



# Procedure file

Basic information	
<p>COD - Ordinary legislative procedure (ex-codecision procedure) <a href="#">2014/0090(COD)</a> Regulation</p>	Procedure completed
<p>Goods originating in Ukraine: reduction or elimination of customs duties Amended by <a href="#">2014/0279(COD)</a></p>	
<p>Subject 6.20.03 Bilateral economic and trade agreements and relations 6.20.04 Union Customs Code, tariffs, preferential arrangements, rules of origin 6.40.15 European neighbourhood policy</p>	
<p>Geographical area Ukraine</p> <p>Legislative priorities <a href="#">EU support to Ukraine</a></p>	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>INTA</b> International Trade		13/03/2014
		PPE <a href="#">ZALEWSKI Paweł</a>	
		Shadow rapporteur	
		S&D <a href="#">PIRILLO Mario</a>	
		ALDE <a href="#">KAZAK Metin</a>	
		Verts/ALE <a href="#">ANDERSDOTTER Amelia</a>	
		ECR <a href="#">ZAHRADIL Jan</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	<a href="#">Foreign Affairs</a>	<a href="#">3309</a>	14/04/2014
	<a href="#">Foreign Affairs</a>	<a href="#">3304</a>	17/03/2014
European Commission	Commission DG	Commissioner	
	<a href="#">Trade</a>	DE GUCHT Karel	

Key events			
11/03/2014	Legislative proposal published	COM(2014)0166	Summary
13/03/2014	Committee referral announced in		

	Parliament, 1st reading		
17/03/2014	Debate in Council	<a href="#">3304</a>	
20/03/2014	Vote in committee, 1st reading		
24/03/2014	Committee report tabled for plenary, 1st reading	<a href="#">A7-0238/2014</a>	Summary
02/04/2014	Debate in Parliament		
03/04/2014	Results of vote in Parliament		
03/04/2014	Decision by Parliament, 1st reading	<a href="#">T7-0285/2014</a>	Summary
14/04/2014	Act adopted by Council after Parliament's 1st reading		
16/04/2014	Final act signed		
16/04/2014	End of procedure in Parliament		
22/04/2014	Final act published in Official Journal		

### Technical information

Procedure reference	2014/0090(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
	Amended by <a href="#">2014/0279(COD)</a>
Legal basis	Treaty on the Functioning of the EU TFEU 207-p2
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Procedure completed
Committee dossier	INTA/7/15470

### Documentation gateway

Legislative proposal	<a href="#">COM(2014)0166</a>	11/03/2014	EC	Summary
Committee draft report	<a href="#">PE530.079</a>	17/03/2014	EP	
Amendments tabled in committee	<a href="#">PE532.275</a>	19/03/2014	EP	
Committee report tabled for plenary, 1st reading/single reading	<a href="#">A7-0238/2014</a>	24/03/2014	EP	Summary
Text adopted by Parliament, 1st reading/single reading	<a href="#">T7-0285/2014</a>	03/04/2014	EP	Summary
Draft final act	<a href="#">00073/2014/LEX</a>	16/04/2014	CSL	

### Additional information

European Commission	<a href="#">EUR-Lex</a>
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### Final act

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## Goods originating in Ukraine: reduction or elimination of customs duties

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**PURPOSE:** to propose reductions or temporary eliminations of customs duties on goods originating in Ukraine.

**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:** Ukraine is a priority partner country within the European Neighbourhood Policy (ENP) and the Eastern Partnership. The European Union and Ukraine negotiated in 2007-2011 an Association Agreement, including a Deep and Comprehensive Free Trade Area (DCFTA), which was initiated by both parties in 2012. Under the provisions of the DCFTA, the European Union and Ukraine are to establish a free trade area over a transitional period of a maximum of 10 years starting from the entry into force of the Association Agreement.

Following the recent unprecedented events in the country and the security, political and economic challenges faced by Ukraine, on 6 March 2014, the European Council stated its intention to support the economic stabilisation of the country by means of a package of measures, including the granting of autonomous trade preferences which is detailed in this proposed Regulation.

It is appropriate not to await the entry into force of the Association Agreement's provisions on a Deep and Comprehensive Free Trade Area, but to anticipate its implementation by means of autonomous trade preferences and to start unilaterally the reduction or elimination of Union customs duties on goods originating in Ukraine.

**CONTENT:** this proposal seeks to reduce temporarily and unilaterally its trade barriers (whether tariffs, quotas or tariff rate quotas) on the imports of Ukrainian goods into the EU to level agreed bilaterally in the EU-Ukraine Deep and Comprehensive Free Trade Area.

**Conditions for entitlement to the preferential arrangements:** entitlement to benefit from the preferential arrangements shall be subject to:

- compliance with the rules of origin of products and the procedures related thereto;
- participation by Ukraine in effective administrative cooperation with the Union in order to prevent any risk of fraud;
- 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.

**Temporary suspension:** where the Commission finds that there is sufficient evidence of failure to comply with the conditions set out above it may suspend in whole or in part the preferential arrangements provided for in this Regulation.

Where imports of a product originating in Ukraine and included in Annex I cause or threaten to cause serious difficulties to Union producers of like or directly competing products the Commission may reintroduce the normal Common Customs Tariff duties with regard to such imports.

The Commission had assessed that, thanks to the DCFTA, Ukrainian exporters would save EUR 487 million annually due to reduced EU import duties, which represented a removal of 98.1% of duties in trade value.

