

Ukraine

Sergey Shapar

Tanya Kovalyova

Alexander Yotik

Sergey Grin

Introductory information

- Surface Area: 603,6 1000 sq km
 - Population: 45,5 Millions of inhabitants - 2010 (estimates after 2008)
 - Current GDP: 102,9 Billions of euros - 2010 (estimates after 2009)
 - GDP per capita: 2.262,7 Euros - 2010 (estimates after 2008)

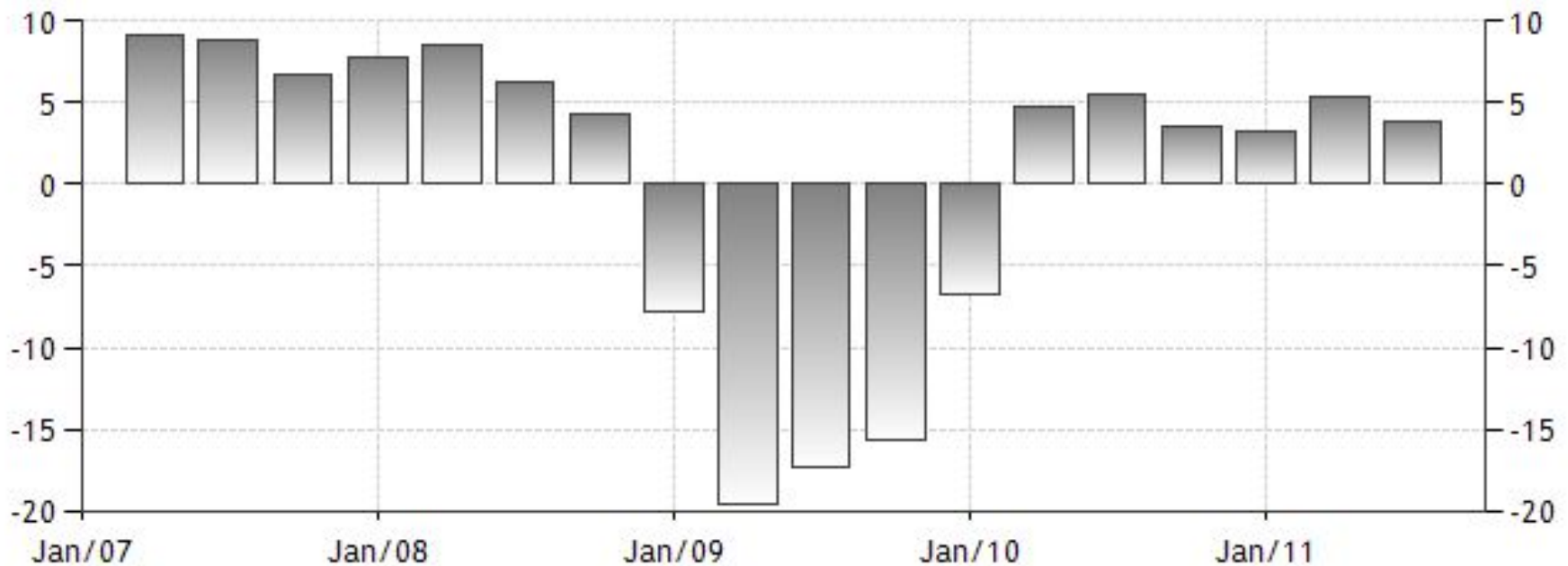
 - Exports-to-GDP ratio: 36,1 % (2010)
 - Imports-to-GDP ratio: 43,5 % (2010)
 - Trade-to-GDP ratio: 79,7 % (2010)
-



Introductory information

GDP	\$306.3 billion (2010 est.)
GDP growth	4.3% (2010 est.); -15.1% (2009 est.)
GDP per capita	\$6,700 (2010 est.)
GDP by sector	agriculture (9.8%), industry (32.3%), services (57.9%) (2009 est.)

UKRAINE ANNUAL GDP GROWTH RATE



Export of goods

- ferrous metals and nonferrous metals
- fuel and petroleum products
- chemicals, machinery and transport equipment
- food products

EXPORTS OF SERVICES

- Transportation
- Travel
- Construction services
- Financial services
- Communication services
- Insurance services
- Computer and information services
- Royalties and license fees
- Advertising, market research
- Research and development
- Architectural, engineering and other technical services
- Legal, accounting, management consulting and public relations
- Agricultural, mining and on-site processing services
- Government services
- Other services

Exports of goods and services (% of GDP)

Exports-to-GDP ratio: **36,1 %** (2010)

2006	47
2007	45
2008	42
2009	46
2009	47

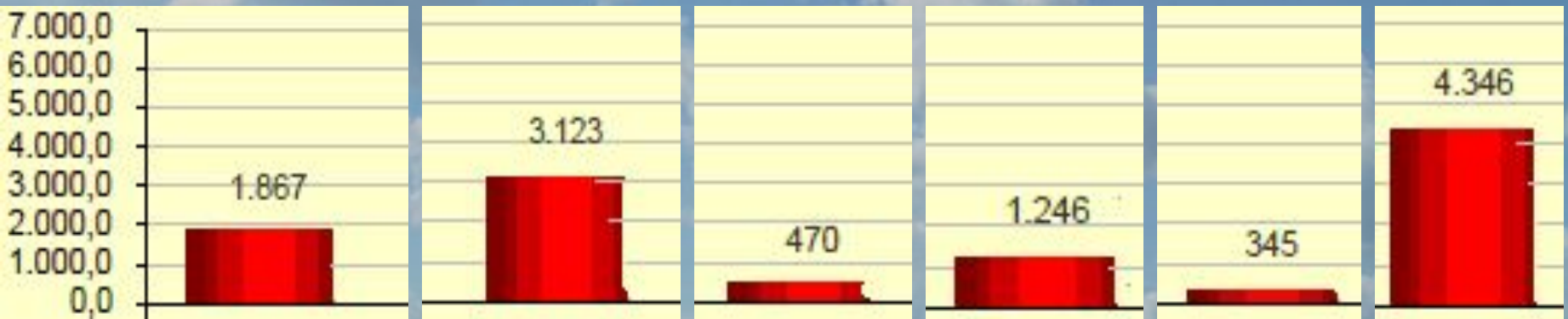
IMPORT



- Energy
- Machinery and equipment
- Chemicals
- Machinery and transport equipment
- Textile and clothes
- Other products

