

# EU/Euratom/Ukraine Association Agreement: temporary trade liberalisation supplementing trade concessions applicable to Ukrainian products

2023/0051(COD) - 23/02/2023 - Legislative proposal

**PURPOSE:** to increase trade flows concerning all imports from Ukraine by suspending all outstanding tariffs and import duties applied on Ukrainian products.

**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:** Russia's war of aggression against Ukraine since 24 February 2022 has had a profoundly negative impact on Ukraine's ability to trade with the rest of the world. In these exceptional circumstances, it is necessary to **accelerate the development of closer economic relations between the EU and Ukraine** to provide continued support to the Ukrainian authorities and people.

Ukraine has asked the EU to do its utmost to enable the country to maintain its trade position vis-à-vis the rest of the world and to further deepen its trade relations with the EU. Measures taken to this end include the facilitation of overland logistics through the EU-Ukraine carriage of freight by road transport Agreement and the EU-Ukraine Solidarity Lanes and an increase in the degree of market liberalisation through Regulation (EU) 2022/870 of the European Parliament and of the Council on temporary trade liberalisation measures supplementing trade concessions applicable to Ukrainian products under the Association Agreement. This regulation entered into force on 4 June 2022 and will be in force until 5 June 2023.

In view of Russia's continuing military aggression against Ukraine, the resulting need to continue to support Ukraine economically, and considering that Ukraine was granted EU candidate status in June 2022, the Commission is proposing a Regulation of the European Parliament and of the Council renewing these trade-liberalisation measures.

**CONTENT:** the proposal aims at **continuing the trade liberalisation measures for Ukraine** after the expiry of Regulation (EU) 2022/870. It should apply for a period of one year from the date of expiry of the current measures (i.e. from 6 June 2023).

The proposal provides for:

- **temporary suspension of all outstanding customs duties** under Title IV of the Association Agreement between the EU and Ukraine establishing a deep and comprehensive free trade area (DCFTA). This concerns two categories of products: (a) fruits and vegetables subject to the entry-price system; (b) 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 (safeguards) with respect of imports originating in Ukraine.

These temporary and exceptional measures will contribute to continuously supporting and fostering the existing trade flows from Ukraine to the Union.

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.

The trade-liberalising measures themselves 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.

According to the proposal, expedited safeguard procedures will apply on the basis of regular monitoring allowing for potential reintroduction of customs duties.

### ***Budgetary implications***

Based on an estimation according to the level of import volumes of products covered by the proposed Regulation in excess of the annual duty-free quota from Ukraine in 2021, the European Union would see a loss of EUR 33.4 million of customs revenue annually. The sole trade defence measure left with regard to Ukraine is an anti-dumping duty on imports of certain seamless pipes and tubes of iron or steel, which have not been collected pursuant to Regulation (EU) 2022/870. This duty will expire on 3 October 2023. In case the measures on certain seamless pipes and tubes of iron or steel are extended after this date, based on the level of imports from Ukraine in 2020 and 2021 the estimated maximum loss of anti-dumping duties would be less than EUR 15 million annually. The total estimated amount is thus EUR 48.4 million and therefore the impact on the EU's own resources will be very limited.