

Impact of EU Enlargement in 2004 on Ukraine's Foreign Trade

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Budapest, 6 February 2004

Presentation plan

1. About the International Centre for Policy Studies
2. Achievements and Challenges for Ukraine's Foreign Trade
3. Impact of EU Enlargement in 2004 on Ukraine's Foreign Trade

About the International Centre for Policy Studies

What is the International Centre for Policy Studies?

- ICPS is an independent research organisation, founded by the Soros-funded Open Society Institute in 1994
- Our goal is to promote public policy concepts and procedures in Ukraine
- ICPS works with different interest groups — government, business, NGOs, mass media

ICPS services

We offer the following services:

- public policy research
- economic and business research
- political analysis
- training for policy process participants
- facilitation of public dialogue

Research fields

- Economic policy
- Policy analysis
- Public administration reform
- Regional policy and local self-government
- European integration
- Development of NGO's
- Education policy

Regular publications

- *Quarterly Predictions* — a quarterly overview of Ukraine's economy and 3-year development forecast (the only product of its kind in Ukraine)
- *Political Commentary* — an analytical bulletin that evaluates Ukraine's government policy and the various processes affecting it
- *Consumer Confidence* — a unique for Ukraine quarterly survey of household expectations, generating five standard indices
- *Economic Statistics* — a monthly table of statistical data that are important for doing business in Ukraine
- *Regional Trends* — analysis and forecast of regional development and regional policy
- *Policy Studies* — journal publishing the results of ICPS research on the most important issues of government policy, including an annual analysis of the impact of legislative changes on the business climate in Ukraine

Information about ICPS services is posted on www.icps.kiev.ua

Internet shop launched in May 2003

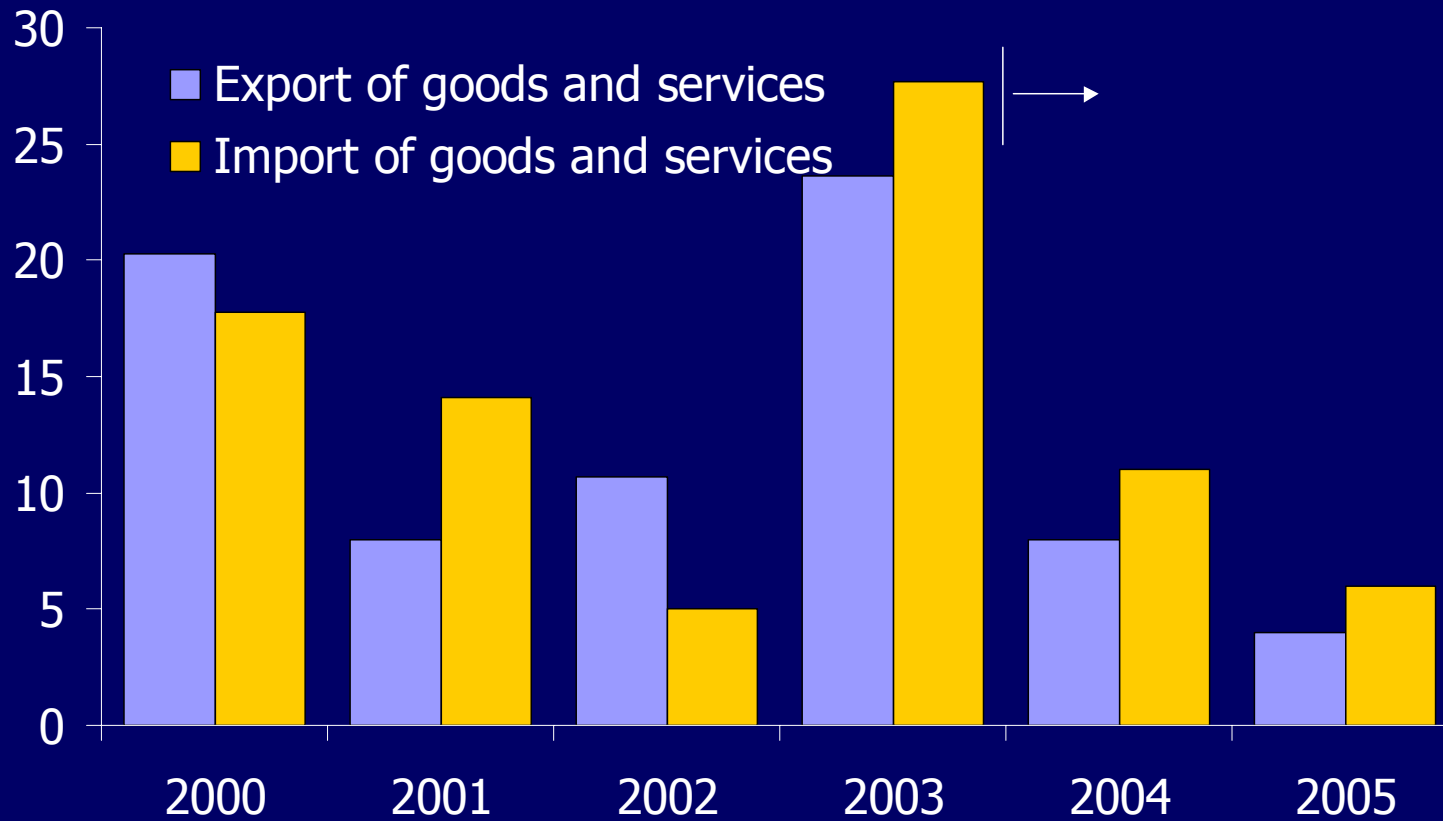
Achievements and Challenges for Ukraine's Foreign Trade

