services in Ukraine.

The state committee keeps the State List of Insurers (reinsurers) and issues licences which are necessary to carry out the insurance activity in Ukraine.

Key-legislative act on insurance activity in Ukraine is the Decree of the Cabinet of Ministers "On insurance" (1993) with amendments of 1995. It is worth to notice, that this act is not applied to the state social insurance.

The types of insurance activity that can be carried out by legal entities that have obtained licences are personal insurance, insurance of property,

responsibility, reinsurance, obligatory insurance - in case the legislative acts do not provide for the right to carry out the obligatory insurance activity.

The division of insurance activity into obligatory and voluntary demands more explanation.

The agreement between insurer and insured is the legal basis for voluntary insurance.

The obligatory one is carried out on the basis of legislative acts of Ukraine that contain the types, terms and procedure of obligatory insurance.

The Ukrainian insurance system knows the institute of insurance intermediaries (insurance brokers and insurance agents). The intermediate activity of insurance brokers in the name of foreign insurer is not permitted on the territory of Ukraine, provided another is not stipulated in international agreements of Ukraine.

Furthermore, the legislation of Ukraine imposes (Art.2 of the Decree "On insurance" (1993) the direct restriction on quantitative participation of foreign legal entities and individuals in authorised capital of insurer. Such participation (in the form of investment) must not exceed 20%.

The legislation does not provide any other restrictions on insurance activity of foreigners in Ukraine, on consumption of insurance services by foreigners in Ukraine and by Ukrainians abroad.

The national treatment is provided to all foreigners (legal entities and individuals), people without citizenship on the territory of Ukraine.

According to the Committee's of Supervision over Insurance Activity in Ukraine report of 1994 the characteristics of insurance sector in Ukraine were: imperfection of insurance market structure,

weak development of reinsurance subsector, pension, medical insurance, lack of good qualified specialists.

Analysing the further development of insurance market on macroeconomics level the officials of the Committee note the following tendencies: excess of paces of insurance payments over the paces of insurance premiums, excess of payments made by insurers in comparison with 1993 data.

The intense process of new insurance companies establishing is going on. The State List includes 655 insurance companies accordingly to January 1, 1995 data.

Transport services

The transport services: internal and external transportation of passengers and cargoes by air, river, sea, railway and motorcar means of transportation, agencying and freighting of sea trade fleet, air-chemical activity, transportation by pipelines, furnishing the transport-forwarding services by transportation of

foreign-trade and transit cargoes - have the most specific gravity in export-import operations of Ukraine in 1994.

Being subject to licensing, this sector of services is regulated by the Ministry of Transport of Ukraine and the Ministry of Foreign Economic Relations (what the foreign trade and transit cargoes transportation concerns).

The structure of state agencies involved in rendering transport services includes also:

The State Department of Air Transport of Ukraine;

The Department of Sea and River Fleet to the Ministry of Transport of Ukraine;

The Ukrainian State Corporation of Motorcar transport;

The State Air Company "Airlines of Ukraine";

The Ukrainian Motorcar Corporation "Ukravto";

The State Association "Ukrzovnishtrans" (to the Ministry of Foreign Economic Relations).

Because of variety of subsectors a number of legislative acts have been adopted to regulate transport activities in Ukraine. The key-acts are: the Law of Ukraine "On transport" (1994), "Air Code of Ukraine" (1993), "Code of Trade Navigation of Ukraine" (1995), "Water Code of Ukraine" (1995).

There are no any special restrictions applied to foreigners rendering transport services in Ukraine. The national treatment is provided except the provisions of international treaty of Ukraine contain another rules.

Communication services

Post services, courier services, telecommunications services

This is one of the branches of Ukrainian industry that experiences the substantial foreign capital participation in the form of joint-ventures and companies with foreign capital.

Being licensed by the Ministry of Communication of Ukraine, the activity in this sector of services is regulated by the Law of Ukraine "On Communication" (1995).

