

EUROPEAN COMMISSION

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2025/0056 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

suspending certain parts of Regulation (EU) 2015/478 as regards imports of Ukrainian products into the European Union

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Russia's unprovoked and unjustified full-scale invasion of Ukraine since 24 February 2022 has had a profound negative impact on Ukraine's ability to trade with the rest of the world. In this difficult context, the European Council underlined in its conclusions of 27 October 2023 and 15 December 2023 (as reconfirmed on 19 December 2024) that it will continue to provide strong political and economic support to Ukraine for as long as it takes.

Ukraine has requested the Union to make it as easy as possible for it to maintain its trade position with the rest of the world and to further deepen its trade relations with the Union. Measures to this end have included market access liberalisation for Ukrainian exports through Regulation (EU) 2022/870 of the European Parliament and of the Council of 30 May 2022¹ and Regulation (EU) 2023/1077 of the European Parliament and of the Council of 31 May 2023² on temporary trade-liberalisation measures supplementing trade concessions applicable to Ukrainian products under the EU-Ukraine Association Agreement. Regulation (EU) 2024/1392 entered into force on 6 June 2024 and will remain in force until 5 June 2025³. These measures have increased flexibility and certainty for Ukrainian producers.

Ukraine is still a major exporter of iron and steel, despite the fact that the war has caused the destruction or occupation of many production facilities. It therefore remains necessary to maintain the suspension of Regulation (EU) 2015/478 on common rules for imports⁴. This suspension is and would remain the legal basis for the suspension of the Union's current safeguard measure on steel products (vis-à-vis such imports from Ukraine) as part of the Union's support.

For this purpose, it is necessary to suspend Articles 2, 4-7, 9-17 and 19-21 of Regulation (EU) 2015/478 on common rules, as far as imports from Ukraine are concerned.

In view of this need to continue to support Ukraine economically, the Commission is proposing a Regulation of the European Parliament and of the Council to suspend the application of Articles 2, 4-7, 9-17 and 19-21 of Regulation (EU) 2015/478 on common rules for imports with respect of imports originating in Ukraine.

¹ Regulation (EU) 2022/870 of the European Parliament and of the Council of 30 May 2022 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 (OJ L 152, 3.6.2022, p. 103).

² Regulation (EU) 2023/1077 of the European Parliament and of the Council of 31 May 2023 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 (OJ L 144, 5.6.2023, p. 1).

³ Regulation (EU) 2024/1392 of the European Parliament and of the Council of 14 May 2024 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, ELI: <u>http://data.europa.eu/eli/reg/2024/1392/oj</u>.

⁴ Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015 on common rules for imports (OJ L 83, 27.3.2015, p. 16).

• Consistency with existing policy provisions in the policy area

The suspension of Regulation (EU) 2015/478 on common rules for imports would be consistent with the EU's strong support of Ukraine by means of international trade in the context of Russia's war of aggression against Ukraine.

• Consistency with other Union policies

The Union has strongly condemned Russia's war of aggression against Ukraine and has taken unprecedented steps to support Ukraine in this exceptional context. These steps include financial assistance (including macro-financial assistance for emergency measures and reconstruction); the delivery of military equipment; the adoption of extensive sanctions against Russia and Belarus; and the intensification of cooperation under the Association Agreement. In addition, Ukraine was granted EU candidate status in June 2022 and Accession Negotiations were opened in December 2023.

The proposed regulation would therefore comply with and follow on from the Union's obligation under Article 21(3) of the Treaty on European Union (TEU) to ensure consistency between the different areas of its external action. It would also comply with Article 207(1) of the Treaty on the Functioning of the European Union (TFEU), which requires the common commercial policy to be conducted in the context of the principles and objectives of the Union's external actions.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

Legal basis

The legal basis for the proposal is Article 207(2) of the TFEU.

• Subsidiarity (for non-exclusive competence)

The subsidiarity principle does not apply because, in accordance with Article 3(1)(e) of the TFEU, the common commercial policy is an exclusive Union competence.

Proportionality

This proposal is necessary in order to achieve the objective of supporting Ukraine in its current difficulties economically, including in the area of trade with the Union.