Achievements and challenges for Ukraine's foreign trade

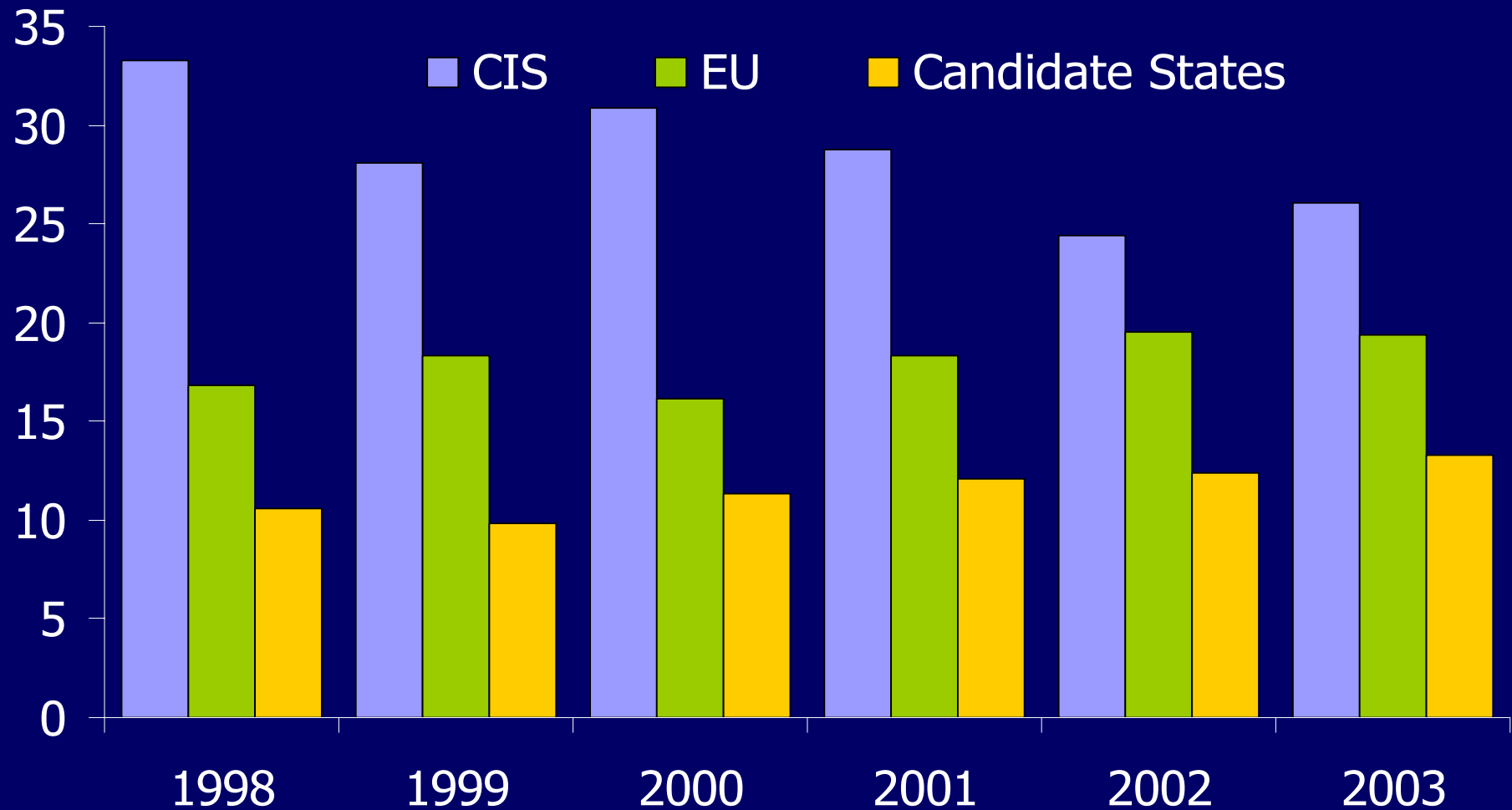
- Foreign trade is the main factor of economic growth in 2003
- EU enlargement and WTO accession are the challenges for 2004–2005

