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Extended Position Paper on the Extension of Autonomous Trade Measures for Ukraine

Union of Entrepreneurs and Employers and European Enterprise Alliance reaffirm our commitment to fostering economic cooperation between the EU and Ukraine. Amidst the ongoing invasion, the extension of Autonomous Trade Measures (ATMs) holds significant promise in bolstering Ukraine's economic recovery. Nevertheless, the application of safeguard mechanisms must be approached with careful consideration to ensure they facilitate rather than hinder Ukraine's progress.

Background

This week, during the plenary session in the European Parliament, the Regulation pertaining to the extension of Autonomous Trade Measures (ATMs) for Ukraine was voted on. This decision follows a series of pivotal events signaling the EU's commitment to supporting Ukraine's economic resilience. On February 23, the European Commission proposed to extend the regulation governing ATMs for another year. EU member states' representatives (Coreper) confirmed the provisional deal reached earlier between the Council presidency and the European Parliament representatives to renew the suspension of import duties and quotas on Ukrainian exports on April 10, 2024. The next steps involve the adoption of the regulation by the Council, followed by its signing by the representatives of the Council and the European Parliament, and publication in the Official Journal, before entering into force on 6 June 2024.

While safeguard mechanisms are crucial for maintaining market stability, we advocate for a nuanced approach to their implementation, ensuring they support Ukraine's economic recovery without imposing undue restrictions.

Safeguard Mechanisms

It is important to underline that currently not all of Ukraine's import duties are reduced to zero through 2025, with certain agri-food tariffs subject to limited linear reductions. Specifically, goods such as dairy, eggs, sugar, animal oils, and fats will also undergo reductions ranging from 20% to 60%, with residual tariffs applied thereafter for sugars, poultry meat, and pork meat. A new automatic safeguard will also be added for certain sensitive products, such as poultry, eggs, sugar, oats, maize, groats, and honey.

The safeguard mechanism includes:

Regular Monitoring: The Commission will regularly monitor the impact of the Regulation on exports, imports, and prices in the Union market or the market of one or several Member States.

Assessment Procedure: The Commission will assess the situation of the Union market for like or directly competing products, considering factors such as import trends, production impacts, and market dynamics.

Provisional Safeguard Measures: In critical circumstances, the Commission may provisionally impose necessary measures if delay would cause irreparable damage. This provision requires a substantiated request from a Member State and imposes a time limit of 21 days for adoption.

Reintroduction of Tariff-Rate Quotas: if during the period 6 June to 31 December 2024, cumulative import volumes of either eggs, poultry, or sugar since 1 January 2024 reach the respective arithmetic mean of import volumes recorded in 2022 and 2023, the Commission shall, within 21 days and after informing the Committee on Safeguards established by Article 3(1) of Regulation (EU) 2015/478, reintroduce for that product the corresponding tariff-rate quota suspended by Article 1(1), point b, until 31 December 2024, and introduce from 1 January 2025 either a tariff-rate quota equal to five-twelfths of that arithmetic mean or the corresponding tariff-rate quota suspended by Article 1(1), point b, whichever is higher¹.

While the provision for provisional safeguard measures acknowledges the need for swift action in critical circumstances, it also introduces uncertainty for Ukrainian exporters. The requirement for a substantiated request from a Member State may delay the imposition of necessary measures, potentially exacerbating the impact of market disruptions on Ukraine's agricultural sector. Therefore, it is imperative to streamline the process for adopting provisional safeguard measures, ensuring prompt response to emerging challenges without undue bureaucratic hurdles. Additionally, the reintroduction of tariff-rate quotas based on cumulative import volumes poses a significant risk to Ukraine's export stability. By linking import thresholds to historical averages, the mechanism may fail to account for evolving market dynamics or seasonal variations in demand. This rigidity could restrict Ukrainian exporters' access to the EU market, undermining the benefits of trade liberalization measures and hindering Ukraine's economic recovery efforts.

While recognizing the necessity of safeguard measures outlined in the trade agreement, including tariff-rate quotas (TRQs) and entry-price systems for certain agricultural products, we stress the need for flexibility in their implementation. We urge policymakers to adopt a nuanced approach to safeguard measures, taking into account the evolving economic situation in Ukraine. Regular monitoring and impact assessments should guide the implementation of TRQs and other safeguard mechanisms, allowing for adjustments based on actual market dynamics. As Ukraine strives to rebuild its economy in the face of aggression, it is essential to strike a balance between solidarity with Ukraine and the economic realities of both parties. Collaborative efforts between the EU and Ukraine are crucial in ensuring that trade policies support economic stability and growth in both regions.

As the European Enterprise Alliance and Union of Entrepreneurs and Employers, we emphasize the importance of fostering a cooperative and mutually beneficial relationship between the EU

¹ - REGULATION of the EUROPEAN PARLIAMENT and of the COUNCIL on Temporary Trade-Liberalisation Measures Supplementing Trade Concessions Applicable to Ukrainian Products under 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. Council of the European Union, 1 Apr. 2024.



and Ukraine. While safeguard measures are integral to maintaining market stability, they must be implemented with flexibility and consideration for Ukraine's economic recovery and growth.