



2017/2283(INI)

21.6.2018

OPINION

of the Committee on International Trade

for the Committee on Foreign Affairs

on implementation of the EU association agreement with Ukraine
(2017/2283(INI))

Rapporteur for opinion: Jarosław Wałęsa

PA_NonLeg

SUGGESTIONS

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

1. Welcomes the increase in trade volume between the EU and Ukraine and the diversification of Ukrainian exports to the EU; encourages the Commission to support Ukraine in identifying those areas that could further foster economic diversification and in prioritising them in the process of implementing the Deep and Comprehensive Free Trade Area (DCFTA); points out that exports to Russia over the same period have decreased;
2. Calls on the Commission to submit to Parliament a detailed assessment of the association agreement on the basis of progress made so far, since the 2007 impact assessment has long been overtaken by events; considers that this should cover the following points in particular:
 - an in-depth presentation of Ukraine's trade balance, set out according to sector and region;
 - the development of small and medium-sized enterprises (SMEs) and a presentation of the DCFTA loan facility for SMEs, which was set up with EUR 200 million in 2015 to help SMEs in the Eastern Neighbourhood;
 - a presentation of market share;
 - a presentation of the socio-economic situation;
 - a presentation of the labour market situation, the shadow economy and informal employment;
 - an up-to-date analysis of Ukraine's macro-financial situation, including tax revenues and expenditure, tax avoidance and tax evasion;
3. Recalls that Regulation (EU) 2017/1566 of the European Parliament and of the Council on the introduction of temporary autonomous trade measures for Ukraine supplementing the trade concessions available under the Association Agreement includes a legal requirement that the Commission's annual report on the implementation of the DCFTA include a detailed assessment of the autonomous trade measures, including their social impact;
4. Considers the regulatory approximation between the EU and Ukraine under the DCFTA to be a fundamental instrument bringing Ukraine closer to the EU and contributing to trade facilitation, a better business and investment climate, and sustainable economic development of Ukraine; considers that the trade liberalisation dimension should be carefully managed with a view to minimising costs while maximising benefits to Ukrainian enterprises and society and encourages the Commission to consider further autonomous trade preferences and other means; encourages Ukraine to prioritise the implementation of the reform agenda in areas that are more closely related to its

production structure and opportunities to export to the EU with a view to minimising transition costs and maximising potential benefits; calls on Ukraine to appoint, as a matter of urgency, its domestic advisory group to ensure the monitoring of the implementation of the agreement by civil society organisations; is concerned at the growing poverty of the population;

5. Recalls that the DCFTA is part of a reform process based on good governance and the fight against corruption and organised crime; welcomes the adoption of the law on the High Anticorruption Court; remains concerned, however, with regard to further progress in the fight against corruption; notes that a free, critical civil society plays an important part in this process of reform and calls on the Government of Ukraine to free civil-society organisations from the e-declaration obligation; calls on the Government of Ukraine to guarantee the independence of the National Anti-Corruption Bureau (NABU) and to carry out a corresponding reform of the secret services; reminds the Government of Ukraine of its undertaking in the preamble to the association agreement to construct a deeper, sustainable democracy; calls for a reform of voting rights prior to the 2019 parliamentary elections as recommended by the Parliamentary Assembly of the Council of Europe, the Venice Commission and the OSCE's Office for Democratic Institutions and Human Rights (ODIHR); calls on Ukraine to provide reassurance that the composition of the Central Electoral Commission of Ukraine reflects a political balance representing all relevant political forces and stresses that the rule of law is a key precondition for good and effective implementation of the DCFTA;
6. Considers that regulatory approximation with the EU acquis is the key dimension of the DCFTA because actual access to the EU market and reform very much depend on appropriate implementation and enforcement of the relevant legislation; is aware of the major challenge this represents for governance, institutions and public administration in Ukraine and encourages the Commission to provide adequate technical and financial support; commends the activities of the Support Group for Ukraine and calls on the group to provide more reporting to Parliament on the kind of assistance provided, notably with regard to acquis transposition and implementation;
7. Considers that involving Ukrainian authorities from the time of drafting of the relevant legislation is useful in order to make the process more inclusive and reduce transition costs for Ukraine, and calls on the Commission to make full use of ex ante information-sharing mechanisms;
8. Commends the Government and Parliament Legislative Roadmap for the Implementation of the Agreement and Ukraine's accession to the WTO Government Procurement Agreement; encourages Ukraine to focus on the implementation of the reform agenda in areas such as technical, sanitary and phytosanitary standards, intellectual property and customs rules;
9. Regrets the lack of progress in the approximation with EU animal welfare standards and calls on Ukraine to urgently adopt a strategy to fulfil that commitment;
10. Notes the high preference utilisation rate and welcomes the continuous increase in tariff lines where preferences are utilised;

