



INSTITUTE
FOR ECONOMIC RESEARCH
AND POLICY CONSULTING

Ukraine's foreign trade in goods: results of 2020 and perspectives for 2021

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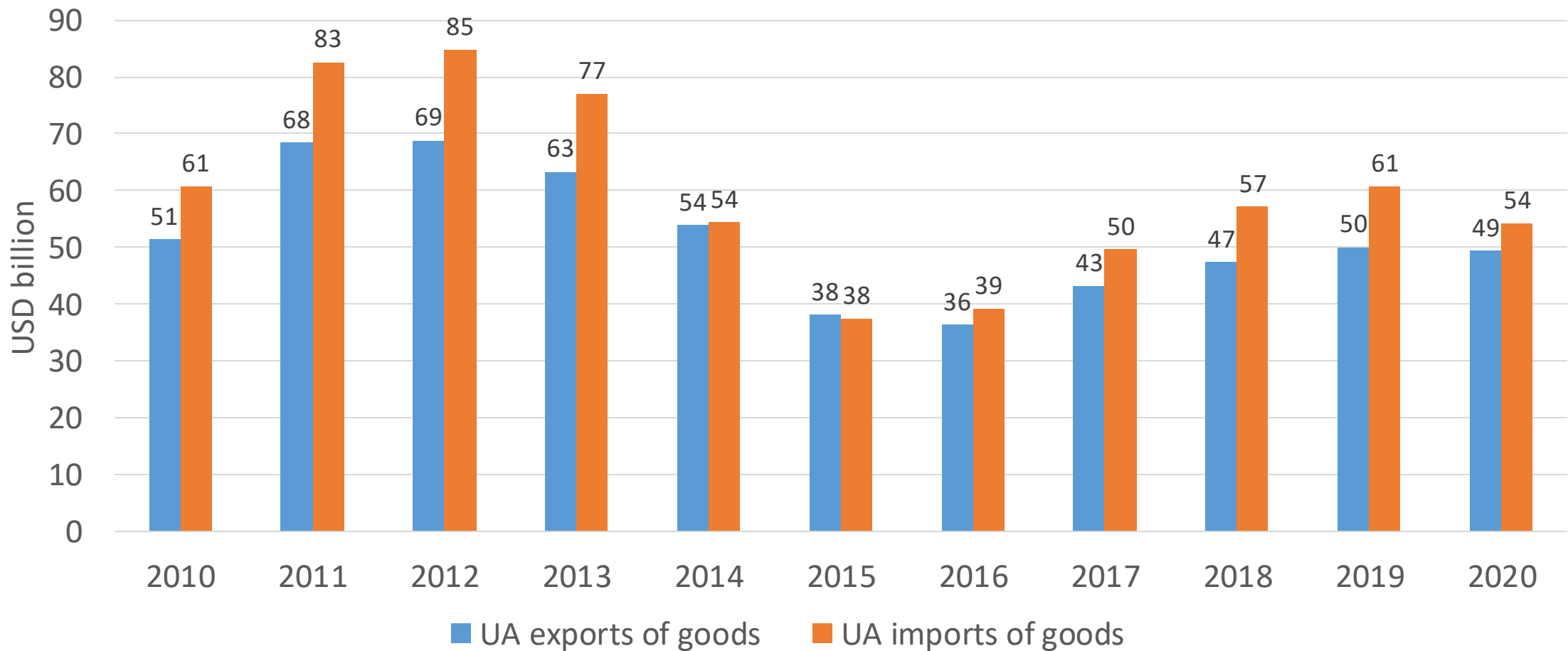
Kyiv, January 2021



Topics for discussion

- Ukraine's foreign trade in goods in 2020
 - General trends
 - Ukraine's exports
 - Ukraine's imports
- New FTAs with Israel and the UK
- Outlook for 2021

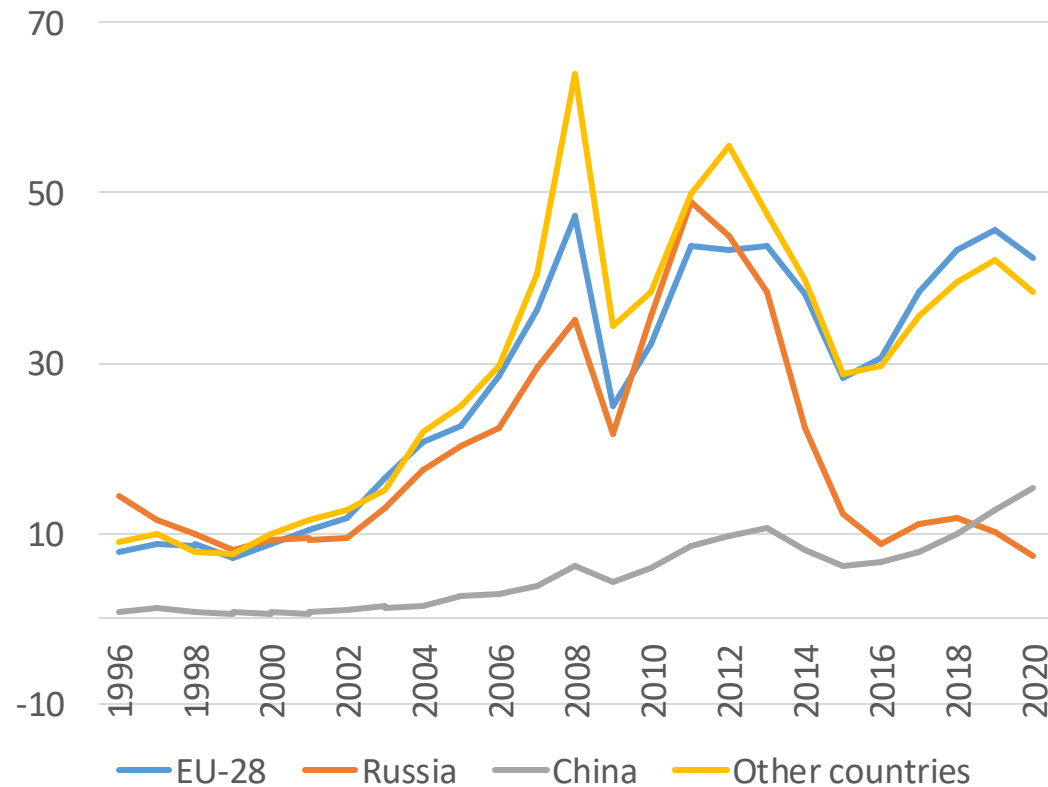
In 2020, Ukraine's exports of goods dropped only by 1.7%, the reduction of imports was 10.2%



