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2023/0051 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on temporary trade liberalisation supplementing trade concessions applicable to Ukrainian products under 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**

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

#### • Reasons for and objectives of the proposal

Russia's unprovoked and unjustified military aggression against Ukraine since 24 February 2022 has had a profound negative impact on Ukraine's ability to trade with the rest of the world, because of the toll imposed on human lives, the need to focus on the defence of the territory, vast populations being displaced, the destruction of production capacity and the unavailability of a significant share of transport means due to the restriction of the access to the Black Sea. In this difficult context, in its conclusions of 21 October 2022 and 9 February 2023, the European Council underlined that it will continue to provide strong political and economic support to Ukraine. Furthermore, Ukraine has asked the Union to facilitate as much as possible the conditions to enable the country to maintain its trade position with the rest of the world and further deepen its trade relations with the Union. Measures to this end include facilitating overland logistics through the Agreement between the Union and Ukraine on the carriage of freight by road<sup>1</sup> and the EU-Ukraine Solidarity Lanes and increasing the degree of market liberalisation through Regulation (EU) 2022/870 of the European Parliament and of the Council of 30 May 2022 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. These measures have proven to add flexibility and certainty for Ukrainian producers.

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, which should apply for a period of one year as of the date the current measures expire (i.e. as of 6 June 2023):

- Temporary suspension of all outstanding customs duties under Title IV of the Association Agreement between the EU and Ukraine (hereinafter referred to as 'the Association Agreement')<sup>2</sup> establishing a deep and comprehensive free trade area (DCFTA). This concerns two categories of products:
  - fruits and vegetables subject to the entry-price system;
  - agricultural products and processed agricultural products subject to tariff-rate quotas.

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<sup>1</sup> See Council Decision (EU) 2022/1158 of 27 June 2022 on the signing, on behalf of the Union, and provisional application of the Agreement between the European Union and Ukraine on the carriage of freight by road (OJ L 179, 6.7.2022, p. 1) and Council Decision (EU) 2022/2435 of 5 December 2022 on the conclusion, on behalf of the European Union, of the Agreement between the European Union and Ukraine on the carriage of freight by road (OJ L 319, 13.12.2022, p. 5).

<sup>2</sup> 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 (OJ L 161, 29.5.2014, p. 3) was signed by the Parties in two parts, in March and June 2014. The Association Agreement has been provisionally applied in some parts since 1 November 2014. The Deep and Comprehensive Free Trade Area (DCFTA) has been provisionally applied since 1 January 2016 and is fully in force since 1 September 2017 following ratification by all EU Member States.

- 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)<sup>3</sup> with respect of imports originating in Ukraine.

Regulation (EU) 2022/870 also includes a temporary suspension of the outstanding tariffs on industrial products subject to duty phase out by the end of 2022 in accordance with Annex I-A to the Association Agreement. This proposal for a renewal of these measures does not include these products since they in any case are subject to zero duties since 1 January 2023.

These temporary and exceptional measures will contribute to continuously supporting and fostering the existing trade flows from Ukraine to the Union. This is in line with one of the main objectives of the Association Agreement, which is to establish conditions for enhanced economic and trade relations leading towards Ukraine's gradual integration in the EU Internal Market.

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. In the same vein, 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.

Furthermore, the trade-liberalising measures contained in this proposal aim at ensuring, in accordance with Article 207(1) TFEU, that the Union's common commercial policy is conducted in the context of the principles and objectives of the Union's external action set out in Article 21 TEU.

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

- **Consistency with existing policy provisions in the policy area**

These trade-liberalising measures would be consistent with the implementation of the Association Agreement and in particular with the Title IV establishing a DCFTA, which provides that Parties shall progressively establish a free trade area over a transitional period of a maximum of 10 years starting from the entry into force of that Agreement.

In addition, Regulation (EU) 2022/870 has demonstrated the EU's strong commitment to economically support Ukraine by means of international trade in the context of Russia's aggression against Ukraine. The renewal of the trade-liberalisation measures is a logical extension of this policy as the military aggression as well as Ukraine's economic difficulties continue.

