

Signing the first ACAA: impact on trade with the EU

Policy Brief

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ACAA with the EU will make Ukraine the first among middle-income countries to have such an agreement

- The Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) is a peculiar type of mutual recognition agreement offered by the EU to partner countries.
- ACAA provides for the alignment of the partner country's norms and institutions with those of the EU as a prerequisite for agreeing.
- As of now, the EU only has an ACAA with Israel.
- The EU has offered to sign the ACAA with many neighbouring countries, including Ukraine, Georgia, Moldova, Tunisia, Egypt, Morocco, and Jordan.
- For the EU, the signing of the ACAA with Ukraine will be the first example of recognising the equivalence of conformity assessment results for industrial products with a middle-income country that is institutionally weaker than the EU and has not yet joined the EU.



The ACAA between Ukraine and the EU is an element of economic integration provided for by the Association Agreement

- The ACAA will include a framework agreement that will ensure the recognition of equivalence of conformity assessment procedures, accreditation, etc., as well as annexes defining the sectoral coverage of the agreement.
- Annex III of the Association Agreement provides for the possibility of signing ACAAs in 27 sectors (areas)
- At the first stage, 3 sectors were selected for signing:
 - Machine safety
 - Electromagnetic compatibility
 - Low voltage equipment



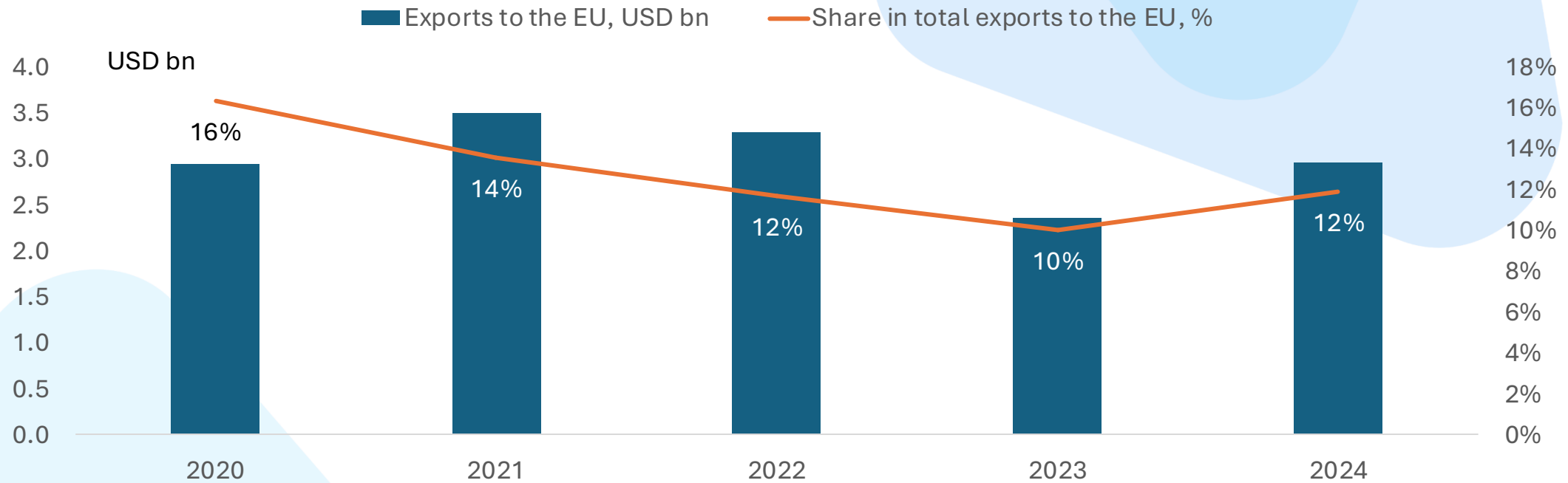
To date, most of the tasks required to obtain ACAA have been completed

Ukraine needs to achieve compliance with EU norms and procedures in five areas of quality infrastructure:

- ✓ Standardization (development and implementation of voluntary standards)
- ✓ Metrology (ensuring proper use of units of measurement)
- ✓ Accreditation (accreditation of conformity assessment bodies)
- ✓ Conformity assessment (assessment of compliance with product safety requirements)
- Market surveillance - *draft law No. 12426 of January 20, 2025 is still awaiting second reading, a comparative table was submitted for the second reading in December*