The state enterprises and associations of communication have an exclusive right to property rights on, to technical service and exploitation of primary networks (except the local networks) and satellite systems of telephone communication of common usage, carriage of money transfers, paper sheets up to 20 grams, post cards, payment and delivery of pensions, money assistance to not well-to-do people.

The state enterprises in communication sphere have one more peculiarity: the form of their ownership can be changed only upon decision of the supreme legislative body of this country - Verchovna Rada.

The effective legislation of Ukraine provides for the direct restriction on foreign participation in authorised capitals of enterprises dealing with communication services: such enterprises can not be established if the share of foreign investments in their authorised capital exceeds 49%.

The international co-operation in communication sphere is carried out by two other state agencies: the Administration of Communication of Ukraine - it represents Ukraine in International Union of Electrocommunication (IUE) World Post Union; the State Committee on communication and radio frequencies - it co-ordinates the participation of ministries and institutions relevant in work of IUE.

Audio-visual services

The system of information services in Ukraine is regulated by the Laws of Ukraine "On information" (1992), "On state secret" (1992), "On press in Ukraine" of 1992 with amendments of 1993, "On information agencies" (1995), "on TV and broad-casting" of 1993 with amendments of 1995.

The regime that is granted to foreign legal entities and individuals and to the national legal entities and individuals by the Laws by "On information" and "On state secret" has some differences what the access to the information connected with the state secrets concerns.

The foreigners are granted the access only in accordance with the international agreements relevant and upon the written consent of the President of Ukraine.

The press mass-media

The foreigners wishing to establish press mass-media in Ukraine enjoy the same treatment as nationals of this country. They are subject to state registration.

The characteristic feature of this type of activity in Ukraine is that to avoid monopolism no individual or legal entity can be founder (co-founder) or can control more than 5% of printing editions.

There are some characteristic features, as for:

The permission of state authorities relevant is necessary to spread the foreign printing edition in Ukraine.

The state registration is necessary to spread in Ukraine the press editions made and published in Ukraine, but registered abroad.

The representative office of foreign press mass-media can be established in Ukraine upon the concord of the Ministry of Foreign Relations of Ukraine.

Information agencies

The principal types of information agencies carrying out their activity in Ukraine are the state and non-state information agencies of Ukraine and foreign information agencies that work through their representative offices in Ukraine. All information agencies are subject to state registration. The information agencies with foreign participation are treated by registration as joint-ventures.

The effective legislation of Ukraine provides for some direct restrictions on foreign participation in information agencies:

a) the foreign legal entities and individuals can not be founders of Ukrainian information agencies; they can act only as co-founders;

b) the information agency with foreign investment can not be established if the share of foreign investment in its authorised capital exceeds 30%.

Except these restrictions the Ukrainian information agencies and representative offices of foreign information agencies enjoy the national treatment and spread their production in accordance with the legislation of Ukraine.

TV and broad-casting services

The state policy on TV and broad-casting is determined by the Verchovna Rada. Taking in account that this issue is of great national importance the National Rada on TV and broad-casting was established. Its stuff numbers 8 people: 4 proposed by the Head of the Verchovna Rada and 4 - by the President.

To protect national interests not less than 50% of TV and broad-casting programs must compose the films made by national teleradioorganisations. The foreign legal entities and individuals are also prohibited to establish TV and broad-casting organisations. The share of foreign investments in the authorised capital of such entities must not exceed 30%. The National Rada controls the foreign investment in national TV and broad-cast organisations.

Building services, montage and reparation services.

The key-act regulating this activity in Ukraine is the Law of Ukraine "On town-planning" (1992) that does not contain any restrictions on foreign building services in Ukraine or on national participation in this area of activity abroad.

The state agencies rendering building services are: State Committee of Ukraine on town-planning and Architecture, Ukrainian State building corporation,

Ukrainian state corporation on building materials;

Ukrainian state corporation on montage and special building activities.

