

# Procedure file

| Basic information  |                     |
|--|---------------------|
| <p>COD - Ordinary legislative procedure (ex-codecision procedure)<br/>Regulation</p> <p>2016/0308(COD)</p>   | Procedure completed |
| <p>Temporary autonomous trade measures for Ukraine</p> <p>See also <a href="#">2013/0151A(NLE)</a></p> <p>Subject<br/>6.20.03 Bilateral economic and trade agreements and relations</p> <p>Geographical area<br/>Ukraine</p> <p>Legislative priorities<br/><a href="#">EU support to Ukraine</a></p> |                     |

| Key players                   |   |   |            |
|-------------------------------|---|---|------------|
| European Parliament           | Committee responsible   | Rapporteur  | Appointed  |
|                               |  International Trade                 |  <a href="#">WAŁĘSA Jarosław</a>               | 12/10/2016 |
|                               |   | Shadow rapporteur   |            |
|                               |   |  <a href="#">ULVSKOG Marita</a>               |            |
|                               |   |  <a href="#">PIECHA Bolesław G.</a>           |            |
|                               |   |  <a href="#">VAN BAALEN Johannes Cornelis</a> |            |
|                               |   |  <a href="#">HAUTALA Heidi</a>                |            |
|                               |   |  <a href="#">BEGHIN Tiziana</a>               |            |
|                               | Committee for opinion   | Rapporteur for opinion  | Appointed  |
|                               |  Budgets                           | The committee decided not to give an opinion.   |            |
|                               |  Agriculture and Rural Development |   | 12/10/2016 |
|                               |   |  <a href="#">SIEKIERSKI Czesław Adam</a>      |            |
| Council of the European Union | Council configuration   | Meeting   | Date       |
|                               | <a href="#">Agriculture and Fisheries</a>   | <a href="#">3556</a>  | 17/07/2017 |

## Key events

|            |   |   |         |
|------------|---|---|---------|
| 29/09/2016 | Legislative proposal published  | <a href="#">COM(2016)0631</a>   | Summary |
| 06/10/2016 | Committee referral announced in Parliament, 1st reading                                 |   |         |
| 04/05/2017 | Vote in committee, 1st reading  |   |         |
| 10/05/2017 | Committee report tabled for plenary, 1st reading  | <a href="#">A8-0193/2017</a>  | Summary |
| 11/05/2017 | Debate in Council   | <a href="#">3534</a>  |         |
| 31/05/2017 | Debate in Parliament  |  |         |
| 01/06/2017 | Results of vote in Parliament   |  |         |
| 01/06/2017 | Decision by Parliament, 1st reading   |   |         |
| 01/06/2017 | Matter referred back to the committee responsible                                       |   |         |
| 20/06/2017 | Approval in committee of the text agreed at 1st reading interinstitutional negotiations | <a href="#">PE606.135 GEDA/A/(2017)006538</a>                                       |         |
| 04/07/2017 | Decision by Parliament, 1st reading   | <a href="#">T8-0285/2017</a>  | Summary |
| 17/07/2017 | Act adopted by Council after Parliament's 1st reading                                   |   |         |
| 13/09/2017 | Final act signed  |   |         |
| 13/09/2017 | End of procedure in Parliament  |   |         |
| 30/09/2017 | Final act published in Official Journal   |   |         |

## Technical information

|                            |  |
|----------------------------|--|
| Procedure reference        | 2016/0308(COD)   |
| Procedure type             | COD - Ordinary legislative procedure (ex-codecision procedure)               |
| Procedure subtype          | Legislation  |
| Legislative instrument     | Regulation   |
|                            | See also <a href="#">2013/0151A(NLE)</a>                                     |
| Legal basis                | Rules of Procedure EP 59-p4; Treaty on the Functioning of the EU TFEU 207-p2 |
| Other legal basis          | Rules of Procedure EP 159  |
| Stage reached in procedure | Procedure completed  |
| Committee dossier          | INTA/8/08026   |