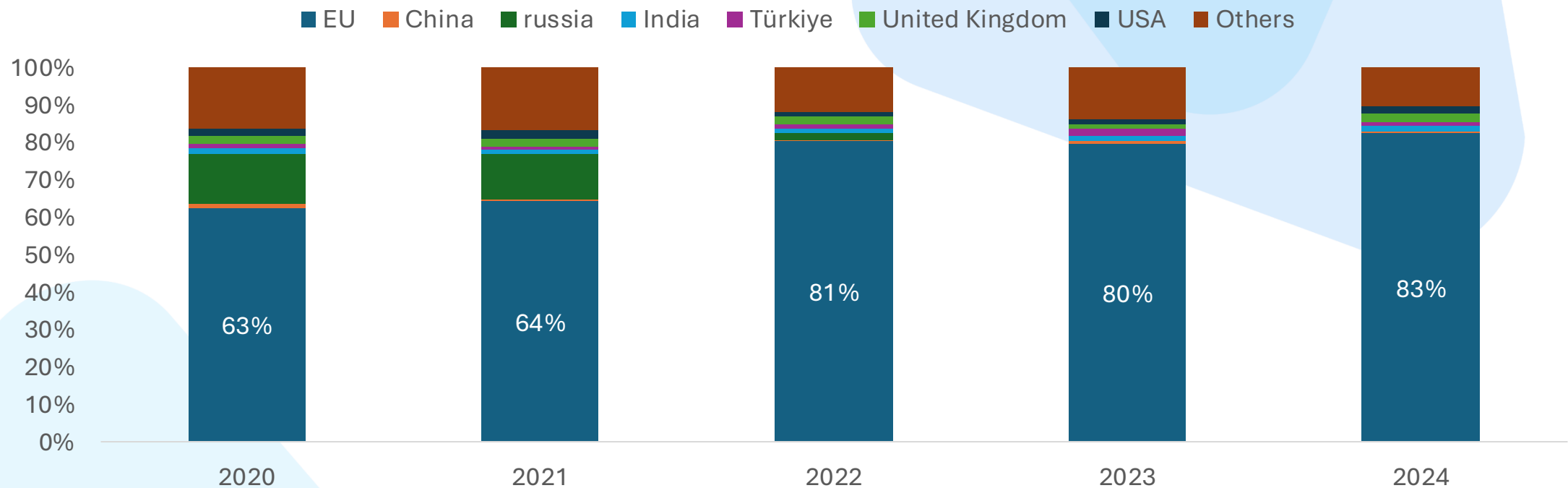
The role of "3-ACAA" products in exports to the EU has been gradually recovering



Sources: own calculations based on WITS data, list of HS codes according to the NTM/TBT database for the EU on UN TRAINS



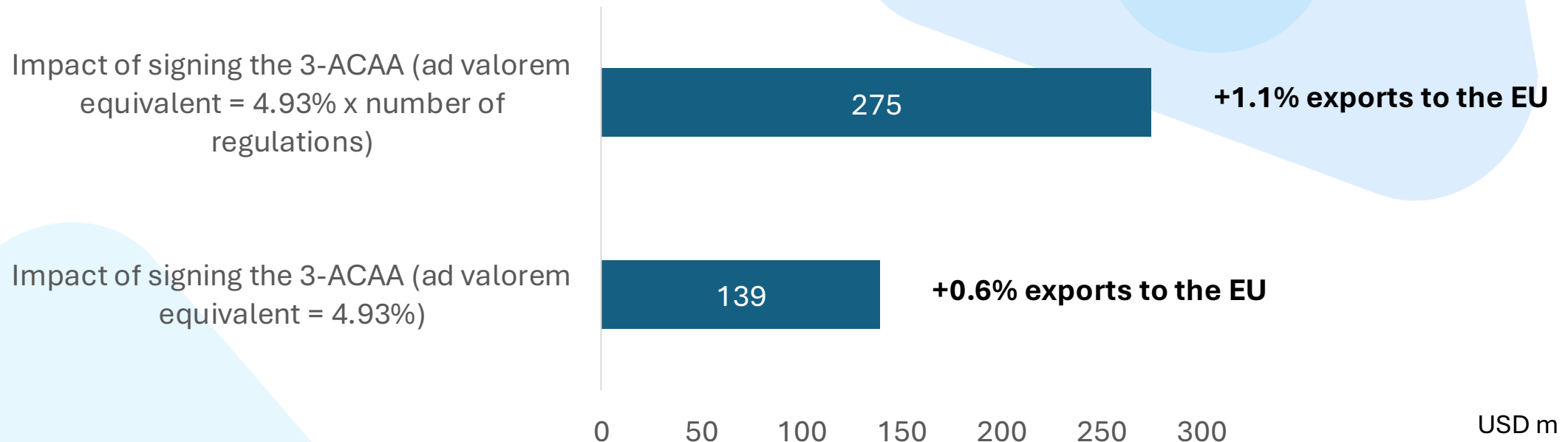
The EU was and has remained the main export destination for "3-ACAA" goods