• Choice of the instrument

This proposal is in accordance with Article 207(2) of the TFEU, which envisages common commercial policy measures.

3. RESULTS OF EX POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

• Ex post evaluations/fitness checks of existing legislation

Not applicable.

Stakeholder consultations

Not applicable.

• Collection and use of expertise

Not applicable.

Impact assessment

In order to ensure the continuation of the trade-liberalisation measures for Ukraine after the expiry of Regulation (EU) 2024/1392 on 5 June 2025, it is necessary for the proposed Regulation to enter into force on 6 June 2025. This urgent need means that there has not been sufficient time to carry out an impact assessment. However, the trade and trade-related provisions of the Association Agreement have been subject to a sustainability impact assessment that the Commission's Directorate-General for Trade commissioned in 2007 and which fed into the Deep and Comprehensive Free Trade Area (DCFTA) negotiation process. That study confirmed that the implementation of trade and trade-related provisions would have a positive economic impact on the EU as well as on Ukraine.

Regulatory fitness and simplification

The measure does not increase the regulatory burden on companies.

• Fundamental rights

These measures respect the same basic principles as those enshrined in the Association Agreement between the EU and Ukraine. In particular, Article 2 of the Association Agreement with Ukraine provides that that Agreement's essential elements are (i) respect for democratic principles, human rights and fundamental freedoms; and (ii) respect for the principle of the rule of law.

The trade-liberalising measures would also be in accordance with the European Charter on Fundamental Rights for three reasons. Firstly, their direct effect is that imports from Ukraine can be subjected to fewer restrictions than would be the case if surveillance and safeguards applied to imports from Ukraine. Secondly, the Union could not thereby fail in its duty to protect fundamental rights under the Charter because the protection of any fundamental rights in question (where necessary) remains possible by other means. Thirdly, as regards the unequal treatment of importers or users of products originating in Ukraine (compared with that of importers or users of products originating in other that are not exempted from surveillance and safeguards), such an unequal treatment is applied in other cases where the Union's bilateral trade agreements exempt imports from safeguard measures and is a legitimate exercise (including the use of a proper legal basis) of the Union's common commercial policy for the purpose of closer economic integration.

4. BUDGETARY IMPLICATIONS

Not applicable.

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

Not applicable.

• Explanatory documents (for directives)

Not applicable.

• Detailed explanation of the specific provisions of the proposal

Given the economic situation in Ukraine, this proposed Regulation is intended to protect the market access conditions for imports from Ukraine by suspending certain provisions on the surveillance and safeguards in Regulation (EU) 2015/478 on common rules for imports.

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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 procedure¹,

Whereas:

- (1) 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 (the Association Agreement)² constitutes the basis of the relationship between the Union and Ukraine. In accordance with Council Decision 2014/668/EU³, Title IV of the Association Agreement, which relates to trade and trade-related matters, entered into provisional application on 1 January 2016 and entered into force on 1 September 2017, following ratification by all Member States.
- (2) The Association Agreement strengthens and widens the Parties relations in an ambitious and innovative way, with a view to facilitating and achieveing gradual economic integration; and to do so in accordance with the rights and obligations arising out of the Parties' membership of the World Trade Organization.
- (3) Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015⁴ lays down common rules for imports originating in most third countries, including Ukraine. It also contains provisions on surveillance and safeguard measures.
- (4) Russia's unprovoked and unjustified full-scale invasion of Ukraine has, since 24 February 2022, had a profoundly negative impact on Ukraine's ability to trade with

¹ Position of the European Parliament (not yet published in the Official Journal) and position of the Council (not yet published in the Official Journal).

² OJ L 161, 29.5.2014, p. 3.

³ Council Decision 2014/668/EU of 23 June 2014 on the signing, on behalf of the European Union, and provisional application of 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, as regards Title III (with the exception of the provisions relating to the treatment of third-country nationals legally employed as workers in the territory of the other Party) and Titles IV, V, VI and VII thereof, as well as the related Annexes and Protocols (OJ L 278, 20.9.2014, p. 1).