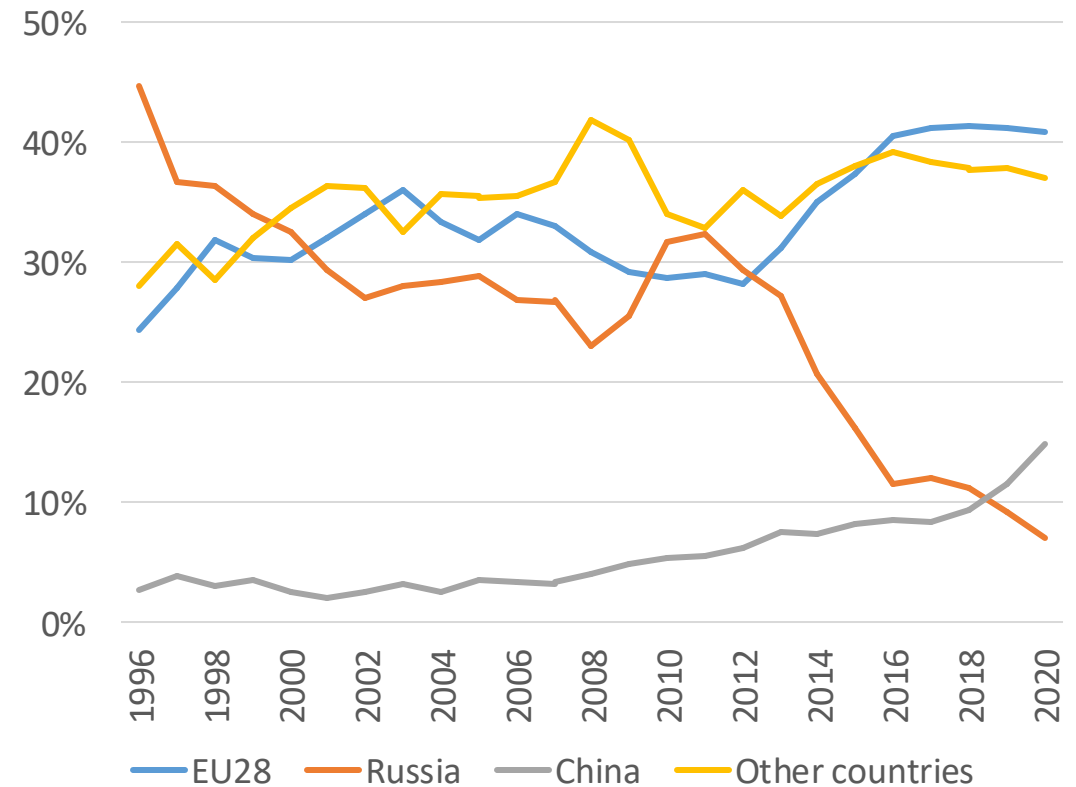
Sources: Ukrstat, customs.gov.ua, own estimates

China emerged as a major driving force for Ukraine's trade in goods

Nominal turnover in goods, USD bn



Share of total turnover, %

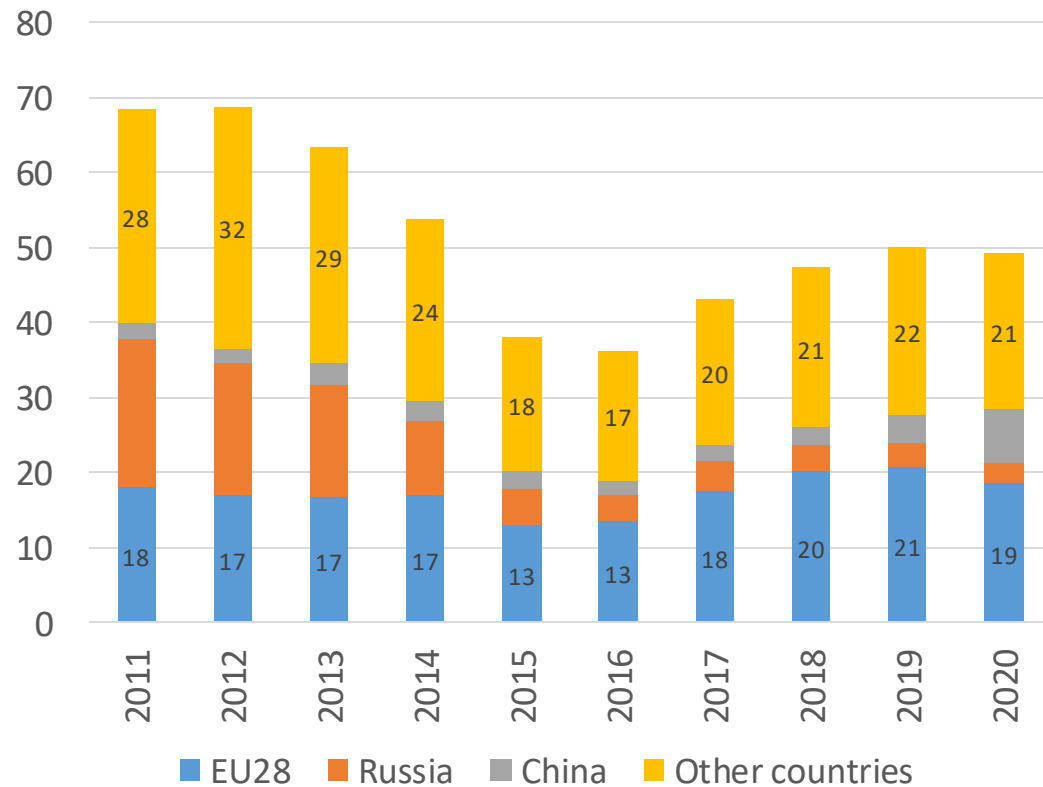


Sources: Ukrstat, customs.gov.ua, own estimates

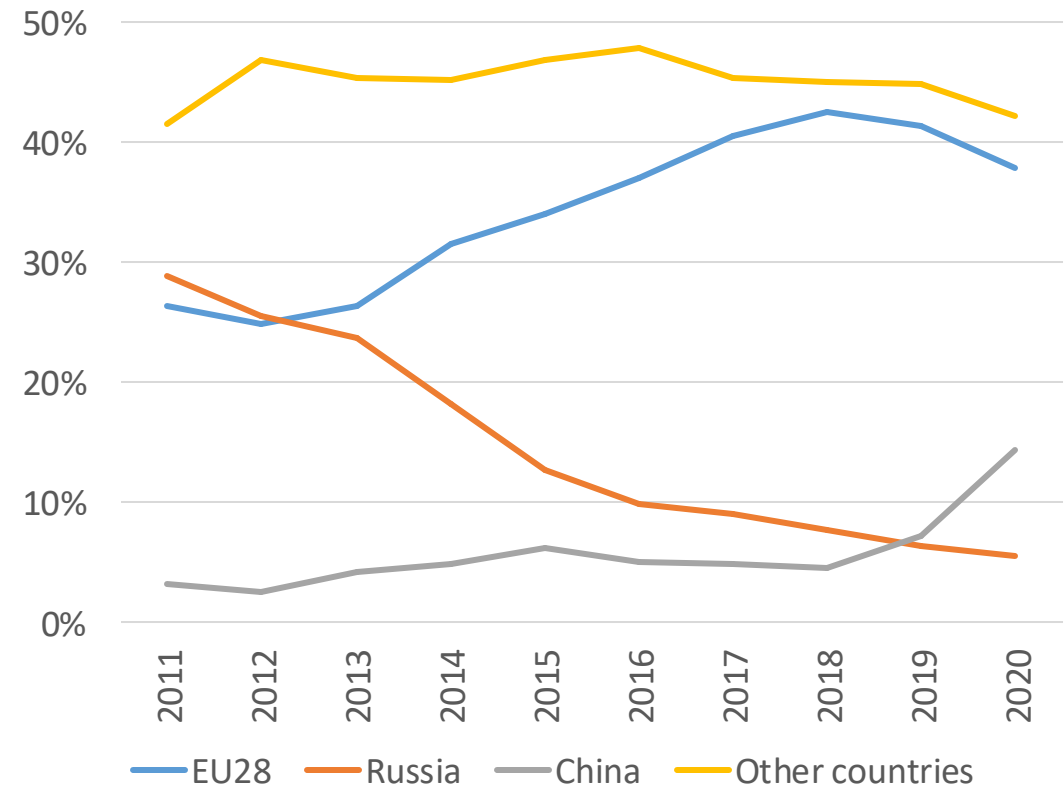
Ukraine's exports of goods

Although the EU as a single customs territory remained the largest export destination, China's share doubled in 2020