Ukrainian import

Millions of euros



Agricultural products

Fuel and mining products

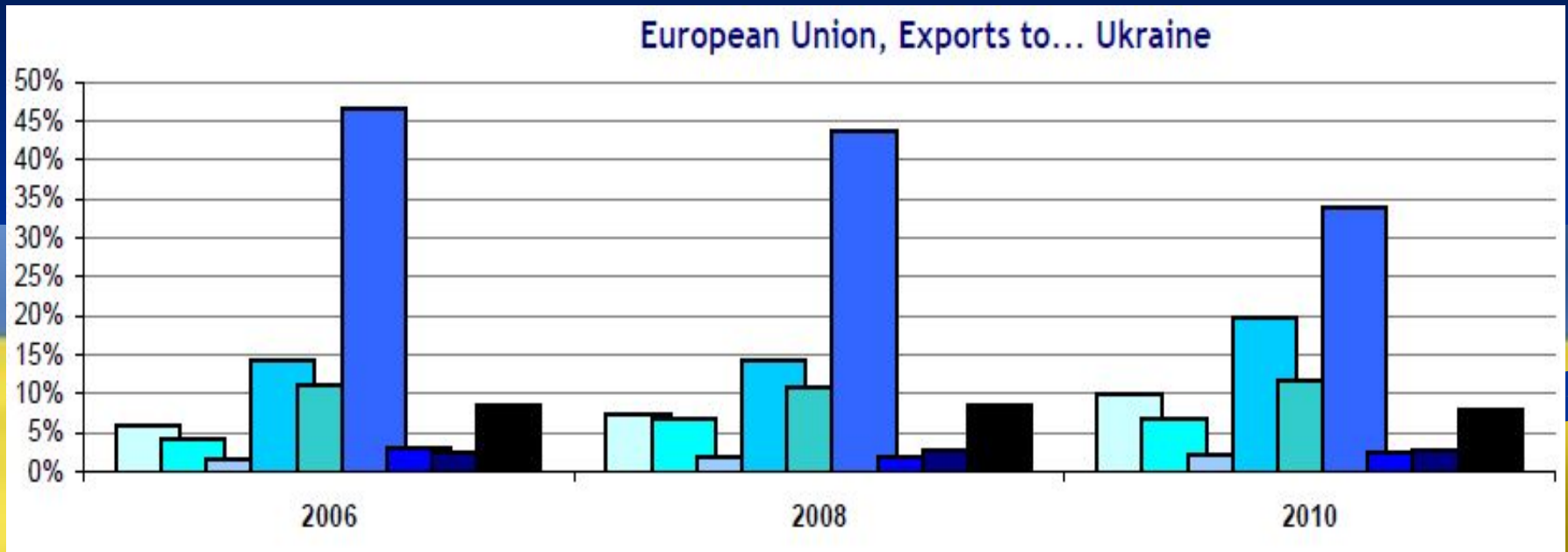
Chemicals

Machinery and transport equipment

Textile and clothes

Other products

Import to Ukraine from EU



- 1100 - Agricultural products
- 1200 - Fuels and mining products
- 2100 - Iron and steel
- 2200 - Chemicals
- 2300 - Other semi-manufactures
- 2400 - Machinery and transport equipment
- 2500 - Textiles
- 2600 - Clothing
- 2700 - Other manufactures

THE MAJOR UKRAINIAN IMPORT PARTNERS

Rk	Partners	Mio euro	%
	World (all countries)	44.797,8	100,0%
1	EU27	15.782,5	35,2%
2	Russia	14.505,8	32,4%
3	China	3.982,3	8,9%
4	Belarus	1.716,8	3,8%
5	United States	1.132,2	2,5%
6	Turkey	1.000,7	2,2%
7	Kazakhstan	647,9	1,4%
8	Azerbaijan	588,9	1,3%
9	South Korea	493,5	1,1%
10	India	471,9	1,1%
11	Japan	460,5	1,0%
12	Indonesia	401,6	0,9%
13	Switzerland	341,6	0,8%
14	Brazil	328,6	0,7%
15	Norway	193,7	0,4%
16	Ghana	173,4	0,4%
17	Australia	173,0	0,4%
18	Malaysia	136,3	0,3%
19	Canada	132,6	0,3%
20	Ecuador	129,2	0,3%

- Ukraine has more than 50 import partners
- Most of them are the countries of post USSR union

The major Ukrainian export partners

Rk	Partners	Mio euro	%
	World (all countries)	37.194,0	100,0%
1	EU27	9.942,1	26,7%
2	Russia	8.630,9	23,2%
3	Turkey	2.307,0	6,2%
4	Belarus	1.240,4	3,3%
5	China	1.172,4	3,2%
6	India	975,7	2,6%
7	Kazakhstan	929,5	2,5%
8	Egypt	893,9	2,4%
9	Iran	731,0	2,0%
10	Lebanon	683,4	1,8%
11	United States	666,9	1,8%
12	Moldova	549,4	1,5%
13	Syria	507,9	1,4%
14	Saudi Arabia	466,0	1,3%
15	Azerbaijan	455,6	1,2%

Ukraine's Foreign Trade in Goods, 2010

REGION	Exports		Imports		Balance
	thsd.USD	in % 2009	thsd.USD	in % 2009	
Total	51430521,6	129,6	60739969,3	133,7	-9309447,7
CIS countries	18744497,2	139,1	26697422,3	135,6	-7952925,1
Europe	13839371,1	134,8	20002748,8	123,2	-6163377,7
Asia	13722129,3	113,1	10023365,3	153,3	3698764,1
Africa	3018692,1	114,9	874429,0	141,6	2144263,1
America	2004956,9	178,3	2878918,5	131,0	-873961,5
Australia and Oceania	28398,3	131,4	261358,6	174,9	-232960,3
Others	59472,8	157,0	772,1	96,2	58700,7

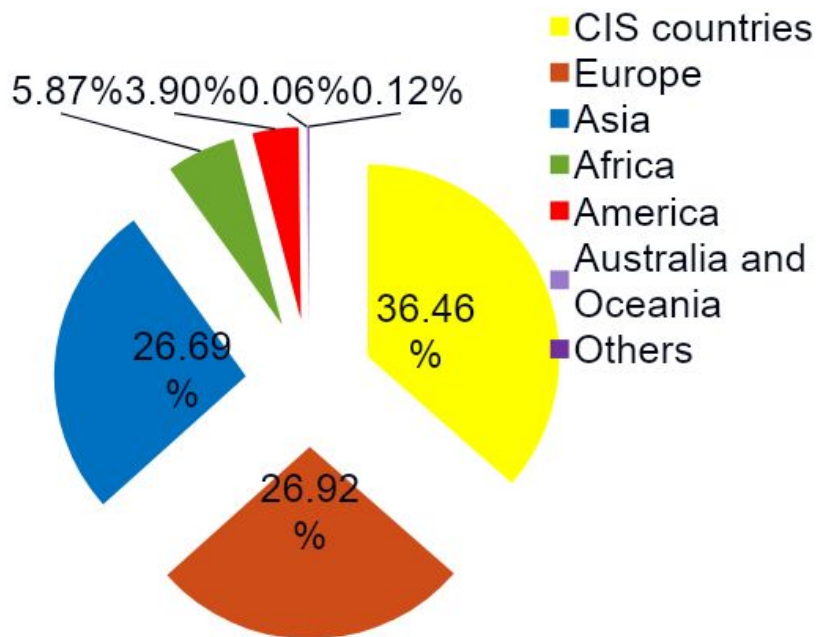


Dynamics of Ukraine's Foreign Trade in Services (2005, 2010)

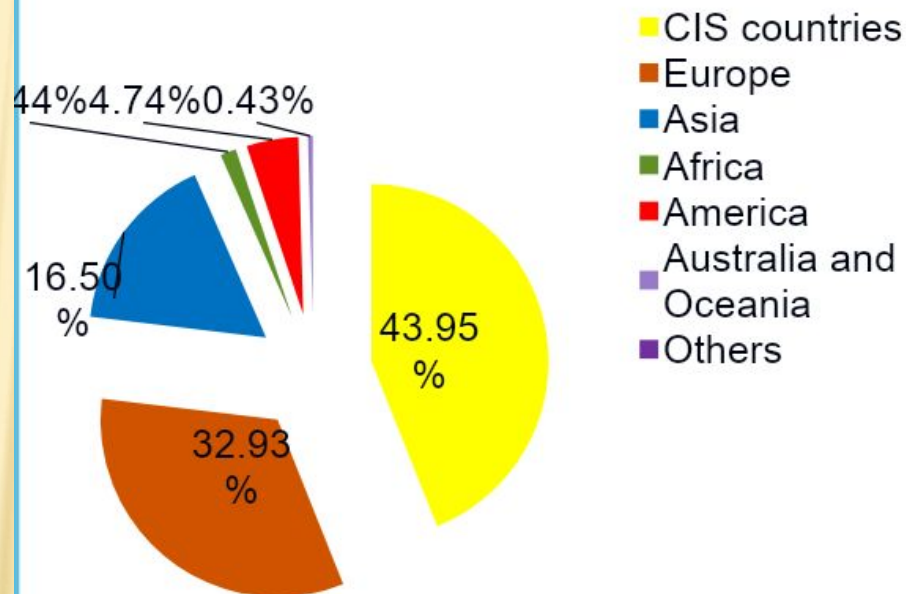
REGION	Exports, thsd.USD		Imports, thsd.USD	
	2009	2010	2009	2010
Total	9598330,3	11759405,7	5173531,6	5447694,3
CIS countries	3826642,9	5609587,0	787196,0	939834,3
Europe	2936122,5	3298465,3	2640159,7	2420878,8
Asia	1162398,9	1072169,2	1038833,9	1222967,4
Africa	164368,2	152931,5	43165,1	44981,9
America	1117480,9	1235734,2	450409,7	571033,0
Australia and Oceania	31339,5	40813,5	7149,4	7997,4
Areas not specified	359977,4	349705,1	206617,8	240001,5

