Regulation (EU) No 374/2014 of the European Parliament and of the Council of 16 April 2014 on the reduction or elimination of customs duties on goods originating in Ukraine

REGULATION (EU) No 374/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 16 April 2014

on the reduction or elimination of customs duties on goods originating in Ukraine

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 207(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Ukraine is a priority partner country within the European Neighbourhood Policy and the Eastern Partnership. The Union has been seeking an increasingly close relationship with Ukraine going beyond mere bilateral cooperation, encompassing gradual progress towards political association and economic integration. In this respect, an Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part ('the Association Agreement') was negotiated in 2007-2011, including a Deep and Comprehensive Free Trade Area (DCFTA), and was initialed by both parties on 30 March 2012. Pursuant to the provisions of the DCFTA, the Union and Ukraine are to establish a free trade area over a transitional period of a maximum of 10 years, starting from the entry into force of the Association Agreement, in accordance with Article XXIV of the General Agreement on Tariffs and Trade 1994.

(2) In view of the unprecedented security, political and economic challenges faced by Ukraine, and in order to support its economy, it is appropriate not to await the entry into force of the Association Agreement's provisions on DCFTA, but to anticipate its implementation by means of autonomous trade preferences and to start unilaterally the reduction or elimination of Union customs duties on goods originating in Ukraine, in accordance with the Schedule of concessions set out in Annex IA to the Association Agreement.

(3) In order to prevent any risk of fraud, the entitlement to benefit from autonomous trade preferences should be conditional on compliance by Ukraine with the relevant rules of origin of products and the procedures related thereto, as well as on its involvement in effective administrative cooperation with the Union. Moreover, Ukraine should abstain from introducing new duties or charges having equivalent effect or 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.

(4) It is necessary to provide for the reintroduction of normal Common Customs Tariff duties for any products which cause, or threaten to cause, serious difficulties to Union producers of like or directly competing products, subject to an investigation by the Commission.

(5) In the event of failure to comply with any of the conditions laid down in this Regulation, implementing powers should be conferred on the Commission to suspend temporarily in whole or in part the preferential arrangements. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council[(1)].

(6) This Regulation is to be applied until Title IV (trade and trade-related matters) of the Association Agreement enters into force or, where appropriate, is applied provisionally, and until 1 November 2014 at the latest.

(7) In view of the urgency of the matter, it is important to apply an exception to the eight-week period referred to in Article 4 of Protocol No 1 on the role of national Parliaments in the European Union, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union,

HAVE ADOPTED THIS REGULATION:

[F1 Article 1

Preferential arrangements

Customs duties on goods originating in Ukraine shall be reduced or eliminated in accordance with Annex I. Where reference is made in Annex I to staging categories, the basic rate of duties for 2014 and 2015 shall be eliminated in the case of staging category 0 and shall be reduced by 25 % in the case of staging category 3, by 16,7 % in the case of staging category 5 and by 12,5 % in the case of staging category 7.**]**

Textual Amendments

F1 Substituted by Regulation (EU) No 1150/2014 of the European Parliament and of the Council of 29 October 2014 amending Regulation (EU) No 374/2014 on the reduction or elimination of customs duties on goods originating in Ukraine.

Article 2

Conditions for entitlement to the preferential arrangements

Entitlement to benefit from the preferential arrangements introduced by Article 1 shall be subject to:

(a) compliance with the rules of origin of products and the procedures related thereto as provided for in Title IV, Chapter 2, section 2 of Commission Regulation (EEC) No 2454/93[(2)];

(b) compliance with the methods of administrative cooperation provided for in Articles 121 and 122 of Regulation (EEC) No 2454/93;

(c) participation by Ukraine in effective administrative cooperation with the Union in order to prevent any risk of fraud;

(d) 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 23 April 2014**[**[F1]**;]**

(e) **[**[F2]respect for democratic principles, human rights and fundamental freedoms and respect for the principle of the rule of law provided for in Article 2 of the Association Agreement[(3)]**.]**

Textual Amendments

F1 Substituted by Regulation (EU) No 1150/2014 of the European Parliament and of the Council of 29 October 2014 amending Regulation (EU) No 374/2014 on the reduction or elimination of customs duties on goods originating in Ukraine.

F2 Inserted by Regulation (EU) No 1150/2014 of the European Parliament and of the Council of 29 October 2014 amending Regulation (EU) No 374/2014 on the reduction or elimination of customs duties on goods originating in Ukraine.

Article 3

Access to tariff quotas

1 The products listed in Annexes II and III shall be admitted for import into the Union within the limits of Union tariff quotas as set out in those Annexes.

2 The tariff quotas referred to in paragraph 1 of this Article shall be administered by the Commission in accordance with Articles 308a, 308b and 308c of Regulation (EEC) No 2454/93, with the exception of the tariff quotas for specific agricultural products referred to in Annex III to this Regulation.

3 Tariff quotas for specific agricultural products referred to in Annex III to this Regulation shall be administered by the Commission pursuant to the rules laid down in accordance with Article 184 of Regulation (EU) No 1308/2013 of the European Parliament and of the Council[(4)].

Article 4

Temporary suspension

Where it finds that there is sufficient evidence of failure to comply with the conditions set out in Article 2, the Commission may adopt implementing acts in order to suspend temporarily in whole or in part the preferential arrangements provided for

in this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 6(2).

Article 5

Safeguard clause

Where imports of a product originating in Ukraine and included in Annex I to this Regulation cause or threaten to cause serious difficulties to Union producers of like or directly competing products, the Commission may reintroduce the normal Common Customs Tariff duties with regard to such imports subject to the conditions and in accordance with the procedures laid down in Articles 11 and 11a of Council Regulation (EC) No 55/2008[(5)] which shall apply *mutatis mutandis*.

Article 6

Committee procedure

1 For the implementation of Article 3(2) and Article 4 of this Regulation, the Commission shall be assisted by the Customs Code Committee established by Article 248a of Council Regulation (EEC) No 2913/92[(6)]. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2 Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Article 7

Entry into force and application

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

[[F1]It shall apply until 31 December 2015.**]**

Textual Amendments

F1 Substituted by Regulation (EU) No 1150/2014 of the European Parliament and of the Council of 29 October 2014 amending Regulation (EU) No 374/2014 on the reduction or elimination of customs duties on goods originating in Ukraine.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

ANNEX I

Tariff schedules of EU

CN 2008	Description	Base rate	Staging category
I	SECTION I – LIVE ANIMALS; ANIMAL PRODUCTS		
01	CHAPTER 1 – LIVE ANIMALS		
0101	Live horses, asses, mules and hinnies		
0101 10	– Pure-bred breeding animals		
0101 10 10	– – Horses	Free	0
0101 10 90	– – Other	7,7	0
0101 90	– Other		
	– – Horses		
0101 90 11	– – – For slaughter	Free	0
0101 90 19	– – – Other	11,5	0
0101 90 30	– – Asses	7,7	0
0101 90 90	– – Mules and hinnies	10,9	0
0102	Live bovine animals		
0102 10	– Pure-bred breeding animals		
0102 10 10	– – Heifers (female bovines that have never calved)	Free	0
0102 10 30	– – Cows	Free	0
0102 10 90	– – Other	Free	0
0102 90	– Other		
	– – Domestic species		
0102 90 05	– – – Of a weight not exceeding 80 kg	10,2 + 93,1 EUR/100 kg/net	0
	– – – Of a weight exceeding 80 kg but not exceeding 160 kg		

a Linear increase in 5 years.