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EU-Ukraine Association Agreement: reforms and results

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The Association Agreement and the economic growth

The Association Agreement creates opportunities for the stronger economic growth of Ukraine by stimulating investments and exports. It is done by:

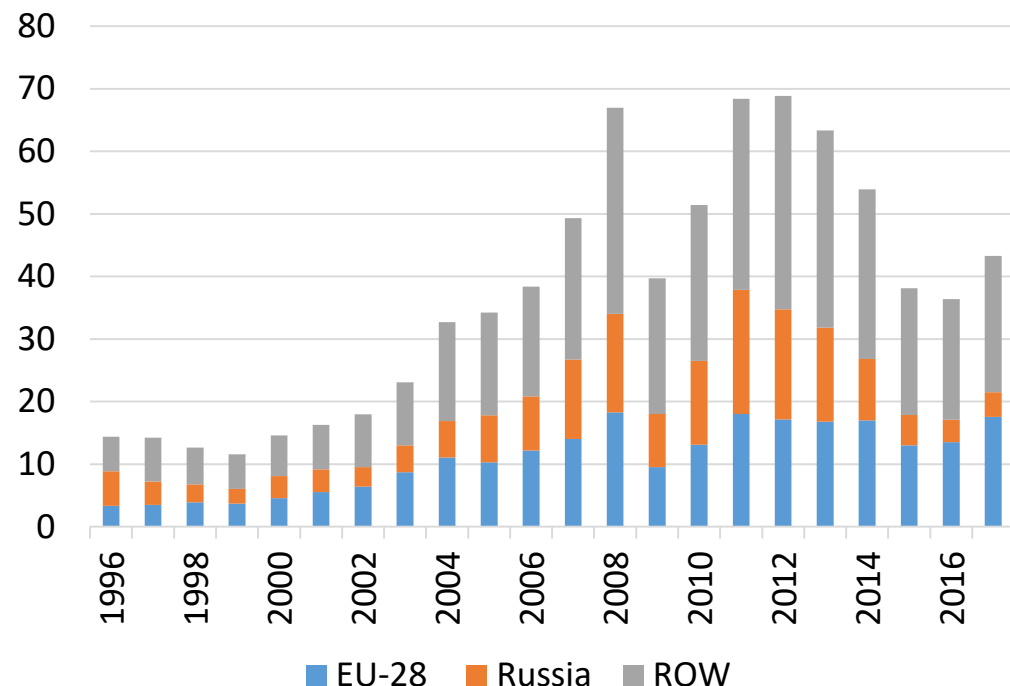
- Placing **the rule of law among fundamental principles** of the Agreement
 - ⇒ better protection of property rights as investments prerequisite
- **Anchoring the regulatory environment** in Ukraine to the EU norms and practices
 - ⇒ higher predictability of Ukraine's business climate
 - ⇒ easier access to the markets of the third countries
- Liberalizing **the market access to the EU market**
 - ⇒ more exports opportunities

Ukraine: some of launched reforms

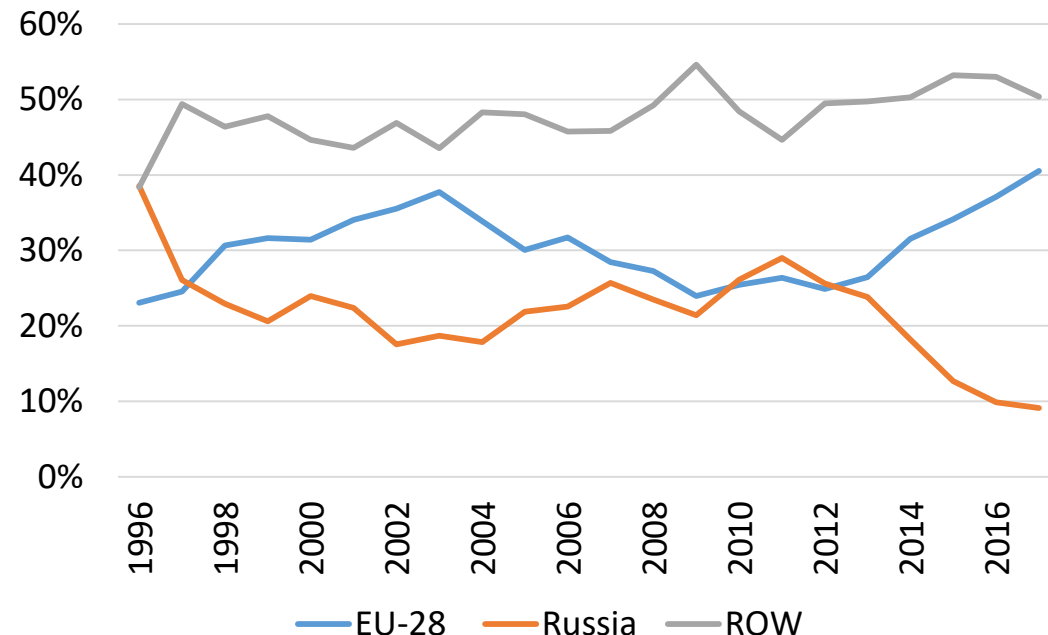
Area of reforms	Brief description of key undertakings
Judicial and anti-corruption	New structure of judiciary system, increased independence of judges; new anti-corruption institutions; higher transparency
Food and industrial products safety	New legislation and institutions; increased recognition
State aid and competition policy	New law on state aid; strengthened competition authority
Public procurements	On-line transparent public procurement
Energy sector	New laws on gas and energy markets; independent regulator
Customs	Single window at customs
Environmental protection	Law on environmental impact assessment; national emissions reduction plans
Digital sector	Laws on electronic commerce and electronic trust services
Intellectual property rights protection	High Court for Intellectual Property Matters

