

TomatoEurope's concerns on temporary autonomous trade measures in favour of Ukraine: meeting request to the European Commission

Brussels, 19 July 2017

TO/2017/008

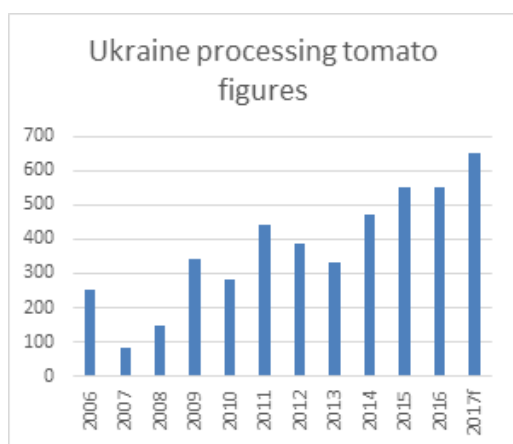
On 28 June 2017, the Council and the European Parliament reached a compromise on the European Commission's proposal regarding additional and temporary autonomous trade measures in favour of Ukraine. **These measures include a proposal for an additional quota of 3.000 tons of processed tomato products - under CN code 2002 - at 0% tariff rate**, in the context of the Association Agreement, which already grants to Ukraine 10.000 tons of processed tomato products at 0% tariff quota.

TomatoEurope¹, the European Organisation of Tomato Processing Industries, would like to request a meeting to the European Commission to voice once again its serious and deep concerns regarding the consequences of these additional measures on the EU tomato industry.

Since the conclusion of the DCFTA between the EU and Ukraine in 2014, **Ukrainian tomato industry doubled its dimension**, by launching new factories and processing plants, **sensitively enhancing production and exports capacity**. This strong expansion, which can only be partially explained by the strengthening of the relations between EU and Ukraine, is confirmed also by the statistics displayed hereunder: in the last 10 years, **Ukrainian production of tomato paste – CN 200210 – increased by more than 700%**, passing from 85.000 tons to 650.000 tons.

Simultaneously, Ukrainian exports of tomato products to the EU had a vertical increase: as shown by Eurostat figures, in 2016 Ukraine exported **32.758 tonnes of tomato products**, which means a **700% increase since the conclusion of the DCFTA in 2014** and even a **10.000% upturn in 4 years**. As consequence of this extreme growth, currently Ukraine is the **third largest exporter of tomato products to the EU**, just after two global powers like USA and China.

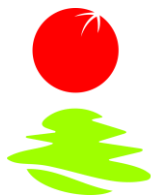
1. UKRAINE PRODUCTION 2007 – 2017 (Tomato Paste, CN 200290)



Source: Amitom

2007	85.000 tonnes
2008	150.000 tonnes
2009	340.000 tonnes
2010	280.000 tonnes
2011	440.000 tonnes
2012	385.000 tonnes
2013	330.000 tonnes
2014	470.000 tonnes
2015	550.000 tonnes
2016	550.000 tonnes
2017 (forecast)	650.000 tonnes

¹ TomatoEurope is the European Organisation of Tomato Processing Industries, representing over 150 companies in the 5 main producing EU Member States, producing processed tomato products of 1st and 2nd transformation for a total quantity of around 10 million tons, an equivalent to 150 000 cultivated ha



2. UKRAINE EXPORTS TO EU 2014 – 2016 (TomatoPaste, CN 200290)

2012	2013	2014	2015	2016
330 tonnes	1.040 tonnes	10.843 tonnes	14.770 tonnes	32.758 tonnes

Source: Eurostat

These figures represent a clear rationale for Amendment 18 and for Amendments 14 and 15 to the proposed regulation as adopted on 1 June 2017 by the European Parliament², which recognized, primarily, a sensitive situation for tomato products and, secondly, the importance of involving representatives from the civil society in the decision-making process.

It is indeed important to remark that, despite import duties, the EU tomato industry is facing external competition from China, USA (California), Israel, Iran etc., while facing higher production costs compared to third countries, including Ukraine, as a consequence of the challenging EU environmental and social legislation.

Our association repeatedly communicated its understanding and support towards the European Commission's proposal to enhance economic and trade relations between the European Union and Ukraine, recognizing the importance of the democratic and solidaric principles that inform this trade agreement.

Nevertheless, **any tariff liberalizations should be implemented under fair and reciprocal trade conditions, which should be equally granted to all the parties and sectors that are involved in the trade agreement.**

Against this background, we trust that the European Commission will take into consideration our concerns, **especially in the light of those principles that are stated in the Safeguard Clause in Article 4, sub paragraphs 1, 3 and 4 of the proposed regulation**³.

As TomatoEurope, we look forward to having a closer cooperation with the European Commission will be possible in the future, especially when measures that have such a deep impact on the European tomato processing industry are being negotiated.

We look forward to the opportunity of organising a meeting with the European Commission and we remain at your disposal for any further information.

² <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&reference=P8-TA-2017-0236&language=EN&ring=A8-2017-0193>

³ In particular, sub paragraph 1 "**Where a product originating in Ukraine is imported on terms which cause, or threaten to cause, serious difficulties to a Community producer of like or directly competing products, Common Customs Tariff duties on such product may be reintroduced at any time [...]**" and sub paragraph 4 "In examining whether there are serious difficulties, the Commission shall take account, inter alia, of the following factors concerning Community producers where the information is available: market share; **production**; stocks; **production capacity**; **capacity utilization**; employment; **imports**; prices.