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Trade Facilitation Monitoring in Ukraine

Monitoring period:
July 1 - August 11, 2023

Issue № 81
August 2023



Dear readers!

Here is the new issue of the Information Bulletin "Trade Facilitation in Ukraine Monitoring," a product of the Institute for Economic Research and Policy Consulting, published with the support of the European Union, International Renaissance Foundation, and ATLAS Network within the project "Support to the Civil Society Initiative "For Fair and Transparent Customs." We strive to provide you with the latest and most up-to-date information on the state of customs reform implementation and the implementation of measures to facilitate international trade in Ukraine. Therefore, send your opinion, feedback, and wishes regarding communication links and methods of providing information to: customs@ier.kyiv.ua

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Amendments to the Customs Code regarding the use of customs declarations for internal transit

Law of Ukraine dated July 13, 2023, No. 3229-IX, "On Amending the Customs Code of Ukraine regarding the use of customs declarations and the electronic transit system, provided for by the Convention on the Common Transit Procedure, for transit under the terms of this Code"

The law is aimed at improving the operation of the Common Transit System (NCTS) in Ukraine in part of the implementation of the possibility of issuing a T1 declaration and use of NCTS for internal transit. At the same time, the subject of the procedure can only be a resident with a guarantee of the transfer issued by a national guarantor. The same guarantees will be used for international application of the NCTS and domestic transit purposes. Features of filling out T1 declarations for the purposes of internal transit have already been included in the Methodological Recommendations bit.ly/3O3MZU3

Additionally, the State Customs Service has started the implementation of changes to the legislation regarding ensuring the possibility of priority border crossing during the international application of NCTS for vehicles moving goods under T1.

Also, in accordance with the amendments to the first part of Article 326 of the Customs Code of Ukraine, all goods and commercial vehicles under customs control are subject to sealing. From now, according to the changes to Article 92 of the Customs Code of Ukraine, goods are subject to mandatory sealing by the customs authority when moved through the customs territory of Ukraine under the customs transit regime. At the same time, it should be taken into account that according to Article 91 of the Customs Code of Ukraine, the customs transit regime is applied to goods that move both through transit (from the border to the border) and internal transit (for example, from the border to the internal customs, from the internal customs to the border, and between two internal customs offices).

Thus, the export of goods from the customs territory of Ukraine, in particular under the customs regime of export, will also be subject to sealing. At the same time, if there is no need to carry out additional customs formalities, the customs authorities, in accordance with the recommendations of the State Customs Service, must ensure free entry of vehicles into the customs control zones exclusively for sealing purposes. An alternative option is the creation of temporary customs control zones directly near the locations of customs clearance units, where goods placed under the appropriate customs regimes can be sealed.

Details of other changes provided for by the Law are available at the link https://bit.ly/47aqHcg

Source: https://bit.ly/47aqHcg

The Agreement between Ukraine and Russia on cooperation during common control of the Ukrainian-Russian state border has been denounced

Law of Ukraine dated July 13, 2023, No. 3247-IX, "On the termination of the Agreement between the Cabinet of Ministers of Ukraine and the Government of the Russian Federation on cooperation during common control of persons, vehicles and goods at the Ukrainian-Russian state border"

Regarding a fundamental change in circumstances, the Verkhovna Rada of Ukraine terminated the intergovernmental Ukrainian-Russian Cooperation Agreement on common control of the Ukrainian-Russian state border.

Source: http://surl.li/kcody



Changes made to the list of goods imported into Ukraine without providing the customs authorities with security for the payment of customs payments

Resolution of the Cabinet of Ministers of Ukraine No. 745 of July 21, 2023, "On changes to the list of certain goods, which are imported into the customs territory of Ukraine and/or moved through the territory of Ukraine in transit without providing the customs authorities with security for the payment of customs payments

The government changed the list of individual goods, the import of which into the customs territory of Ukraine, and/or transit through the territory of Ukraine is carried out without providing the customs authorities with security for the payment of customs payments.

Medical devices (medical products, equipment, etc.) necessary for implementing measures aimed at preventing the occurrence and spread of outbreaks of epidemics and pandemics of the COVID-19 **were excluded** from the specified list.

At the same time, **the list was supplemented** with such goods as components (materials, assemblies, units, equipment, and components) of unmanned systems, classified by codes according to the Ukrainian classification of goods of foreign economic activity (UCG FEA): 3926, 4016, 6815, 7326, 8302, 8407, 8408 10 41 00, 8412 29 89 90, 8414, 8471, 8479 89 97 90, 8479 90 20 00, 8479 90 70 00, 8501, 8504, 8506, 8507 60 00 00, 8517 (крім 8517 13 00 00), 8523, 8525, 8526, 8529, 8536, 8537, 8538 90 99 00, 8538 90 91 00, 8542, 8543 (крім 8543 40 00 00, 8543 70 50 00), 8544, 8804 00 00 00, 8807, 9002 11 00 00, 9002 19 00 00, 9005, 9013, 9014, 9015 10 00 00, 9025, 9027, 9029, 9032 81 00 00, 9032 89 00 00.

