

# Impact of the Association Agreement with the EU on the Ukrainian logistics market

Despite the U-turn in EU-Ukraine relations back in November 2013, we still hope that in the near future the Association Agreement will be signed bringing new opportunities for the Ukrainian business community. In this regard, we would like to take you through some of the benefits for Ukrainian logistic sector embedded in the EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA).



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One of the major advantages to be introduced under the Association Agreement is reduction or removal of customs duties on imports and exports, which should give a direct boost to trade between Ukraine and the EU. Such a boost will result in dynamic development of transportation and logistics services in Ukraine.

It is also expected that Ukraine and the EU will eliminate respectively 99.1% and 98.1% of duties in trade turnover. Anyway, the Association Agreement has appropriate safeguard measures in place to prevent serious damage to domestic industries producing similar products.

We also need to highlight that the Agreement is designed to release businesses originating in Ukraine and the EU from the burden of red tape in their relations with governmental authorities. Protocol II to the Agreement determines the basis for extensive administrative assistance in customs matters. In this regard procedural cooperation envisages an intense systematic exchange of data, and authorities may also interact on a case by case basis.

Another significant change is the decrease in number of bureaucratic time-consuming procedures. Introduction of modern customs techniques, including risk assessment, post clearance controls and company audit methods simplifies and facilitates the entry and release of goods, which in turn makes logistics services more efficient and reliable.

The principle of legal certainty is set forth as parties' obligation to keep the legislation in the field of trade and customs stable and comprehensive. The rulings may be revoked or annulled only after a notification to the affected operator and without retroactive effect.

Maintenance of transparency in the relations is seen throughout the text of the Agreement. The parties establish clear rules for implementation of safeguard measures. Ukraine undertakes to notify the EU in writing of its intention to apply such measures and to provide pertinent information to substantiate its position. Consultation between the parties postpones application of safeguard measures for 30 days.

Ukraine agrees to gradually adapt its legislation and standards with the EU's technical regulations, as well as standardisation, metrology, accreditation, conformity assessment procedures and the market surveillance system. The parties intend to minimise the requirements for marking or labelling and to unify safety requirements, in particular, for all types of transport.

Under the Association Agreement customs authorities should facilitate cooperation and partnership with business by introducing publically available databases of regulatory documents and consultations. Overall, the establishment of stable and balanced relations between the parties should underpin creation of a productive forum for businesses, in particular, logistics and forwarding companies.

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