Nominal exports of goods, USD bn



Share of total exports, %



Sources: Ukrstat, customs.gov.ua, own estimates

Ukraine's exports of vegetable oils, mineral products, food and chemicals increased despite pandemic

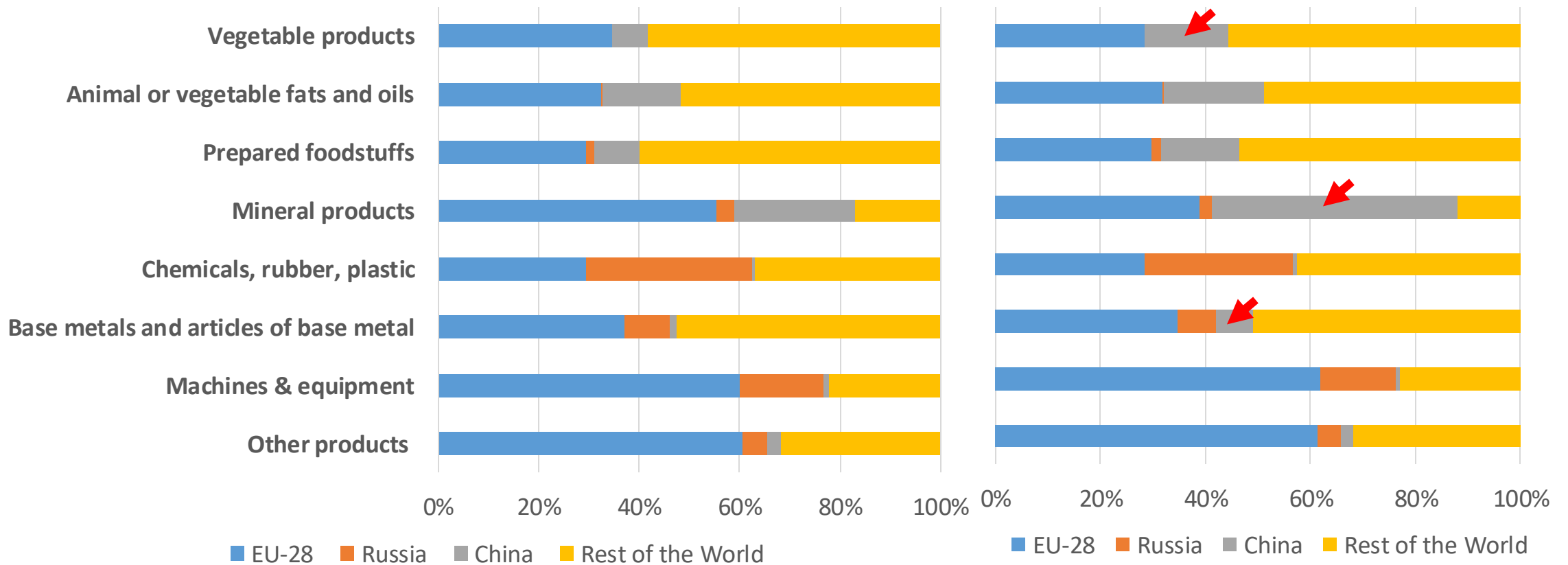
	Structure, % of total		Growth rate, %
	2019	2020	2020/2019
Animal products	3%	2%	-6.7%
Vegetable products	26%	25%	-8.0%
Animal or vegetable fats and oils	10%	12%	21.6%
Prepared foodstuffs	7%	7%	4.0%
Mineral products	10%	11%	9.5%
Chemicals, rubber, plastic	5%	5%	1.2%
Textile & apparel	2%	2%	-8.2%
Base metals and articles of base metal	21%	19%	-11.9%
Machines & equipment	10%	10%	-4.0%
Other products	7%	6%	-9.2%

Sources: Ukrstat, customs.gov.ua, own estimates

China has become a key destination for exports of mineral products (iron ores)

