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UKRAINE AND THE WTO

1. Ukraine Considers the Expediency of Re-Negotiation of Concessions at the WTO

The Ukrainian government is deciding whether to initiate talks with the WTO on increasing rates of duty on goods imported to Ukraine from a list formed according to proposals from Ukrainian business. A list of the goods at issue includes cars, sugar and certain types of meat.

According to Government Commissioner for European Integration of Ukraine Valeryi Pyatnytskiy, the Ukrainian Government is also studying the possibility to apply other measures to protect domestic producers, because a re-negotiation of tariff rates within the WTO framework may be of low efficiency.

As Mr. Pyatnytskiy explained, a major part of imports of cars into Ukraine come from Russia, with which Ukraine has the Free Trade Agreement, and from the EU, with which the FTA has been prepared for signing. As a reminder, currently Ukraine conducts a safeguard investigation on imports of certain types of passenger cars regardless of the country of origin.

In agriculture, producers submitted a proposal covering 6 goods and asking to increase tariffs at least twice.

TRADE LIBERALIZATION

2. Ukraine and the EU Agree on the Text of the Prospective Free Trade Agreement

Valeryi Pyatnytskiy, Government Commissioner for European Integration of Ukraine, and Rupert Schlegelmilch, Director of Directorate E at the Directorate-General for Trade of the European Commission, signed the protocol on completion of the technical verification of the draft Association Agreement between the EU and Ukraine in the part relating to the Free Trade Area. The meeting took place on December 22, 2011.

3. FTA with CIS to be Submitted for Ratification Soon

The President of Ukraine will soon submit for ratification the free trade agreement within the Commonwealth of Independent States (CIS), according to Valeriy Muntiyany, the government's commissioner for cooperation with Russia, CIS, EurAsEC and other regional associations.

The Prime Ministers of the CIS countries signed the agreement on October 18, 2011. The FTA was signed by Russia, Ukraine, Belarus, Kazakhstan, Armenia, Tajikistan, Moldova and Kyrgyzstan. Azerbaijan, Turkmenistan and Uzbekistan did not sign the document. At the same time, it was stated that these countries are planning to join it this year.

4. Ukraine Ratifies EFTA

On December 7, 2011 the Parliament of Ukraine ratified the Free Trade Agreement between Ukraine and the European Free Trade Association (EFTA) States in a package with the accompanying Agreements on Agriculture.



The EFTA States, on their part, are also completing the process of ratification. The FTA with Ukraine has already been ratified by Switzerland, Liechtenstein and Iceland, and Norway plans to do so soon. The Government of Norway has been designated to be the Depository of the Agreement. [1]

5. Ukraine to Facilitate Trade with the South America

The Ukrainian government is planning to significantly expand the geographic structure of Ukrainian exports by setting up the regime of free trade with South American countries. Despite its remoteness, this region is interesting for Ukrainian businesses. The domestic engineering industry should benefit the most from the facilitation of trade.

According to Government Commissioner for European Integration, Valeriy Pyatnytsky, the Government is considering establishing a FTA with Mercosur.

According to the State Statistics Service, in January-September 2011, Ukrainian producers exported USD 409.8 million worth of goods to these countries, importing USD 514.3 million worth of products. [2]

6. Amounts of Duty-Free Supply of Ukrainian Pipes to the Customs Union Agreed

The quota amount was approved for duty-free supply of Ukrainian pipes to the Customs Union countries in 2012.

In particular, supplies to Belarus were approved at 72,000 tons, Kazakhstan - 42,000 tons. In turn, supplies to Russia were approved only for 1H2012 in the amount of 150,000 tons, quotas for H2 will be adjusted additionally. According to Metalurhprom, an agreement about duty free supply of Ukrainian pipes to Customs Union countries is spread to Interpipe Nyzhniodniprovsky Tube-Rolling Plant, Interpipe Novomoskovsk Pipe-Production Plant, Interpipe Niko Tube and Centravis.

To remind, on December 29, 2005 Russia introduced anti-dumping duties for import of Ukrainian pipes for the term of five years, than the term was prolonged. At the same time, within the frames of a special agreement, five pipe producing companies, included into the Interpipe holding, received possibility for duty-free supply of pipes to Russia: the quota volume for 2011 was 300,000 tons.

TRADE REMEDIES

7. Safeguard Investigation on Crude Oil Products Terminated without Imposition of Measures

On December 28, 2011 the decision of the Interdepartmental Commission on International Trade to terminate a safeguard investigation on imports of certain crude oil products obtained from refinery (including petroleum and diesel fuel) regardless of a country of origin and export was published. The safeguard investigation was commenced on January 29, 2011.

According to the Commission, during the period of investigation (2007-2010), imports of oil products to Ukraine did not take place in such increased quantities so as to cause or threaten to cause serious injury to domestic industry. In addition, the imposition of safeguard measures would not be in line with national interests of Ukraine.



DOMESTIC REGULATION

8. Ukraine Introduces New Food Quality Control Mechanism

The Ukrainian government has decided to establish a food quality control model based on the EU's model.

According to the Ukrainian Governmental Portal: "This public body, as well as in Europe, will be able to control food safety: from applying organic and mineral fertilizers in the soil, feedstuffs of animals, monitoring of remainders of pesticides and veterinary preparations in goods of an animal parentages and to the processing of crop and livestock raw materials, adequate supplies for consumers by controlling the logistics chains and implementation throughout all territory of the state. Under the new model of food safety, there will watch over safety not only specialists of the State Veterinary and Phytosanitary Service, there will be attached to them the specialists of food hygiene, phytosanitary direction, quarantine and plant protection. As long as emerging competent authority is not able to fully replicate all the functions, they will be performed by specialist of sanitary-and-epidemiologic service." [3]

The decision has elicited a mixed response from Russian regulatory departments. Gennady Onishchenko, head of the Russian Federal Consumer Protection Service, stated that the Russian sanitary service may restrict imports of agriculture products from Ukraine because of the negative consequences that will result from transferring food product quality control to the veterinary service in Ukraine.

9. Ukraine Simplifies the Import of Metal Scrap

On December 27, 2011 the President of Ukraine signed the Law "On Amendments to the Law of Ukraine "On Scrap Metal" which abolishes the requirement of approval for imports of metal scrap by executive authorities in the field of environmental protection.

10. The Law on Export Support Adopted

On December 20, 2011 the Ukrainian Parliament adopted the Draft Law on State Financial Support for Export Activities as the basis and handled it to the Parliamentary Committee for Finance, Banking, and Tax and Customs Policy to prepare it for the second reading under the shortened procedure.

In the meantime, according to the Parliamentary Main Scientific and Expert Office the text of the Draft Law does not exclude the possibility of adopting WTO-inconsistent subsidies. In addition, the Office noted the lack of transparency and high probability of corruption under the procedures established by the Law.

Sources:

[1] <http://wto.in.ua/index.php?lang=en&&page=4&get=3&id=2327>

[2] <http://eng.obozrevatel.com/ukraine-and-the-world/ukraine-planning-to-facilitate-trade-with-south-american-countries.htm>

[3] http://www.kmu.gov.ua/control/en/publish/article?art_id=244845121&cat_id=244314971