**BUDGETARY IMPLICATION:** the European Union will see a loss of customs revenue corresponding to EUR 487 million (gross) annually. However, those figures are estimates, having regard to the economic situation of Ukraine and can change.

## Goods originating in Ukraine: reduction or elimination of customs duties

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The Committee on International Trade adopted the report by Paweł ZALEWSKI (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council on the reduction or elimination of customs duties on goods originating in Ukraine.

The committee supported this legislative proposal without amendment and proposed that the Parliament endorse its position at first reading, taking over the Commission proposal, without further modification, given the urgency of the situation in Ukraine.

Indeed, Ukraine has gone through dramatic political times in recent months and its new government needs strong and immediate European assistance to fight off external pressures and to overcome economic and financial hardships.

Members considered that the proposal presents a number of concrete benefits. By reducing temporarily and unilaterally its trade barriers on the imports of Ukrainian goods into the EU to level agreed bilaterally in the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA), the proposal will help Ukrainian companies in increasing their exports' volumes and in diversifying their exports' destinations.

## Goods originating in Ukraine: reduction or elimination of customs duties

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The European Parliament adopted by 531 votes to 68, with 20 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the reduction or elimination of customs duties on goods originating in Ukraine.

Parliament adopted its position at first reading following the ordinary legislative procedure. The amendments adopted in plenary are the result of an agreement negotiated between the European Parliament and the Council.

Following the unprecedented events recently experienced by Ukraine and the political, economic and security challenges that the country is facing, the Regulation would unilaterally eliminate or suspend temporarily the trade barriers (customs duties, quotas or tariffs) in respect of imports from Ukraine into the Union, at a level bilaterally agreed by the two parties in the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA) negotiations.

This unilateral trade measure should :

- remove 94.7% of EU tariffs currently charged on industrial goods imports from Ukraine and reduce them for the remaining handful of industrial goods;
- remove EU tariffs on over 80% of Ukraines farm produce exports.

However, the EU will restrict the amounts of sensitive products, such as cereals, pork, beef, poultry, and processed food, that may be imported tariff free, so as not to harm the interests of EU producers of these products.

In order to prevent any risk of fraud, the entitlement to benefit from autonomous trade preferences should be conditional on compliance by Ukraine with the relevant rules of origin of products and the procedures related thereto, as well as on its involvement in effective administrative cooperation with the Union.

A safeguard clause would permit the Commission to suspend in whole or in part the preferential regime when imports from Ukraine covered by the Regulation cause or threaten to cause serious difficulties for Union producers of similar or directly competing products.

## Goods originating in Ukraine: reduction or elimination of customs duties

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**PURPOSE:** to grant unilateral trade preferences to Ukraine.

**LEGISLATIVE ACT:** Regulation (EU) No 374/2014 of the European Parliament and of the Council on the reduction or elimination of customs duties on goods originating in Ukraine.

**BACKGROUND:** Ukraine is a priority partner country within the European Neighbourhood Policy and the Eastern Partnership. The Union has been seeking an increasingly close relationship with Ukraine going beyond mere bilateral cooperation. An Association Agreement was negotiated in 2007-2011, including a Deep and Comprehensive Free Trade Area (DCFTA), and was initialled by both parties on 30 March 2012. Pursuant to the provisions of the DCFTA, the Union and Ukraine are to establish a free trade area over a transitional period of a maximum of 10 years, starting from the entry into force of the Association Agreement.

However, in view of the unprecedented security, political and economic challenges faced by Ukraine, and in order to support its economy, it is appropriate not to await the entry into force of the Association Agreement's provisions on DCFTA, but to anticipate its implementation by means of autonomous trade preferences and to start unilaterally the reduction or elimination of Union customs duties on goods originating in Ukraine.

**CONTENT:** this Regulation grants unilateral trade preferences to Ukraine, providing for the temporary reduction or elimination of customs duties and tariff quotas in accordance with a schedule of concessions set out in an annex to the EU-Ukraine Association Agreement.

**Conditions for entitlement to the preferential arrangements:** entitlement to benefit from the preferential arrangements described above subject to the following:

- compliance with the rules of origin of products as provided for in Commission Regulation (EEC) No 2454/93;
- compliance with the methods of administrative cooperation provided for in Regulation (EEC) No 2454/93;
- participation by Ukraine in effective administrative cooperation with the Union in order to prevent any risk of fraud;
- abstention by Ukraine from introducing new duties or charges, or from increasing existing levels of duties or charges or from introducing any other restrictions from 23 April 2014.

**Temporary suspension:** where it finds that there is sufficient evidence of failure to comply with these conditions, the Commission may adopt implementing acts in order to suspend temporarily in whole or in part the preferential arrangements provided for in the Regulation.

**Safeguard clause:** where imports of a product originating in Ukraine and included in Annex I cause or threaten to cause serious difficulties to Union producers of like or directly competing products, the Commission may reintroduce the normal Common Customs Tariff duties with regard to such imports subject to the conditions in Council Regulation (EC) No 55/2008.

**ENTRY INTO FORCE:** 23/04/2014

**APPLICATION:** the Regulation will apply until Title IV of the Association Agreement enters into force or, where appropriate, is applied provisionally, and until 1 November 2014 at the latest. The Commission shall publish in the Official Journal of the European Union a notice in the event that the Regulation ceases to apply before that date.