



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2011/2132(INI)

15.11.2011

OPINION

of the Committee on International Trade

for the Committee on Foreign Affairs

on the recommendations to the Council, the Commission and the EEAS on the negotiations on the EU-Ukraine Association Agreement (2011/2132(INI))

Rapporteur: Paweł Zalewski

PA_NonLeg

SUGGESTIONS

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. to support the conclusion of negotiations on the DCFTA by the end of 2011, since these constitute a positive step towards Ukraine's economic integration into Europe;
2. to recognise the substantial efforts made by the Ukrainian government in reducing barriers overall, in adapting geographical indications, and in SPS, competition and TBTs, as well as the very limited achievements of the DCFTA in areas such as investment, services, agriculture, energy and export barriers;
3. to call on Ukraine to refrain from applying export tariff or any other export restrictions, since their application would lead to increased price volatility in European markets;
4. to call on the Ukrainian side to fulfil its duties relating to restructuring of the gas sector by the end of 2011 and to take further steps to reform its energy sector in the broader sense by redressing the gaps between the legislative acts regulating the oil and gas sectors;
5. to take note of the fact that, even though the liberalisation of services and investment in the energy sector would be beneficial to the EU, there might be also some risks involved in taking on commitments with regard to particular energy services, as strong energy players controlling Ukrainian companies could use the FTA to dominate transmission networks in the EU;
6. to call for enhanced cooperation between the EU and Ukraine in the energy sector, for integration of the Ukrainian energy sector into the European energy sphere, and for the initiation of joint modernisation and development projects in the energy infrastructure sphere;
7. to take note of the fact that the Ukraine represents one of the most important oil and gas transit countries for the EU and that the EU can provide the foreign direct investment needed for the reform of the Ukrainian energy sector;
8. to call for action to improve EU and Ukrainian energy security through the introduction of bilateral mechanisms to provide early warning and avoid interruptions in the supply of energy and energy raw materials;
9. to stress how important it is to the EU for Ukraine to ensure that toxic waste and nuclear waste are correctly disposed of on its territory, protecting food safety;
10. to ensure that the tariff rate quota opened in sugar does not lead to unintended triangular trade and fraud;
11. to highlight the fact that the agreement must include a chapter on animal welfare, ensuring equal competition between European and Ukrainian farmers;
12. to take note of the fact that sustainable development is one of the priority areas set out in

the 2011-2013 National Indicative Programme; recommends therefore the inclusion of a Sustainable Development Chapter in the free trade area;

13. to stress that the Sustainable Development Chapter should contain a provision that will express Ukraine's undertaking to respect the OECD Guidelines on Multinational Enterprises and the ILO Tripartite Declaration on Multinational Enterprises and Social Policy;
14. to prepare for its implementation together with Ukraine so that commitments that have not been backed up by preconditions and will not deliver immediate rewards, especially in the field of animal welfare, become reality and have a substantial impact in the long run; to call for the Free Trade Agreement to lead in the end to a full dismantling of the tariff barriers in every sector of industry with no negative listings or import quotas, and therefore both export taxes and import and export restrictions to be effectively eliminated; to provide Ukraine with post-liberalisation adjustment funds, as foreseen in the ENP National Indicative Programme for 2011-2013, and with technical assistance with customs issues and adapting geographical indications;
15. to continue to call for political and economic reforms in Ukraine that would lead to the modernisation of its infrastructures, notably in energy and transport; to helping business, most urgently through easier access to credit and land and simpler and faster processes for tax collection and customs, in particular by making noticeable improvements in the refund of value-added tax for exporters, in customs clearance and in approval procedures for imports (particularly in taxation, documentation obligations and product testing for certification); to the removal of red tape and corruption; and to enforcement of the rule of law and democratic practices; to consider lower transaction costs and secure procedures, in particular for SMEs, which is a vital prerequisite for building commercial relationships; and to an improvement in the law in the area of protection of material assets and IP and more effective mechanisms for vindication of rights and claims by businesses through the courts;
16. to call for a fundamental improvement in the investment climate in Ukraine for foreign investors, and particularly for a rapid resolution of national budget indebtedness in respect of entities on account of untimely refunding of VAT overpayments, and prevention of such situations occurring again in the future; to raise the effectiveness of customs procedures (and in particular to curtail the common practice of applying an unjustified increase in customs value to goods imported into Ukraine);
17. to promote entrepreneurship and SME development through macro-economic cooperation;
18. to recognise that the conclusion of the Association Agreement, with the DCFTA at its core and with careful implementation, could provide a twofold remedy for reinforcing the rule of law in Ukraine: for EU stakeholders, specially SMEs, it should result in higher protection standards, and for Ukraine it should enhance European principles of the rule of law and democracy, believes, in this sense, that Ukraine should address the concerns related to the alleged lack of fair-trial safeguards (Yulia Tymoshenko case);
19. to ensure that the cooperation between the EU and the Ukraine also addresses respect for

human rights and fundamental freedoms through the promotion and implementation of international human rights standards, respect for minorities and the fight against inhuman and degrading treatment;

20. to stress that Ukraine should not relax protection of labour standards in order to attract foreign investment;
21. to ensure that the EU consistently makes similar progress with the other Eastern Partners willing to comply with democratic values and trade openness; to encourage Ukraine to promote cooperation with experts from all over the EU who cooperate with partners from the partner states on a daily basis, help them speed up reforms and share their EU practical experience and the best practices acquired in various fields;
22. to adopt an open and rational approach to the visa liberalisation process when it comes to its implementation phase, basing EU decisions on fair assessments of efforts by Ukraine to fulfil its commitments;
23. to call – pursuant to the provisions of Article 218(5) of the Treaty – for a decision to be taken authorising provisional application of the regulations of the Free Trade Agreement, which is a fundamental part of the Association Agreement, before it enters into effect;
24. to call on the Ukrainian authorities to set up an effective system for putting the provisions of the Free Trade Agreement into effect and to cooperate on an ongoing basis with the European institutions in implementing this agreement;

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	14.11.2011
Result of final vote	+ : 18 - : 1 0 : 3
Members present for the final vote	Laima Liucija Andrikienė, David Campbell Bannerman, Daniel Caspary, Harlem Désir, Yannick Jadot, Bernd Lange, Emilio Menéndez del Valle, Vital Moreira, Paul Murphy, Cristiana Muscardini, Niccolò Rinaldi, Helmut Scholz, Gianluca Susta, Keith Taylor, Iuliu Winkler, Pablo Zalba Bidegain
Substitute(s) present for the final vote	George Sabin Cutaş, Mário David, Małgorzata Handzlik, Silvana Koch-Mehrin, Tokia Saïfi
Substitute(s) under Rule 187(2) present for the final vote	Vytautas Landsbergis, Traian Ungureanu