

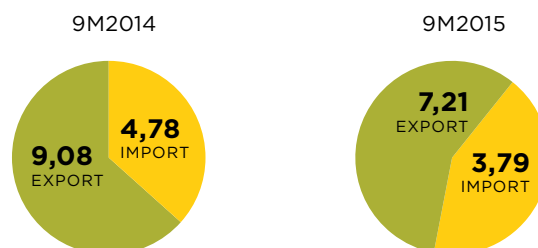
# INTERNATIONAL TRADE DEVELOPMENT ISSUES AND PROSPECTS OF IMPLEMENTATION OF EU

## KEY QUANTITATIVE INDICATORS OF INDUSTRY (2015 TO 2014)

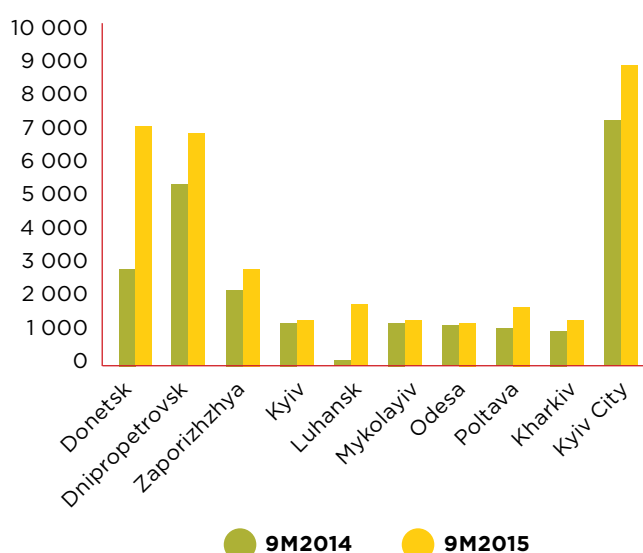
VOLUMES OF GOODS EXPORT/IMPORT  
\$ BLN.



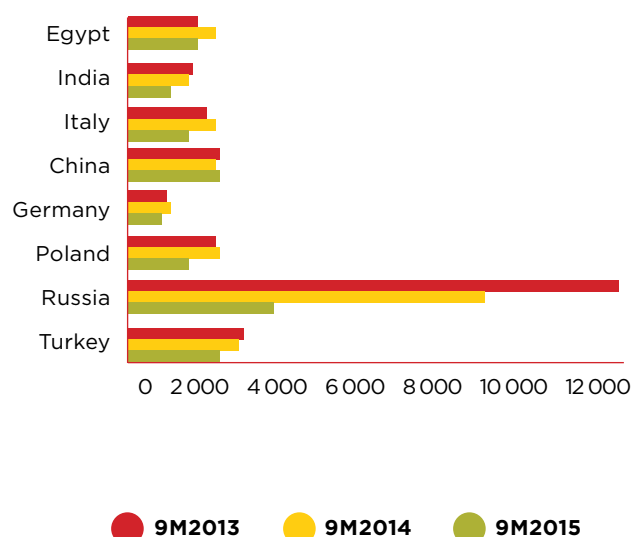
VOLUMES OF SERVICES EXPORT/IMPORT  
\$ BLN.



EXPORT OF GOODS BY KEY REGIONS  
\$ MLN.



EXPORT OF GOODS BY KEY COUNTRIES  
\$ MLN.



According to the State Statistics Service of Ukraine

CUSTOMS REGULATION

## MAIN PROBLEMS/ CHALLENGES

Being an export-oriented country Ukraine's economy depends to a high extent on the international trade. For the past two years the volumes of international trade have significantly declined. The main challenges that lead to such result in 2014/2015 were the following:

- Annexion of the Crimea and occupation of the industrial parts of Donetsk and Luhansk regions
- Continuing military conflict in the Eastern Ukraine
- Struggle to move away from Ukrainian economy's dependence on the Russian Federation
- Low competitiveness of Ukrainian products in the EU market
- Poor protection of exporters and promotion of exports to foreign markets by the Government
- Low share of small and medium enterprises in export
- Poor regulation of export/import activities in Ukraine
- Lack of knowledge about available remedies under international trade treaties

## EXPECTATIONS/OPPORTUNITIES/ INNOVATIONS

Ukraine should expect improvement of its export potential in 2016 provided that the Government and the Parliament implement the sound reforms and create the framework for support and promotion of Ukrainian export.

### The following developments and initiatives should positively impact the export potential of Ukraine in 2016:

Approximation of the Ukrainian legislation to the EU legislation in the fields of trade, customs and tax regulations (i.e. Union Customs Code, state standards in respect of goods and services) ✓

✓ Entrance into force of the Deep and Comprehensive Free Trade Area between Ukraine and the EU

Joining the WTO Government Procurement Agreement that provides access for Ukrainian companies to public procurement markets of other countries ✓

✓ Establishment of export-credit agency

Introduction of aggressive foreign trade policy and establishment of trade representative offices for promotion of Ukrainian export abroad; ✓

✓ Raising awareness among of Ukrainian businesses about export opportunities

Implementation of the Union Customs Code adopted as EU Regulation 952/2013 (the "UCC"), this will allow to: approximate Ukrainian customs legislation to the EU regulations, simplify trade between Ukraine and the EU, and establish the most favorable conditions for exporters ✓

According to the Association Agreement between Ukraine and the EU, Ukraine has an obligation to implement the UCC during the period of three years upon entrance into force of the Association Agreement. However, the Government is expected to consider the draft law implementing the UCC and submit it to Verkhovna Rada at the end of 2015/beginning of 2016. Therefore, it is very likely that the law may be adopted by Parliament in 2016.

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Ukrainian authorities must focus on improvement of competitiveness of Ukrainian goods and services globally. To accomplish an efficient export strategy, Ukrainian authorities still have to complete their homework (ensure timely and adequate VAT refunds on exports, improve currency control rules, enhance tax administration and improve overall treatment of business in Ukraine). Once these steps are implemented it should be possible to introduce new technologies and innovations and to pursue an aggressive export strategy for promotion of Ukrainian products.

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**Ihor Olekhov**  
Partner of Baker & McKenzie, Kyiv