Finally, Ukraine has requested in 2021 the activation of the review under Article 29(4) of the Association Agreement with the purpose of considering accelerating and broadening the

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<sup>3</sup> Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015 on common rules for imports (OJ L 83, 27.3.2015, p. 16).

scope of the elimination of customs duties between Ukraine and the Union. Negotiations are currently paused.

Nevertheless, the EU-Ukraine summit held on 3 February 2023 endorsed the revised Priority Action Plan for enhanced implementation of the DCFTA for 2023-2024. This includes for example the commitment of Ukraine to put in place, during the first quarter of 2023, the legislation on hygiene and quality of poultry meat, which will allow for the introduction of agreed amendments to the export certificate for certain poultry meat from the EU to Ukraine.

- **Consistency with other Union policies**

The European Union has strongly condemned Russia's aggression against Ukraine and has undertaken unprecedented steps to support Ukraine in this exceptional context, ranging from financial assistance, including macro-financial assistance for emergency measures and reconstruction, over the delivery of military equipment and the adoption of extensive sanctions against Russia and Belarus, to the intensification of cooperation under the Association Agreement. In addition, Ukraine was granted EU candidate status in June 2022. The proposed Regulation would therefore comply with and follow from the Union's obligation under Article 21(3) TEU to ensure consistency between the different areas of its external action, as well as with Article 207(1) TFEU which provides that the common commercial policy is to be conducted in the context of the principles and objectives of the Union's external actions.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The legal basis for the proposal is Article 207(2) of the Treaty on the Functioning of the European Union.

- **Subsidiarity (for non-exclusive competence)**

The common commercial policy, in accordance with Article 3(1)(e) of the TFEU, is defined as an exclusive Union competence. Therefore, the subsidiarity principle does not apply.

- **Proportionality**

This proposal is necessary in order to implement the common commercial policy and to achieve the objective of supporting Ukraine in its current difficulties economically, also in the area of trade with the Union.

- **Choice of the instrument**

This proposal is in accordance with Article 207(2) TFEU, which envisages common commercial policy measures.

## **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Ex-post evaluations/fitness checks of existing legislation**

Not applicable.

- **Stakeholder consultations**

Not applicable.

- **Collection and use of expertise**

Not applicable.

- **Impact assessment**

In order to ensure a continuation of the trade-liberalisation measures for Ukraine after the expiry of Regulation (EU) 2022/870 on 5 June 2023, it is important for the Regulation to enter into force on 6 June 2023. Given this necessity and the resulting urgency of this proposal, no impact assessment was carried out. However, the trade and trade-related provisions of the Association Agreement have been subject to a sustainability impact assessment commissioned by DG Trade in 2007 which fed into the DCFTA negotiation process. That study confirmed that implementation of trade and trade-related provisions would have a positive economic impact for the EU as well as for Ukraine.

In addition, import flows under the Regulation (EU) 2022/870 are regularly being monitored and reported. Based on the results of this monitoring, it is proposed to make the safeguard provisions more operational, if the imports cause adverse effects on the EU market.

- **Regulatory fitness and simplification**

The measure does not increase the regulatory burden of companies.

- **Fundamental rights**

These measures respect the same basic principles as those enshrined in the Association Agreement between the EU and Ukraine. In particular, Article 2 of the Association Agreement with Ukraine provides 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.

The trade-liberalising measures would also be in accordance with the European Charter on Fundamental Rights.

#### **4. 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. In addition, following the termination of the anti-dumping measures on imports of certain hot-rolled flat products of iron, non-alloy or other alloy steel originating in Ukraine [include footnote when published], 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 Article 1(2) of Regulation (EU) 2022/870. This duty will expire on 3 October 2023 if the Commission does not receive a request containing sufficient evidence that the expiry of the measures would likely result in a continuation or recurrence of dumping and injury. 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<sup>4</sup> and therefore the impact on the EU's own resources will be very limited.

