



The Business & Law Readers Digest

**Ukraine
and the WTO**

Banking and Finance // Beverages Industry // Corporate // Corporate Dispute Resolution // Due Diligence // Employment // Financial Services // Insurance // Investments // Kyoto Protocol Implementation // Logistics // Mergers and Acquisitions // Natural Resources // Oil and Gas // Representative Office // Land // **Ukraine and the WTO** // Ukraine and Russia // Tourism



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Introduction

"Thanks to our integration into the global economy, there will be a 1.7 percent improvement in our gross domestic product. WTO membership will boost foreign direct investment by \$3.5 billion (2.4 billion euros) and exports by \$4 billion per year."

*The President of Ukraine
Victor Yushchenko*

Ukraine's long wait for accession to the World Trade Organization (the WTO) is going to be over soon. Officially it started back on 15 September 1993, when the Cabinet of Ministers of Ukraine adopted Resolution No. 730 "On Establishment of the Inter-Departmental Commission for Issues of the Accession of Ukraine to the General Agreement on Tariffs and Trade". Almost directly after that, on 30 November 1993, Ukraine submitted an official application to the GATT Secretariat. The formal accession process may be regarded as having commenced on 17 December 1993 with the establishment of the Working Party on the Accession of Ukraine to the GATT, a committee which is currently chaired by Mario Matus, the Ambassador of Chile to the WTO. Presently, the Working Party of Ukraine includes 42 WTO members, but that number can change.

Working Party Meetings are the main

elements of the WTO accession process, at which meetings intermediary results are summed up and the degree of preparedness of a candidate for WTO membership is determined. Sixteen official meetings of the Working Party on the Accession of Ukraine to the WTO - and a number of unofficial ones - have been held over 13 years.

The first document prepared by Ukraine for the Working Party review was a Memorandum on the foreign trade regime of Ukraine. That document gave a clear picture to the WTO members on Ukraine's foreign trade regime and was passed to the Working Party in June 1994.

The Working Party held two meetings, in view of the Memorandum, in 1995. At those meetings the WTO members monitored the status of economic reforms and the process of reformation of the foreign trade regime of Ukraine, and analyzed its compliance with the WTO rules. It was resolved to conduct negotiations on access to markets for goods on the basis of the concept for transforming the tariff system proposed by Ukraine. Meanwhile, Ukraine had to carry out the tariffication of non-trade barriers to trading in agricultural products and to harmonize national law in accordance with the requirements of the WTO Agreements.



The third Working Party meeting was held in June 1996 and it was agreed that Ukraine had to improve agreements on free trade and industrial cooperation within the nations of the CIS, whose agreements were inconsistent with the non-discriminating trade principles of the WTO system.

Along with that, Ukraine had started bilateral negotiations on access to markets for goods and services with WTO members in January 1997. The results of those negotiations were summarized and discussed at the next two Working Party meetings in May and November 1997. Ukraine's customs regulations and state support of agriculture was reviewed at those meetings as well.

The Memorandum on Protection of Intellectual Property Rights in Ukraine was prepared and disseminated by the Ukrainian delegation at the sixth Working Party meeting in June 1998.

A two year break between the sixth and seventh meetings delayed the process of Ukraine's accession to the WTO. As a result of the subsequent stagnation, the previous results in many areas of the negotiations were lost. Therefore, the seventh meeting in July 2000 became of an informative nature, and renewal of multilateral and bilateral negotiations on the accession of Ukraine to the WTO should be considered as the main result of this meeting.

Later on the information materials were prepared by the Ukrainian party, for the Working Party meeting in June 2001, to wit: review of legislative acts and draft laws as to their conformity to the WTO Agreements; answers to the consolidated request of the Members of the Working Party; a mechanism of implementation of legislation in high-profile areas of trade relations; fees that were collected at the time of importation of goods into the customs territory of Ukraine; a Schedule for the approval of draft laws for a period of 18 months; review of law in the area of protection of intellectual property rights.