Services in education

The structure of state agencies of education in Ukraine includes: The Ministry of Education; The Super Certificate Commission and the ministries that have educational institutions of their own.

Besides there is a number of private educational institutions governed by private persons. There are no restrictions on foreign participation in rendering educational services in Ukraine or participation of nationals abroad.

The key-act in this sphere of activity is the Law of Ukraine "On education" (1991) with a number of amendments.

The state system of education in Ukraine includes the pre-school institutions, secondary schools, professional institutions, institutions of higher education, further education for graduates of higher institutions, doctorship, institutions for promotion of qualification.

It is worth to notice, that educational services are provided to foreigners in Ukraine on a compensation basis.

Tourism

The state agency that grants licences on providing tourism services on the territory of Ukraine is the State Committee on Tourism of Ukraine.

Despite intense development of visits abroad (first of all the so called "commercial tourism" of Ukrainians abroad) there is still no legislative act of supreme power that regulates this service sector. The Law of Ukraine "On tourism" is now in process of its preparation by Verchovna Rada in accordance with the Law "On foreign Economic Activities this sector of services as any other type of activity is granted the national treatment.

The existing regime of visiting abroad and visiting Ukraine by foreigners is visa regime, except the provisions of international treaty of Ukraine provide the other rules.

Law services

*The system of entities providing law services in Ukraine includes state law institutions (the main are legal consulting offices, notary offices, offices of registering the acts of civil status) and private law institutions.

*Any law activity (except the judicial-medical and judicial-psychical expertise - licences are granted by the Ministry of Health Protection) is subject to licence issued by the Ministry of Justice of Ukraine.

The legislative acts regulating the law service sector in Ukraine are the basic laws :“On Entrepreneurship”, “On Foreign Economic Activities”, “On notaryship”, “On bar”.

In accordance to the Laws “On notaryship” and “On bar” these services can be rendered on the territory of Ukraine only by citizens of Ukraine. No other restrictions are provided for law services (rendering or consumption) by the effective legislation.

Auditing services

This type of activity and services rendered is regulated by the Law of Ukraine “On auditing” (1993) with amendments of 1995 and is subject to licences issued by the state Audit Chamber of Ukraine.

Accordingly to the legislation, auditor can be the citizen of Ukraine that is granted qualification certificate by the Audit Chamber of Ukraine (ACU).

All legal entities involved in auditing activity and auditors are registered by the ACU in the Register of Auditing Firms and Auditors.

There are no direct restrictions on foreign participation in this sphere in Ukraine. The only stipulation contained in Art.7 of the aforesaid law is that the results of examination made by foreign auditor are subject to confirmation by Ukrainian auditor (except the provisions of international treaty of Ukraine provide another rule).

Medical services

“The principles of legislation on health protection” (1992) (the key-legislative act in medical services area) states that the decentralisation of state management in health protection industry will be further developed.

The state guarantees to the population of Ukraine to provide medical services by the state medical institutions. Besides, the private activity in this sphere is allowed, provided the subject of such activity have obtained the licence issued by the Ministry of Health Protection of Ukraine.

The foreigners are also allowed to provide medical services upon the examination of their professional skills in procedure established by the Ministry of Health Protection.

The foreigners are equal to the nationals in consumption of medical services provided they have permanent residence in Ukraine. Otherwise (they live temporarily in Ukraine) their access to the state system of health protection is determined by international treaties of Ukraine.

The state also provides the super control over the observance of legislation on health protection, executed by the Public Prosecutor of Ukraine.

Retail and wholesale

The full national treatment to foreigners is granted in retail and wholesale sectors of services. All subjects of this type of activity have to be registered by the state institutions relevant.

Whole and retailsale in food, items of hygiene and sanitary, cosmetics, alcohol drinks, tobacco products, chemicals of everyday use, organisation of public food institutions are subject to licence issued by local authorities.

Key-acts are the Laws of Ukraine "On Entrepreneurship", "On foreign Economic Activities", "On Consumer's Rights".