

## CALL FOR EVIDENCE FOR AN INITIATIVE (without an impact assessment)

<b>TITLE OF THE INITIATIVE</b>	EU-Ukraine Association Agreement – review of reciprocal tariff liberalisation (proposal for Council decision)
<b>LEAD DG – RESPONSIBLE UNIT</b>	TRADE – Unit E1 (Europe and Eastern Partnership)
<b>LIKELY TYPE OF INITIATIVE</b>	Under Article 29 of the EU-Ukraine Association Agreement, consultations between the EU and Ukraine can be held to accelerate and broaden the liberalisation of trade on goods not already liberalised by the Agreement. The Commission is pursuing such consultations with Ukraine with the aim of adopting their result in the Association Committee in Trade Configuration at the latest when the current Autonomous Trade Measures regime expires in June 2025. The EU's adoption of such a decision will need to be endorsed by the Council and the Commission will therefore make a proposal for an Article 218(9) Council decision.
<b>INDICATIVE TIMING</b>	Q3 2024 – Q2 2025
<b>ADDITIONAL INFORMATION</b>	-

### A. Political context, problem definition and subsidiarity check

#### Political context

The Deep and Comprehensive Free Trade Area (DCFTA) under the EU-Ukraine Association Agreement has provisionally applied since 1 January 2016. The DCFTA has liberalised bilateral trade in all industrial goods (with the exception of passenger vehicles, which will be fully liberalised by Ukraine on 1 January 2026) and many agricultural and processed agricultural products.

In June 2022, after the start of Russia's unprovoked and unjustified full-scale invasion of Ukraine, the European Union adopted Autonomous Trade Measures (ATMs) to support Ukraine's economy and resilience. These temporary measures eliminated all duties for Ukrainian exports to the EU. The current regime is set to expire on 5 June 2025.

When the current ATM Regulation was adopted in May 2024, the Commission announced its intention to agree on permanent and reciprocal tariff liberalisation. Such a process is provided for under Article 29 of the DCFTA, which stipulates that consultations can be held to accelerate and broaden the liberalisation of trade on goods not already liberalised by the agreement. This process would provide economic certainty and a stable framework to both Ukraine and the EU, as well as to farmers and businesses.

#### Problem the initiative aims to tackle

Under the DCFTA regime, EU-Ukraine trade has grown considerably, doubling since the DCFTA's provisional application in 2016. Moreover, the DCFTA includes commitments from Ukraine to align its legislation with the EU's norms and standards for industrial and agri-food products, and in trade-related areas such as competition, technical barriers to trade (TBTs), sanitary and phytosanitary standards (SPSs), customs, public procurement and intellectual property.

EU businesses have benefited from increased market access to Ukraine under the DCFTA. Contrary to the ATM regime, under which the EU temporarily and unilaterally suspended import duties, quotas and trade defence measures, the review process established by Article 29 of the Association Agreement would involve reciprocal tariff liberalisation benefiting businesses and people in both the EU and Ukraine. The talks represent a chance to further improve EU businesses' access to the Ukrainian market, while ensuring an appropriate level playing field for bilateral trade, with a view to Ukraine's gradual integration into the single market.

In recent months, and particularly in the context of the ATMs' most recent renewal, certain stakeholders in the agrifood sector have expressed concerns that the full liberalisation granted to Ukraine under the ATMs might cause tensions on the EU market. In this light, the Commission will consider the level of liberalisation as well as appropriate safeguard mechanisms.

Without tariff liberalisation under the Article 29 review, and if the Autonomous Trade Measures were not renewed, trade would revert to the conditions in place before Russia's illegal war of aggression against Ukraine. This would mean a significant drop in Ukrainian exports, hurting the Ukrainian economy at a time when the European Council has reiterated that it would offer its unwavering support to Ukraine for 'as long as it takes and as intensely as needed'.