As an outcome of the meeting, the State Action Plan on the Accession of Ukraine to the WTO was drafted by the Ukrainian government - in July 2001. The then Ukrainian President, Leonid Kuchma, announced that Ukraine would become a WTO member by no later than 2002. But, for certain reasons, that date was moved to 2003.

Ukraine had passed 15 out of the 20 laws specified in the Schedule for the approval of high-priority draft laws between the Working Party meetings in July 2001 and June 2002. Moreover, Ukrainian delegation provided a new Schedule listing 15 draft laws for approval by March 2003. At the meeting at which the Schedule was announced, the Working Party also passed a resolution to prepare a



checklist of questions on the trade regime of Ukraine. Responses to these questions were used as a basis for the preparation of final documents: the Report of the Working Party and Protocol of Accession of Ukraine to the WTO.

The answers to the list of questions on foreign trade regime were reviewed at a meeting in February 2003 and a resolution was passed to prepare the first version (literally, "elements") of the draft Report of the Working Party.

The Working Party reviewed the elements of the draft Report at its meeting in October 2003. All delegations which attended the meeting supported a proposal of the Chairman of the Working Party to move from preparation of elements of the draft Report of the Working Party to working on a full-scale draft Report. Thus, Ukraine entered officially into the final stage of formation of its commitments relating to WTO membership.

The official discussion of the full-scale Report of the Working Party and determination of further steps aimed at speeding up the accession of Ukraine to the WTO took place in April 2004. The Working Party members had discussed each of the seven sections of the draft Report.

The sections of the draft Report of the Working Party that relate to taxation, subsidizing and price setting in

Ukraine were reviewed at the meeting in September 2004.

70% of the draft Report was agreed at the meeting in March 2005, and the Working Party requested for additional information and clarifications in respect of certain sections.

In February 2006, Ukraine was granted the status of a country with a market economy by the US government. In the previous two years Ukraine had adopted 38 laws essential for accession to the WTO. The bilateral negotiations with 49 out of 50 members of the Working Party were completed.

Members of the Working Party adopted the "accession package" of Ukraine at the meeting in January 2008. And finally, on 5 February 2008, the accession package was considered and approved by the WTO General Council. The President of Ukraine and the Director General of the WTO signed the Protocol of Accession of Ukraine to the WTO.

"The accession process was long and arduous and required difficult policy decisions from Ukraine."

Chilean Ambassador and Chairman of the Working Party Mario Matus



Ukraine

BASIC INDICATORS

Population (thousands, 2006)	46 571	Rank in world trade, 2006	<u>Exports</u>	<u>Imports</u>
GDP (million current US\$, 2006)	106 111	Merchandise	52	45
GDP (million current PPP US\$, 2006)	355 889	Commercial services	42	47
Current account balance (million US\$, 2005)	2 531	Merchandise excluding intra-EU trade	36	28
Trade per capita (US\$, 2004-2006)	1 886	Commercial serv. excl. intra-EU trade	25	30
Trade to GDP ratio (2004-2006)	103.5			
			<i>Annual percentage change</i>	
			2006	2006
Real GDP (2000=100)	155		8	7
Exports of goods and services (volume, 2000=100)	124		4	-1
Imports of goods and services (volume, 2000=100)	148		7	8

TRADE POLICY

WTO accession date	Observer	Contribution to WTO budget	-
Trade Policy Review date	-	Import duties collected (% of 2003-2005):	
		in total tax revenue	6.4
		to total imports	2.5
Tariff binding coverage (%)	-	Number of:	
MFN tariffs	<u>Final bound</u> <u>Applied 2006</u>	Goods RTAs - services EIAs notified to WTO	4 - 0
Simple average of ad-valorem duties		GATS services sectors with commitments	-
All goods	- 6.8	Dispute rulings (complainant - defendant)	-
Agricultural goods (AOA)	- 22.3	Notifications outstanding (CRN)	-
Non-agricultural goods	- 4.4	Number of contingency measures in force:	
Non ad-valorem duties (% of total tariff lines)	- 3.9	Anti-dumping	-
MFN duty free imports:		Countervailing duties	-
in agricultural goods (AOA)	...	Safeguards	-
in non-agricultural goods	...		