Ukraine's export in goods by destination

USD bn



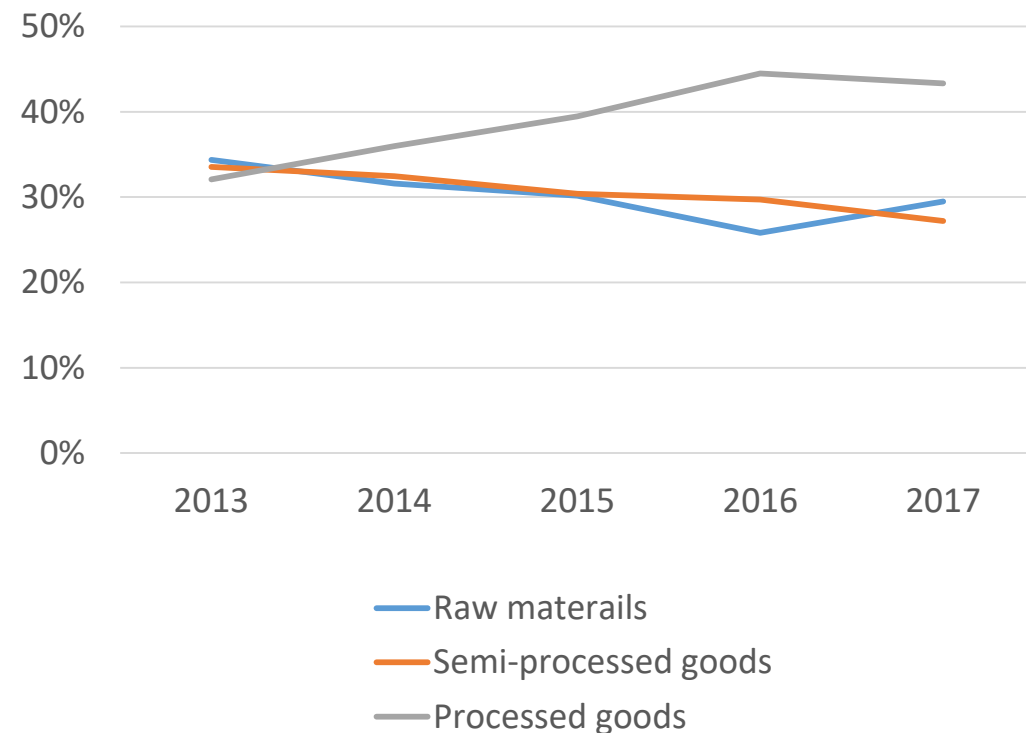
% of total



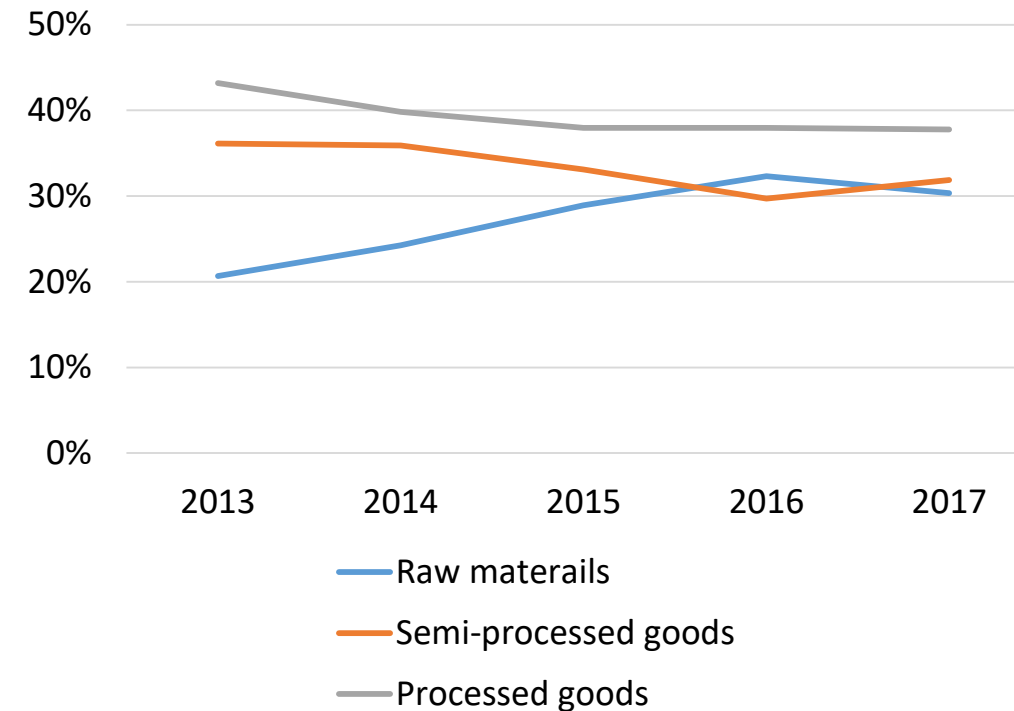
- In 2017, Ukraine exports to the EU was USD 17.5 bn (**highest since 2011**) and 41% of total (**absolute max since independence**)
- After steep reduction, exports to Russia stabilized at USD 4 bn and 9% of total. Still, Russia remained the largest export destination among individual countries