11. Notes that the evaluation of DCFTA implementation is very much focused on trade flows and trade irritants; calls on the Commission to appropriately monitor and assess the implementation of the DCFTA, with special attention being paid to acquis transposition and implementation, as well as to the impact on Ukrainian society, and to provide public and comprehensive annual reporting, including on the technical and financial support provided by the EU;
12. Expects Ukraine to appoint arbitrators for the dispute settlement system and to establish bodies and designate representatives under the Trade and Sustainable Development chapter;
13. Welcomes the Verkhovna Rada's adoption at first reading of Bill No 5495 on the preservation of Ukrainian forests and the prevention of the illegal export of unprocessed timber on 20 March 2018; considers that any liberalisation of trade in wood should be conditional on the setting-up of a legal framework on the prevention and prohibition of illegal exports;
14. Notes that a coordinated approach between the EU and Ukraine to sanctions related to Crimea and eastern Ukraine would contribute to increasing pressure in order to secure a peaceful resolution of Ukraine's territorial challenges; recalls the commitment to the peaceful settlement of regional conflicts in Article 9 of the association agreement;
15. Notes that the Eastern Partnership has until now primarily been focused on bilateral trade and investment between the EU and the other countries involved; calls for the development of a more unified approach for all countries in the Eastern Partnership and increased cooperation with the Eurasian Economic Union in terms of trade facilitation, visa freedom and technical standards.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	21.6.2018
Result of final vote	+: 26 -: 5 0: 4
Members present for the final vote	William (The Earl of) Dartmouth, Laima Liucija Andrikienė, Tiziana Beghin, Salvatore Cicu, Santiago Fisas Aixelà, Eleonora Forenza, Nadja Hirsch, Yannick Jadot, France Jamet, Elsi Katainen, Patricia Lalonde, Danilo Oscar Lancini, Bernd Lange, David Martin, Emmanuel Maurel, Anne-Marie Mineur, Sorin Moisă, Alessia Maria Mosca, Franck Proust, Godelieve Quisthoudt-Rowohl, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Adam Szejnfeld
Substitutes present for the final vote	Goffredo Maria Bettini, Reimer Böge, Klaus Buchner, Dita Charanzová, Danuta Maria Hübner, Sajjad Karim, Sander Loones, Lola Sánchez Caldentey
Substitutes under Rule 200(2) present for the final vote	Czesław Hoc, John Howarth, Dietmar Köster, Kosma Złotowski

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

26	+
ALDE	Dita Charanzová, Nadja Hirsch, Elsi Katainen
ECR	Czesław Hoc, Sajjad Karim, Sander Loones, Kosma Złotowski
PPE	Laima Liucija Andrikienė, Reimer Böge, Salvatore Cicu, Santiago Fisas Ayxelà, Danuta Maria Hübner, Sorin Moisă, Franck Proust, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Adam Szejnfeld
S&D	Goffredo Maria Bettini, John Howarth, Dietmar Köster, Bernd Lange, David Martin, Alessia Maria Mosca, Inmaculada Rodríguez-Piñero Fernández
VERTS/ALE	Klaus Buchner, Yannick Jadot

5	-
EFDD	William (The Earl of) Dartmouth
ENF	France Jamet, Danilo Oscar Lancini
GUE/NGL	Eleonora Forenza, Anne-Marie Mineur

4	0
ALDE	Patricia Lalonde
EFDD	Tiziana Beghin
GUE/NGL	Lola Sánchez Caldentey
S&D	Emmanuel Maurel

Key to symbols:

+ : in favour

- : against

0 : abstention