## **5. OTHER ELEMENTS**

- **Implementation plans and monitoring, evaluation and reporting arrangements**

On-line reporting on the evolution of bilateral EU-Ukraine trade is available via dedicated websites of the European Commission. Regular monitoring of the impact of the Regulation, taking into account the information on exports, imports, prices on the Union market and Union production of the products subject to the trade-liberalisation measures shall be made on a bimonthly basis.

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

In view of the emergency situation in Ukraine, the measure aims at increasing the trade flows concerning all imports from Ukraine by suspending all outstanding tariffs and import duties applied to Ukrainian products. The trade-liberalising measures would be granted in the form of full suspension of import duties on all products.

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<sup>4</sup> The estimation in excess of the tariff rate quotas amounts to EUR 44.5 million and EUR 20 million for anti-dumping duties. The loss of traditional own resources revenue from this Regulation is thus estimated at EUR 64.5 million (gross amount, including collection costs) x 0,75 = EUR 48.4 million for the period in question.

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure<sup>1</sup>,

Whereas:

- (1) 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<sup>2</sup> ('the Association Agreement') constitutes the basis of the relationship between the Union and Ukraine. In accordance with Council Decision 2014/668/EU<sup>3</sup>, Title IV of the Association Agreement, which relates to trade and trade-related matters, has been applied provisionally since 1 January 2016<sup>4</sup>, and entered into force on 1 September 2017, following ratification by all Member States.
- (2) The Association Agreement expresses the desire of the Parties to the Association Agreement ('the Parties') to strengthen and widen relations in an ambitious and innovative way, to facilitate and achieve gradual economic integration, and to do so in compliance with the rights and obligations arising out of the World Trade Organization membership of the Parties.

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<sup>1</sup> Position of the European Parliament of (...) (not yet published in the Official Journal) and decision of the Council (...).

<sup>2</sup> OJ L 161, 29.5.2014, p. 3.

<sup>3</sup> Council Decision 2014/668/EU of 23 June 2014 on the signing, on behalf of the European Union, and provisional application of 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, as regards Title III (with the exception of the provisions relating to the treatment of third-country nationals legally employed as workers in the territory of the other Party) and Titles IV, V, VI and VII thereof, as well as the related Annexes and Protocols (OJ L 278, 20.9.2014, p. 1).

<sup>4</sup> Council Decision 2014/668/EU of 23 June 2014 on the signing, on behalf of the European Union, and provisional application of 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, as regards Title III (with the exception of the provisions relating to the treatment of third-country nationals legally employed as workers in the territory of the other Party) and Titles IV, V, VI and VII thereof, as well as the related Annexes and Protocols (OJ L 278, 20.9.2014, p. 1).

- (3) Article 25 of the Association Agreement provides for the progressive establishment of a free trade area between the Parties in accordance with Article XXIV of the General Agreement on Tariffs and Trade 1994 ('GATT 1994'). To that end, Article 29 of the Association Agreement provides for the progressive elimination of customs duties in accordance with the Schedules included therein and for the possibility of accelerating and broadening the scope of such elimination. Article 48 of the Association Agreement provides that the public interest is to be considered before applying anti-dumping measures between the Parties.
- (4) Russia's unprovoked and unjustified war of aggression against Ukraine since 24 February 2022 has had a profoundly negative impact on the ability of Ukraine to trade with the rest of the world, both because of the destruction of production capacity and the unavailability of a significant proportion of means of transport, e.g. due to the restriction and uncertainty of access to the Black Sea. Under such exceptional circumstances and to mitigate the negative economic impact of Russia's war of aggression against Ukraine, it is necessary to accelerate the development of closer economic relations between the Union and Ukraine in order to provide continued support to the Ukrainian authorities and population. It is therefore necessary and appropriate to continue stimulating trade flows and granting 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 Union and Ukraine
- (5) In accordance with Article 21(3) of the Treaty on European Union (TEU), the Union is to ensure consistency between the different areas of its external action. Pursuant to Article 207(1) of the Treaty on the Functioning of the European Union (TFEU), the common commercial policy is to be conducted in the context of the principles and objectives of the Union's external action.
- (6) Regulation (EU) 2022/870 of the European Parliament and of the Council<sup>5</sup> will expire on 5 June 2023.
- (7) The trade-liberalisation measures established by this Regulation should take the following form: (i) the suspension of the application of the entry price system to fruit and vegetables; (ii) the suspension of tariff-rate quotas and import duties; (iii) by way of derogation from Article 14(1), first subparagraph, of Regulation (EU) 2016/1036 of the European Parliament and of the Council<sup>6</sup>, anti-dumping duties on imports originating in Ukraine made during the application of this Regulation should not be collected at any point in time, including after the expiry of this Regulation; and (iv) the temporary suspension of the application of Regulation (EU) 2015/478 of the European Parliament and of the Council<sup>7</sup>. Through those measures, the Union will, in effect, temporarily provide appropriate economic and financial support to the benefit of Ukraine and the economic operators that are affected.