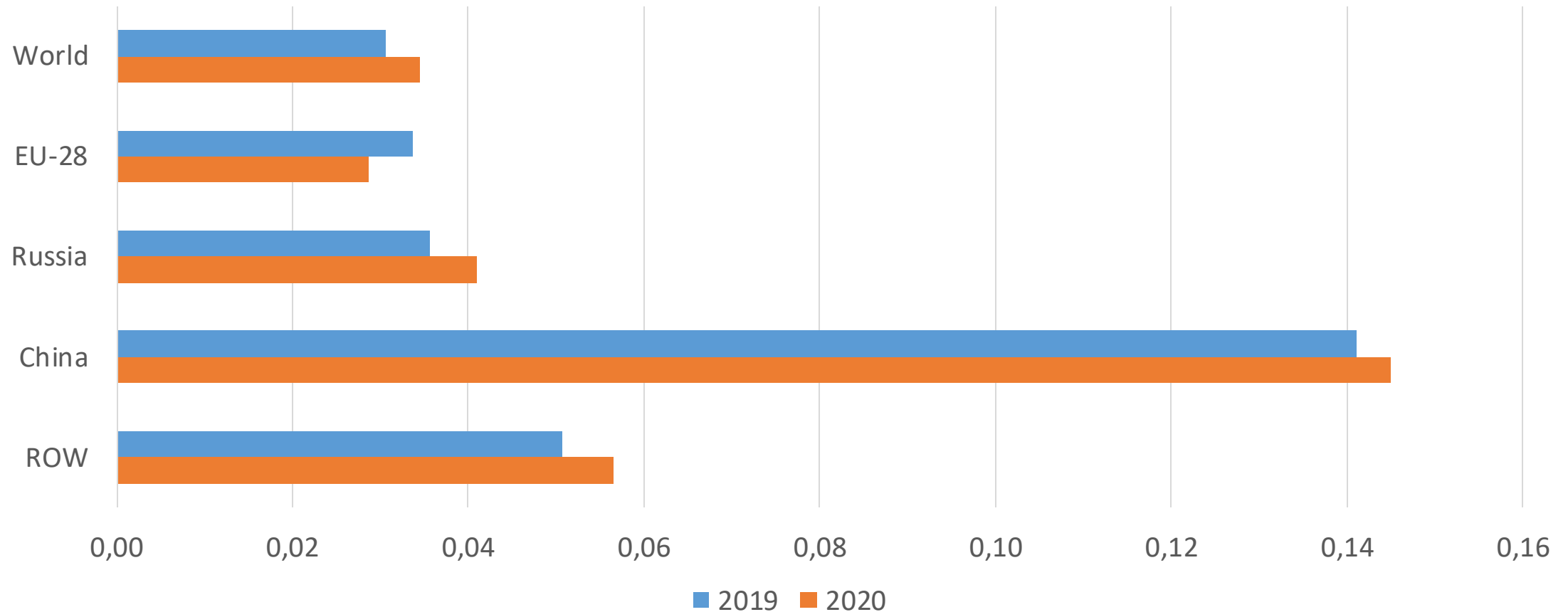
2019

2020

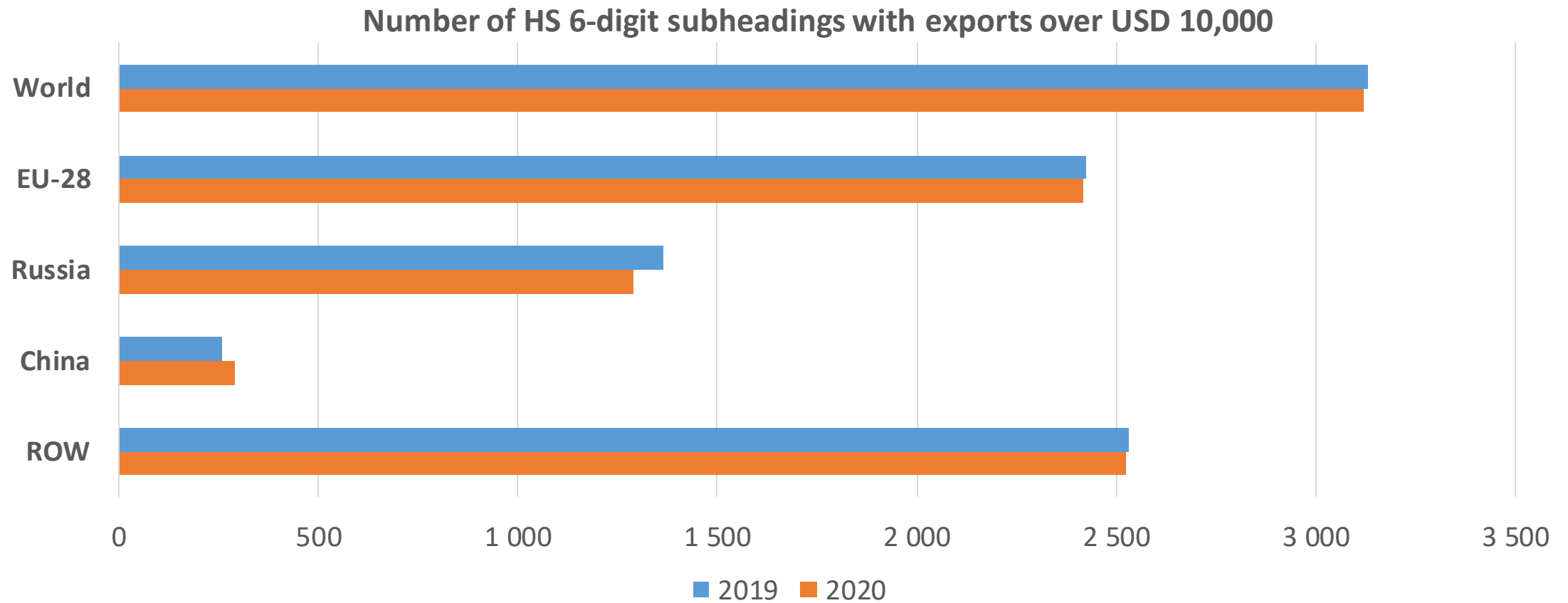


Sources: Ukrstat, customs.gov.ua, own estimates

Herfindahl-Hirschman Index (HHI) measuring export concentration showed that exports to China is least diversified

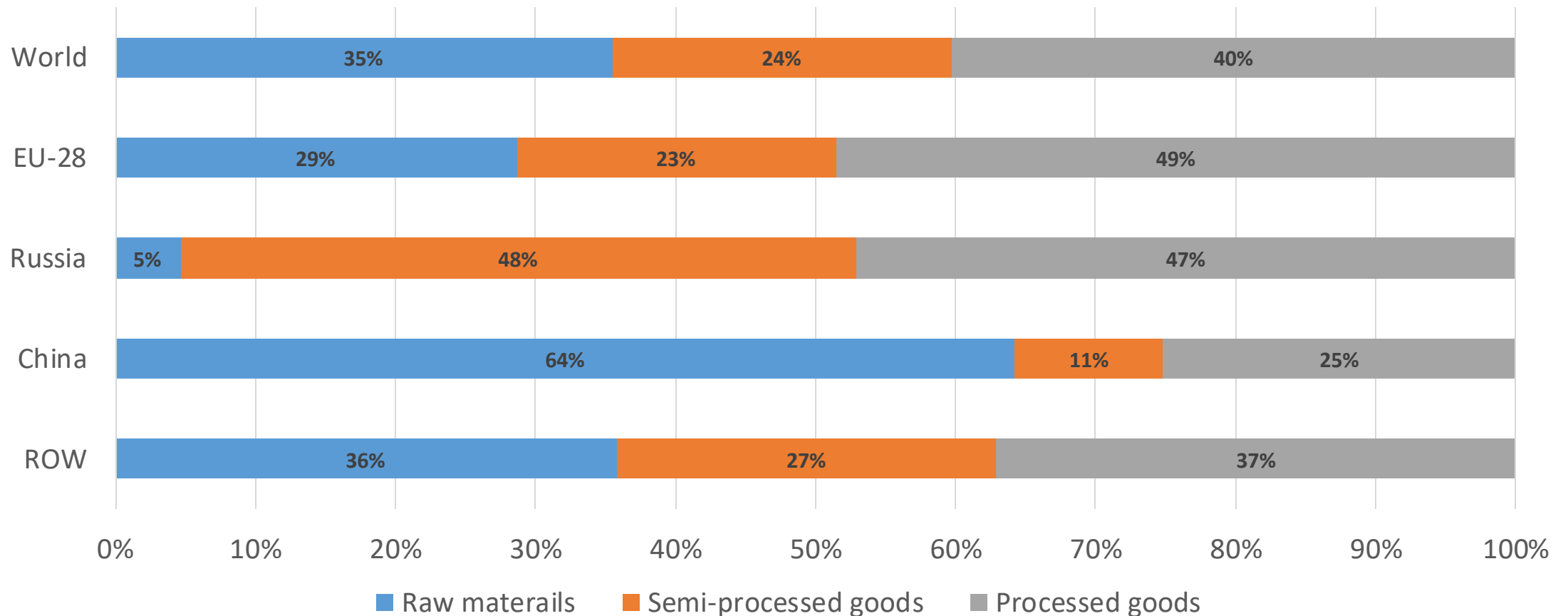


Ukraine's exports to China contains less than 300 HS subheadings



In 2020, the share of processed goods reached 40% in Ukraine's total exports and 49% in exports to the EU