Sources: own calculations based on WITS data, list of HS codes according to the NTM/TBT database for the EU on UN TRAINS



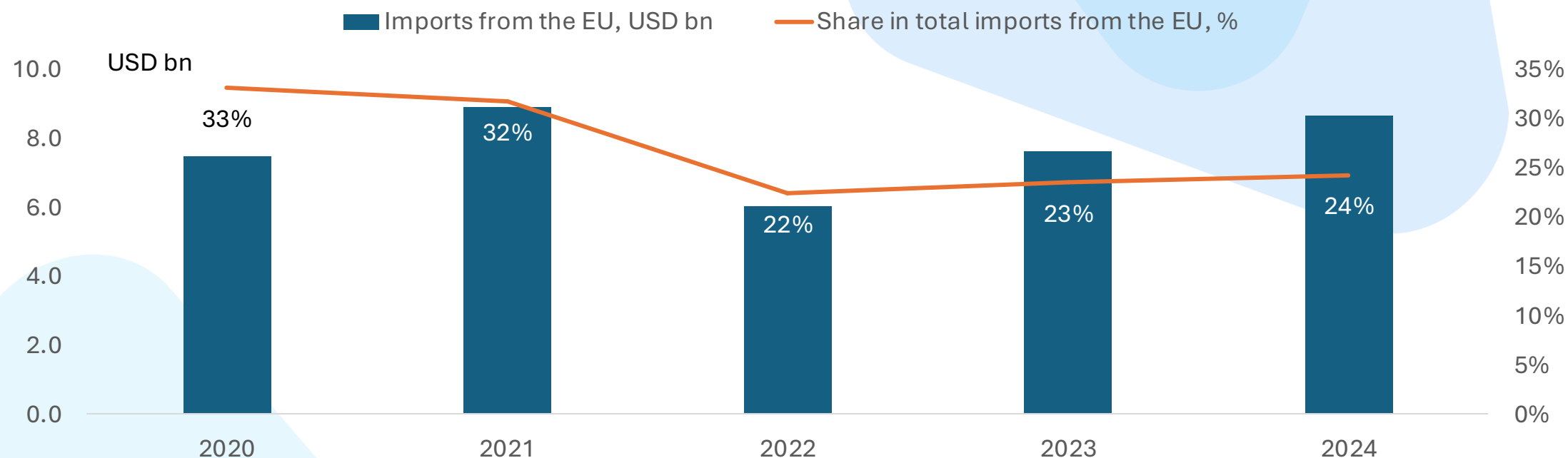
The 3-ACAA signing is estimated to yield between 0.6% and 1.1% increase in exports to the EU compared to 2024



Sources: own calculations based on WITS data, list of HS codes according to the NTM/TBT database for the EU on UN TRAINS



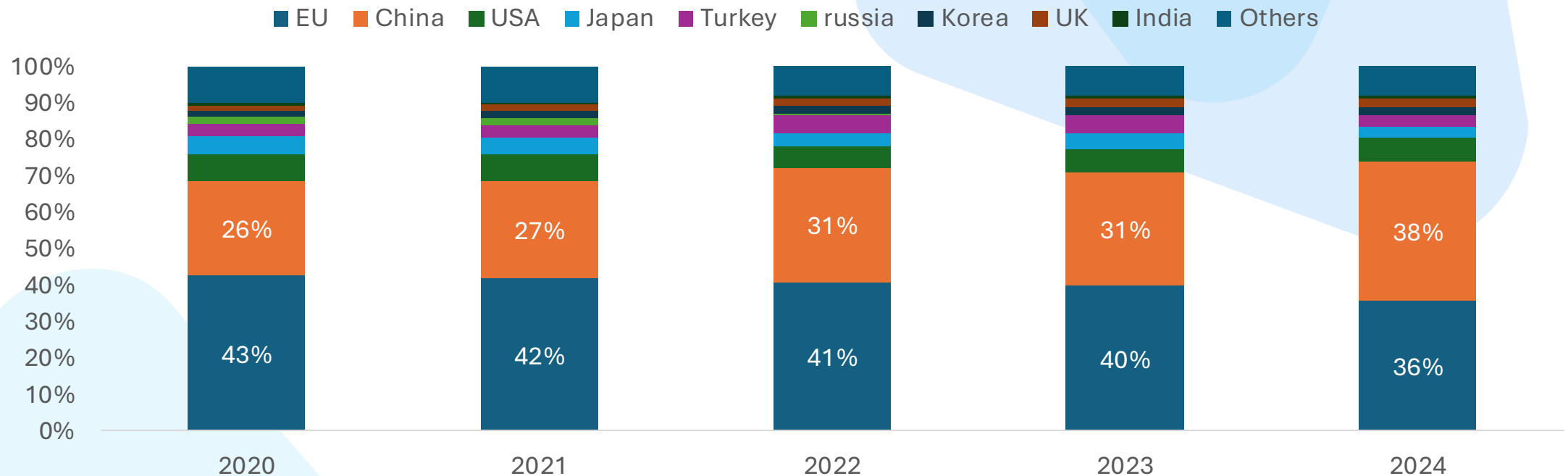
The "3-ACAA" products' imports from the EU are more than twice as high as exports