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<sup>5</sup> Regulation (EU) 2022/870 of the European Parliament and of the Council of 30 May 2022 on temporary trade-liberalisation measures supplementing trade concessions applicable to Ukrainian products under 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 (OJ L 152, 3.6.2022, p. 103).

<sup>6</sup> Regulation (EU) 2016/1036 of the European Parliament and of the Council of 8 June 2016 on protection against dumped imports from countries not members of the European Union (OJ L 176, 30.6.2016, p. 21).

<sup>7</sup> Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015 on common rules for imports (OJ L 83, 27.3.2015, p. 16).

- (8) In order to prevent fraud, the preferential arrangements established by this Regulation should be conditional upon Ukraine complying with all the relevant conditions for obtaining benefits under the Association Agreement, including the rules of origin of products concerned and the procedures related thereto, as well as Ukraine's involvement in close administrative cooperation with the Union, as provided for by the Association Agreement.
- (9) Ukraine should abstain from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect, from increasing existing levels of duties or charges or from introducing any other restrictions on trade with the Union, unless clearly justified in the context of Russia's military aggression. In the event that Ukraine fails to comply with any of those conditions, the Commission should be empowered to suspend temporarily all or part of the preferential arrangements established by this Regulation.
- (10) Article 2 of the Association Agreement provides, among other things, that respect for democratic principles, human rights and fundamental freedoms, the promotion of respect for the principles of sovereignty and territorial integrity, inviolability of borders, and independence as well as countering the proliferation of weapons of mass destruction, related materials and their means of delivery constitute essential elements of the Association Agreement. Furthermore, Article 3 of the Association Agreement states that the rule of law, good governance, the fight against corruption, the fight against the different forms of trans-national organised crime and terrorism, the promotion of sustainable development and effective multilateralism are central to enhancing the relationship between the Parties. It is appropriate to introduce the possibility of temporarily suspending the preferential arrangements established by this Regulation if Ukraine fails to respect the general principles of the Association Agreement, as is the case under other association agreements concluded by the Union.
- (11) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission to temporarily suspend the preferential arrangements provided in Article 1(1), points (a) and (b) if the conditions for entitlement to the preferential arrangements are no longer complied with. These powers should also be conferred to introduce safeguards in cases where Union markets of like or directly competing products are adversely affected by imports under this Regulation. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council<sup>8</sup>.
- (12) Subject to an assessment of three months by the Commission based on regular monitoring of the impact of this Regulation and either following a duly substantiated request from a Member State or on the Commission's own initiative, it is necessary to provide for the possibility to reintroduce the customs duties otherwise applicable under the Association Agreement for imports of any products falling under the scope of this Regulation which are adversely affecting the Union market of like or directly competing products.
- (13) The Commission's annual report on the implementation of the Deep and Comprehensive Free Trade Area, which is an integral part of the Association

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<sup>8</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

Agreement, should include a detailed assessment of the implementation of the trade liberalisation measures established by this Regulation.