MERCHANDISE TRADE

	<i>Value</i>	<i>Annual percentage change</i>		
	2006	2000-2006	2005	2006
Merchandise exports, f.o.b. (million US\$)	38 368	18	5	12
Merchandise imports, c.i.f. (million US\$)	45 035	22	25	25
	2006			2006
	0.32			0.36
Share in world total exports		Share in world total imports		
Breakdown in economy's total exports		Breakdown in economy's total imports		
By main commodity group (ITS)		By main commodity group (ITS)		
Agricultural products	13.4	Agricultural products	7.9	
Fuels and mining products	13.6	Fuels and mining products	31.5	
Manufactures	71.9	Manufactures	59.6	
By main destination		By main origin		
1. European Union (25)	28.3	1. European Union (25)	34.7	
2. Russian Federation	22.5	2. Russian Federation	30.6	
3. Turkey	6.2	3. Turkmenistan	7.8	
4. Belarus	3.2	4. China	5.1	
5. United States	3.1	5. Belarus	2.8	

COMMERCIAL SERVICES TRADE

	<i>Value</i>	<i>Annual percentage change</i>		
	2006	2000-2006	2005	2006
Commercial services exports (million US\$)	10 671	19	19	20
Commercial services imports (million US\$)	8 484	22	13	22
	2006			2006
	0.39			0.32
Share in world total exports		Share in world total imports		
Breakdown in economy's total exports		Breakdown in economy's total imports		
By principal services item		By principal services item		
Transportation	50.1	Transportation	37.8	
Travel	32.7	Travel	33.4	
Other commercial services	17.2	Other commercial services	28.8	

INDUSTRIAL PROPERTY

Patents granted, national office, 2005	<u>Total</u>	<u>Residents</u>	<u>Non-residents</u>	<u>PCT residents</u>	<u>PCT non-residents</u>
Patents granted, regional office	3 719	2 455	152	9	1 103
	-	-	-	-	-
	<u>Total</u>	<u>Residents</u>	<u>Non-residents</u>	<u>Non-residents direct</u>	<u>Non-residents Madrid</u>
Trademarks registered, 2005	19 652	9 418	10 234	2 227	8 007



Market access for goods

As outlined in Ukraine's market access schedules, Ukraine will have its customs duties capped at rates ranging between zero and 50% (bound rates). Some bindings involve reductions phased in over a period of up to 2013. Ukraine's average tariff bindings are 10.66% for agricultural products and 4.95% for industrial goods. The highest tariffs Ukraine may apply are on items such as sugar (50%) and sunflower seed oil (30%). Other products with tariff ceilings of 25% include certain radio-broadcast receivers, catgut, and certain conveyor/transmission belts.

Product categories with lower tariffs that will initially or eventually be eliminated include civil aircraft, construction equipment, distilled spirits, certain types of fish, pharmaceuticals, certain chemicals and petroleum oils, medical equipment, wood, pulp & paper, certain yarn and fabric, certain base metals, steel, information technology products (ITA), furniture, and toys. Ukraine has agreed not to apply any "other duties and charges" - beyond its ordinary customs duties.

In agriculture, Ukraine has agreed not to subsidize exports. Ukraine will limit its trade-distorting domestic support provided to farmers to UAH 3, 04 billion (approximately UDS 613 million) as well as an allowance of 5% of the value of domestic agricultural production. As is the case for all WTO members, Ukraine

will have no spending limits on domestic support programs that have no or minimal impact on trade, provided these programs meet the criteria laid down in the Agreement on Agriculture.

Ukraine will open a tariff quota on raw cane sugar (260 000 tones annually, and increasing to 267 000 tones by 2010). This quota will be administered on a first-come first-served basis within 3 years of accession.

Market access for services

Ukraine has made specific commitments in all 11 "core" service sectors - including 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 - as well as in other areas including beauty, hairdressing, spa and massage services.