UKRAINE'S FOREIGN TRADE IN GOODS, 2010

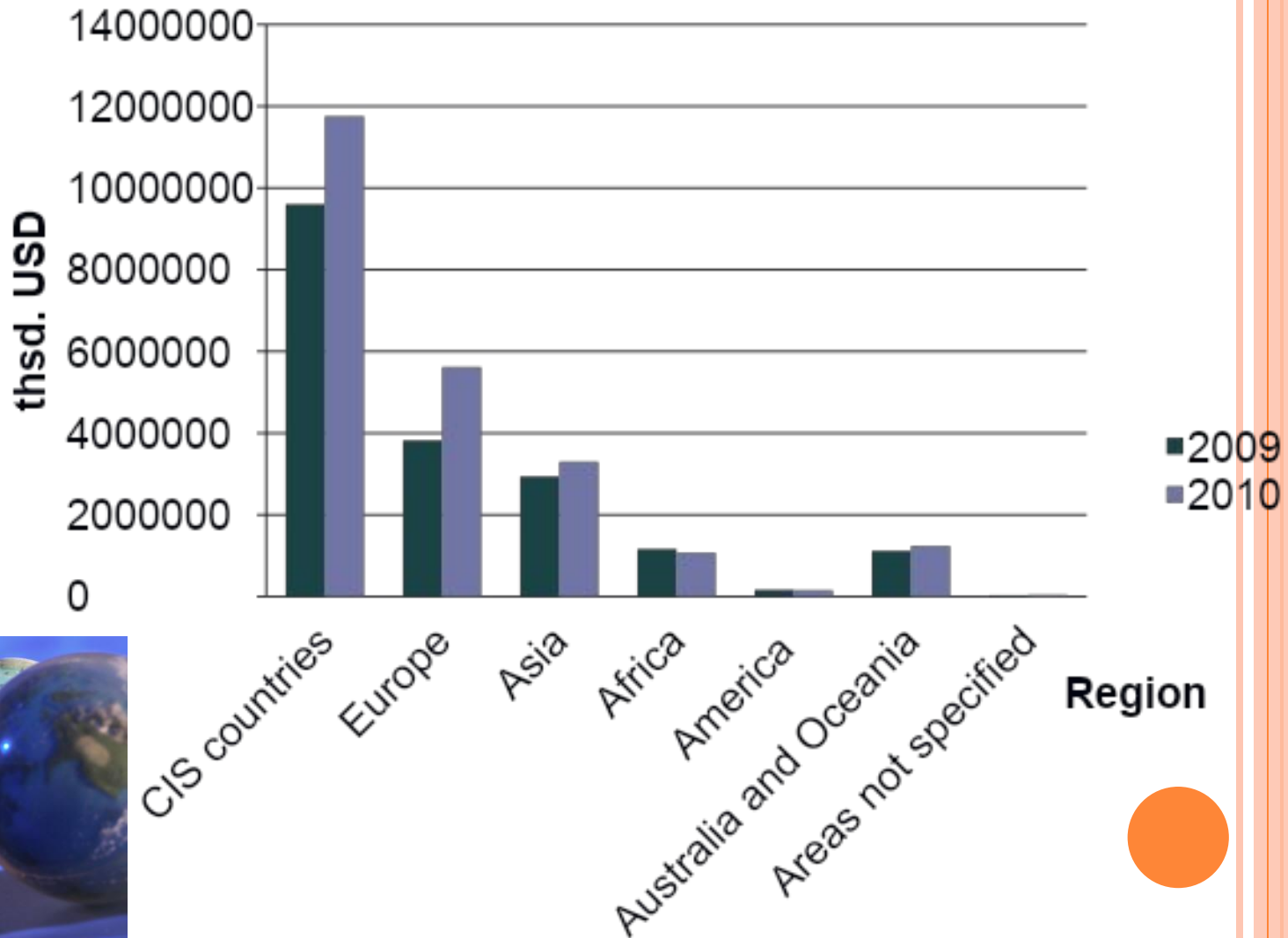
Export of goods



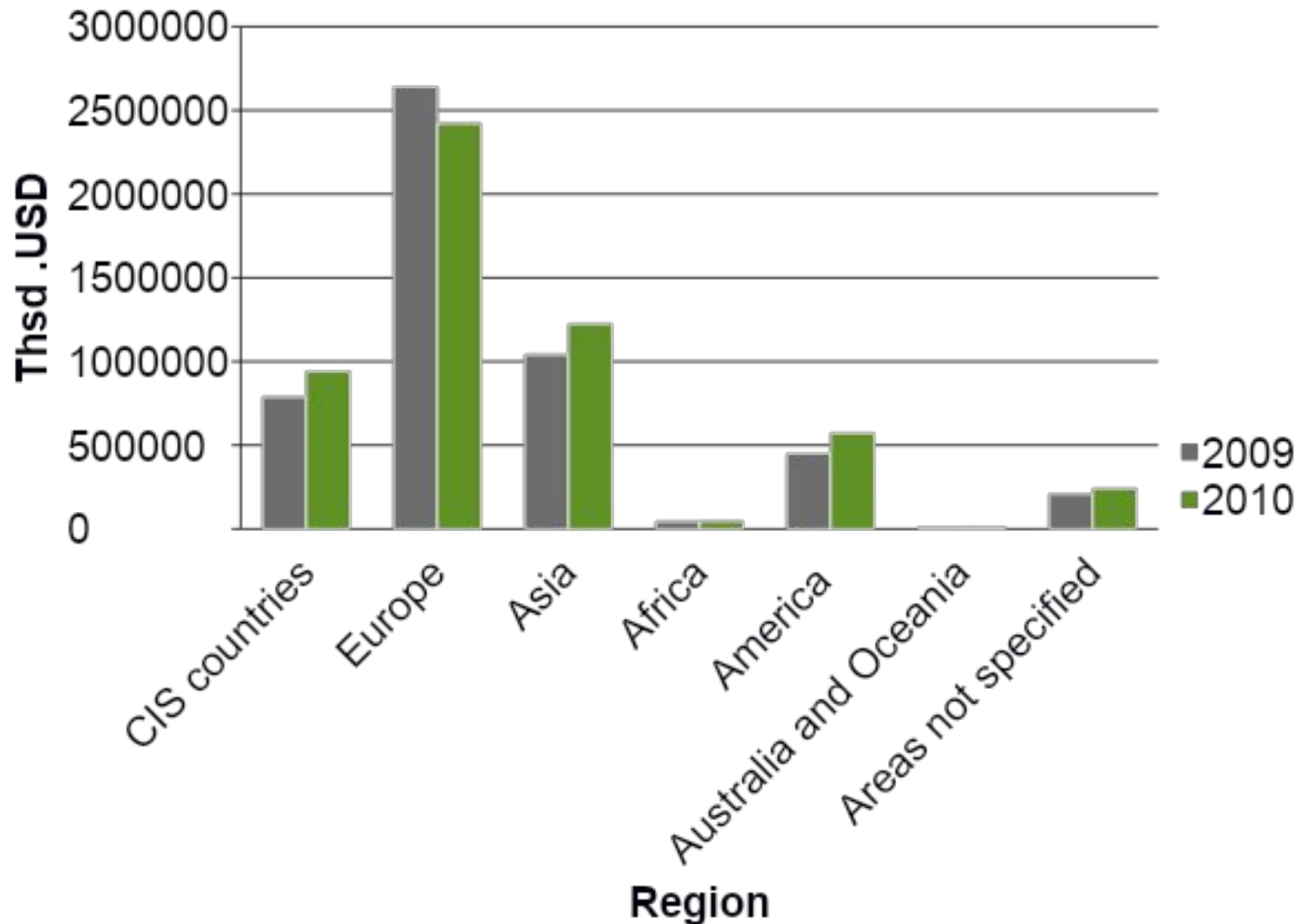
Import of goods



EXPORTS OF SERVICES (2009, 2010)



IMPORTS OF SERVICES (2009, 2010)



