



## THIRD EU-UKRAINE ASSOCIATION COMMITTEE IN TRADE CONFIGURATION MEETING

22-23 NOVEMBER, 2018 KYIV, UKRAINE

### JOINT REPORT

1. The third meeting of the EU-Ukraine Association Committee in Trade Configuration (ACTC) was held on 22-23 November 2018 in Kyiv. Ukraine was represented through the Ministry of Economic Development and Trade of Ukraine and the EU by the Directorate General for Trade (DG TRADE) of the European Commission.
2. The ACTC was able to take stock of all the meetings of the four Sub-Committees on SPS, Customs, Geographical Indications (GI) and Trade and Sustainable Development (TSD) as well as the Intellectual Property Rights (IPR) Dialogue held in June 2018. The Customs, GI and TSD Sub-committees met for the second time in 2018 while the SPS Sub-committee met for the third time on 16 November 2018 via video conference.
3. The meeting was overall constructive and allowed for a useful exchange of views and information on the state of play of implementation of the different chapters of the Deep and Comprehensive Free Trade Area (DCFTA) part of the Association Agreement, as well as on the evolution of bilateral trade over the past year.
4. **Trade in goods:** EU presented the evolution in bilateral trade in industrial and agricultural goods over the past years. Ukrainian exports to the EU, which is its most important trading partner, were at their highest level in 2017 and foreseen to be even higher in 2018.
5. **Technical barriers to trade (TBT):** Ukraine gave an overview of their efforts in approximating to EU standards and legislation with a view to starting negotiations on an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA). While there is progress, EU signalled that further steps are needed on market surveillance and other horizontal and sectoral technical regulations where legislation still has to be adopted by the Ukrainian Parliament.

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- 6. Customs and trade facilitation:** The Decision by the Customs Sub-committee on the replacement of the rules of origin contained in the DCFTA with the rules contained in the PEM Convention further to Ukraine's accession to the latter is an important achievement to facilitate trade. As further steps, Ukraine's accession to the Conventions on a common transit procedure and on the simplification of formalities in trade in goods, as well as the setting up an Authorised Economic Operator (AEO) Programme are top priorities and are foreseen under the Association Agreement. . The EU has notified Ukraine of amendments to the EU acquis listed in Annex XV of Chapter 5 on customs legislation and comments should be expected by 2019.
  - 7. SPS.** Ukraine briefed on the SPS Subcommittee held on 16 November 2018 recalling the number of legislative initiatives launched and concluded by Ukraine in its approximation efforts with the EU legislation. The EU stressed the importance of meeting the approximation and implementation deadlines and recalled the assistance provided by the EU. Both sides confirmed their readiness to proceed with their internal procedure for the adoption of the SPS strategy in 2019.
  - 8. Intellectual property rights (IPR):** Ukraine provided a presentation on developments in relation to intellectual property rights for which numerous pieces of legislation are in the Ukrainian parliament or have been rejected by it. The EU highlighted the lack of progress on intellectual property rights and stated its intention to continue working closely with the authorities to provide comments and expertise on draft laws.
  - 9. GI's.** Ukraine reported on the discussions from the last GIs Sub-committee held in Brussels on 12 June. EU informed that the two Ukrainian GIs protected under the Association Agreement had been included in the E-Bacchus database Ukraine agreed to undertake during 2019 the necessary work with the Ukrainian industry in order to develop a new name for "Cognac of Ukraine" and to modify the recently adopted 'rules of production of Cognac of Ukraine', clearly stating that these rules shall be applied no later than the expiry of the 10-year transition period provided by the Association Agreement, i.e. no later than 2026.
  - 10. Public procurement:** Ukraine informed that the new draft law on public procurement was published and available on-line for public consultation and will be sent to the EU. According to Ukraine, these are laws foreseen under the second and third phase of the agreed roadmap on public procurement. Ukraine was asked to provide additional written information.

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**11. Competition:** Ukraine provided a presentation of efforts done in relation to competition. On antitrust and merger control law, the EU acknowledged the ongoing work on a comparative analysis of EU and Ukrainian competition law. Based on the results of this analysis, Ukraine agreed to present at the next meeting a roadmap for further alignment. On State Aid, AMCU is working on amendments to Ukraine's Law on State aid to further align it with the DCFTA. Regarding existing aid schemes, Ukraine will provide an overview at the next meeting.

**12. Services:** EU provided an overview of the state of play of EU notifications to amendments to EU legislation under Annex XVII. EU has now notified Ukraine on all the four services sector and latest on financial services on 19 November 2018. Discussion on telecommunication also took place and the digital roadmap provided by Ukraine and which envisages further work in the course of 2019.

**Postal and courier services.** EU welcomed the updated roadmap from March 2018 on Postal and courier services, which would serve as a good guideline for approximation to EU legislation. Ukraine indicated that draft law approximating to Directive 97/96 was in the pipeline and would be shared with the EU.

**International maritime transport.** The EU welcomed the roadmap on international maritime transport and encouraged Ukraine continuing implementation and approximation taking due account of changes to EU legislation such as notified by the EU.

**Financial services.** The representative of the National Bank of Ukraine gave a presentation of the changes to legislation in the financial services sector.

**Telecommunication.** Ukraine submitted their digital roadmap in August 2018 and it was agreed that further work should comprise two elements (1) A preliminary assessment of the Roadmap, and (2) onsite assessment of transposition and implementation of legislation and of regulatory capacity/preparedness, including regular bilateral interaction.

**13. Trade and Sustainable Development (TSD):** The second TSD Sub-committee met on 13 November 2018 in Ukraine. Substantive discussion took place on labour rights, energy efficiency, climate change and forestry issues and comprehensive operational conclusions adopted to guide further work and cooperation. The Ukrainian advisory group was established only in early November but allowed for the EU and Ukraine advisory groups to meet for the first time on 14 November at the open Civil Society Forum.

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#### 14. Other trade-related issues:

- a. **Wood ban:** The EU reiterated its disappointment with the lack of progress in lifting the **wood export ban**, in place since 2015. In view of the persisting situation the EU indicated it will in due time inform Ukraine of any further action it could take. Ukraine in turn informed on the steps taken to establish the sustainable and non-exhaustive use and management of forest resources.
- b. **On the value Added Tax (law 2440).** EU expressed its concern about the incompatibility of law 2440 with Article 31 of the DCFTA and Ukraine's commitments under the WTO.
- c. In relation to RAPEX further contacts at technical level will continue in 2019.
- d. **Technical assistance for implementation of the DCFTA.** The EU provided a short overview of existing support programmes and measures urging Ukraine to safeguard structural reforms achievements and to ensure that the international support programmes remain on track. Assistance on DCFTA related issues would continue. Improving the business climate and restoring confidence of foreign investors are crucial elements that apply across the board.
- e. Ukraine provided a list of export duties applicable to **metal scrap** and informed that a new Order 950 in force since early 2018 should clearly spell out which export certificates and documents are required upon export of metal scrap to the EU following concerns that this is not fully transparent.
- f. In relation **to poultry**, both sides informed about the state of play of their internal procedures for obtaining their respective negotiating mandates and agreed to conduct negotiations expeditiously once they receive such mandates.
- g. **Road transport. Both sides exchanged views on the matter and** Ukraine will provide further information to the EU on some of its bilateral agreements with EU Member States.