**Basis for EU action (legal basis and subsidiarity check)**

The initiative falls under a policy area where the EU has exclusive competence (under Article 3 of the Treaty on the Functioning of the European Union (TFEU)). Therefore, the subsidiarity principle does not apply.

**Legal basis**

The common commercial policy is an exclusive EU competence, according to Article 3(1)(e) TFEU and Article 207 TFEU. The Council may, upon a proposal from the Commission, adopt a decision establishing the positions to be adopted on the EU's behalf in a body set up by an agreement, under Article 218(9) TFEU.

Article 29(4) of EU-Ukraine DCFTA provides that 'at the request of either Party, the Parties shall consult one another in order to consider accelerating and broadening the scope of the elimination of customs duties on trade between themselves'.

**B. What does the initiative aim to achieve and how**

The initiative aims to advance permanent and reciprocal liberalisation of trade with Ukraine, with the aim to work towards Ukraine's integration into the single market.

**Likely impacts**

Under the DCFTA regime, the value of EU-Ukraine trade has already doubled compared to the situation before the DCFTA's application. EU businesses will benefit by gaining further access to the Ukrainian market and from Ukraine's progressive integration into the EU's single market. In Ukraine, expanded EU market access will benefit the business environment and economic development, also helping Ukraine's resilience in the context of Russia's illegal full-scale invasion.

In the context of the ATM regime's most recent renewal, some stakeholders in the agrifood industry expressed concerns about the impact of the inflow of certain Ukrainian agricultural products into the EU market. This concern was particularly present in Member States bordering Ukraine. In the Regulation extending the ATM regime to 2025, the Commission addressed these concerns by introducing safeguard measures for certain products, reintroducing tariffs on products whose imports from Ukraine reach a certain quantity.

The ATM regime in place since June 2022 has fully liberalised imports from Ukraine, and the monitoring carried out by the Commission has not found an adverse impact on the EU market as a whole. However, some localised logistical bottlenecks arose in 2022 and early 2023 in EU Member States geographically close to Ukraine when Ukraine's traditional seaborne export routes over the Black Sea were fully and then partially blocked. These logistical bottlenecks affected products liberalised under the ATMs (wheat) and products not subject to additional liberalisation under the ATMs (maize, rapeseed and sunflower seed). Therefore, there is no clear correlation between tariff liberalisation and localised logistical bottlenecks in some regions of the EU.

**Future monitoring**

Implementation of the DCFTA is monitored in the Association Committee in Trade Configuration, which meets at least once a year, and in the relevant subcommittees.

## **C. Better regulation**

### **Impact assessment**

The ATM regime in place since June 2022 has acted as a 'natural experiment' as it has fully liberalised imports from Ukraine. The Commission has been monitoring these imports closely in accordance with the ATM Regulation and has not found an adverse impact on the EU market as a whole. The results of the monitoring are regularly discussed with Member States in the Trade Policy Committee, with the European Parliament in the Committee on International Trade and its Ukraine Monitoring Group, and in informal meetings with stakeholders. The Commission will continue to closely monitor imports from Ukraine and will analyse their effect on the EU market ahead of presenting its proposal for a Council decision. Against this background, and since the DCFTA/ATM Regulation already envisages procedures and monitoring arrangements, no impact assessment is warranted.

### **Consultation strategy**

In the light of the Commission's constant monitoring under the ATM Regulation of the impact of the liberalisation of imports under the ATM Regulation and discussions on the results of the monitoring referred to above, no separate public consultation will be undertaken. However, the feedback gathered through the call for evidence and through regular discussions with stakeholders on the results of the above-mentioned monitoring will be taken into account during trade liberalisation talks, to assess potential areas of interest and/or sensitivity.

The call for evidence addresses all interested stakeholders, including (but not limited to) companies and business representatives, particularly those who trade with Ukraine or have an interest in the area, representatives of consumers, civil society, scientific researchers and interested persons.

The call for evidence will also be published on the website of the European Commission's Directorate-General for Trade (DG TRADE). The Commission will summarise the feedback received when making its proposal for a Council decision.