Changes in import

millions of euro, %

UKRAINE, Trade with the European Union				UKRAINE, Trade with the World			
Period	Imports	Variation (%, y-o-y)	EU Share of total Imports (%)	Period	Imports	Variation (%, y-o-y)	
2006	20.092	103,8	43,3	2006	46.386	59,2	
2007	24.597	22,4	44,9	2007	54.835	18,2	
2008	19.523	-20,6	33,8	2008	57.678	5,2	
2009	10.997	-43,7	34,0	2009	32.389	-43,8	
2010	15.783	43,5	35,2	2010	44.798	38,3	
2010Q1	2.529	-	29,6	2010Q1	8.531	-	
2010Q2	3.352	-	30,9	2010Q2	10.849	-	
2010Q3	4.682	-	37,6	2010Q3	12.454	-	
2010Q4	5.219	-	40,3	2010Q4	12.964	-	
2011Q1	-	-	-	2011Q1	-	-	
2011Q2	-	-	-	2011Q2	-	-	
2011Q3	-	-	-	2011Q3	-	-	
2011Q4	-	-	-	2011Q4	-	-	
Average annual growth (2006-2010)		-5,9		Average annual growth (2006-2010)		-0,9	

Changes in Export Trade with the European Union

Period	Exports	Variation (%, y-o-y)	EU Share of total Exports (%)
2006	8.970	9,2	28,7
2007	11.289	25,9	29,9
2008	12.298	8,9	27,4
2009	6.786	-44,8	24,0
2010	9.942	46,5	26,7
2010Q1	1.747	-	23,4
2010Q2	2.605	-	26,0
2010Q3	2.659	-	27,7
2010Q4	2.930	-	29,0
2011Q1	-	-	-
2011Q2	-	-	-
2011Q3	-	-	-
2011Q4	-	-	-
Average annual growth (2006-2010)		2,6	

Changes in Export Trade with the World

Period	Exports	Variation (%, y-o-y)
2006	31.203	14,7
2007	37.789	21,1
2008	44.884	18,8
2009	28.240	-37,1
2010	37.194	31,7
2010Q1	7.452	-
2010Q2	10.036	-
2010Q3	9.595	-
2010Q4	10.111	-
2011Q1	-	-
2011Q2	-	-
2011Q3	-	-
2011Q4	-	-
Average annual growth (2006-2010)		4,5

The result of two-year membership in WTO



General trends

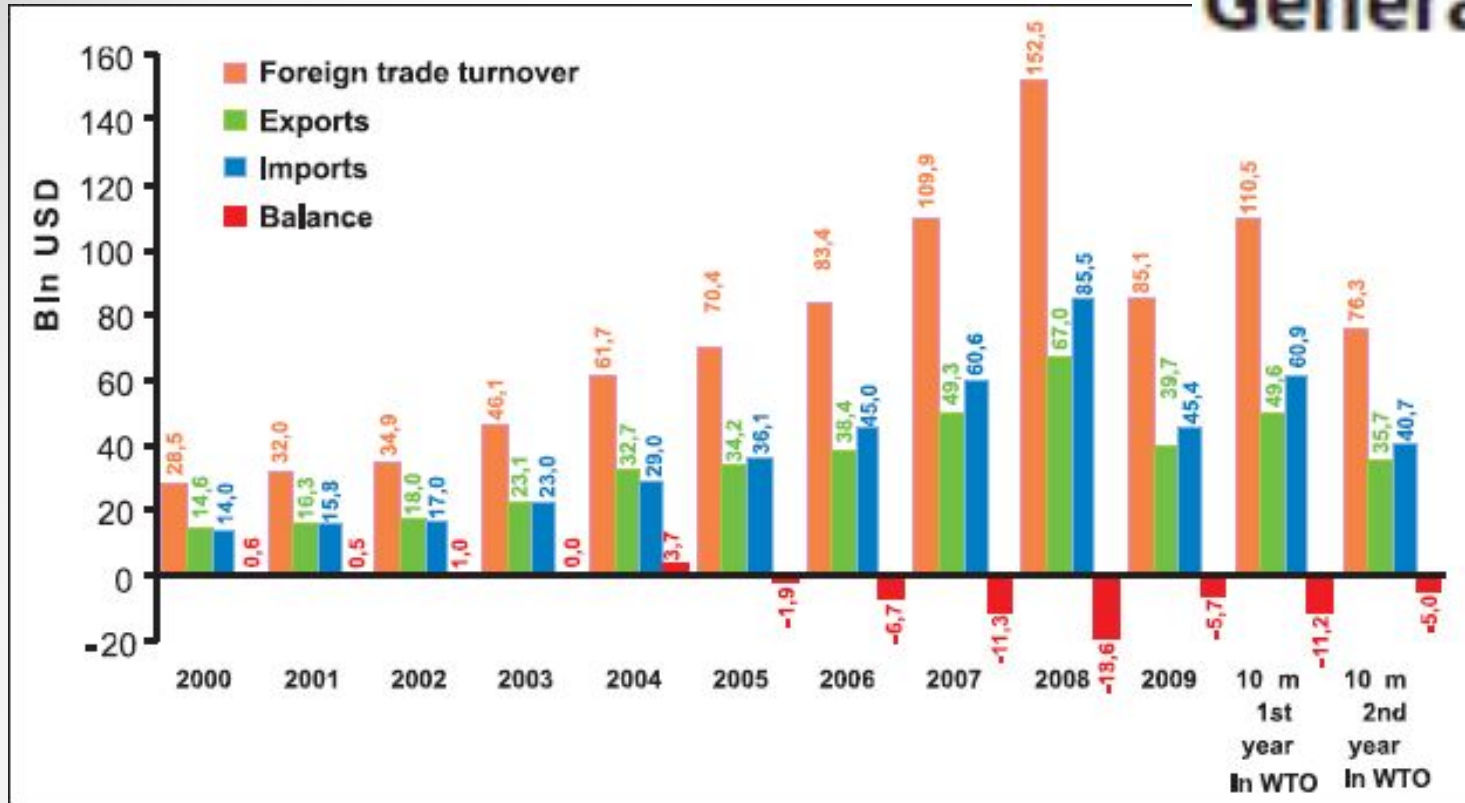


Fig. 1. Dynamics of major indicators of Ukrainian foreign trade in goods: 2000-2009, June 2008 – March 2009, June 2009 – March 2010

The second year of Ukraine's WTO membership is understood to consist of the period from June 2009 through May 2010, however, only statistical reports on foreign trade as of March 2010 inclusive was available

Commodity structure of export

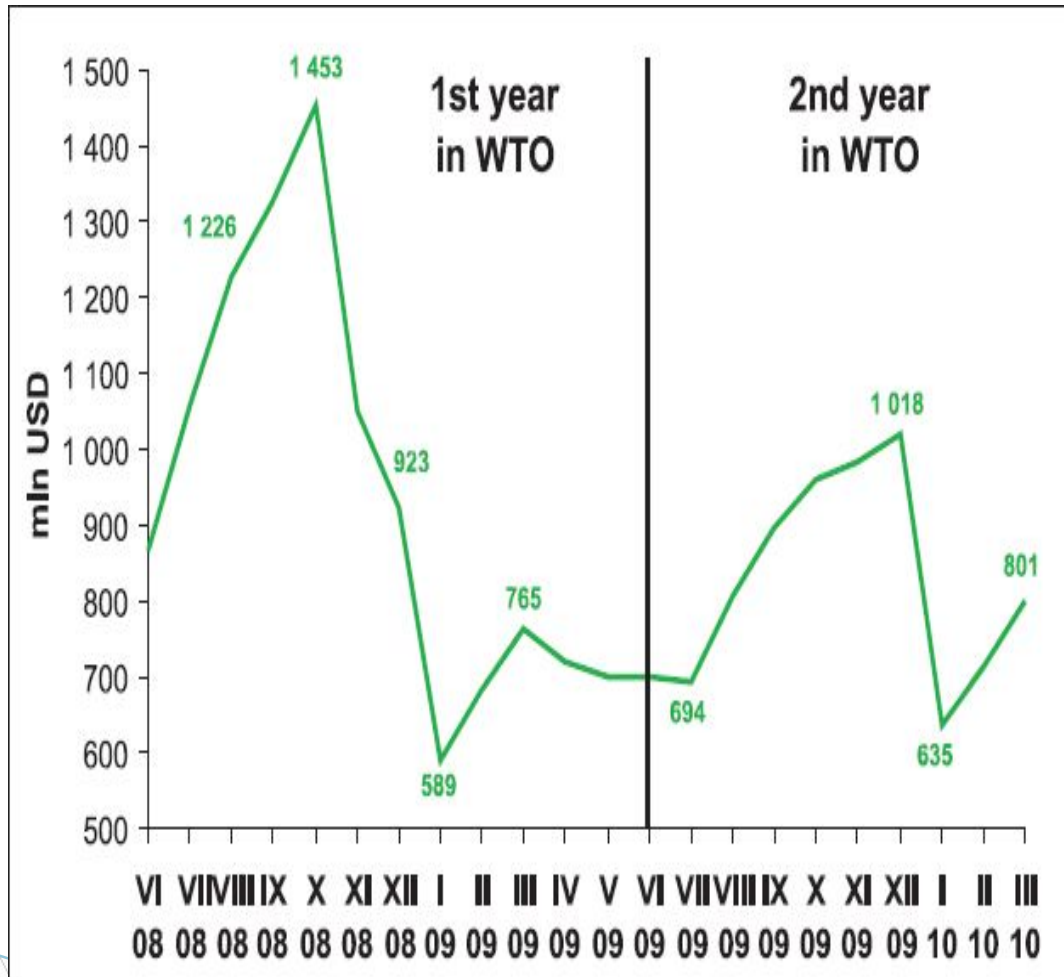
Ukraine: export commodity structure after Ukraine's accession to the WTO