## Documentation gateway

|                      |  |                               |            |    |         |
|----------------------|--|-------------------------------|------------|----|---------|
| Legislative proposal |  | <a href="#">COM(2016)0631</a> | 29/09/2016 | EC | Summary |
|----------------------|--|-------------------------------|------------|----|---------|

|  |      |                                     |            |     |         |
|--|------|-------------------------------------|------------|-----|---------|
| Committee draft report   |      | <a href="#">PE592.280</a>           | 21/12/2016 | EP  |         |
| Amendments tabled in committee   |      | <a href="#">PE599.651</a>           | 07/02/2017 | EP  |         |
| Amendments tabled in committee   |      | <a href="#">PE599.550</a>           | 13/02/2017 | EP  |         |
| Committee opinion  | AGRI | <a href="#">PE595.439</a>           | 14/03/2017 | EP  |         |
| Committee report tabled for plenary, 1st reading/single reading        |      | <a href="#">A8-0193/2017</a>        | 10/05/2017 | EP  | Summary |
| Text adopted by Parliament, partial vote at 1st reading/single reading |      | <a href="#">T8-0236/2017</a>        | 01/06/2017 | EP  | Summary |
| Text agreed during interinstitutional negotiations                     |      | <a href="#">PE606.135</a>           | 16/06/2017 | EP  |         |
| Coreper letter confirming interinstitutional agreement                 |      | <a href="#">GEDA/A/(2017)006538</a> | 29/06/2017 | CSL |         |
| Text adopted by Parliament, 1st reading/single reading                 |      | <a href="#">T8-0285/2017</a>        | 04/07/2017 | EP  | Summary |
| Commission response to text adopted in plenary                         |      | <a href="#">SP(2017)538</a>         | 06/09/2017 | EC  |         |
| Draft final act  |      | <a href="#">00033/2017/LEX</a>      | 13/09/2017 | CSL |         |

## Final act

[Regulation 2017/1566](#)

[OJ L 254 30.09.2017, p. 0001](#) Summary

[Corrigendum to final act 32017R1566R\(01\)](#)

[OJ L 335 15.12.2017, p. 0011](#)

## Temporary autonomous trade measures for Ukraine

**PURPOSE:** to introduce temporary autonomous trade measures for Ukraine supplementing the trade concessions available under the Association Agreement.

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

**ROLE OF THE EUROPEAN PARLIAMENT:** the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

**BACKGROUND:** 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 constitutes the basis of the relationship between the Union and Ukraine.

Title IV on trade and trade-related matters is provisionally applied since 1 January 2016. In its preamble, the Parties to the Association Agreement have expressed their desire to strengthen and widen relations in an ambitious and innovative way.

Taking account of the economic reform efforts undertaken by Ukraine, and in order to support the development of closer economic relations with the European Union, the measure aims at increasing the trade flows concerning the import of certain agricultural products and to grant concessions in the form of autonomous trade measures in selected industrial products in line with the acceleration of the elimination of customs duties on trade between the European Union and Ukraine.

**CONTENT:** in order to increase the existing trade flows concerning the import of certain agricultural products from Ukraine into the Union, and to foster bilateral trade and economic cooperation with the Union, it is appropriate to grant additional autonomous trade preferences for Ukraine.

The autonomous trade measures would be granted in the form of zero-tariff quotas for certain agricultural products in addition to the preferential tariff-rate quotas set out in the Agreement, and the partial or full removal of import duties on several industrial products.

In order to increase the existing trade flows concerning the import of certain agricultural products from Ukraine into the Union, and to foster bilateral trade and economic cooperation with the Union, it is appropriate to grant additional autonomous trade preferences for Ukraine.

The new autonomous measures would respect the same basic principles as those enshrined in the Association Agreement between the EU and Ukraine. Entitlement to benefit from the tariff-rate quotas shall be subject to:

- compliance with the rules of origin of products and the procedures related thereto;
- abstention by Ukraine from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures

having equivalent effect for imports originating in the Union or from increasing existing levels of duties or charges or from introducing any other restrictions from the day of the entry into force of this Regulation;

- respect for democratic principles, human rights and fundamental freedoms and respect for the principle of the rule of law provided for in the Association Agreement.