- (14) In view of the urgency of the matter related to the situation caused by Russia's war of aggression against Ukraine, it is considered to be appropriate to invoke the exception to the eight-week period provided for in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the TEU, to the TFEU and to the Treaty establishing the European Atomic Energy Community.
- (15) In light of the urgency of the economic situation in Ukraine and the expiry of Regulation (EU) 2022/870 of the European Parliament and of the Council on 5 June 2023, this Regulation should enter into force on 6 June 2023,

HAVE ADOPTED THIS REGULATION:

### *Article 1*

#### Trade-liberalisation measures

1. The following preferential arrangements are introduced:
  - (a) the application of the entry price system shall be suspended for those products to which it applies as specified in Annex I-A to the Association Agreement. No customs duties shall apply to imports of those products;
  - (b) all the tariff-rate quotas established under Annex I-A to the Association Agreement shall be suspended and the products covered by those quotas shall be admitted for importation into the Union from Ukraine without any customs duties.
2. By way of derogation from Article 14(1), first subparagraph, of Regulation (EU) 2016/1036, anti-dumping duties on imports originating in Ukraine made during the application of this Regulation shall not be collected at any point in time, including after the expiry of this Regulation.
3. The application of Regulation (EU) 2015/478 shall be temporarily suspended with regard to imports originating in Ukraine.

### *Article 2*

#### Conditions for entitlement to the preferential arrangements

The preferential arrangements provided in Article 1(1), points (a) and (b), shall be subject to the following conditions:

- (a) compliance with the rules of origin of products and the procedures related thereto as provided for in the Association Agreement;
- (b) Ukraine's abstention from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect for imports originating in the Union, from increasing existing levels of duties or charges or from introducing any other restrictions on trade with the Union, including discriminatory internal administrative measures, unless clearly justified in the war context; and
- (c) Ukraine's respect for democratic principles, human rights and fundamental freedoms and respect for the principle of the rule of law as well as continued

and sustained efforts with regard to the fight against corruption, and illegal activities provided for in Articles 2, 3 and 22 of the Association Agreement.

### Article 3

#### Temporary suspension

1. Where the Commission finds that there is sufficient evidence of Ukraine's failure to comply with the conditions set out in Article 2, it may, by means of an implementing act, suspend in whole or in part the preferential arrangements provided for in Article 1(1), points (a) and (b). That implementing act shall be adopted in accordance with the examination procedure referred to in Article 5(3).
2. Where a Member State requests that the Commission suspends any of the preferential arrangements on the basis of Ukraine's failure to comply with the conditions set out in Article 2, point (b), the Commission shall provide a reasoned opinion within four months of the request on whether the claim of Ukraine's failure to comply is substantiated. If the Commission concludes that the claim is substantiated, it shall initiate the procedure referred to in paragraph 1 of this Article.

### Article 4

#### Expedited safeguard

1. Where a product originating in Ukraine is imported under conditions which adversely affect the Union market of like or directly competing products, the Commission may reintroduce the customs duties otherwise applicable under the Association Agreement on imports of that product at any time by adopting an implementing act. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 5(3).
2. The Commission shall regularly monitor the impact of this Regulation, taking into account the information on exports, imports, prices on the Union market and Union production of the products subject to the trade-liberalisation measures under Article 1(1), point (b).

The Commission shall inform the Member States every two months of the results of the regular monitoring, starting from the entry into force of this Regulation.
3. The Commission shall launch an assessment of the situation of the Union market for the like or directly competing products with a view to reintroduce the customs duties. That assessment shall be concluded within a period of no longer than three months:
  - (a) following a duly substantiated request from a Member State including sufficient *prima facie* evidence reasonably available to that Member State pursuant to paragraph 5 of imports adversely affecting the market that is referred to in paragraph 1, or
  - (b) on its own initiative, after it has become apparent to the Commission that there is sufficient *prima facie* evidence of imports adversely affecting the market that is referred to in paragraph 1.
4. Where, as a result of the assessment, the Commission considers that the Union market of like or directly competing products has been adversely affected and intends to reintroduce the customs duties, it shall publish a notice in the *Official Journal of the European Union* announcing the reintroduction of the customs duties

otherwise applicable pursuant to paragraph 1. The notice shall provide a summary of the main results of the expedited assessment and specify the period within which interested parties may submit their views in writing. Such period shall not exceed 10 days from the date of publication of the notice.