	10 months of the 1 st year in the WTO June 2008 – March 2009		10 months of the 2 nd year in the WTO June 2009 – March 2010	
	bn USD	%	bn USD	%
Total	49.6	100	35.7	100
Ferrous metallurgy products	19.0	38	11.4	32
Agricultural products	9.9	20	8.2	23
Machine-building (machines and equipment; vehicles)	8.0	16	6.3	18
Chemical industry products	4.1	8	2.8	8
Energy commodities	3.0	6	2.3	6
Other	5.5	11	4.8	13

METAL PRODUCTS

Trends featuring reduction of ferrous metal products' share in export, seen in the first year of Ukraine's WTO membership, continued³. In particular, the share decreased by 6% during the second year as compared to the first membership year—down to 32% in the export structure. During 2005-2008, export supplies of metal products were within 41-43%.

Agricultural products



Agriculture is the only sector in Ukraine demonstrating growth during the financial and economic crisis: for example, gross output growth in 2009 was 0.1% year-on-year. All other sectors demonstrated production decline indicators. Positive results of agricultural operations became possible due to successful export activities as well.

Fig. 2. Dynamics of agricultural product export after Ukraine's accession to WTO

Industrial products

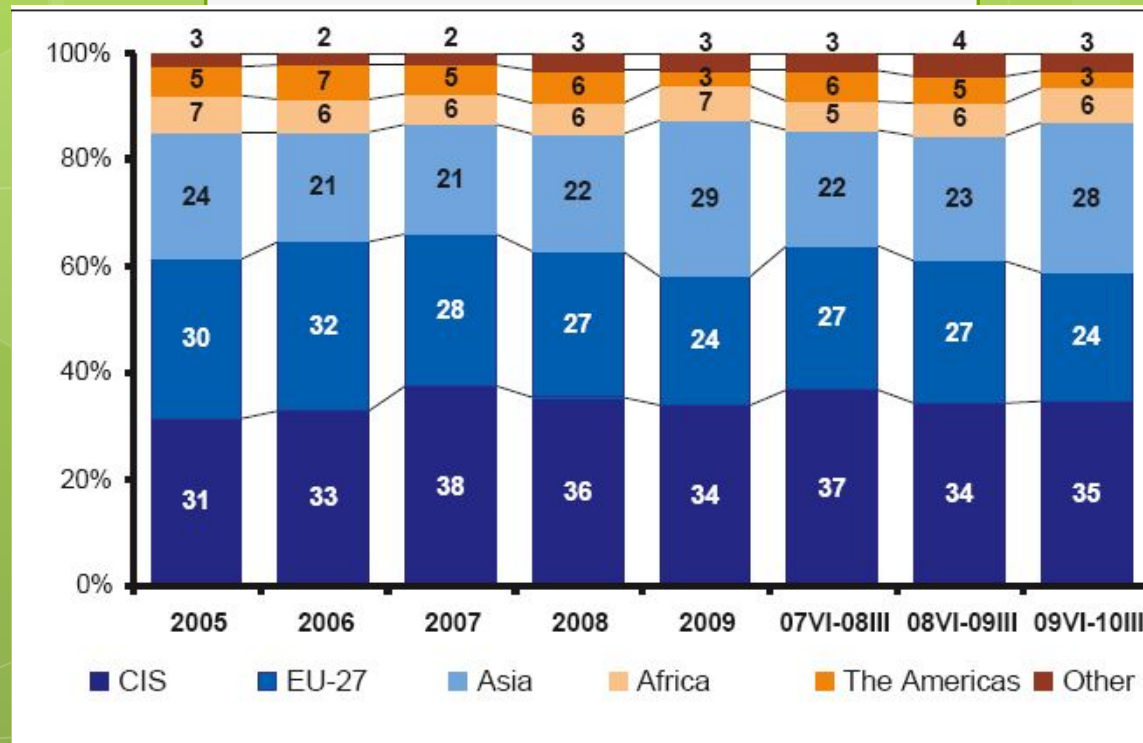
The country's industrial development is determined by the share of this sector's products in the general structure of export deliveries. Ukraine's industry lost almost a half of its capacity during 1995-1999; for example, industrial output index was within 49-51% in that period if we take the 1990 figure as 100%. Such trends adversely affected competitiveness of Ukrainian-made industrial products at the global markets.

Chemical industry products

In the period covering the second year of Ukraine's WTO membership, export deliveries of chemical products dropped by 33% compared to the corresponding period of the previous year. This is the second position in terms of export volume decline after metallurgical complex products.

GEOGRAPHIC STRUCTURE OF EXPORT

The geographic structure of export generally did not change in the second year of the WTO membership. Like in the previous years, key consumers of Ukrainian-made goods include the CIS countries – 35% in the structure, and the EU-27 – 24%.



COMMODITY STRUCTURE OF IMPORT

The dynamics and structure of import commodity deliveries to Ukraine during its second year of the WTO membership were mainly determined by impacts of a global financial crisis:

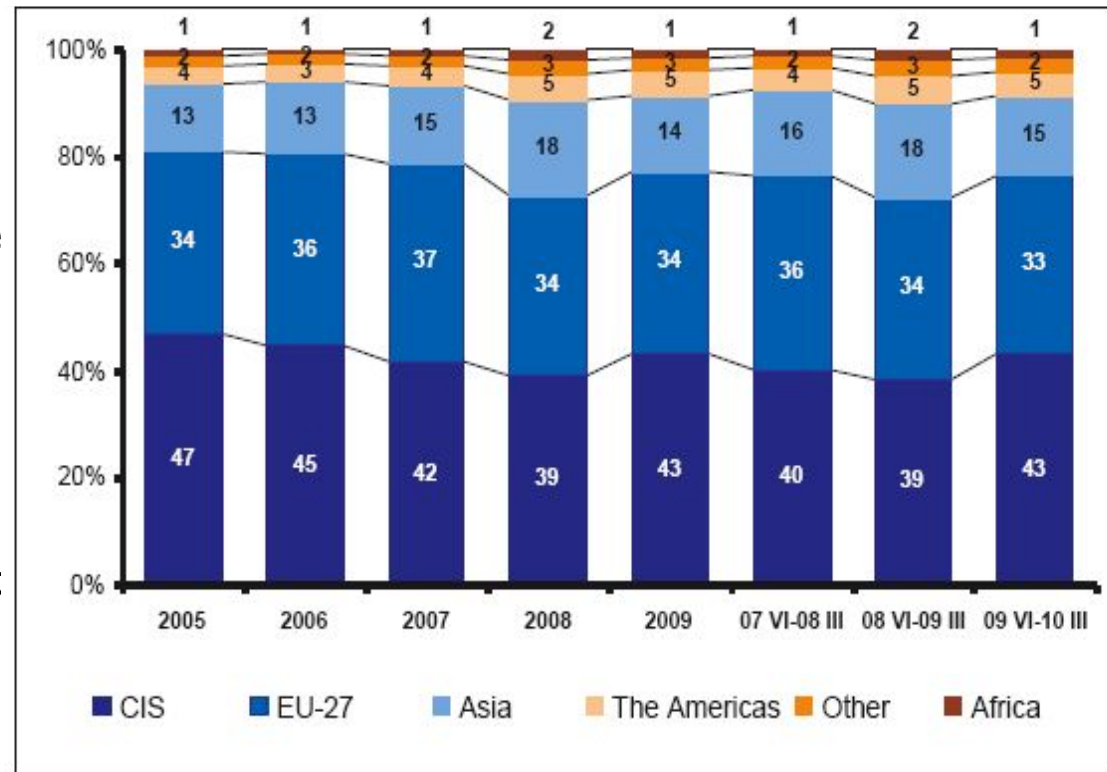
- * industrial output decline caused a decrease in Ukrainian enterprises' demand for raw materials and energy resources;
- * decreasing investment activity affected reduction in the needs for import of machine-building products, equipment, vehicles, and other technological goods;
- * abrupt contraction in consumer lending and people's income caused a decline in importation of consumer goods: household appliances, motor cars, and foodstuffs;
- * restricted access to financial resources necessary to carry out import transactions;
- * hryvnia devaluation increased the cost of imported goods.