"Ukraine's WTO Membership will strengthen the multilateral trading system and provide this country with a stable and predictable trade environment that will contribute to boosting its growth and prosperity."

Director-General of the World Trade Organization Pascal Lamy



Foreign Trade Balance of Ukraine

	Export		Import		Balance (USD millions)	
	2006	2007	2006	2007	2006	2007
Total	45873.5	58237.3	48758.0	65548.2	- 2884.5	- 7310.9
CIS countries	16114.8	23322.0	20886.9	26437.8	- 4772.1	- 4115.8
Other countries	29758.7	35915.3	27871.1	39110.4	1887.6	- 3195.1
EU	14359.7	16873.6	17989.0	24800.3	- 3629.3	- 7926.7
Commodities	38368.0	49248.1	45038.6	60669.9	- 6670.6	- 11421.8
CIS countries	12663.5	18615.2	20184.6	25629.5	- 7521.1	- 7014.3
Other countries	25704.5	30632.9	24854.0	35040.4	850.5	- 4407.5
EU	12087.9	13916.8	16194.6	22217.9	- 4106.7	- 8301.1
Services	7505.5	8989.2	3719.4	4878.3	3786.1	4110.9
CIS countries	3451.3	3706.8	702.3	808.3	2749.0	2898.5
Other countries	4054.2	5282.4	3017.1	4070.0	1037.1	1212.4
EU	2271.8	2956.8	1794.4	2582.4	477.4	374.4



Accession documents

After 14 years of accession negotiations, the Working Party on the Accession of Ukraine successfully adopted Ukraine's 'accession package'. This package consists of a Working Party report, market access schedules for goods and services, a draft General Council decision and a draft Protocol of Accession.

The 'accession package' was considered and approved by the WTO General Council on 5 February 2008. Following approval of the General Council,

Ukraine will have to ratify the deal by 4 July 2008. Ukraine will become a member 30 days after this ratification.

"Ukraine's entry into the WTO is an excellent path for integration into the global economy. As a result of Ukraine's participation in the WTO, all our trading procedures will become more transparent and competitive in relation to all our partners."

*The Prime Minister of Ukraine
Yulia Tymoshenko*

Commitments contained in the Working Party report

Privatization: Ukraine will provide regular reports to WTO Members on the development of its privatization program and on other issues related to its economic reforms.

State owned enterprises: Upon accession, Ukraine's laws governing the trading activities of state-owned enterprises will fully conform to the WTO provisions. All state-owned enterprises will operate on a commercial basis. Within one year of accession, Ukraine will notify and provide information on the activities of these companies to the WTO.

Pricing policies: Price controls will be applied in accordance with WTO principles and will take into account the interest of exporting WTO members. Upon accession, Ukraine will not apply mandatory minimum prices on imported products. All rail transportation fees will be applied on a non-discriminatory basis. Ukraine will continue to publish a list of goods and services for which prices are determined by the government.

Policy-making and enforcement framework: Ukraine will uniformly implement WTO provisions and the protocol of accession throughout its territory. Upon



accession, Ukraine will provide for the right to appeal administrative rulings on WTO matters to an independent tribunal.

Trading rights (the right to import and export): Registration fees for medicines, pesticides and agricultural chemicals, as well as licensing fees for the import and export of alcoholic beverages and tobacco products, will be in compliance with WTO requirements and will be brought to the level of the cost of services provided. Individuals and companies wishing to import or export will not be required to be present or invest in Ukraine and will need only to register with the relevant authorities.

Fees and charges for services rendered: Upon request, Ukraine will apply fees according to WTO principles and information regarding these fees will be provided to WTO members.

Internal taxes (VAT and excise tax): Domestic taxes will be applied in a non-discriminatory manner to imports from WTO members and to domestically produced goods.