The changes were made due to the loss of relevance of supplying Ukraine with medical products and equipment aimed at preventing the occurrence and spread of outbreaks of epidemics and pandemics of COVID-19 and the need to provide the Armed Forces of Ukraine with components and equipment for unmanned systems.

Source: http://surl.li/kcoeg

The Agreement between Ukraine and the DPRK on trade and economic cooperation has been terminated

Resolution of the Cabinet of Ministers of Ukraine dated July 4, 2023, No. 674 "On Termination of the Agreement between the Government of Ukraine and the Government of the Democratic People's Republic of Korea on Trade and Economic Cooperation"

Due to a fundamental change in circumstances, the Government of Ukraine terminated the Agreement between the Government of Ukraine and the Government of the Democratic People's Republic of Korea on trade and economic cooperation.

Source: http://surl.li/kcofm

Amendments to the Customs Code are proposed to change the procedure for determining the country of origin of goods

The Draft Law of Ukraine No. 5353 of July 6, 2023, "On Amending the Customs Code of Ukraine on Bringing the Procedure for Determining the Country of Origin of Goods into Compliance with the Customs Code of the European Union and Ensuring the Implementation of Ukraine's Free Trade Agreements"

Registration date: July 6, 2023

Initiator: Members of Parliament of Ukraine

Due to the Russian military aggression against Ukraine and the introduction of martial law on the territory of Ukraine, the temporary closure of certain checkpoints across the state border of Ukraine and control points, there have been changes in the logistics routes for the supply of goods, which makes it impossible to comply with the rules of preferential origin of goods within the framework of certain current international treaties on free trade and needs legislative regulation.

Thus, it is proposed to temporarily allow (for the period of martial law) the movement of goods through the territories of third countries, with the exception of the aggressor state, subject to documentary confirmation that the goods are under customs control in transit countries.

Legislative initiatives are also due to the need for FEA entities to use the current version of the preferential rules of origin of goods in relations with EU countries, in particular, in the near future, simultaneous use together with the current rules of origin of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin, to which Ukraine has joined, alternative rules of origin of goods, which provide for a number of clarifications and simplifications, which should facilitate export-import transactions with EU countries.

It is also proposed to present Chapter II "Country of origin of goods" of the Customs Code of Ukraine in a new edition, which includes the following provisions of the Customs Code of the European Union: the purpose of determining the non-preferential origin of goods; peculiarities of determining the origin of accessories, spare parts, and tools, neutral elements and packaging; a list of goods produced in a certain country; criteria for sufficient processing of goods produced using materials of foreign origin; list of simple operations; procedure for verification by customs authorities of certificates of origin of goods (including electronic certificates of origin) after completion of customs clearance.

The draft act also proposes to exclude Article 37 of the Customs Code of Ukraine (CCU) regarding compliance with the confidentiality of information when determining the country of origin of goods.

The draft law improves the terminology, eliminates inconsistencies in the articles regarding the definition of the country of origin of goods, clarifies the wording of the articles, and harmonizes with other sections of the Customs Code of Ukraine.

Also, the norms of the finalized draft law regulate issues aimed at ensuring the implementation of current international agreements on free trade under Russian aggression by applying the rules of direct transportation of goods from the country of their origin through the territories of third countries, with the exception of the aggressor state; it established requirements for transactions with such goods, and the list of documents that enterprises need to confirm the presence of goods under customs control in transit countries is given.

Additionally, the norms of the revised draft law will contribute to the introduction of alternative rules of preferential origin of the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin in relations with the countries of the European Union. Explanatory materials to the draft law contain a table of compliance of the draft law with the law of the European Union (EU acquis), Ukraine's international legal obligations in the field of European integration.

Source: http://surl.li/kcqlf http://surl.li/kconx

It is proposed to exempt optical surveillance devices from import duty taxation

The Draft Law of Ukraine No. 9468, dated July 7, 2023, "On Amending the Customs Code of Ukraine Regarding the Features of Importing Goods into the Customs Territory of Ukraine for Security and Defense Needs"

Registration date: July, 7 2023

Initiator: Members of Parliament of Ukraine

The draft law is aimed at exempting optical surveillance devices (digital monoculars and binoculars equipped with television cameras and rangefinders) from import duties in order to provide an opportunity to quickly meet the needs of defense bodies and ensure effective and timely repulsion of an aggressor.

