



2019/2202(INI)

27.10.2020

OPINION

of the Committee on International Trade

for the Committee on Foreign Affairs

on the implementation of the EU Association Agreement with Ukraine
(2019/2202(INI))

Rapporteur for opinion: Enikő Győri

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. Highlights that Ukraine is an important geopolitical, geostrategic and trading partner for the European Union; believes that the Deep and Comprehensive Free Trade Area (DCFTA), in application since 2016, has contributed to the positive evolution of trade and to economic modernisation, has boosted foreign direct investments and has created new jobs on both sides; welcomes the continuous positive results achieved in bilateral trade and economic relations in 2019, with Ukrainian imports growing by 12.3 % and exports by 9.7 %, amounting to EUR 43.3 billion in total; underlines that trade between the EU and Ukraine has risen by 49 % and that the EU remains Ukraine's main trading partner, accounting for 40 % of its trade in 2019, while Ukraine is the EU's 18th biggest trading partner, accounting for 1.1 % of the EU's total trade; notes that Ukraine's trade deficit with the EU has increased to EUR 5.1 billion;
2. Welcomes the approval and disbursement in two parts of the fourth consecutive Macro-Financial Assistance (MFA) programme of EUR 1 billion in support to Ukraine; notes that in total the EU has provided Ukraine with EUR 3.8 billion in MFA loans since 2014, representing the largest MFA amount that the EU has disbursed to any single partner country; highlights the EU's prompt reaction in providing EUR 190 million to meet the most immediate health needs and the importance and timeliness of the additional EUR 1.2 billion in MFA support to Ukraine in the context of the COVID-19 pandemic; notes that this is a crucial demonstration of the EU's solidarity at a time of unprecedented crisis; recalls that the MFA has been an important tool in implementing Ukraine's ambitious reform agenda and accelerating economic growth, notably through the 'more for more' incentives; recalls the importance of the conditionalities based on real democratic reforms and good governance; encourages Ukraine to continue making progress in regulatory approximation to the EU acquis;
3. Encourages both sides to intensify cooperation on a bilateral level and in international fora in addressing challenges presented by COVID-19, in particular by making supply chains more resilient and diversified and by working together to address protectionist trends; notes that the EU's objective of achieving open strategic autonomy could create opportunities for even closer cooperation with its neighbourhood;
4. Encourages Ukraine to continue its path towards agricultural, environmental and social reforms; emphasises that alignment with the DCFTA rules will enable parties to strengthen cooperation and facilitate trade; urges Ukraine to fully respect the environmental objectives set out in the DCFTA, as well as its international commitments to sustainable trade and development, in particular the Paris Agreement; encourages the Commission to monitor the effects of the DCFTA on labour and freedom of association rights connected to trade with the EU; calls on Ukraine to focus on the social dimension of trade by addressing the shortcomings of the labour inspection system and discrimination in the labour market and employment policies;
5. Calls on the Commission to upgrade neglected areas of the association agreements

- (AAs)/DCFTAs with regard to important policy areas such as gender mainstreaming and dealing with health crises, while ensuring that they do not run counter to the imperative for environmental and climate action or European Green Deal initiatives;
6. Calls for the EU to continue supporting AA/DCFTA countries' accession to the Single Euro Payments Area (SEPA), which will first and foremost benefit citizens and provide new opportunities for SME development;
 7. Welcomes the results achieved under the DCFTA Facility for SMEs in terms of improving access to finance and opening up trade opportunities; highlights that a proper information campaign could enable SMEs to benefit more from the opportunities offered by the DCFTA; calls on the Commission to monitor the impact of the DCFTA on SMEs; notes that the support and promotion of intra-regional trade among Eastern Partnership countries will also create new economic opportunities, including for SMEs;
 8. Calls on the Commission to support investments in sectors with potential for development, growth and competitiveness in the EU and which could further foster economic diversification, such as sustainable energy and climate, the digital single market and cyber security, and transport; welcomes the positive steps taken by Ukraine in the digital transformation, and calls on the Commission and Member States to further explore increased sectoral cooperation and investment in the digital economy, education and research, digital skills, innovation and the fight against disinformation, to enhance the ICT sector, as well as green technologies, and to share know-how and best practices; acknowledges in this regard the new EUR 25 million EU programme supporting e-governance and the digital economy in Ukraine;
 9. Welcomes the fact that Ukraine has joined the Multi-Party Interim Appeal Arbitration Arrangement (MPIA), thus contributing to overcoming the deadlock caused by the paralysis of the Appellate Body (AB) and to ensuring that World Trade Organization (WTO) members can benefit from a two-step dispute settlement system in the WTO until the AB is operable again;
 10. Calls on the Commission to provide technical support for regional employment centres in order to stimulate employment, to support and invest in young people and sustainable economic development programmes favouring social entrepreneurship, and to focus on young people from rural areas in order to strengthen the education system through labour market demand so as to protect the most vulnerable and prevent a lack of socio-economic opportunities;
 11. Recalls that poultry meat is a sensitive product in the EU; acknowledges the solution found for the export of 'other' cuts of poultry by amending the trade preferences for poultry meat and poultry meat preparations and thereby closing the loophole in the agreement; calls on Ukraine to abstain from similar practices and to fully respect and implement all provisions of the DCFTA in good faith; calls on the Commission to conduct a thorough monitoring of the implementation of the DCFTA and to use all available measures to overcome any market-distorting practices and the potential exploitation of legal loopholes;
 12. Welcomes the numerous reforms and regulations adopted by Ukraine in line with the DCFTA, such as the EU-Ukraine Sanitary and Phytosanitary (SPS) Strategy, as well