COMMODITY STRUCTURE OF IMPORT

	10 months of the 1 st year in the WTO June 2008 – March 2009		10 months of the 2 nd year in the WTO June 2009 – March 2010	
	bn USD	%	bn USD	%
Total	56.9	100	40.7	100
Energy commodities	16.7	27	12.8	31
Machine-building (machines and equipment; vehicles)	17.8	29	8.2	20
Chemical industry	8.3	14	7.2	18
Other	8.5	14	5.6	14
Agricultural products	5.2	9	4.3	11
Ferrous metallurgy	4.4	7	2.5	6

GEOGRAPHIC STRUCTURE OF IMPORT

The global financial crisis also affected the geographic structure of import commodity deliveries to Ukraine. A tendency toward decrease in the CIS share, seen in the previous year, stopped; besides, imports to Ukraine from the CIS countries in value terms declined the least as compared with other regions of the world – by 26%, whereas total import reduction amounted to 33%.

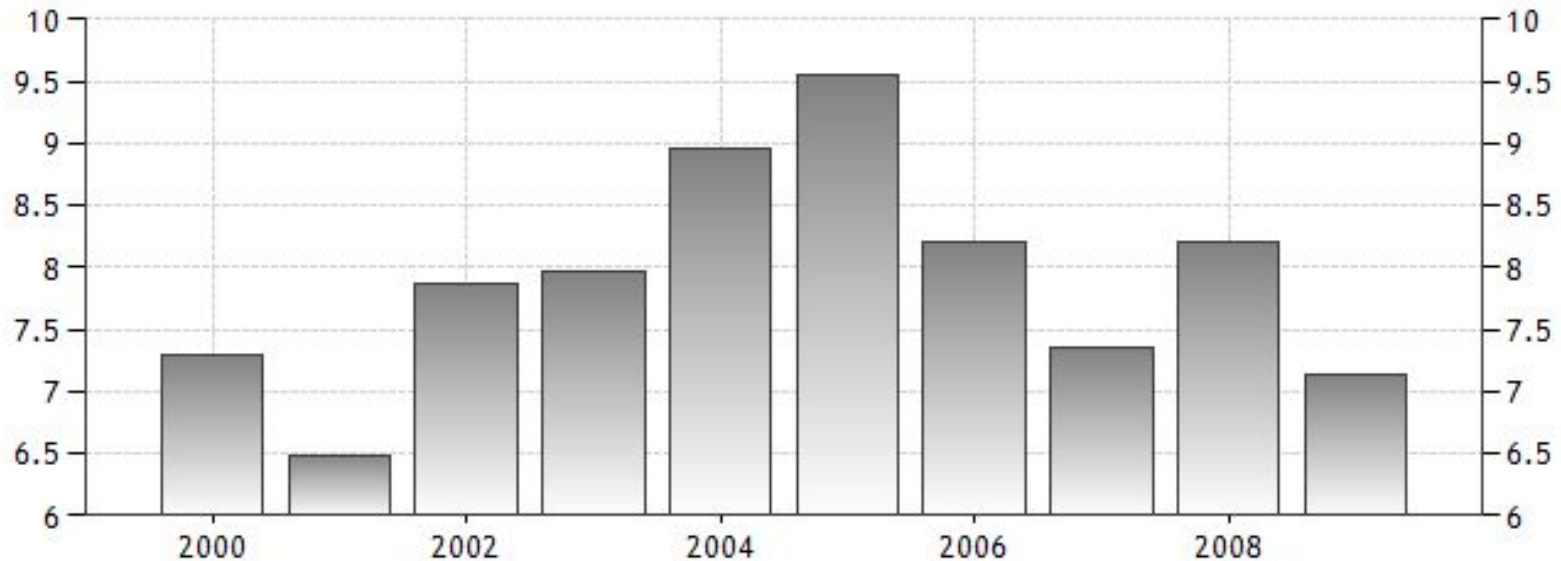


Internal taxes (VAT, excise)

- Ensuring a national treatment concerning internal taxation and regulation is a basic WTO principle, i.e. imported goods shall be granted no less favourable treatment than domestic ones.
-

Customs and other import duties (% of tax revenue) in Ukraine

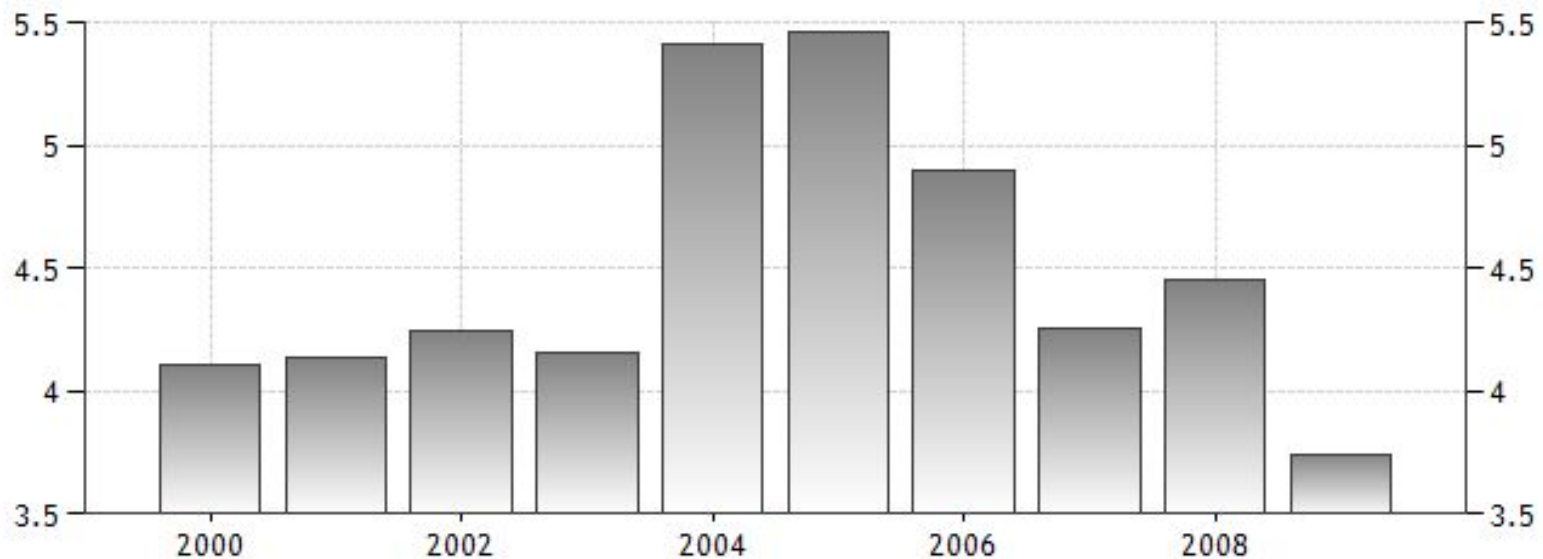
UKRAINE - CUSTOMS AND OTHER IMPORT DUTIES (% OF TAX REVENUE)