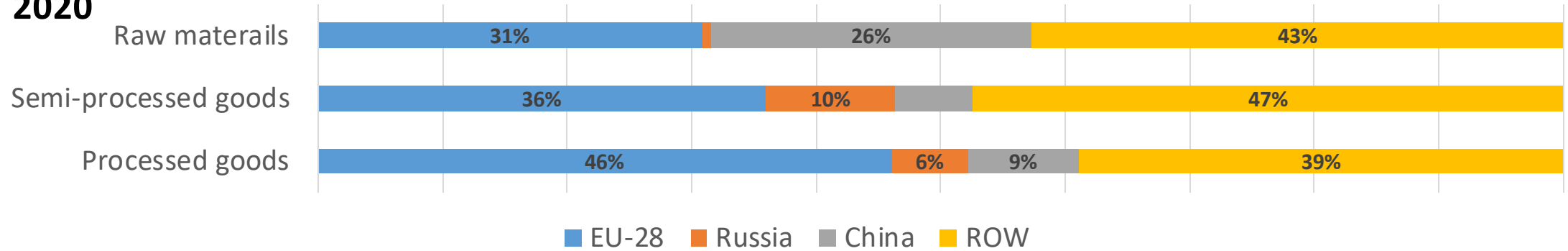
Share of exports to the partner, %



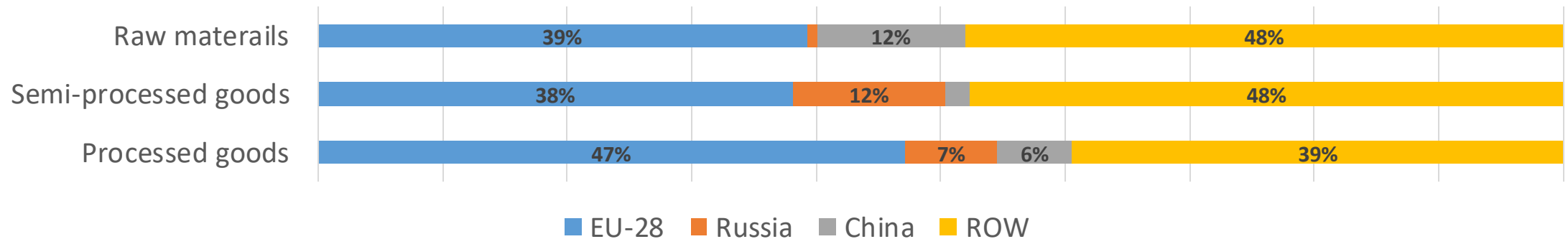
Sources: Ukrstat, customs.gov.ua, own estimates

In 2020, the EU was the main destination for processed goods, while China absorbed over a quarter of Ukraine's exports of raw materials

2020

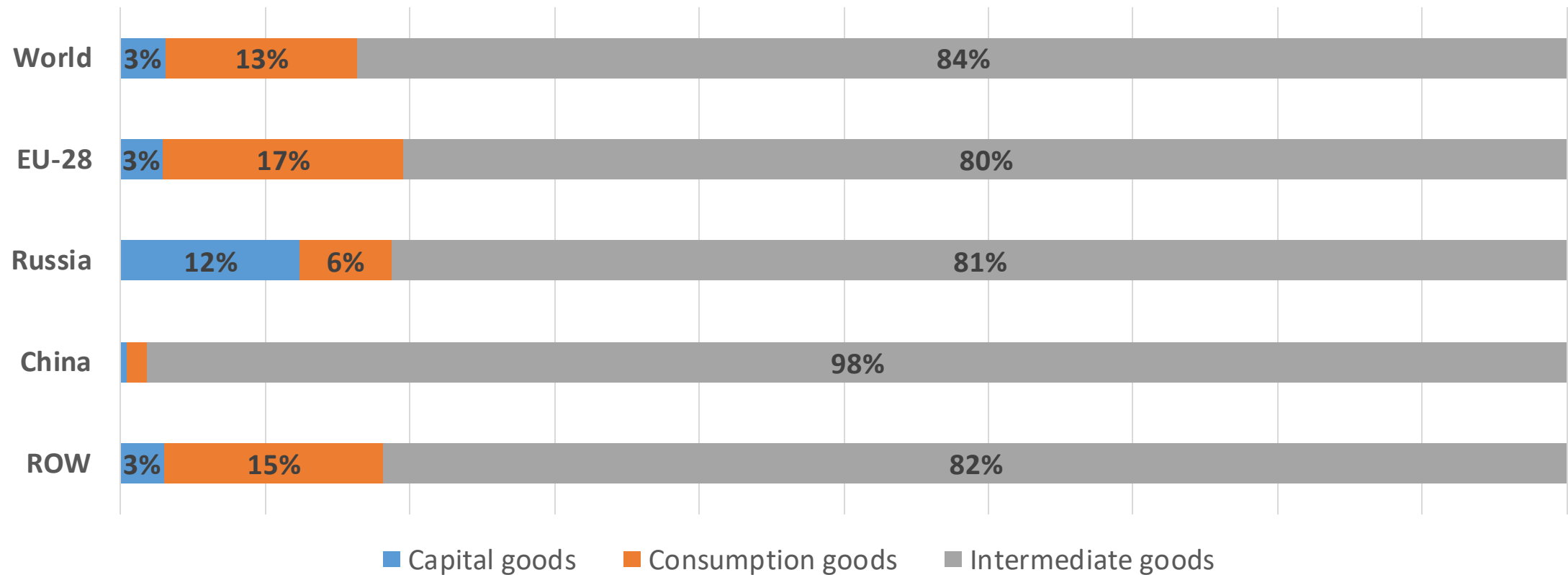


2019



In 2020, Ukraine's exports remained dominated by intermediate goods contributing into global value chains