Normal safeguard procedures apply.

The proposal confers implementing powers on the Commission enabling it to temporarily suspend the preferential arrangements established by this Regulation and to introduce corrective measures in cases where the Union market is affected by this Regulation.

**BUDGETARY IMPLICATIONS:** the European Union will see a loss of customs revenue corresponding to less than EUR 50 million annually with very limited impact on the EU's own resources. The value of duties foregone on the importation of industrial products will count for approximately 20% of the total.

## Temporary autonomous trade measures for Ukraine

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The Committee on International Trade adopted the report by Jarosław Wałęsa (EPP, PL) on the proposal for a regulation 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.

The committee recommended that the European Parliament's position adopted at first reading, following the ordinary legislative procedure, should amend the Commission proposal as follows:

**Conditions for entitlement to the preferential arrangements:** Members considered that the rules of origin and other conditions identified in the Agreement must be met for all products, not only agricultural products listed in Annexes I & II, but industrial products listed in Annex III as well. They stated that entitlement to benefit from the tariff-rate quotas and preferential customs duties on importation shall be subject to:

- as regards products manufactured in, or shipped from, territory not under the effective control of the Government of Ukraine, the submission of a movement certificate which shall be issued by the customs authorities of the Government of Ukraine, after having carried out an inspection of the exporters' accounts at the exporters' premises and any other checks considered appropriate, including assessing whether there are reasonable grounds to suspect that economic operators benefiting from the temporary autonomous trade measures are undermining the fight against corruption or are engaged in illegal economic activities;
- the abstention by Ukraine from introducing discriminatory behind-the-border regulations, from the day of the entry into force of this Regulation;
- the implementation of continued and sustained efforts with regard to the fight against corruption and illegal activities;
- continued respect for obligations to cooperate on matters related to employment, social policy and equal opportunities.

**Temporary suspension of the preferential arrangements:** where a Member State requests that the Commission suspend any of the preferential arrangements, the Commission shall provide a reasoned opinion within two months of such request on whether the claim of failure to comply is substantiated. Member States' position vis-à-vis the Commission should be strengthened.

**Safeguard clause:** Members deleted the requirement in safeguard proceedings to act by qualified majority. In addition, they proposed the following:

- the Commission shall closely monitor the impact of this Regulation on Union producers with regard to the products listed in Annex I and II, including with regard to prices on the Union market and taking into account relevant available information on Union producers;
- the Union industry shall be able to request the Commission to initiate a safeguard procedure;
- following a decision taken by the Commission, the Common Customs Tariff duties shall be reintroduced for as long as necessary to counteract the deterioration in the economic and/or financial situation of Union producers. The period of reintroduction shall not exceed one year, unless it is extended in duly justified circumstances.

**Assessment:** the Commission's annual report on the implementation of the Deep and Comprehensive Free Trade Agreement shall include a detailed assessment of the implementation of the temporary autonomous trade measures provided for in this Regulation.

**Annexes:** based on trade statistics that show that export capacity of Ukraine's industry in certain product groups (e.g. wheat, maize and tomatoes prepared) is already substantial, Members recommended not providing additional support.

## Temporary autonomous trade measures for Ukraine

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The European Parliament adopted by 475 votes to 102, with 61 abstentions, amendments to the proposal for a regulation 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.

The issue was referred back to the committee responsible for interinstitutional negotiations.

The main amendments were as follows:

**Conditions for entitlement to the preferential arrangements:** Members considered that the rules of origin and other conditions identified in the Agreement must be met for all products, not only agricultural products listed in Annexes I & II, but industrial products listed in Annex III as well. They stated that entitlement to benefit from the tariff-rate quotas and preferential customs duties on importation shall be subject to:

- as regards products manufactured in, or shipped from, territory not under the effective control of the Government of Ukraine, the submission of a movement certificate which shall be issued by the customs authorities of the Government of Ukraine, after having carried out an inspection of the exporters' accounts at the exporters' premises and any other checks considered appropriate, including assessing whether there are reasonable grounds to suspect that economic operators benefiting from the temporary autonomous trade measures are undermining the fight against corruption or are engaged in illegal economic activities;

- the abstention by Ukraine from introducing discriminatory internal administrative measures, from the day of the entry into force of this Regulation;
- the implementation of continued and sustained efforts with regard to the fight against corruption and illegal activities;
- continued respect for obligations to cooperate on matters related to employment, social policy and equal opportunities.

