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NOTICE

on the application of special measures on the import of cut fresh roses to Ukraine regardless of country of origin and export

In accordance with the Law of Ukraine "On the application of special measures for imports into Ukraine" (hereinafter - the Law) on the application of LLC "Askania-Flora" (hereinafter - the Statement) by the decision of the Interdepartmental Commission on International Trade (hereinafter - the Commission) dated 22.05.2020 449/2020 / 4411-03 initiated a special investigation into the import to Ukraine of cut fresh roses, regardless of country of origin and export.

The decision of the Commission established the object of investigation:

fresh roses, suitable for bouquets or for decorative purposes, which can be classified according to UKT FEA under code 0603 11 00.

The investigation period is 01.01.2017 - 30.06.2020, which includes the following annual periods:

1st period: 01.01.2017 - 31.12.2017;

2nd period: 01.01.2018 - 31.12.2018;

3rd period: 01.01.2019 - 31.12.2019;

4th period: 01.07.2019 - 30.06.2020.

In accordance with the Law, the Commission considered the report and materials submitted by the Ministry of Economy on the results of a special investigation into the import of cut fresh roses to Ukraine, regardless of the country of origin and export, and established: Askania-Flora LLC (hereinafter - the Applicant) is a proper national producer in the sense of paragraph 11 of Article 1 of the Law, as its share in the total production of goods in Ukraine during the investigation period was more than 50%; goods produced by a national producer, within the meaning of the provisions of paragraph 13 of Article 1 of the Law, are similar to the goods under investigation.

Regarding the existence of the fact of growth of imports to Ukraine

During the investigation, based on the data of the State Customs Service, the national producer, as well as settlement data, a study was conducted of imports of goods into Ukraine, which are the subject of investigation in absolute terms, as well as production and consumption in Ukraine.

The implementation of bilateral and international agreements did not take into account the volume of imports from a number of countries, which should be excluded from the scope of possible special safeguards. According to the results of the study, it was found that during the investigation, imports of goods into Ukraine in absolute terms increased by 71.38%.

Taking into account the peculiarities of statistical monitoring of production volumes in Ukraine, which are carried out on the basis of annual reports, the study of consumption in Ukraine, as well as the share of imports in production and consumption in Ukraine was conducted for calendar periods (1st, 2nd and 3rd). -th periods). In the third annual period, compared with the first, the share of imports in relation to production increased by 72.33%, and in consumption by 40.11%.

Regarding the existence of the fact of causing significant damage to the national producer

During the investigation period, the applicant's main indicators deteriorated, in particular:

- the volume of production of such goods by the national producer during the study period decreased by 26.32%;
- production capacity and the level of their use were unchanged throughout the study period;
- sales of similar goods by domestic producers on the domestic market in the second year compared to the first increased by 3%, but in the third year compared to the first decreased by 11.39%, in the last year decreased by 25.34% compared to the first annual period;
- with the growth of visible consumption of goods in Ukraine for the first-third annual periods by 20.39%, the Applicant's share in consumption decreased by 26.40%, in the second and third periods compared to the previous ones decreased by 9.33% and 18.83% respectively;
- sales volumes of similar goods for export by national producers decreased by 79.23% compared to the first year;
- domestic sales prices of similar goods in the domestic market increased in the third year compared to the first by 17.39%, and in the fourth year compared to the previous period decreased by 2.16% and throughout the study period were significantly below cost;
- the financial result from the sale of such goods on the domestic market was negative throughout the study period. In the fourth annual period, the Applicant's losses increased by 233.74% compared to the base annual period;
- profitability was negative throughout the study period;
- the level of labor productivity of the Applicant during the study period decreased by 24.96%;

- the balances of similar goods of the national producer during the research period increased annually and in the fourth annual period, compared to the base decreased by 0.71%, in the last annual period decreased by 28.95% compared to the previous one;
- the volume of investments in dollar equivalent for the third annual period increased by 37.04%, and in the last annual period decreased by 22.38% compared to the previous year;
- the decrease in the level of employment at the Applicant's enterprise took place in the range of 0.58-1.90% during the whole period under study;
- the level of wages was characterized by positive dynamics in accordance with the increase in the minimum wage. In dollar terms, this figure for the third year increased by 31.89%, in the last year decreased by 15.16% compared to the previous year;
- the liquidity ratio decreased by 57.89% compared to the base year and is lower than the regulatory value.

The combined assessment of the above factors gives grounds to conclude that there is a fact of causing significant harm to the national producer.

Regarding the existence of a causal relationship

During the investigation period, Ukraine's imports of goods had a stable upward trend. The largest increase in imports took place in the third and fourth annual periods compared to the first by 68.69% and 71.38%, respectively.

According to the results of the study, the import of goods to Ukraine has a negative impact on the performance of the national producer. Throughout the study period, there was a sharp decline in production of such goods by 26.32% and domestic sales by 25.34%.