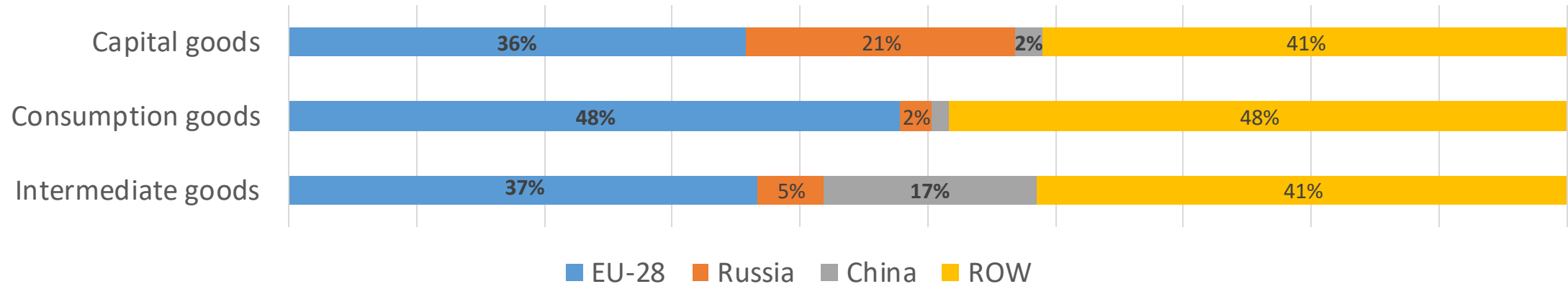
Share of exports to the partner, %



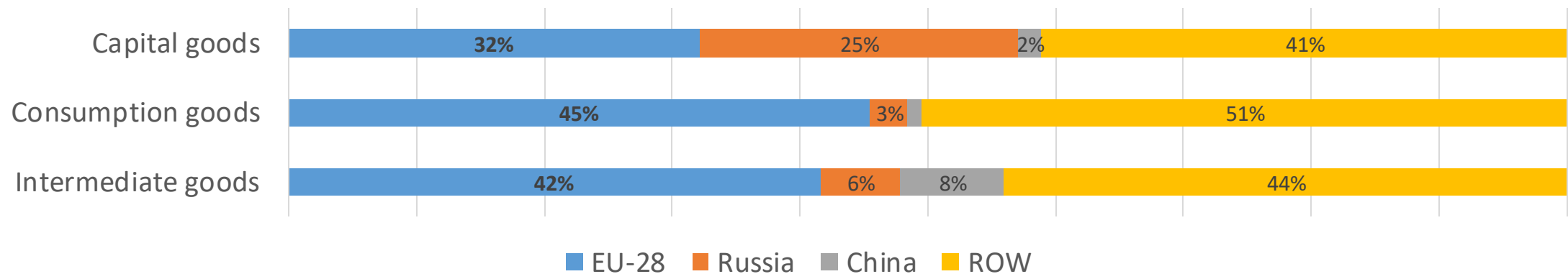
Sources: Ukrstat, customs.gov.ua, own estimates

In 2020, the EU increased its role as the destination of consumer and capital goods

2020



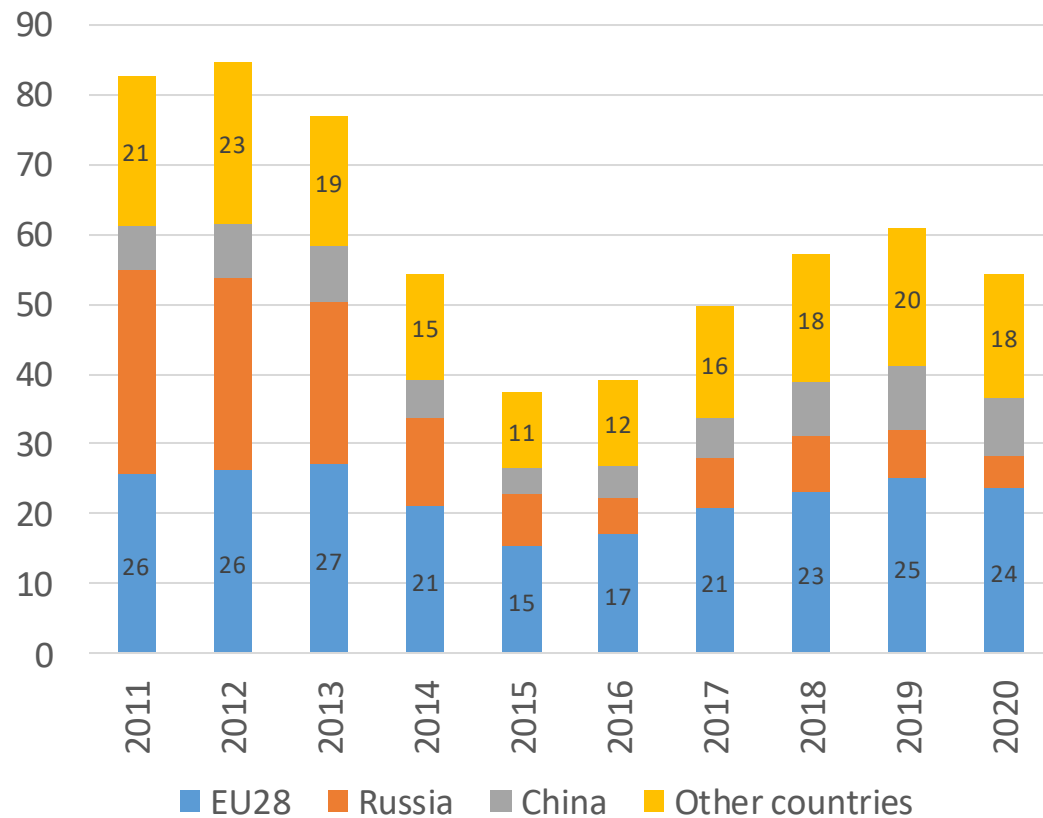
2019



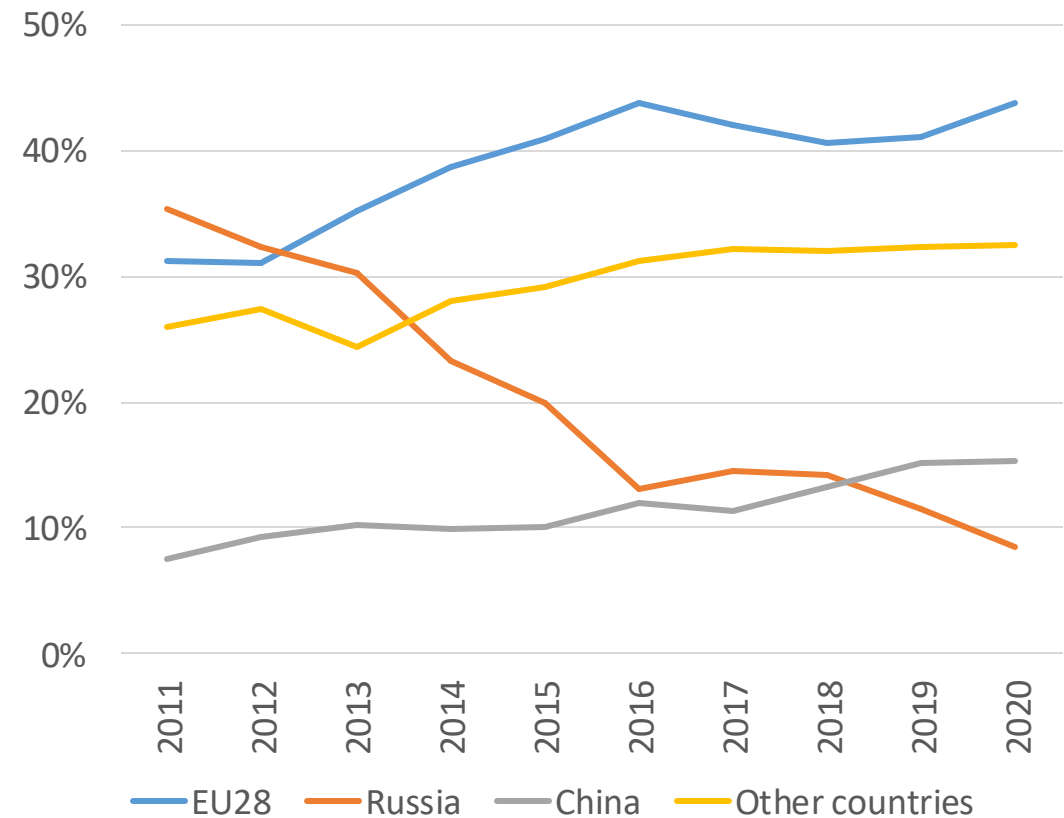
Ukraine's imports of goods

In 2020, the EU has strengthened its position as the main supplier of goods to Ukraine