Temporary suspension of the preferential arrangements: where a Member State requests that the Commission suspend any of the preferential arrangements, the Commission shall provide a reasoned opinion within two months of such request on whether the claim of failure to comply is substantiated.

In general, it is appropriate to introduce the possibility to temporarily suspend the preferences in the case of failure by Ukraine to respect the general principles of the Association Agreement (respect for democratic principles, human rights, and fundamental freedoms and the principle of the rule of law, as well as efforts to combat corruption and organised crime, and measures to promote sustainable development and effective multilateralism), as has been done in other association agreements signed by the Union.

Safeguard clause: Members deleted the requirement in safeguard proceedings to act by qualified majority. In addition, they proposed the following:

- the Commission shall closely monitor the impact of this Regulation on Union producers with regard to the products listed in Annex I and II, including with regard to prices on the Union market and taking into account relevant available information on Union producers;
- any legal person or any association not having legal personality, acting on behalf of Union industry, shall be able to request the Commission to initiate a safeguard procedure;
- following a decision taken by the Commission, the Common Customs Tariff duties shall be reintroduced for as long as necessary to counteract the deterioration in the economic and/or financial situation of Union producers. The period of reintroduction shall not exceed one year, unless it is extended in duly justified circumstances.

Assessment: the Commission's annual report on the implementation of the Deep and Comprehensive Free Trade Agreement shall include a detailed assessment of the implementation of the temporary autonomous trade measures provided for in this Regulation.

Annexes: based on trade statistics that show that export capacity of Ukraine's industry in certain product groups (e.g. tomatoes prepared or preserved otherwise than by vinegar or acetic acid, wheat, flour, urea) is already substantial, Members recommended not providing additional support.

## Temporary autonomous trade measures for Ukraine

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The European Parliament adopted by 566 votes to 96, with 28 abstentions, a legislative resolution on the proposal for a regulation 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.

The position of the European Parliament adopted at first reading following the ordinary legislative procedure amended the Commission proposal as follows:

Conditions for entitlement to the preferential arrangements: the amended text clarifies that the right to benefit from the autonomous trade measures introduced by the regulation should be subject to compliance by Ukraine with all the conditions necessary to benefit from the advantages provided for in the Association Agreement.

Thus, the granting of the duty-free quota and preferential customs duties on imports would be subject to:

- Ukraine's compliance with product rules of origin and related procedures; The trade measures would apply to goods originating in territories beyond the control of, or exported from, the Ukrainian Government (i) if they have been made available to the Ukrainian authorities for examination, and (ii) if their compliance with the conditions for granting preferential treatment has been verified in accordance with the Association Agreement;
- as regards products manufactured in, or shipped from, territory not under the effective control of the Government of Ukraine, the submission of a movement certificate which shall be issued by the customs authorities of the Government of Ukraine, after having carried out an inspection of the exporters' accounts at the exporters' premises and any other checks considered appropriate, including assessing whether there are reasonable grounds to suspect that economic operators benefiting from the temporary autonomous trade measures are undermining the fight against corruption or are engaged in illegal economic activities;
- the undertaking by Ukraine to not introduce discriminatory behind-the-border regulations, from the day of the entry into force of this regulation;
- the implementation of continued and sustained efforts with regard to the fight against corruption and illegal activities;
- continued respect for obligations to cooperate on matters related to employment, social policy and equal opportunities.

Temporary suspension of the preferential arrangements: where a Member State requests that the Commission suspend any of the preferential arrangements, the Commission shall provide a reasoned opinion within four months of such request on whether the claim of failure to comply is substantiated. Member States' position vis-à-vis the Commission should be strengthened. If the Commission considers the claim to be justified, it should set in motion the suspension procedure.