Exports to the EU by level of processing

European Union



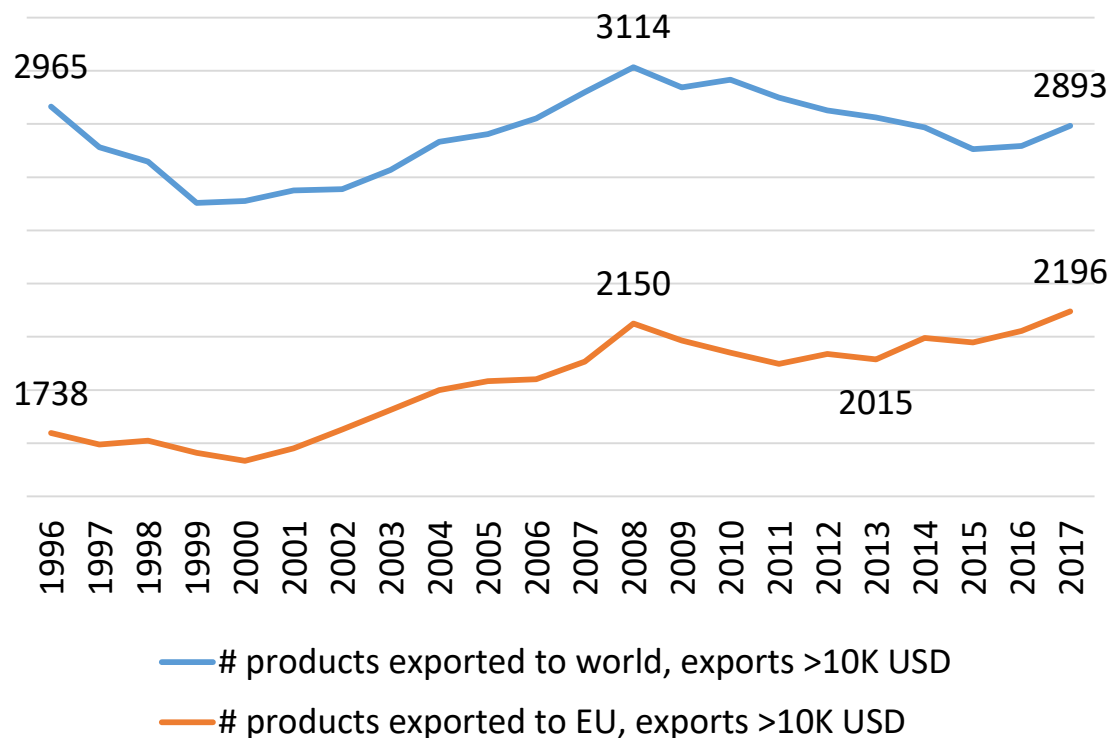
Rest of the World



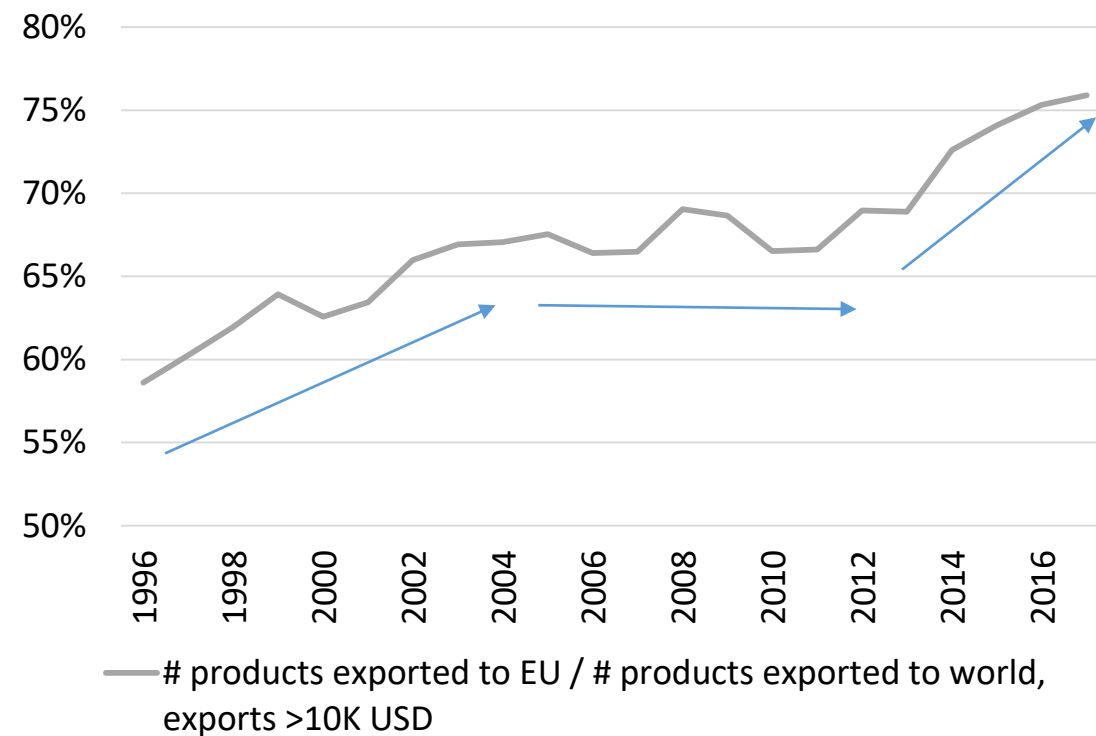
- Importance of **finished products in exports to the EU increased** from 32% in 2013 to 43% in 2017, while importance of raw materials exports reduced
- Key finished products exported to the EU are sunflower oil and electric machinery

Exports to the EU: variety

Number of products, 6-digit HS



% EU share of product variety exported to world



- **Product diversify of exports to the EU has increased** noticeably since the DCFTA launch
- Compared to 2013, in 2017 Ukraine exported 181 products more, while variety of its exports to the ROW shrunk by 173 products

Challenges and risks

- External:
 - Reduction in global prices on key commodities
 - Growing protectionism of trade partners:
 - EU introduced import duties on maize (maize is subject to TRQs under DCFTA)
 - EU anti-dumping duty on steel products
 - USA safeguard import duties on steel and aluminum
- Internal:
 - Uncompleted reform agenda and slowdown of reforms
 - Growing domestic protectionism and violation of commitments:
 - Moratorium on wood logs exports
 - “Buy Ukrainian” draft law

Thank you!!!

Contacts



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