

Temporary trade liberalisation supplementing trade concessions applicable to Ukrainian products under EU/Ukraine Association Agreement

2022/0138(COD) - 27/04/2022 - Legislative proposal

PURPOSE: to introduce temporary and exceptional trade liberalisation measures in order to support and foster existing trade flows from Ukraine to the EU.

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 unprovoked and unjustified military aggression by Russia against Ukraine since 24 February 2022 has seriously weakened Ukraine's ability to trade with the rest of the world, also due to the destruction of production capacities and the unavailability of many means of transport because of the closure of access to the Black Sea.

In order to mitigate the negative economic impact of the aggression, the **development of closer economic relations between the EU and Ukraine** must be accelerated in order to provide rapid support to the Ukrainian authorities and people in these exceptional circumstances.

The Commission therefore considers it necessary to **stimulate trade flows** and to grant concessions in the form of trade liberalisation measures for all products, in line with the acceleration of the elimination of customs duties on trade between the EU and Ukraine.

CONTENT: the proposed regulation introduces **trade liberalisation measures** in the form of the following three measures, which should apply for one year:

- **temporary suspension of all outstanding tariffs** under Title IV of the Association Agreement between the EU and Ukraine establishing a deep and comprehensive free trade area (DCFTA). This concerns three categories of products: (i) industrial products subject to duty phase out by the end of 2022; (ii) fruits and vegetables subject to the entry-price system; (iii) agricultural products and processed agricultural products subject to tariff-rate quotas;

- **temporary non-collection of anti-dumping duties** on imports originating in Ukraine as of the date of entry into force of this Regulation; and

- **temporary suspension of the application of the common rules for imports** (safeguard) with respect of imports originating in Ukraine.

The trade-liberalising measures provided for under the present proposal for a Regulation are taken in observance of the commitment in Article 2 of the Association Agreement which enshrines as an essential element of the Agreement the promotion of respect for the principles of sovereignty and territorial integrity, inviolability of borders and independence.

These measures would be conditional upon respect for the same basic principles set out in Article 2, including those providing that the **respect for democratic principles, human rights and fundamental freedoms and respect for the principle of the rule of law** constitute essential elements of that Agreement.

Normal safeguard procedures would apply.

BUDGETARY IMPLICATION: based on an estimation according to the level of imports from Ukraine in 2021, the EU will see a loss of customs revenue corresponding to less than EUR 31 million annually. The loss of anti-dumping duties is estimated at EUR 34.6 million. This figure is very likely to be significantly lower as the level of imports from Ukraine has been affected by the conflict. Therefore, the impact on the EU's own resources will be very limited.