Nominal imports of goods, USD bn



Share of total imports, %



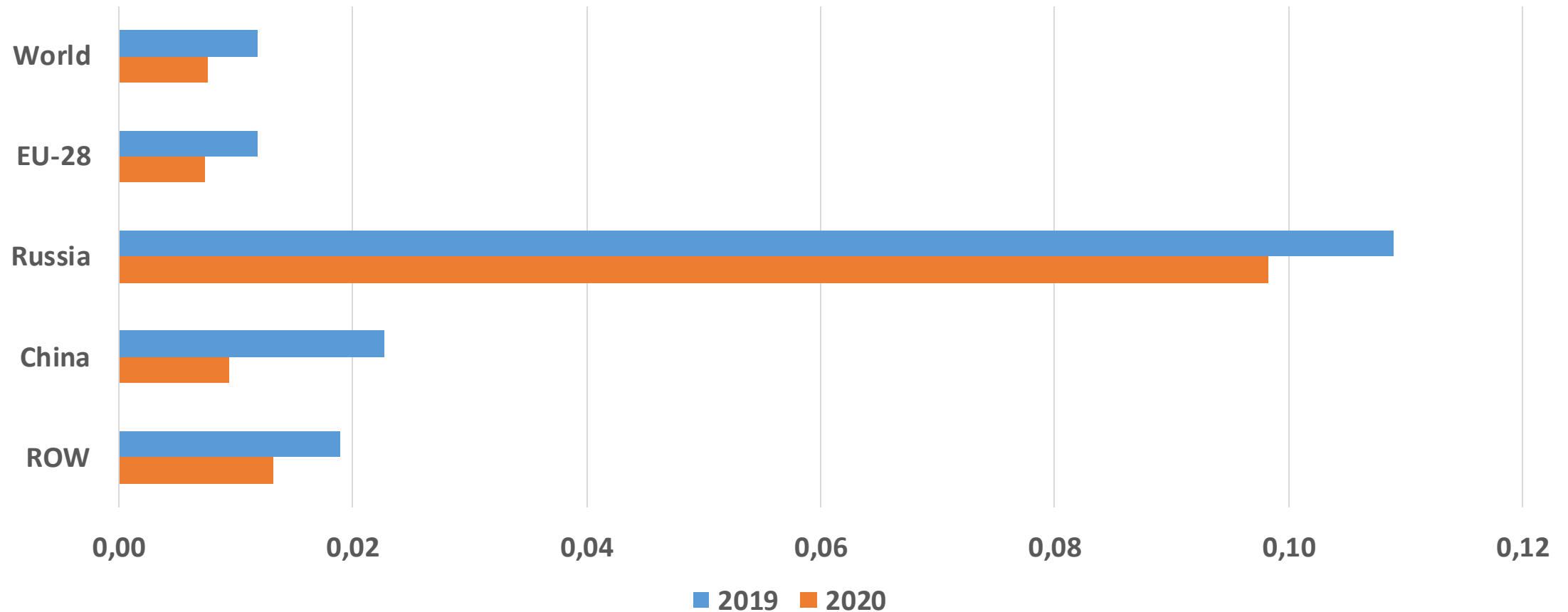
Sources: Ukrstat, customs.gov.ua, own estimates

Ukraine's imports of food products increased despite pandemic, while imports of mineral products dropped significantly

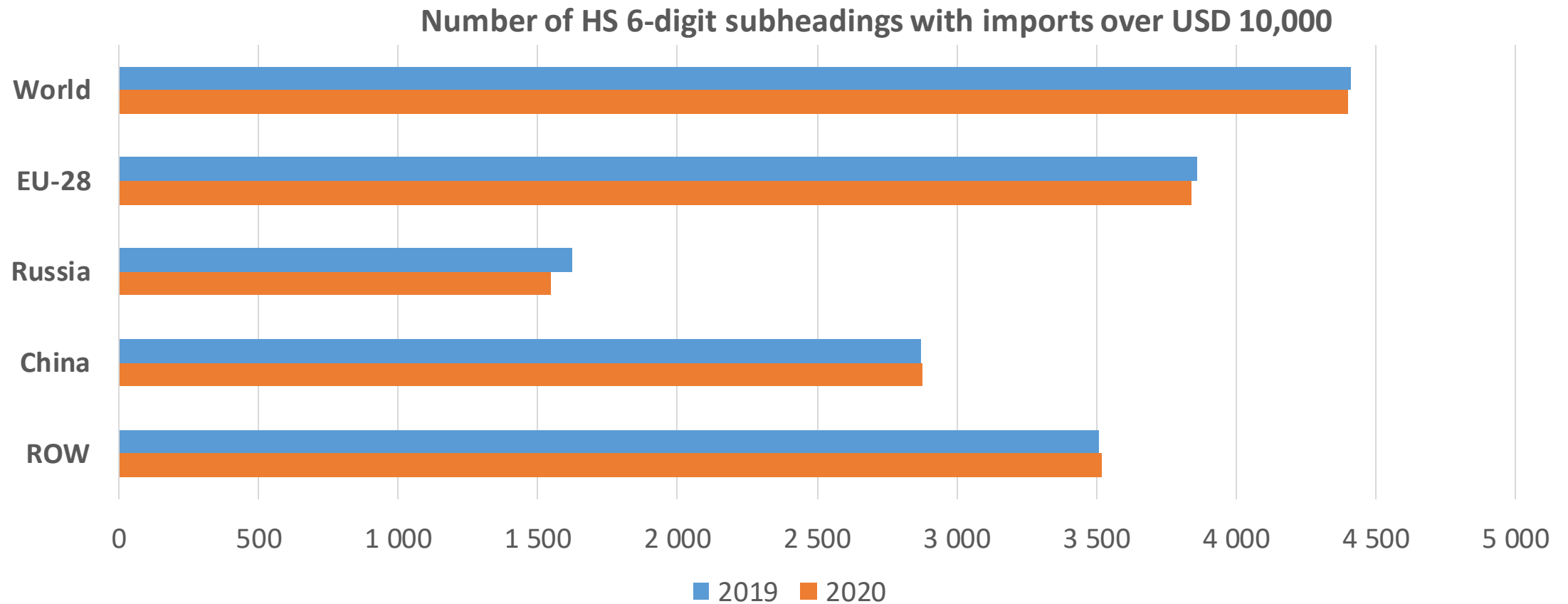
	Structure, % of total		Growth rate, %
	2019	2020	2020/2019
Animal products	2%	2%	15%
Vegetable products	3%	4%	5%
Animal or vegetable fats and oils	0%	1%	11%
Prepared foodstuffs	4%	6%	13%
Mineral products	22%	16%	-34%
Chemicals, rubber, plastic	18%	20%	-5%
Textile & apparel	4%	4%	-5%
Footwear, headgear, umbrellas	1%	1%	-8%
Base metals and articles of base metal	6%	6%	-12%
Machines & equipment	33%	34%	-11%
Other products	6%	7%	2%