Quantitative import restrictions, import licensing: Upon accession, Ukraine will eliminate and not introduce, re-introduce or apply quantitative restrictions on imports or other non-tariff measures that could not be justified under the WTO Agreement. Ukraine will not introduce a ban on ground beef that could not be justified under WTO rules and will maintain transparent and sci-

ence-based standards for trade in this product. Ukraine will eliminate the import ban on buses, trucks and cars older than eight years. Ukraine will implement its import licensing procedures in conformity with the WTO Agreement.

Customs valuation: There shall be full implementation of the Custom Valuation Agreement upon accession.

Rules of origin: There shall be full implementation of the Rules of Origin Agreement upon accession.

Other custom formalities: An expert opinion of the Chamber of Commerce regarding the classification of goods will no longer be required in order to obtain import or export licenses.

Pre-shipment inspections: If introduced, pre-shipment inspections shall be temporary and will comply with the WTO rules.

Anti-dumping, countervailing duties and safeguard regimes: Upon accession, Ukraine will amend its trade remedies legislation so that such measures will only be applied in conformity with WTO rules.

Export duties: Ukraine will reduce its export duties on oilseeds, live cattle, animal skins, ferrous and non-ferrous particles. From the date of accession Ukraine will not apply any obligatory minimum export prices.



Export restrictions: Such measures, including export licensing requirements, will only be applied in conformity with WTO rules. Upon accession, export bans on non-ferrous scrap metal will be eliminated and Ukraine will remove export restrictions on grain, as well as those on precious metals and stones other than gold, silver, and diamonds.

Industrial policy, subsidies: Upon accession, Ukraine will eliminate all export and import substitution subsidies.

Technical Barriers to Trade (TBT): Ukraine will comply with the TBT agreement upon its accession. Ukraine will give priority to international standards over regional and other national ones. All national and regional standards will be voluntary, except those referred to in technical regulations intended to protect national security interests, prevent deceptive practices, protect the life and health of people, animals or plants, as well as to protect the environment. By 30 December 2011, all of Ukraine's technical regulations will be based on the relevant international standards.

Ukraine's technical regulation on the shelf-life for fish will be brought into conformity with the CODEX alimentarius guidelines. Ukraine will reduce further the number of products subject to mandatory third party certification and will notify the WTO of the revised list by 31 January 2012.

Sanitary and Phytosanitary (SPS): Ukraine will comply with the SPS agreement upon accession and will streamline the responsibilities of its supervisory and control bodies in the SPS area. Ukraine will not block imports of meat and meat products treated with hormones.

TRIMs: Ukraine will not maintain any measures inconsistent with the Trade Related Investment Measures agreement from the date of accession.

Free zones: Such zones will be administered in compliance with WTO provisions.

Government procurement: Upon accession, Ukraine will become an observer to the multi-lateral Government Procurement Agreement (GPA) and will start negotiations to become a Party to this Agreement.

Civil Aircraft: Ukraine will become a signatory to the multilateral Civil Aircraft Agreement in 2010.

TRIPS: There shall be full implementation of the Trade Related Aspects of Intellectual Property Rights Agreement upon accession.

Regional trade agreements: Ukraine will, upon accession, submit notifications and copies of its Free Trade Areas and Custom Union Agreements to the WTO.



"Ukraine's commitment to broad-based reform and economic liberalization will provide a welcoming environment for investment, both foreign and domestic. The agreement also demonstrates

Ukraine's commitment to the international trading system."

*U.S. Trade Representative
Rob Portman*

WTO membership: the effect it will have on the Ukrainian economy

International financial organisations face difficulties in making a clear prediction as to what impact WTO membership will have on Ukraine's economy. While Ukraine's balance of payment may either improve or worsen, all experts agree with the fact that WTO membership will lead to an increase in import and export.

According to the calculations of the National Institute of Strategic Investigations, WTO membership will lead to an increase of Ukraine's GDP by 1.7%, annual growth of foreign investments will constitute 40% (or USD 5 billion), additional export increase will constitute 10-11%, the additional income for the state budget will constitute 5-10%.