5. In its assessment, whether measures should be applied pursuant to paragraph 1, the Commission shall take into consideration all relevant market developments including the impact of the imports concerned on the situation of the Union market of like or directly competing products. That assessment shall include factors such as:
  - (a) the rate and amount of the increase in imports from Ukraine of the product concerned in absolute and relative terms,
  - (b) the effect of the imports concerned on EU production and prices, whilst taking into consideration the development of imports from other sources.

This list is not exhaustive and other relevant factors may also be taken into consideration.

6. The customs duties otherwise applicable under the Association Agreement may be reintroduced for as long as necessary to counteract the adverse effects on the Union market of like or directly competing products.
7. Where exceptional circumstances require immediate action, the Commission may, without following the procedure under paragraph 4 and after informing the Committee on Safeguards established by Article 3(1) of Regulation (EU) No 2015/478 take any preventive measure, which is necessary.

#### *Article 5*

##### Committee procedure

1. The Commission shall be assisted by the Customs Code Committee established by Article 285(1) of Regulation (EU) No 952/2013 of the European Parliament and of the Council<sup>9</sup> with regard to Article 3(1) of this Regulation. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. The Commission shall be assisted by the Committee on Safeguards established by Article 3(1) of Regulation (EU) No 2015/478 with regard to Article 4(1) of this Regulation. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

#### *Article 6*

##### Assessment of the implementation of the trade-liberalising measures

The Commission's annual report on the implementation of the Deep and Comprehensive Free Trade Area shall include a detailed assessment of the implementation of the trade-liberalisation measures provided for in this Regulation and shall include, insofar as appropriate, an assessment of the social impact of those measures in Ukraine and in the

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<sup>9</sup> Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ L 269, 10.10.2013, p. 1).

Union. Information on imports of products under Article 1(1), point (b), shall be made available monthly via the website of the Commission.

*Article 7*

Entry into force and application

This Regulation shall enter into force on 6 June 2023.

This Regulation shall apply until 5 June 2024.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

**LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A  
BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE**

**1. NAME OF THE PROPOSAL:**

Proposal for a Regulation of the European Parliament and of the Council on temporary trade liberalisation supplementing trade concessions applicable to Ukrainian products under 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.

**2. BUDGET LINES:**

Chapter 12, Article 120

Amount budgeted for the year 2023: **21 590 300 000€**

**3. FINANCIAL IMPACT**

Proposal has no financial implications

Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

Budget line	Revenue	Period: part of 2023 - part of 2024* (EUR million to one decimal place)
Article 120 Chapter 12 <sup>10</sup>	<i>Impact on own resources</i>	48.4
<b>Total</b>		

\* One-year period since entry into force of the regulation

The calculations are based on 2021 import volumes of products covered by the proposed Regulation in excess of the annual duty-free quota (i.e. 40 tariff rate quotas) as well as an estimation of anti-dumping duties.

Based on the above calculations the loss of traditional own resources revenue from this Decision is estimated at EUR 64.5 million (gross amount, including collection costs) x 0,75 = EUR 48.4 million for the period in question.

<sup>10</sup> Regarding traditional own resources (agricultural duties, sugar levies, customs duties) the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % of collection costs.

#### **4. ANTI-FRAUD MEASURES**

In order to prevent fraud, the entitlement to the trade measures established by the proposed Regulation should be conditional upon Ukraine having complied with all the relevant conditions for obtaining benefits under the Association Agreement, including the rules of origin of products concerned and the procedures related thereto, as well as Ukraine's involvement in close administrative cooperation with the Union, as provided for by the Association Agreement.