Safeguard clause: the proposed regulation provides for the reintroduction of Common Customs Tariff duties under the Association Agreement for imports of any product which causes or threatens to cause serious difficulties for EU producers of like or directly competitive products.

In addition, it is envisaged that:

- the Commission shall closely monitor the impact of this regulation on EU producers with regard to the products listed in Annexes I and II, including with regard to prices on the EU market and taking into account relevant information on EU exports, imports and production of products that are subject to autonomous trade measures envisaged in the regulation;
- the EU industry shall be able to request the Commission to initiate a safeguard procedure;
- following a decision taken by the Commission, the Common Customs Tariff duties shall be reintroduced for as long as necessary to

counteract the deterioration in the economic and/or financial situation of Union producers. The period of reintroduction shall not exceed one year, unless it is extended in duly justified circumstances.

Assessment: the Commission's annual report on the implementation of the Deep and Comprehensive Free Trade Agreement shall include a detailed assessment of the implementation of the temporary autonomous trade measures provided for in this regulation.

Annexes: the annual quota volume would be 2 500 tonnes net weight of natural honey and 3 000 tonnes net weight of tomatoes prepared or preserved otherwise than by vinegar or acetic acid.

For specific agricultural products, the annual quota volume would be 65 000 tonnes of common wheat, spelt and meslin, flour, groats, meal and pellets, 625 000 tonnes of maize and 325 000 tonnes of barley.

## Temporary autonomous trade measures for Ukraine

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**PURPOSE:** to introduce temporary autonomous trade measures for Ukraine supplementing the trade concessions available under the Association Agreement.

**LEGISLATIVE ACT:** 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.

**CONTENT:** in order to enhance the economic and political reform efforts undertaken by Ukraine, and to support and accelerate the development of closer economic relations with the Union, the Regulation introduces new temporary autonomous trade measures for products of Ukraine origin admitted to the European Union.

**Preferential arrangements:** autonomous trade measures shall take the form of the following preferential arrangements:

- zero-tariff quotas for the agricultural products listed in Annexes I and II to this Regulation in addition to the zero-tariff quotas set out in the Association Agreement;
- the full removal of import duties (preferential customs duties) on importation of the industrial products listed in Annex III to this Regulation.

**Conditions for entitlement to the preferential arrangements:** Ukraine's entitlement to the zero-tariff quotas and preferential customs duties on importation shall be subject to:

- Ukraine's compliance with the rules of origin of products and the procedures related thereto;
- from 1 October 2017, the abstention by Ukraine from introducing new duties or charges having equivalent effect and new quantitative restrictions or measures having equivalent effect for imports originating in the Union, or from increasing existing levels of duties or charges or from introducing any other restrictions, including discriminatory internal administrative measures;
- 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;
- Ukraine's continued compliance with obligations to cooperate on matters related to employment, social policy and equal opportunities.

**Temporary suspension:** the Regulation confers on the Commission implementing powers enabling it to temporarily suspend the preferential arrangements established by the Regulation and to introduce corrective measures where Union producers are likely to be seriously affected by imports under this Regulation.

**Safeguard clause:** subject to an investigation by the Commission, the Regulation provides for the reintroduction of Common Customs Tariff duties under the Association Agreement for imports of any product falling within the scope of the Regulation that causes or threatens to cause serious difficulties for Union producers of like or directly competing products.

The Commission shall take a formal decision to initiate an investigation within a reasonable period of time: (i) at the request of a Member State, or (ii) at the request of any legal person or any association that does not have legal personality, acting on behalf of the Union industry; (iii) or on the Commission's own initiative.

The Common Customs Tariff duties under the Association Agreement shall be reintroduced for as long as necessary to counteract the deterioration in the economic and/or financial situation of Union producers, or for as long as the threat of such deterioration persists. The period of reintroduction shall not exceed one year, unless it is extended in duly justified circumstances.

Assessment: 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 autonomous trade measures and, where appropriate, an assessment of the social impact of these measures in Ukraine and in the Union.

**ENTRY INTO FORCE:** 1.10.2017.

**APPLICATION:** the Regulation is applicable for a period of three years from 1.10.2017.