Source: TradingEconomics.com

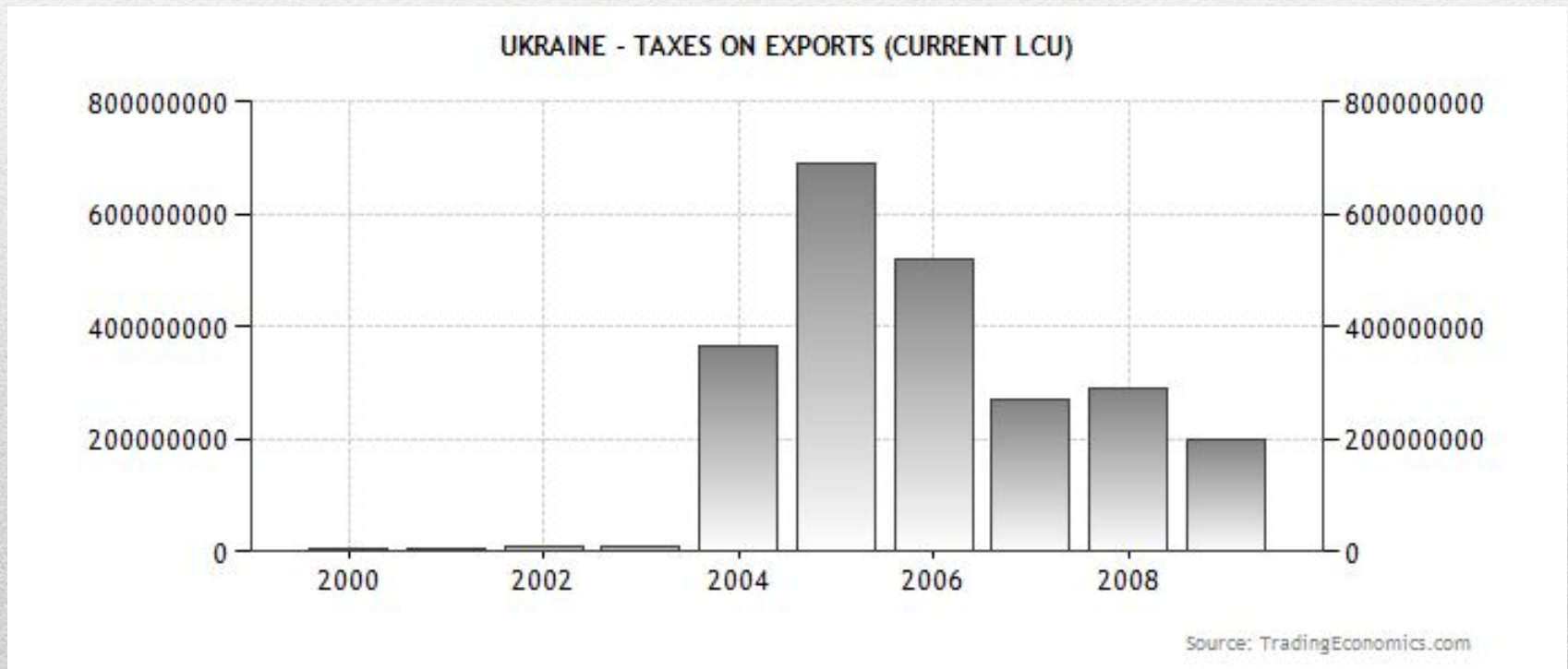
Taxes on international trade (% of revenue) in Ukraine

UKRAINE - TAXES ON INTERNATIONAL TRADE (% OF REVENUE)

