

Steel Product Quotas Increased

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- On June 18th Ukraine and the European Union (EU) signed an agreement "On administering certain restrictions on imports of certain steel products from Ukraine". According to the agreement, EU import quotas for Ukrainian steel manufacturers will be elevated. Steel trade has been regulated by a set of bilateral agreements and unilateral decisions of the EU Council since 1995. Steel product quotas have been gradually increasing. According to the previous agreement between Ukraine and the EU signed on 27 of July, 2005, the quota was set at 980 thousand tons for 2005 and 1004.5 thousand tons for 2006 given that Ukraine would maintain ferrous metal scrap export duty at 30 euros/ton. The parties also agreed that steel products trade would completely be liberalized after Ukraine's accession into the World Trade Organization.

The new agreement follows previous agreements and elevates the quota for some steel products originating from Ukraine up to 1.32 million tons/year. The quota was increased due to the accession of Bulgaria and Romania into the EU and also growing demand for steel products throughout the EU.

A significant increase in the quota (by 23.94% compared to 2004) will positively impact the economy, as it opens new export opportunities to the EU market for Ukrainian steel manufacturers and, according to the Cabinet of Ministers, will bring additional 660 million US dollars. In January-May 2007 growth in the metal manufacturing sector in Ukraine was at 15.8% and the previously established quota could have been met early fall. This agreement is also important for the European consumers of steel products that would allow meeting their growing demand.