



Understanding the EU's Association Agreements and Deep and Comprehensive Free Trade Areas with Ukraine, Moldova and Georgia

*Focus Group project evaluating the Association Agreements and DCFTAs
in Georgia, Moldova and Ukraine*

Focus Group No 2: Technical Barriers to Trade (TBT)

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In March 2019 we began what will be a series of monthly focus group meetings on key aspects of the Association Agreements and DCFTAs between the EU and Georgia, Moldova and Ukraine. Focus group sessions will be held in each of the three capitals with a range of stakeholders (government, business, civil society, etc.) using a standardized questionnaire. The focus groups are organised and moderated by our partners in the three capitals: IER in Kyiv, Expert-Grup in Chisinau and Reformatics in Tbilisi.

The objective is to get fresh views on how the Association Agreements and DCFTAs are progressing in practice. This may lead to recommendations to policy makers in the three capitals and the EU institutions.

While the views of individual participants are treated as confidential, reports are published drawing together a synthesis of the findings.

Focus Group No 2 concerned 'Technical Barriers to Trade', which is the official name for the body of industrial product regulations and standards. At the EU level the legislation consists of a large set of directives, implemented in many cases by technical standards adopted by the European standards organizations – CEN, CENELEC and ETSI, which work in close collaboration with the International Standards Organization (ISO) in Geneva.

The number of participants in this Focus Group ranged between 15 and 19, with representatives of government bodies and private businesses and associations.

¹ Of respectively CEPS, Brussels; Reformatics, Tbilisi; Expert-Grup, Chisinau; IER, Kyiv.



...Reformatics



1. Legal approximation and transposition of standards

In all three cases the process of approximating EU legislation advances more or less satisfactorily.

In **Georgia** it was remarked that, for example, partial approximation to the EU directive on marketing of construction products² was a positive factor for both safety and the competitiveness of producers. In **Moldova** there were criticisms over the adequacy of secondary legislation, and concern that there was over-regulation in the environment domain. In the **Ukraine** focus group there were particularly detailed concerns over several aspects of transposition into operational standards: serious delays in publication of adopted standards, a ‘publication debt’ that the government aims to eliminate by 2020; alongside occasionally very short transition periods for business to adjust new standards; and translation problems, with business associations often translate themselves, which leads into divergences between sources, with delays also in getting them officially recognized; and a lack of adequate measures (such as trainings, seminars and laboratories) to ensure correct implementation. There is a general lack of specialised personnel in this domain in all three states.

2. Adequacy of Institutional infrastructure, for conformity assessment etc.

The adequacy of the institutional infrastructure for standardisation, metrology, conformity assessment and accreditation for applying the European system evoked mixed reports.

In **Georgia** a relatively high level of satisfaction expressed, albeit with concerns over the incomplete coverage by product of the conformity assessment bodies and labs. In **Moldova**, as in **Ukraine**, a major concern is the weakness of human resources in the public institutions, largely due to uncompetitive salaries. Overall there was much less satisfaction in Ukraine, with only about half of respondents feeling that there was significant progress in institutional capacity, with shortage of public funds for example to buy new equipment. Positive on the other hand in **Ukraine** has been the establishment of infrastructure for conformity assessment, with 550 accredited laboratories, many of which are private thereby replacing the previous government monopoly; but still there are many shortcomings in the functioning of the National Standardisation Body (NSB).

3. Cost-benefit perceptions of adoption of European standards

The general view was that at least in the long-run the introduction of European standards would be largely beneficial, with this view most clearly expressed in **Ukraine** and **Moldova**. In the short-run the assessment is more qualified, notably in **Ukraine** with a markedly smaller balance of positive opinions. In **Georgia** the process of adopting European standards was judged useful for the industrial sector, but there are high compliance costs, with needs for more advanced technologies and qualified staff.

² This directive was approximated partially and ahead of the time-table, which is 8 years from the entry into force of the AA.

4. Interest in possible future Agreements on Conformity Assessment and Acceptance of Industrial Products (ACAA)

The ACAA is a model agreement proposed by the EU for partner states to achieve for specific groups of products the highest possible level conformity with European standards, such that exporters would be treated on a par with EU enterprises in having automatic access to the EU market. However, the conditions for making ACAs are very exacting. In **Ukraine** there is a high level of interest in this possibility, especially in the machinery and equipment sectors. However, key legislation to support ACAs failed to get support at the parliament's second reading and had to be resubmitted. In both **Georgia** and **Moldova** there is little or no interest in this. This difference of position fairly reflects the fact that the **Ukraine** economy has a massively more important industrial sector.

5. Repeal of GOST standards

The general picture is that GOST standards are being repealed at the level of official legislation and regulations. However, some enterprises continue to use GOST standards without these being formally registered any more. They continue to be used notably for exports to CIS states. In **Ukraine** there is concern that the government does not adequately explain that the era of GOSTs is over, and assure that new standards are in place when GOSTS are repealed.