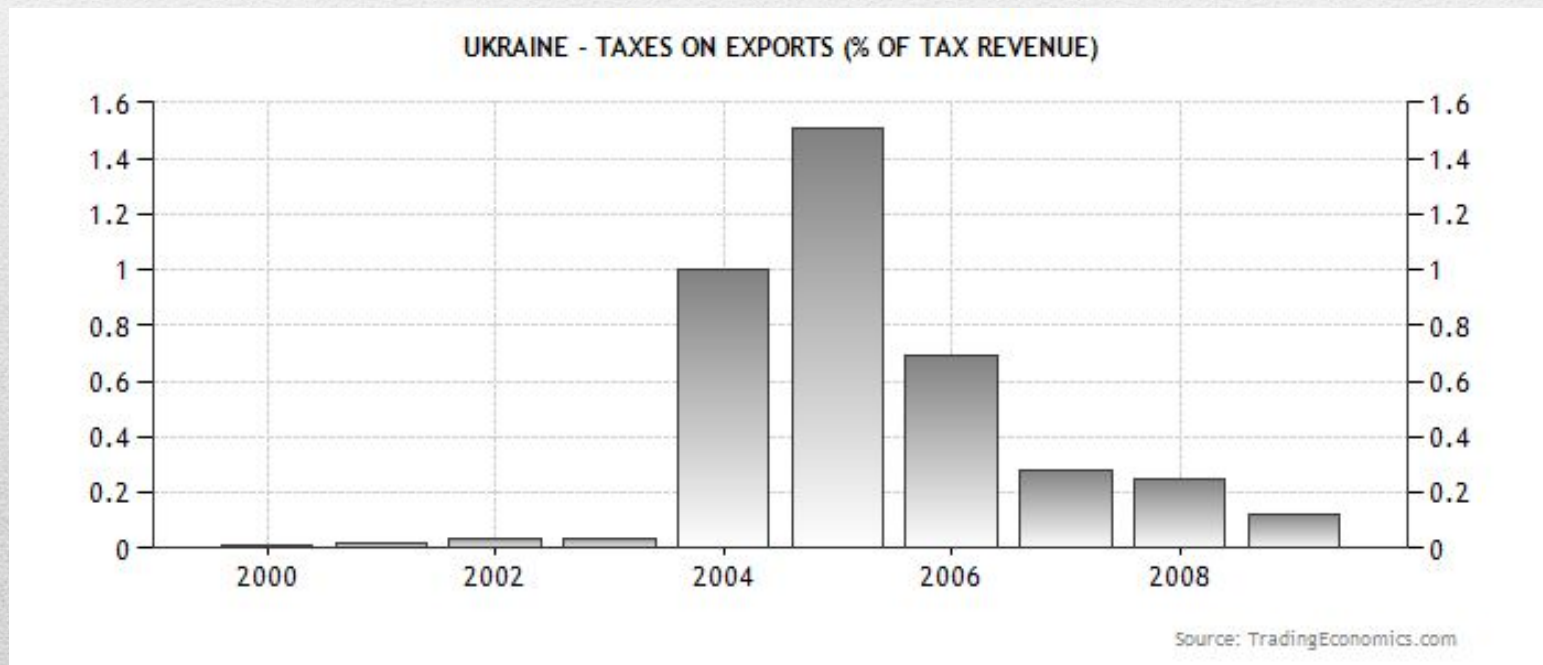


Source: TradingEconomics.com

Taxes on exports (current LCU) in Ukraine



Taxes on exports (% of tax revenue) in Ukraine



Customs valuation, other customs formalities, and customs regulation

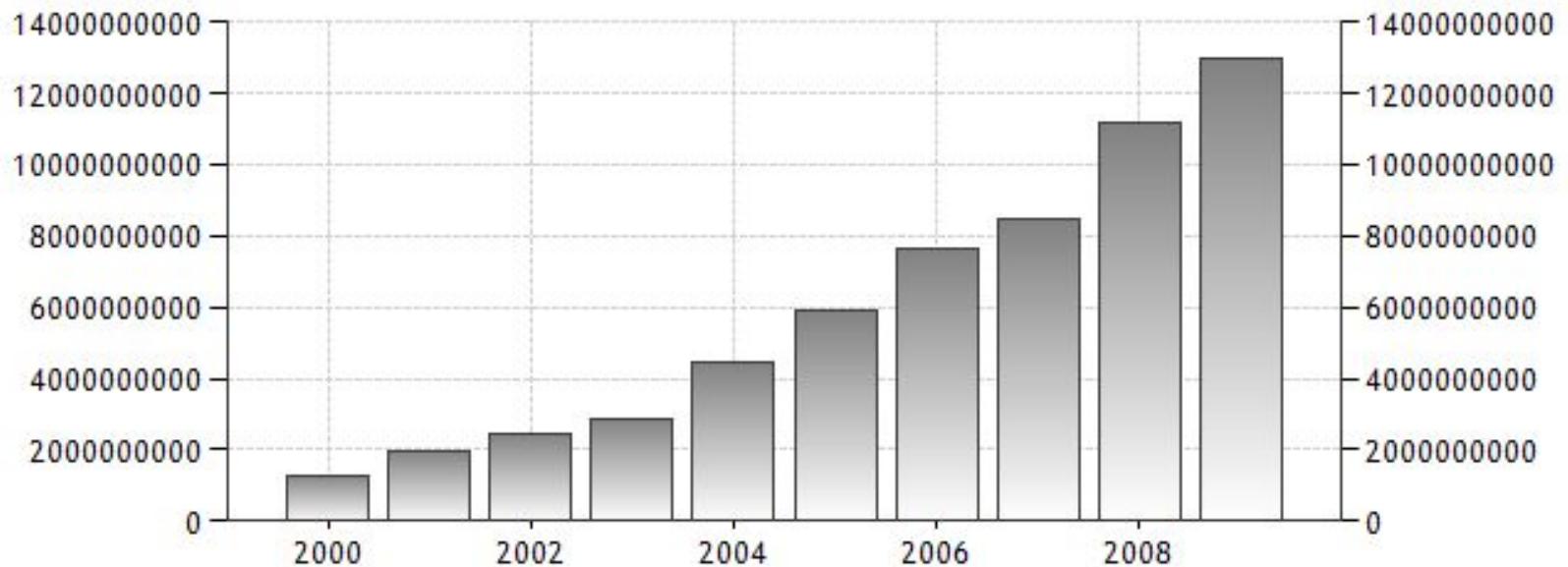
- All regulations, formalities and requirements related to import of goods, statistical control, documents, customs clearance, certification, inspection and analysis, or any changes in those regulations, formalities and requirements at customs offices must be published by a WTO Member State for timely notification of importers.

Technical barriers to trade

- Applying technical regulations and standards for non-protectionist purposes based on scientific justification and with no unnecessary obstacles to international trade.
- All national and regional standards shall be voluntary except those referred to protect national security interests, prevent deceptive practices, protect human, animal or plant life or health and environment.

Taxes on international trade (current LCU) in Ukraine

UKRAINE - TAXES ON INTERNATIONAL TRADE (CURRENT LCU)



Source: TradingEconomics.com

Customs Union

- Ukraine's accession to the Customs Union with Russia, Belarus and Kazakhstan with no serious complication is possible subject to the following conditions being met:
 - accession of Russia, Belarus and Kazakhstan to the WTO;
 - adoption by Russia, Belarus and Kazakhstan of trade tariff barriers to third-party countries at a level not higher than adopted by Ukraine when joining the WTO;
 - affiliation of Russia, Belarus and Kazakhstan, already as WTO members, to Ukraine's negotiations on a free-trade area (FTA) with the EU. If Ukraine has already had a FTA with the

Customs Union

- If Ukraine acceded to the Customs Union with Russia, Belarus and Kazakhstan without the above-stated conditions, it would mean the following to Ukraine:
 - dissolution of Ukraine's existing agreement with the WTO and commencement of negotiations with the WTO on new terms;
 - complication of negotiations with the EU on a free-trade area and their postponement until Russia, Belarus and Kazakhstan join WTO.

Market access for goods

- Tariffs
 - 10.66% for agricultural products
 - 4.95% for industrial goods
 - sugar - 50%
 - sunflower seed oil - 30%
 - Other products with tariff ceilings of 25% include certain radio-broadcast receivers, catgut, and certain conveyor/transmission belts

Market access for services

- Ukraine has made specific commitments in all 11 “core” service sectors
 - business services
 - communication services
 - construction and related engineering services
 - Distribution
 - education and environmental services
 - financial services (insurance and banking)
 - health and social services
 - tourism and travel
 - Recreational
 - cultural and sporting services
 - and transport services

Ukraine's accession documents

- Ukraine's commitments on goods — a 890-page list of tariffs, quotas and ceilings on agricultural subsidies, and in some cases the timetable for phasing in the tariff cuts
- Ukraine's commitments on services — a 40-page document outlining the services in which Ukraine is giving access to foreign service providers on a non-discriminatory basis and any additional conditions, including limits on foreign ownership
- The Working Party report — a 240 page

Merchandise exports/imports (2006)

- Merchandise exports: USD38.368 billion
- Merchandise imports: USD45.035 billion

Services exports/imports (2006)

- Commercial services exports: USD10.671 billion
- Commercial services imports: USD8.484 billion

Trends in foreign trade in goods during two years of Ukraine's membership

Indicators	First year	Second year
in the WTO		
exports	12% increase	28% decrease
<i>owing to</i>		
ferrous metallurgy products	4% increase	40% decrease
agricultural goods	73% increase	17% decrease
imports	7% increase	33% decrease
<i>owing to</i>		
energy commodities	15% increase	23% decrease
agricultural goods	34% increase	17% decrease
industrial products (machine-building and vehicles)	—	54% decrease
negative trade balance	12% decrease	56% decrease

Geographical structure of export

	June 2009	March 2010
EU-27	27%	24%
CIS countries	34%	35%
Asia	23%	28%

- the largest supply decline was to the Americas – by 55%
- the lowest decrease was in supplies from Asia – by 14%;

Geographical structure of import

	June 2009	March 2010
CIS countries	39%	43%
Asia	18%	15%

- The biggest decrease was from USA – by 50%
- The least of all from the CIS – by 26%

Reasons for the lowest decline of export supplies

- ❑ high yields of grain and oil-bearing crops in 2008-2009;
- ❑ favourable pricing environment at global markets;
- ❑ hryvnia devaluation in 2008-2009 also improved competitiveness of Ukrainianmade
- ❑ agricultural products;
- ❑ due to the financial crisis, freight rates became substantially lower than before
- ❑ the crisis;
- ❑ lifting and non-introduction by the Ukrainian government of new quantitative
- ❑ export restrictions for agriculture that do not comply with the WTO
- ❑ requirements

*Reasons of dynamics of import:

- ✓ decreasing investment activity affected reduction in the needs for import of
- ✓ machine-building products, equipment, vehicles, and other technological goods;
- ✓ industrial output decline caused a decrease in Ukrainian enterprises' demand for
- ✓ raw materials and energy resources;
- ✓ abrupt contraction in consumer lending and people's income caused a decline in
- ✓ importation of consumer goods: household appliances, motor cars, and foodstuffs;
- ✓ restricted access to financial resources necessary to carry out import transactions;
- ✓ hryvnia devaluation increased the cost of imported goods.

Ukraine takes active part in the work of the WTO committees and subcommittees

- Committee on Technical Barriers,
- Committee on Intellectual Property (TRIPS),
- meetings of the Council for TRIPS,
- Committee of Import Licensing,
- Committee for Regional Trade Agreements,
- Committee for Customs Valuation,
- Committee for Balance of Payments,
- Committee for Government Procurement,
- Committee for Agriculture.

PROMISING MEASURES

- ❖ Promotion of export of Ukrainian-made products to foreign markets, drafting a law on financial support for export (export insurance and lending);
- ❖ expanding a range of Ukrainian export goods by increasing supplies of hi-tech products;
- ❖ establishing a wide-scale information system on foreign trade, and encouraging small and medium-size business to export activities;
- ❖ carrying out state monitoring of global prices in certain commodity markets as well as monitoring and forecasting of conditions in domestic and foreign markets of industrial and agricultural products and providing information to enterprises;
- ❖ ensuring reformation of the national system of technical regulation according to the WTO and EU requirements;
- ❖ increasing the expert level of domestic business associations, and intensifying their participation in the WTO activities.



Thank you for attention!