Temporary autonomous trade measures for Ukraine

2016/0308(COD) - 29/09/2016 - Legislative proposal

PURPOSE: to introduce temporary autonomous trade measures for Ukraine supplementing the trade concessions available under the Association Agreement.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the Association Agreement between the European Union and the European Atomic Energy Community and their Member States of the one part and Ukraine, of the other part constitutes the basis of the relationship between the Union and Ukraine.

Title IV on trade and trade-related matters is provisionally applied since 1 January 2016. In its preamble, the Parties to the Association Agreement have expressed their desire to strengthen and widen relations in an ambitious and innovative way.

Taking account of the **economic reform efforts undertaken by Ukraine**, and in order to support the development of closer economic relations with the European Union, the measure aims at **increasing the trade flows** concerning the import of certain agricultural products and to **grant concessions** in the form of autonomous trade measures in selected industrial products in line with the acceleration of the elimination of customs duties on trade between the European Union and Ukraine.

CONTENT: in order to increase the existing trade flows concerning the import of certain agricultural products from Ukraine into the Union, and to foster bilateral trade and economic cooperation with the Union, it is appropriate to grant additional autonomous trade preferences for Ukraine.

The autonomous trade measures would be granted in the form of **zero-tariff quotas for certain agricultural products** in addition to the preferential tariff-rate quotas set out in the Agreement, and the **partial or full removal of import duties on several industrial products**.

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The new autonomous measures would respect the same basic principles as those enshrined in the Association Agreement between the EU and Ukraine. Entitlement to benefit from the tariff-rate quotas shall be subject to:

- compliance with the **rules of origin** of products and the procedures related thereto;
- abstention by Ukraine from introducing **new duties or charges** having equivalent effect and new quantitative restrictions or measures having equivalent effect for imports originating in the Union or from increasing existing levels of duties or charges or from introducing any other restrictions from the day of the entry into force of this Regulation;
- respect for **democratic principles**, human rights and fundamental freedoms and respect for the principle of the rule of law provided for in the Association Agreement.

Normal safeguard procedures apply.

The proposal confers implementing powers on the Commission enabling it to **temporarily suspend** the preferential arrangements established by this Regulation and to introduce corrective measures in cases where the Union market is affected by this Regulation.

BUDGETARY IMPLICATIONS: the European Union will see a **loss of customs revenue corresponding to less than EUR 50 million annually** with very limited impact on the EU's own resources. The value of duties foregone on the importation of industrial products will count for approximately 20% of the total.