Ukraine's alignment of technical regulations and procedures with those of the EU; notes with concern the lack of sufficient progress in the approximation of EU animal welfare standards; calls on Ukraine to urgently align its animal welfare legislation and sanitary and phytosanitary standards with the Union acquis, and to enforce them in accordance with the SPS Strategy; stresses that the extension of the transition period for broilers, laying hens and pigs until 2026 should be reviewed;

13. Recalls the role of the DCFTA as part of a reform process based on good governance and tackling corruption and organised crime; underlines that the further strengthening of the rule of law, structural reform and the fight against corruption are of key importance in creating a more attractive business and investment environment in Ukraine; stresses the importance of faithful cooperation with civil society organisations by incorporating their views into decision-making and the implementation of reforms;
14. Considers that regulatory approximation with the EU acquis is the most important dimension of the DCFTA because actual access to the EU market and reform very much depend on the appropriate implementation and enforcement of the relevant legislation; is aware of the important 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 the European Parliament on the kind of assistance provided, notably with regard to acquis transposition and implementation;
15. Is concerned that Ukraine is listed by the Commission as a 'category 2' priority country, meaning that intellectual property rights (IPR) are not sufficiently protected and enforced; highlights the need to strengthen customs controls and infrastructure to better prevent the entry and transit of counterfeit products into and within Ukraine; calls on the Commission to continue assisting Ukraine in the elaboration of new draft laws on IPR;
16. Notes with concern that Ukraine recently initiated two safeguard investigations into imports of nitrogen and complex fertilisers from the EU; acknowledges that Ukraine decided to terminate both safeguard investigations at the very last minute, while further safeguard investigations are in the pipeline; warns that similar actions could undermine the mutual trust between the two sides;
17. Notes that the EU launched a formal dispute settlement procedure under the EU-Ukraine Association Agreement on Ukraine's export ban on unprocessed wood and is concerned by the slow progress towards its resolution; calls on Ukraine to lift the trade restrictions on wood, as they are incompatible with the requirements of the EU-Ukraine AA;
18. Recalls the importance of peace for the economic and social development of Ukraine; notes that the EU's economic sanctions against Russia, in response to the illegal annexation of Crimea and the deliberate destabilisation of Ukraine, have been extended until 31 January 2021 for failure to fully implement the Minsk agreements; calls on the Commission and the European External Action Service to increase efforts to mediate in this conflict in order to help the Ukrainian economy and the region to fully unlock the

economic potential of cooperation in the region;

19. Calls on the Commission to thoroughly monitor and assess the implementation of the DCFTA, with a special focus on *acquis* transposition and implementation and on any cases of infringement of the agreement; encourages the Commission to support Ukraine in identifying the areas that could further foster economic diversification and in prioritising them in the process of the full implementation of the DCFTA; calls on the Commission to report back to Parliament on those issues, including on the technical and financial support provided by the EU, and to use all the lessons learned in the revision of the DCFTA scheduled for 2021.

INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

Date adopted	27.10.2020
Result of final vote	+: 34 -: 6 0: 3
Members present for the final vote	Barry Andrews, Anna-Michelle Asimakopoulou, Tiziana Beghin, Geert Bourgeois, Saskia Bricmont, Udo Bullmann, Jordi Cañas, Daniel Caspary, Miroslav Číž, Arnaud Danjean, Paolo De Castro, Emmanouil Fragkos, Raphaël Glucksmann, Markéta Gregorová, Enikő Győri, Roman Haider, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Herve Juvin, Maximilian Krah, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Sara Matthieu, Emmanuel Maurel, Carles Puigdemont i Casamajó, Samira Rafaela, Inma Rodríguez-Piñero, Massimiliano Salini, Helmut Scholz, Liesje Schreinemacher, Sven Simon, Dominik Tarczyński, Mihai Tudose, Kathleen Van Brempt, Marie-Pierre Vedrenne, Jörgen Warborn, Iuliu Winkler, Jan Zahradil
Substitutes present for the final vote	Svenja Hahn, Jean-Lin Lacapelle

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

34	+
EPP	Anna-Michelle Asimakopoulou, Daniel Caspary, Arnaud Danjean, Enikő Győri, Christophe Hansen, Danuta Maria Hübner, Gabriel Mato, Massimiliano Salini, Sven Simon, Jörgen Warborn, Iuliu Winkler
S&D	Udo Bullmann, Paolo De Castro, Raphaël Glucksmann, Bernd Lange, Margarida Marques, Inma Rodríguez-Piñero, Mihai Tudose, Kathleen Van Brempt, Miroslav Číž
RENEW	Barry Andrews, Jordi Cañas, Svenja Hahn, Samira Rafaela, Liesje Schreinemacher, Marie-Pierre Vedrenne
GREENS	Saskia Bricmont, Markéta Gregorová, Heidi Hautala, Sara Matthieu
ECR	Geert Bourgeois, Dominik Tarczyński, Jan Zahradil
NI	Carles Puigdemont i Casamajó

6	-
ID	Herve Juvin, Maximilian Krah, Jean-Lin Lacapelle
GUE	Emmanuel Maurel, Helmut Scholz
NI	Tiziana Beghin

3	0
ID	Roman Haider, Danilo Oscar Lancini
ECR	Emmanouil Fragkos

Key to symbols:

+ : in favour

- : against

0 : abstention