⁴ Regulation (EU) 2015/478 of the European Parliament and of the Council of 11 March 2015 on common rules for imports (OJ L 83, 27.3.2015, p. 16).

the rest of the world. This has been the case for iron and steel, for example, because of the occupation or destruction of iron and steel production facilities. It has also been the case for other parts of the Ukrainian economy.

- (5) In these circumstances and in order to mitigate the negative economic impact of Russia's war of aggression against Ukraine, it is appropriate, for Ukraine's benefit, to exempt Union imports originating in Ukraine from Union surveillance and safeguard measures. For this purpose, it is necessary to suspend various provisions of Regulation (EU) 2015/478 on common rules for imports from Ukraine.
- (6) The Commission should be able to temporarily suspend the application of this Regulation in respect of a specific product by means of an implementing act. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁵. The duration of such suspension should be long enough to allow the Commision to make a proposal; and for the Parliament and Council to adopt a Regulation suspending, amending or terminating this Regulation.
- (7) This Regulation should apply for three years and its application should be tacitly renewed for further three year periods unless and until either the European Parliament or the Council would oppose such an extension three months before the expiry date.
- (8) In light of the forthcoming expiry on 5 June 2025 of Regulation (EU) 2024/1392 of the European Parliament and of the Council⁶, which provides, among other things, for effects equivalent to the effects of this Regulation, this Regulation should enter into force on 6 June 2025,

HAVE ADOPTED THIS REGULATION:

Article 1

Trade-liberalisation measures

The application of Article 2, Articles 4 to 7, Articles 9 to 17 and Articles 19 to 21 of Regulation (EU) 2015/478 on common rules for imports shall be suspended with regard to imports into the Union originating in Ukraine.

Article 2

Temporary suspension

The Commission shall be empowered to adopt an implementing act to suspend the application of this Regulation in respect of a specific product for a period that in principle shall not exceed twelve months, if imports of this product that originate in Ukraine increase to a level that contributes significantly to the serious injury or threat of serious injury to a Union industry that produces the like or directly competitive product. That implementing act shall be adopted in accordance with the examination procedure referred to in Article 3(2).

⁵ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

⁶ Regulation (EU) 2024/1392 of the European Parliament and of the Council of 14 May 2024 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, ELI: <u>http://data.europa.eu/eli/reg/2024/1392/oj</u>.

Article 3

Committee procedure

- 1. The Commission shall be assisted by the Committee on Safeguards with regard to Article 4 of this Regulation. 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 4 Entry into force and application

This Regulation shall enter into force on 6 June 2025.

It shall apply for an initial period of three years.

Its application shall be tacitly extended for successive periods of three years unless the European Parliament or the Council opposes such an extension no later than three months before the end of each period.

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

Done at Brussels,

For the European Parliament The President For the Council The President

LEGISLATIVE FINANCIAL STATEMENT FOR PROPOSALS HAVING A BUDGETARY IMPACT EXCLUSIVELY LIMITED TO THE REVENUE SIDE

1. NAME OF THE PROPOSAL:

Proposal for a Regulation of the European Parliament and of the Council suspending certain parts of Regulation (EU) 2015/478 as regards imports of Ukrainian products into the European Union

2. BUDGET LINES:

Chapter 12, Article 120.

3. FINANCIAL IMPACT

Proposal has no financial implications

 \Box Proposal has no financial impact on expenditure but has a financial impact on revenue – the effect is as follows:

Budget line	Revenue	Period: part of 2024 - part of 2025 *
		(EUR million to one decimal place)
Chapter 12, Article 120	No impact on own resources	n/a
Total		

* One-year period since entry into force of the regulation

4. ANTI-FRAUD MEASURES

In order to prevent fraud, the entitlement to the trade measures established by the proposed Regulation should be conditional upon (i) Ukraine's compliance with all the relevant conditions for obtaining benefits under the Association Agreement (including the rules of origin of the products concerned and the procedures related thereto); and (ii) Ukraine's involvement in close administrative cooperation with the Union (as provided for by the Association Agreement).