Export and import dynamics

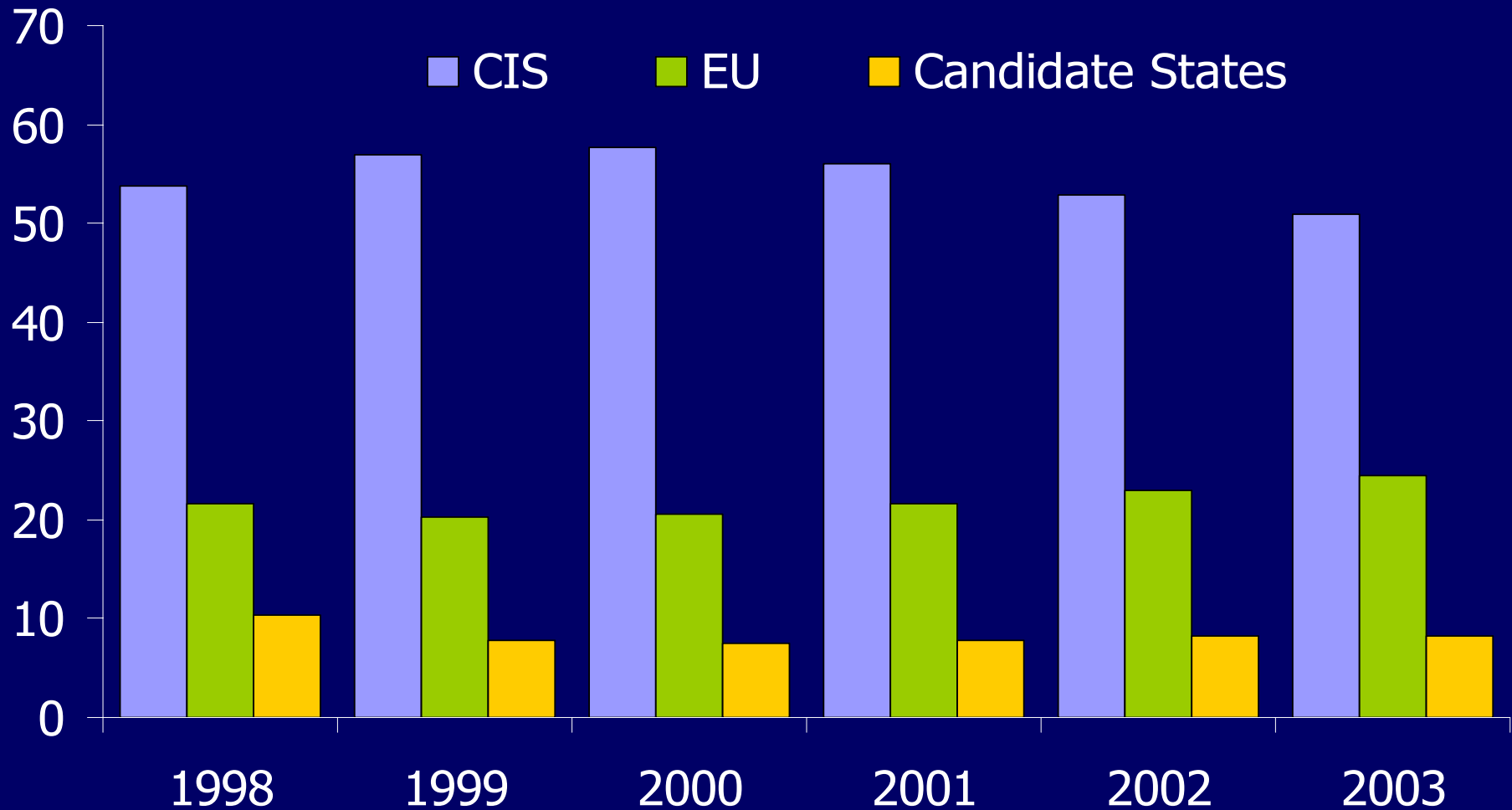
% real change



Structure of Ukrainian exports



Structure of Ukrainian imports



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Impact of change in tariff barriers on Ukraine's exports

Positive impact

- + Tax burden reduction
- + Drop in prices on Ukrainian exports to candidate countries (except Baltic states)

