



Ukrainian Digest of International Trade Law

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TRADE REMEDIES

1. Safeguard Investigation on passenger cars

On July 2, 2011 the Interdepartmental Commission on International Trade initiated a Safeguard Investigation concerning imports to Ukraine of passenger cars regardless of country of origin and export. The investigation was initiated upon application of the Association of the Ukrainian Car Producers "Ukravtoprom" submitted on behalf of a LLC "VO" "KrASZ", LLC, "ZAZ", CJSC, "Eurocar". The following products are subject to the investigation:

1) new motor cars and other motor transport vehicles for transportation of passengers (except motor transport vehicles under the commodity item 8702), including new cargo-and-passenger motor vans and racing cars with cylinder capacity over 1000 cubic cm but not exceeding 1500 cubic cm.(customs code under the Ukrainian Classification of Goods of Foreign Economic Activity 8703 22 10 00);

2) new motor cars and other motor transport vehicles for transportation of passengers (except motor transport vehicles under the commodity item 8702), including new cargo-and-passenger motor vans and racing cars with cylinder capacity over 1500 cubic cm, but not exceeding 2200 cubic cm. (customs code under the Ukrainian Classification of Goods of Foreign Economic Activity 8703 23 19 10).

According to the notification on initiation of the Investigation all interested parties should have registered at the Ministry of Economic Development and Trade of Ukraine by August 1, 2011.

At the current stage of the Investigation, the Ministry is reviewing the initial commentaries of the interested parties.

2. Import cut of Uzbek cars

In the meantime the Interdepartmental Commission on International Trade, also arrived at a conclusion that Uzbekistan charges an excise tax from Ukrainian cars that is 14 times higher than this tax on Russian cars . In response to the unfriendly actions of Uzbek partners in the Free Trade Area, the Commission provided a strong response: the import of cars from that country (mostly Daewoo assembled in Uzbekistan), which reaches several hundred thousand units per year should be limited to one unit per year in each engine capacity category (less than 1000 cub.cm, 1000 - 1500 cub.cm and 1500 – 2200 cub.cm). The respective Notice was published in the official Ukrainian newspaper "Uriadovyi Kurier" on July 2, 2011.

3. Interim review of anti-dumping measures on turnout switches

On July 2, 2011 the Interdepartmental Commission on International Trade also published the Notice on initiation of interim review of antidumping measures applied to import of turnout switches produced by OJSC "Murom Turnout Plant", Russian Federation. The interim review was initiated following the request of OJSC "Murom Turnout Plant".

The antidumping measures on turnout switches originating from the Russian Federation had been applied on July 5, 2002 for 5 years and were later extended by the Commission for another 5 years on November 29, 2008.



4. Ukraine to initiate an anti-dumping investigation against Chinese shoes

Ukrainian producers are initiating an anti-dumping investigation concerning imports of Chinese shoes to Ukraine. Reportedly, Chinese shoes import constitutes 80% of the total light industry imports to Ukraine.

According to the president of the League of shoe manufacturers, leather goods and furs "Ukrkozhobuvprom" Alexander Borodyni, the association began collecting evidentiary material to initiate an investigation.

"The average customs value of imports of Chinese shoes is \$ 3-3.5 per pair. This is an absurd price, because there are completely different prices in the stores", - says Alexander Borodynya.

5. Canada keeps anti-dumping duties on flat-rolled steel

Following the expiry review of the anti-dumping measures, the Canadian International Trade Tribunal has determined that the expiration of anti-dumping duty orders on flat hot-rolled carbon and alloy steel sheet and strip from Brazil, China, India, Taiwan and Ukraine would likely lead to material injury, and the Canada Border Services Agency will continue to impose duties.

UKRAINE AND THE WTO

6. The Panel in Moldova-Ukraine WTO row is set

On 20 July 2011 at its regular meeting, the WTO Dispute Settlement Body established a panel to review taxes applied by Ukraine on imported spirits from Moldova following Moldova's second request.

As the WTO reports, Moldova said that no further developments in finding a mutually convenient solution to settle the dispute had taken place since the last DSB meeting.

Ukraine regretted that Moldova had chosen panel procedures, having not given due regard to possibilities that bilateral consultations would provide. Ukraine said that this request was being put forward in the middle of an information exchange between the experts from the two parties. Ukraine remained open for further consultations with Moldova, its close and important trading neighbour.

China, the EU, Colombia and the US reserved their third-party rights.

EXPORT RESTRICTIONS

7. Export Taxes: Cancellation or Prolongation?

The Draft Law "On amendments to the Law of Ukraine "On amendments to the Tax Code of Ukraine and on the rates of export duty on some types of grain crops" was received by the Ministry of Economic Development and Trade at the end of the previous week.

"The situation which is taking shape in the national grain market is rather complicated and has some signs of the formation of negative trends," Deputy Minister of Agrarian Policy and Food Oleksandr Sen wrote in the accompanying letter to the draft bill.



"In particular, a decline in the pace of exports of grain crops is causing our concern. As of August 23, 2011, the volume of actual exports of grains from the beginning of the marketing year was 1388 tons as compared to 3040 tons in 2009 and 3188 tons in 2008. The reason for such a decline in the pace of exports is the conflict of interests of agricultural commodity producers in connection with the introduction of the export duties on grain crops and the change in VAT taxation," the official noted.

"Therefore, in order to intensify the export of grain in 2011, we consider it expedient to initiate the amendments to the Tax Code of Ukraine in regard to the cancellation of the export duty on some types of grain crops. We hereby ask you to agree upon the said Draft Law within the three-day term"[1].

In the meantime, the Ministry of Economic Development and Trade asserts, it has not received any draft laws on the cancellation of the export duty on grain. Instead, in pursuance of the instructions of the Cabinet of Ministers, the Ministry is developing some draft laws "in regard to extension of the validity of export duties on certain types of grain crops to the end of 2011/12 marketing period (year) and introduction of export duties on certain types of grain and industrial crops as well as sunflower oil" [2].

FREE TRADE

8. Customs Union is "unrealistic" for Ukraine

Ukraine does not need any gas price discounts from Russia, it only needs proper agreements as with any other country, the Ukrainian Prime Minister Mykola Azarov said on September 1, according to Interfax.

"Russia is telling us to join the Customs Union, but our country needs proper agreements, as with any other European countries. We are saying that we do not need any discounts. Let's sign a proper agreement, which would provide us with gas at a price not higher than, say, Germany. Now it is higher," Azarov said at an open lecture at Kiev National Shevchenko University.

Azarov also reiterated Ukraine's refusal to join the Customs Union.

"If we join the Customs Union, we will have to review all of our agreements with the WTO. Is this realistic? It's totally unrealistic," he said. Azarov said that is why Ukraine had offered to join the Customs Union in a 3+1 format.

Russian President Dmitry Medvedev, who had spoken with Russian journalists a day earlier, said that he was surprised by the Ukrainian authorities' position on the gas issue, having called it "parasitical" [3].

1. <http://wto.in.ua/index.php?lang=en&start=1&get=3&id=2216>

2. <http://wto.in.ua/index.php?lang=en&page=1&get=3&id=2210>

3. <http://pik.tv/en/news/story/17875-ukraine-continues-to-demand-proper-gas-price-from-russia>