For example, it is proposed to exempt from taxation the import duty of thermal imaging binoculars, monoculars, and binoculars, night vision devices (binoculars and monoculars), classified in product subcategories 8525 89 00 10, 8525 89 00 90 according to UCG FEA, imported (forwarded) to Ukraine, and rangefinders classified under item 9015 10 00 00 according to the UCG FEA, which are moved (forwarded) to the customs territory of Ukraine.

Source: http://surl.li/kcooe

Two more companies received the AEO status

Two more companies: "Nova Poshta Global" and "Stalkanat" - received the status of the authorized economic operator (AEO) in Ukraine, which provides the opportunity to use advantages and simplifications during customs clearance.

Today, there are already 4 enterprises with AEO status in Ukraine, in addition to the ones already mentioned; they are "Epicenter-K" and PJSC "JT International".

The AEO status is a special status that certifies a high degree of trust of the customs authorities in the business entity and gives it the opportunity to enjoy advantages and simplifications during customs clearance, such as:

- reducing the level of risk for goods being moved;
- priority of customs formalities;
- release of goods at the location of the enterprise;
- simplified declaration procedure;
- separate traffic lane when moving goods across the customs border of Ukraine.

Source: http://surl.li/kcphu

NCTS application statistics

The total number of movements from Ukraine for ten months was 12,363. In July 2023, 3,196 movements started in Ukraine were completed in the countries participating in the Convention on the Common Transit Procedure. Since the beginning of the international application of the NCTS, goods were successfully delivered to customs offices of the destination in the customs territory of Ukraine. The number of such declarations in July 2023 was 738.

As of the end of July 2023, enterprises were granted 49 authorizations for the use of transit simplifications, of which 27 authorizations for the use of the

general guarantee (including 8 - for increasing the size of the reference amount of the general guarantee and 1 - for the use of the general guarantee with a decrease in the size of the reference amount to 30 %), 18 authorizations – for objects of authorized consignors and consignees, as well as 4 authorizations for the use of special type seals.

More than 20 applications from enterprises are at various stages of consideration.

Also, since the launch at the end of April 2023 of the web service for electronic submission of guarantees for use in common transit by guarantors who have the right to guarantee the movement of goods under the common transit procedure, the active use of the web service for registration of electronic guarantees has begun. So, during this period, 23 general and more than 280 individual guarantees were registered electronically. Today, the web service for electronic submission of guarantees is already actively used by five guarantors.

Source: http://surl.li/jxwpu

Methodological recommendations for the application of the common transit procedure (NCTS) in terms of entering information on the accompanying documents have been updated

The Methodological Recommendations clarify the specifics of entering information on accompanying documents, including specifying export declarations, to which T1 declarations are additionally submitted, exclusively in the "Submitted documents/certificates" section (column 44). Also added is a comprehensive list of document codes that can be used to fill in the "Previous documents" section (column 40).

The document is posted in the subsection "Methodical and educational materials" of the section "Common transit (NCTS)" on the official web portal of the State Customs Service - bit.ly/3O3MZU3



"Trade facilitation monitoring in Ukraine" is a continuation of the Monthly Trade Facilitation Monitoring in Ukraine issues, prepared by the Institute for Economic Research and Policy Consulting within the framework of the "Trade Facilitation Dialogue" project, funded by the European Union and co-financed by the International Renaissance Foundation.

The proposed Information Bulletin is a continuation of the previous one and is published within the project **"Support to the Civil Society Initiative "For Fair and Transparent Customs"** accomplished with the support of the European Union, the International Renaissance Foundation, and ATLAS Network and monitors customs reform and international trade facilitation implementation.

The publication consists of three parts:

regulatory legal acts that entered into force;

draft laws;

news.

We understand that small and medium-sized businesses do not have enough time to analyze new legislation or possible regulatory innovations. Also, a significant number of such acts are difficult for the average person to understand. "Trade Facilitation Monitoring in Ukraine" is designed to draw attention to interesting events and innovations in Ukrainian legislation related to the trade procedures simplification that may directly affect foreign economic activity actors. In these publications, we will also analyze draft regulations on this issue.

The Institute for Economic Research and Policy Consulting (IER) is an internationally recognized independent Ukrainian think tank founded in 1999.

IER analyzes economic development problems, international trade, and business climate (particularly in the SME sector) and participates in developing policy documents at the national and regional levels.

The IER regularly issues its macroeconomic forecast for Ukraine and participates in developing the consensus forecast of the Ministry of Economic Development and Trade of Ukraine.

The IER sociologists' team conducts regular surveys of enterprises and experts to assess the business climate and expectations of Ukrainian business. IER successfully combines its analytical activities with advocacy for change and participation in the public life of Ukraine. IER cooperates with central and local authorities, national and foreign think tanks, and civil society organizations.

IER's work is funded by grants, charitable contributions and technical assistance.

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