Negative Impact

- Raise in price on Ukrainian exports to Baltic states

Impact of change in non-tariff barriers on Ukraine's exports

Positive impact

- + Market expansion as a result of accelerated growth in candidate countries

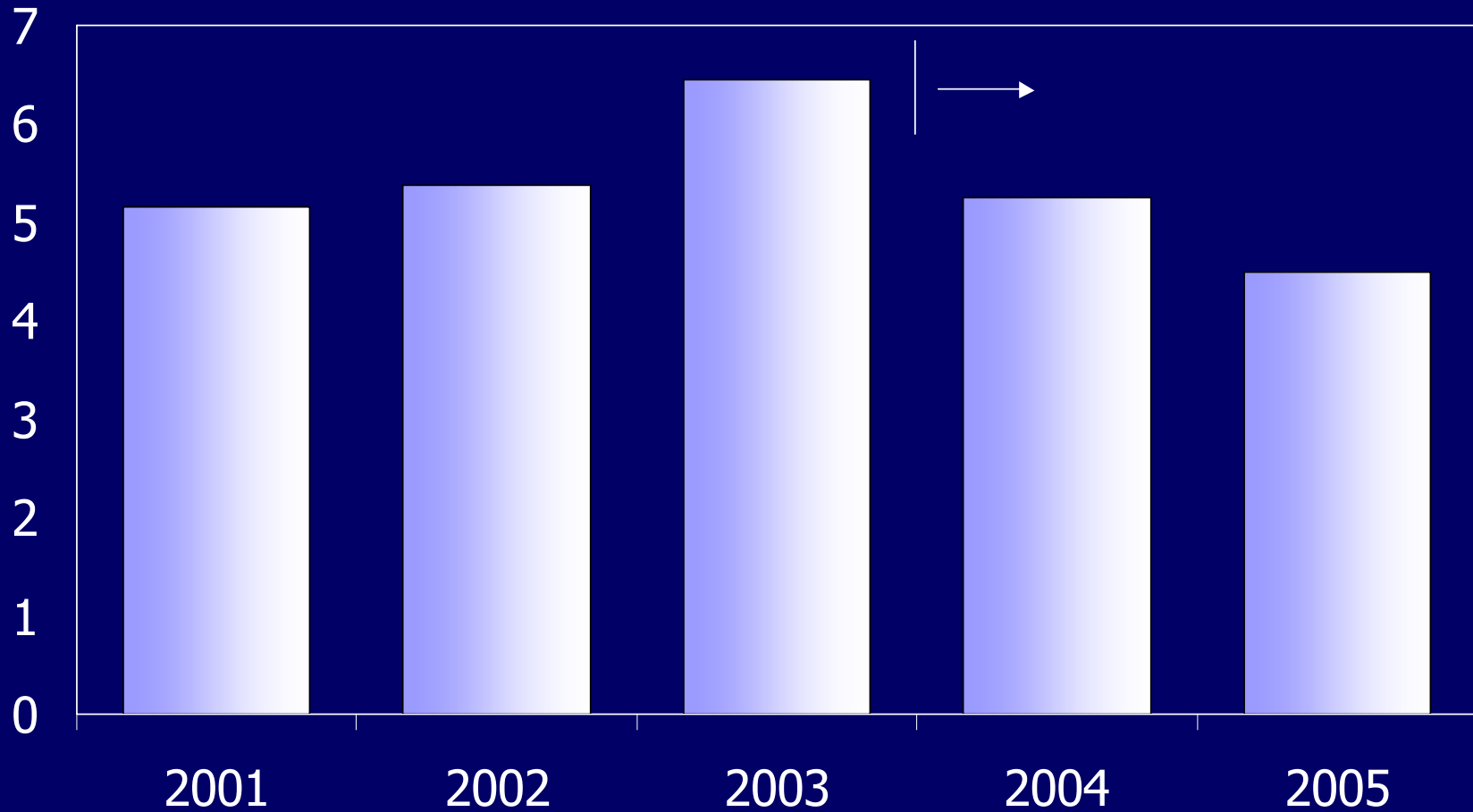
Negative Impact

- Quotas for metal products
- EU antidumping and special measures (ferrous metals and chemicals)
- Quotas for grain, non-conformity of quality of agricultural commodities with EU standards

Aggregate impact of EU enlargement, millions USD

Events	Short term (2004–2005)		Medium term (2006–2007)	
	Pessimistic scenario	Optimistic scenario	Pessimistic scenario	Optimistic scenario
<i>Impact of tariff restrictions</i>	15	34	15	34
<i>Impact of non- tariff restrictions</i>	-357	-357	-164	26
<i>Total</i>	-342	-323	-149	60

Export to candidate countries, % of GDP



Advantages of EU enlargement for Ukraine

- Ukraine becomes 'closer' to Europe
- Raise in FDI to Ukraine from EU-15
- Development of Ukraine's Western region
- Increase of EU technical assistance to Ukraine

Risks

- European enlargement impact itself – more economy tensions
- Discrepancies between 'Old' and 'New' Europe
- Rapid integration of Ukraine into the Common Economic Area

Tasks

- WTO Accession **ASAP**
- Fulfillment of the *Partnership and Cooperation Agreement between Ukraine and the EU*
- The EU granting Ukraine market economy status
- Fulfillment of Action Plans of the Communications from the Commission *Wider Europe* and *Paving the Way for a New Neighbourhood Instrument*

Further details see at site

www.icps.kiev.ua/eng/projects/eu_enlargement_impact.html

Thank you for your attention

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