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**ORGANISATION OF EXPORT OPERATIONS TO THE
EU COUNTRIES: FUNCTIONING OF PREFERENCES WITHIN
THE FRAMEWORK OF FREE TRADE BETWEEN UKRAINE
AND THE EUROPEAN UNION**

The organisation of export operations between Ukraine and the European Union is currently being designated as a priority goal due to a number of economic and geopolitical factors.

First and foremost, the resurgence of integration processes on the European continent has a considerable impact on the intensification of cooperation between Ukraine and the European Union. The European Union views Ukraine as a crucial partner, given the close collaboration between the two entities in various sectors, including metals and ores, agriculture, and others.

Secondly, the European Union's waning interest in trade with other countries, such as China and Russia, has contributed to the reinvigoration of exports. According to a study by the European Parliament's Department of International Relations, published in March 2024, the European Union does not envisage long-term cooperation with the People's Republic of China due to the lack of geopolitical unity. Consequently, it has been compelled to alter its course and pursue a new international policy [3]. Furthermore, the European Union has been gradually distancing itself from the Russian Federation since 2014, when the initial sanctions were imposed, and particularly since the beginning of 2022, with the onset of the full-scale invasion of Ukraine, when sanctions were significantly intensified [2].

In such a geopolitical and economic context, robust trade relations between Ukraine and the EU are vital for both parties, leading to efforts at enhanced collaboration.

The Deep and Comprehensive Free Trade Area (DCFTA) between the European Union and Ukraine represents a significant subsequent development following the signing of the Association Agreement in 2014. The objective is to facilitate enhanced economic integration through the establishment of a free trade area, the reduction of customs duties and the alignment of Ukrainian legislation with EU standards [1]. The DCFTA is designed to bring Ukraine's regulatory framework into closer conformity with

that of the EU single market, thereby creating opportunities for economic growth, investment and trade between Ukraine and the European Union.

The benefits of the DCFTA are significant for both Ukraine and the EU. For Ukraine, the agreement offers preferential access to one of the largest and most lucrative markets in the world, as well as increased exports and foreign investment. From the perspective of the EU, the DCFTA serves to reinforce economic ties with a pivotal Eastern European partner, while simultaneously reducing reliance on more politically volatile trading partners such as Russia and China. The agreement serves to reinforce the EU's influence within the region, thus contributing to the maintenance of political and economic stability in Ukraine. Furthermore, the DCFTA facilitates the export of Ukrainian agricultural and industrial goods, which are of significant importance to the EU's supply chain. The strengthening of this relationship serves to reinforce the EU's strategic interest in diversifying its supply chains away from those reliant on Russia and China.

Trade preferences represent a pivotal instrument for attaining the objectives set forth in the DCFTA. In the context of the DCFTA between the European Union and Ukraine, trade preferences pertain to the preferential treatment accorded to Ukrainian exports entering the EU market. These preferences encompass the reduction or elimination of tariffs on a comprehensive array of goods. By facilitating Ukrainian goods' access to the EU's single market, trade preferences seek to bolster Ukraine's export capacity, stimulate economic growth, and advance closer integration with EU standards.

To benefit from trade preferences under the EU-Ukraine Free Trade Agreement, Ukrainian exporters must obtain a certificate of origin EUR. 1 issued by the Ukrainian customs authorities.

At the same time, the EU established duty-free tariff quotas for 36 categories of goods, including meat, dairy products, cereals, honey, juices, and other products, with the possibility of additional exports for 4 of these items. In turn, Ukraine introduced tariff quotas for 3 types of goods for EU products: pork, poultry (including semi-finished products), and sugar, and allowed additional volumes for 2 of these items. This reciprocal arrangement supports trade while regulating market access for sensitive products in accordance with the EU-Ukraine Free Trade Agreement.

To ensure the proper functioning of the quota system, the procedure for administering tariff quotas was unbundled. Administration of tariff quotas for imports of pork, poultry and sugar is regulated by the Ministry of Finance of Ukraine. In the EU, tariff quotas are administered in two ways: on a "first-come, first-served" basis and through a system of import licenses. Current tariff quota balances are updated daily and are available on the websites of the European Commission and the State Fiscal Service of Ukraine. The import licensing system applies to products such as poultry, milk, wheat, eggs, corn, pork, etc. Importers must submit a license request to the European Commission's Directorate-General for Agriculture and Rural Development, specifying a specific timeframe for the reservation of quotas. Information on the available quotas under the license system is provided by the Directorate General upon request.

On May 30, 2022, the EU introduced Regulation 2022/870, which established temporary trade preferences for Ukraine and suspended customs duties. One of the key measures was the suspension of the EU purchase price system for certain agricultural products, abolishing the safeguard duty that applies when import prices fall below the EU reference price. Ukrainian exporters also benefited from zero duty rates on all industrial goods under the DCFTA. A significant advantage was the elimination of EU anti-dumping and safeguard duties on steel and cast iron, which accounted for 40%–45% of Ukraine's ferrous metal exports to the EU [4]. In addition, the EU suspended all 36 tariff quotas for Ukrainian agricultural products under the DCFTA, which had a positive impact on the volume of Ukrainian exports to the EU.

It is therefore imperative to reinforce the export operations between Ukraine and the European Union (EU) in light of the evolving geopolitical and economic circumstances. The EU considers Ukraine to be a principal partner, particularly given its objective of reducing its reliance on trade with China and Russia. The Deep and Comprehensive Free Trade Area (DCFTA) has played an instrumental role in fostering closer economic integration by reducing tariffs and guaranteeing trade preferences. This has created opportunities for Ukraine to gain access to the large EU market and increase exports. The abolition of EU anti-dumping and safeguard duties on Ukrainian steel and cast iron, which account for a significant share of Ukraine's exports, as well as the suspension of tariff quotas on agricultural products, served to further boost trade flows and support Ukraine during the armed conflict. The effective administration of tariff quotas and the introduction of temporary additional trade preferences under Regulation 2022/870, including the suspension of customs duties and safeguard measures, has led to a notable increase in Ukrainian exports in recent years, which has contributed to the stabilisation of Ukraine's economy.

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