The import prices of the goods during the IP were lower than the prices and the cost of the like product of the domestic producer and the difference between them increased overall during the IP by 22.61% and 33.66% respectively.

In the context of growing imports and a significant increase in the share of imports in the market, the domestic producer sold its own products below the cost of its production, ie import prices and growing imports created a significant depressing effect on domestic producer prices.

The presence of the national producer in the domestic market is significantly reduced. With the growth of visible consumption of goods in Ukraine for the first - third annual periods by 20.39%, the Applicant's share in consumption decreased by 26.40%. The key financial and economic indicators of the national producer show a decline and unprofitable activity.

In addition, there are significant volumes of spare production capacity in the main exporting countries, which suggests that there is a high probability of an increase in imports of cut roses into Ukraine and, as a result, significant injury to the Applicant in the future.

Therefore, it can be argued that the above indicates a causal link between the dynamics of imports and the deterioration of the Applicant's performance and the absence of the influence of other factors.

Regarding the existence of a causal relationship During the IP, Ukraine's imports of goods had a stable upward trend.

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Regarding the presence of unforeseen circumstances

In accordance with Article XIX of GATT 1994, unforeseen circumstances were investigated, which led to a significant increase in imports of goods, which caused significant damage to domestic producers.

The growth of imports of goods to Ukraine was due to such unforeseen circumstances as the impact of the introduction of quarantine measures by the Russian Federation (hereinafter - Russia) on the import of flowers from the European Union (hereinafter - the EU).

From 2015-2019, the volume of exports of freshly cut roses from the EU to Russia has halved both in quantity (from 186 million units to 89 million units) and in terms of value (from 61,404 thousand euros to 34,017). thousand euros).

In the same period, there was a decrease in consumption of goods in European countries from 4% to 16% due to stagnation in the economy and due to rising other costs (food, utilities, etc.).

As a result of a combination of factors, foreign producers began to reorient their markets, which directly affected the volume of imports of goods to Ukraine.

Thus, there is reason to believe that there are facts about probable unpredictable, recent, sudden and sharp growth of imports, and, as a consequence, causing significant harm to domestic producers and the development of imbalances in favor of foreign producers-suppliers of goods to Ukraine.

Regarding the compliance of the application of special measures with the national interests of Ukraine

Interests of the national commodity producer

According to the national producer, the application of special measures will prevent the liquidation of goods production in Ukraine, which will maintain and increase employment in the domestic flower industry.

Failure to apply appropriate safeguards may result in the continued aggressive growth of freshly cut roses, including the applicant's dismissal, forced shutdown and bankruptcy.

Interests of consumers

If the domestic producer does not receive protection from the growth of imports, in the near future production will be forced to cease its activities. As a result, Ukrainian consumers will be completely dependent on imports of goods.

International economic interests of Ukraine and elimination of the impact of disparities in trade.

Ukraine's international commitments do not preclude the application of special measures in relation to growing imports, which cause significant harm to domestic producers.

The application of special measures will have a positive effect on the resumption of competition in the domestic market of Ukraine and will eliminate the negative impact of trade imbalances.

Taking into account the above and guided by the provisions of Articles 16, 17 of the Law, the Commission adopted a decision of 16.04.2021 № SP-487/2021 / 4411-03, which decided to apply special measures to import goods into Ukraine regardless of the country of origin and export. such description:

fresh roses that can be classified according to UKT FEA under code 0603 11 00.

Special measures were applied for a period of 3 years by introducing a special duty in the amount of:

from the date of application of special measures in the amount of 56%;

after 12 months from the date of application of special measures in the amount of 44.80%;

after 24 months from the date of application of special measures in the amount of 35.84%.

The special measures do not apply to imports into Ukraine of goods originating in the following countries: the Republic of Iceland, the Principality of Liechtenstein, the Kingdom of Norway, the Swiss Confederation, Montenegro, the Republic of Azerbaijan, the Republic of Armenia, the Republic of Belarus, the Republic of Kazakhstan, Kyrgyzstan Republic of Tajikistan, Turkmenistan, Islamic Republic of Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Union of the Comoros, Democratic Republic of the Congo, Djibouti, State of Eritrea, Federal Democratic Republic of Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Republic of Kiribati, Lao People's Democratic Republic, Kingdom of Lesotho, Republic of Liberia, Madagascar, Mavriba, Malawi, Mali, Mali , Rwanda, Democratic Republic of Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Federative Republic of Somalia, Republic of South Sudan, Republic of Sudan, Democratic Republic of East Timor, Togo, Tuvalu, Uganda, Taana Republic of Yemen, Zambia

Commission Decision of 16.04.2021 № SP-487/2021 / 4411-03 shall enter into force 30 days after the date of publication of this notice.

Interdepartamental commission on international trade