One of the core issues with respect to Ukraine's membership to the WTO is whether and how the prices for goods and services and the positions of Ukrainian and foreign producers will change in the domestic market. WTO membership will have the least impact on the financial sector. The

Ukrainian market will be available for affiliates of foreign banks from the moment of WTO membership. However, experts consider that there will be neither a tough rivalry nor a decrease of credit rates. Such a prediction is qualified by the fact that foreign banks have already been able to enter Ukrainian market through the purchase of Ukrainian banks.

With respect to insurance activity, significant changes are not anticipated since foreign insurance companies have already entered the Ukrainian market.

A decrease of prices in the sphere of household appliances is expected since the taxes for imported household appliances will fall by approximately 20%. The most significant decrease of prices is expected for refrigerators since the import taxes for this kind of household appliance will decrease from 5-50% to 5-10%.

According to the experts, WTO membership will have a negative impact on the Ukrainian producers of cognac and wine.



The imported cognac and wine is expected to become cheaper by 20-25 hryvnya per bottle. This it will lead to a tough rivalry in the Ukrainian market and domestic producers are likely to incur losses. Moreover, the Ukrainian producers may lose the right to use the word "cognac", since Ukraine has yet to access the Agreement on the Rules of Origin of Goods.

WTO membership will also have a negative impact on Ukrainian light industry, as well as on the producers of furniture. As a result of import tax cuts the imported furniture is likely to push out Ukrainian producers from the market. The light industry of Ukraine, having lost approximately 70% of the internal market during the last 15 years, will finally lose its position due to cheap imported products.

The price margins for industrial products are negative, meaning that prices for domestic products are lower than those of foreign products. In particular, the metallurgy industry will enjoy great benefits. The accession of Ukraine to the WTO will lead to the cancellation of export quotas for Ukrainian steel. As a result the profits of the Ukrainian metallurgy industry will increase significantly.

With respect to the agricultural market the situation is as follows:

Wheat and Corn

Analysis of the current tariffs reveals that customs tariffs of 40-50% (calculat-

ed as an ad valorem rate) did not affect the price set by domestic wheat producers or their incomes from its sales. Wheat prices during the period under analysis remained lower than abroad. This suggests that Ukrainian wheat has a high competitive potential as an export-oriented commodity. In the 2006/07 marketing year, 13 million tons of grain were exported (25% more than in the 2005/06 MY), which included 6,4 million tons of wheat. Thus, after entering the WTO, Ukrainian wheat will remain competitive. While the import tariff reduction will not affect the price for wheat national producers may grow their income since Ukraine is obliged to cancel the export quantitative restrictions for grain. The situation is the same with corn.

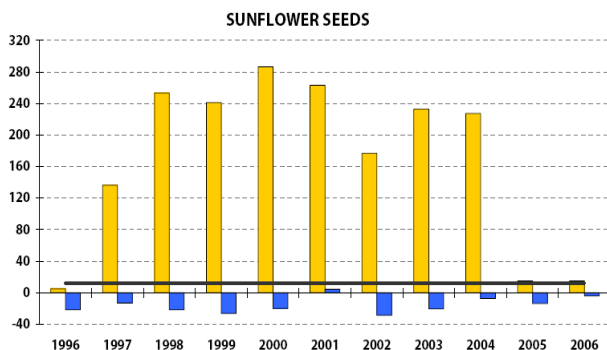
Sunflower seeds

During the last 10 years, the difference between domestic and international prices for sunflower seeds has been negative, meaning domestic prices were lower than international prices. This trend suggests the high competitive potential of locally produced sunflower seeds. Sunflower seeds production is sufficient to satisfy the growing demand of the food industry as well as export demands. Both commodities - sunflower seeds and sunflower oil - are exportable. The export volumes of domestically produced sunflower oil have reached 1.6 million tons, while annual sunflower seed exports have reached 230,000 tons, even with an



export duty of 17%. As a WTO member Ukraine is obliged to decrease export duty by up to 10%. Thus, the export volume of domestically produced sunflower oil and seeds will certainly increase, and in turn will increase the income of Ukrainian producers.