Sources: own calculations based on WITS data, list of HS codes according to the NTM/TBT database for the EU on UN TRAINS



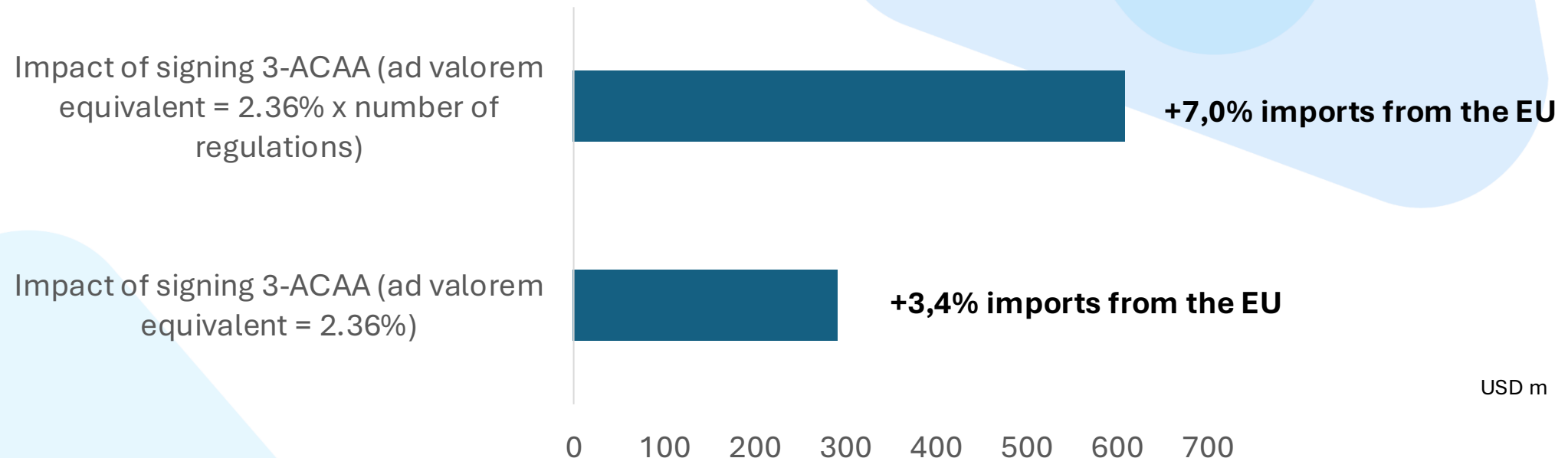
However, the EU role has been gradually declining, and since 2024 the EU has lost its primacy to China



Sources: own calculations based on WITS data, list of HS codes according to the NTM/TBT database for the EU on UN TRAINS



The signing of 3-ACAA is estimated to result in a 3.4% to 7.0% increase in imports from the EU compared to 2024



Sources: own calculations based on WITS data, list of HS codes according to the NTM/TBT database for the EU on UN TRAINS

In addition to directly increasing current trade, the ACAA has much broader economic implications

- Simpler trade with the EU for new products and new companies
- Better trade opportunities with the EU for small and medium-sized enterprises
- Increased exports to third countries
- Incentives for FDI inflows and inclusion in global value chains
- Faster deployment of new innovative products
- Improved Ukraine's image as a partner
- Simpler conclusion of new agreements on mutual recognition of conformity



Conclusions

- The ACAA is a special type of mutual recognition agreement that requires the EU partner country to harmonise its legislation and institutions before the deal is signed.
- The conclusion of the ACAA with the EU is one of the key elements of the Association Agreement. The ACAA is designed to reduce technical barriers to trade in goods and to stimulate investment and the formation of European industrial chains.
- According to IER estimates, signing "3-ACAA" will increase exports to the EU by USD 0.1-0.3 bn, or 0.6-1.1% above 2024 levels, in the short term.
- At the same time, "3-ACAA" creates incentives for imports from the EU, which could increase by USD 0.3-0.6 bn or 3.4-7.0% compared to 2024
- In the long term, 3-ACAA creates opportunities for trade in new and innovative products, simplifies market entry for SMEs, promotes investment, and facilitates access to third-country markets.
- The first ACAA also opens the way for much faster expansion of the agreement to the remaining sectors covered by the Association Agreement.



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