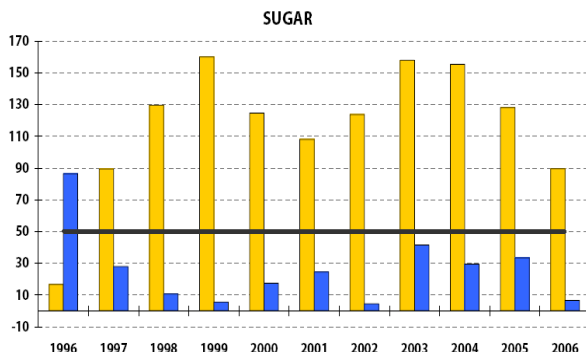
(The most-taxed Ukrainian exports will be sunflower seeds and sugar, which other WTO members will be able to tax at 30 and 50 per cent of value, Korrespondent magazine reported.)



Sugar

Analysis reveals that the domestic price of sugar is higher than the international price, but the 50% import tariff makes imported sugar almost equal to the price of sugar produced from domestic raw materials. After Ukraine joins the WTO the sugar export duty will constitute 2% of the consignment

value. Thus Ukrainian sugar will not be competitive in the international market and domestic producers will incur great losses.





Milk and dairy products

The analysis of domestic and international prices for basic dairy products revealed that the prices of domestic products are more competitive than similar imported goods. Raw milk is also cheaper in Ukraine than in most European countries. Nevertheless, the problem is the low quality of Ukrainian production and non-compliance with the sanitary norms of many European countries that will be an obstacle for milk and dairy products exporting.

Beef

The price of domestically produced beef, which accounts for 40% of the total meat in Ukraine, is competitive compared to that of imported beef. The

sales price of beef sold by agricultural enterprises remain lower than abroad; therefore, the potential bound tariff rate in Ukraine after WTO accession will be sufficient to guarantee the competitiveness of the domestic product price compared to imports. Beef is Ukraine's leading meat export (80%).

Poultry

Analysis of price differences and tariffs reveal that domestic prices of poultry, particularly in recent years, were higher than international prices. Therefore, a tariff reduction will have a positive impact on the consumption of poultry given the reduced price of poultry for consumers. At the same time it will have a negative impact on domestic producers.

Ukraine's prospect as a member of the WTO

Analysis of foreign trade trends, current and expected bound tariff rates in the framework of World Trade Organisation (WTO) membership, and internal and global prices between 2001- 2007 shows that after WTO accession, most economically crucial agricultural products shall remain unaffected. WTO accession shall have no negative impact on the agricultural sector as a whole. Relatively low bound tariff rates for agricultural products after WTO accession shall not put additional pressure on producers, as Ukraine's primary agricultural products are more price competitive than their imported analogs.

This reflects the fact that Ukraine is a net-exporter of most agricultural and food products. Ukraine's WTO membership will result in transformational changes in state policies regarding the support of agriculture and the regulation of food markets. These changes will help to create conditions for securing and strengthening the competitive advantages of agricultural products and domestic production both in internal as well as external markets. Liberalisation of import regulations shall further enhance agricultural production efficiency and the competitiveness of domestic products.



For the industrial products analysed price margins are negative, meaning that prices of domestic products are lower than those of foreign products. Even in years when the price margins for particular products were not negative, export volumes of Ukrainian products exceeded import volumes, indicating that Ukraine is a net-exporter of most industrial products - particularly mining, metallurgical, and chemical products. By introducing energy-saving production techniques Ukraine can remain competitive, yet this requires the development and implementation of relevant national policies.

At the same time industries such as light, alcoholic beverages and house-

hold appliance will be materially damaged.

Regardless of such setbacks, on the whole WTO membership will have a positive impact on Ukraine's economy. It is worth mentioning once more the previously mentioned calculation of the National Institute of Strategic Investigations, according to which WTO membership will lead to the increase of Ukraine's GDP by 1.7%, annual growth of foreign investments will constitute 40% or USD 5 billion, additional export increase will constitute 10-11%, and additional income for the state budget will constitute 5-10%.

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