Sources: Ukrstat, customs.gov.ua, own estimates

Herfindahl-Hirschman Index (HHI) measuring import concentration showed that imports from Russia is least diversified



Ukraine's imports from all partners are more diversified than exports



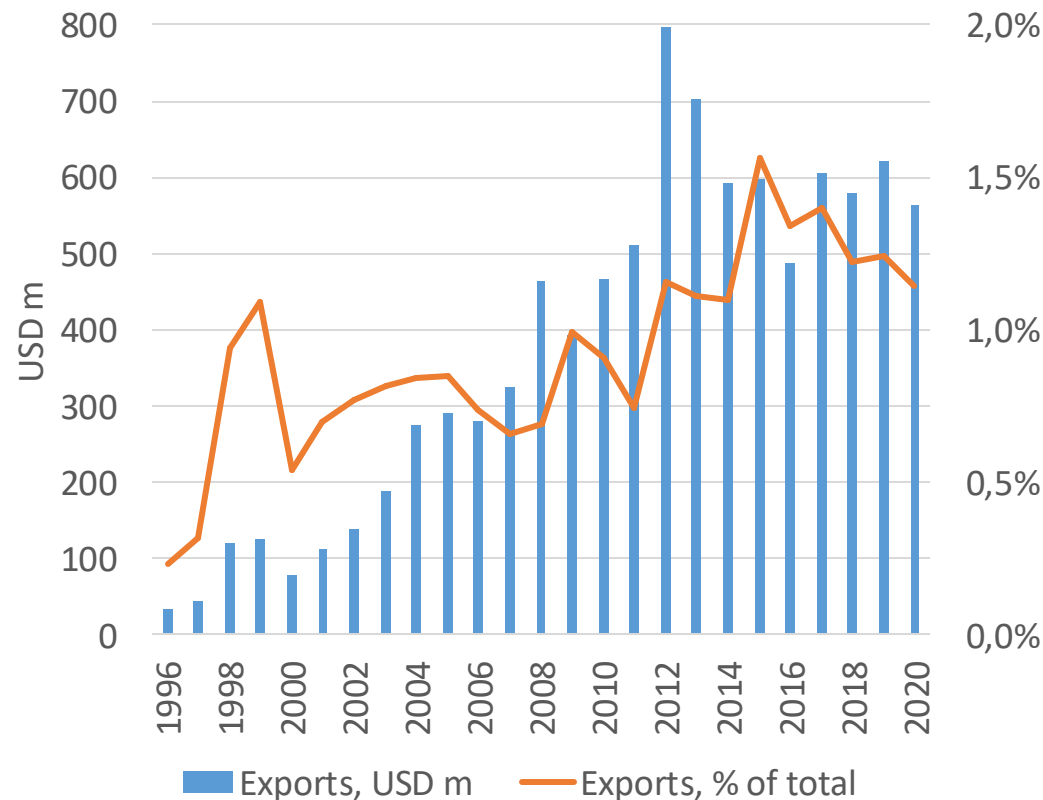
Ukraine-Israel FTA

Ukraine and Israel concluded more or less classical FTA focused on liberalization of tariff barriers

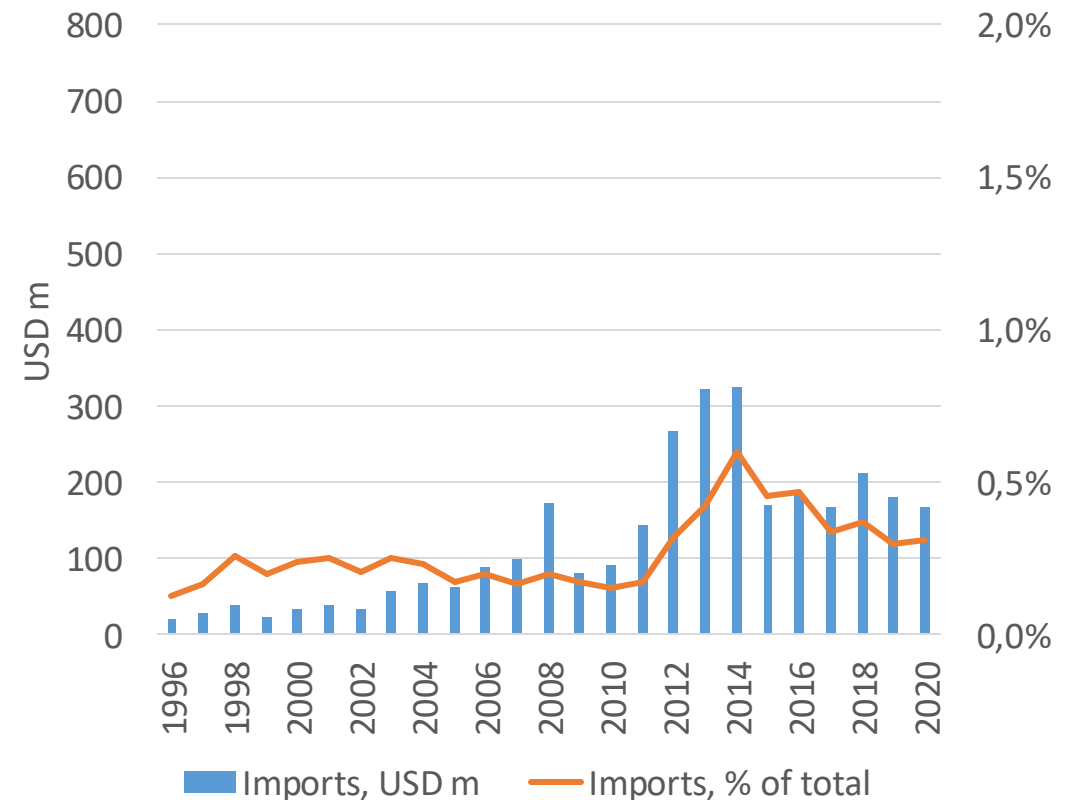
- FTA between Ukraine and Israel was signed in 2019 and ratified by both parties in 2019-2020
- The Agreement entered into force on 1 January 2021
- Key features of the FTA:
 - Transition period up to 7 years
 - Zero import duties on most of industrial products
 - The reduction of import duties on agricultural products, although many tariff lines remain unbound
 - Extensive use of TRQs
 - Possibility to conclude mutual recognition agreement in TBT
 - **And:** the use of PEM Convention of the rule of origin

Ukraine's exports to Israel is close to 1% of total exports, while imports is less than 0.5% of total

Exports of goods



Imports of goods



Sources: Ukrstat, customs.gov.ua, own estimates

Ukraine's exports to Israel is dominated by gains, while imports is quite diversified

Exports, top-5 products

HS	Description	Share, 2020, % of total
100590	Maize	25%
100199	Wheat and meslin	9%
100390	Barley	5%
721420	Bars and rods, of iron or non-alloy steel	4%
230630	Oilcake and other solid residues	4%

Imports, top-5 products

HS	Description	Share, 2020, % of total
380893	Herbicides, anti-sprouting products	6%
271019	Medium oils and preparations	4%
380892	Fungicides	3%
380891	Insecticides	2%
300490	Medicaments put up in measured doses	1%

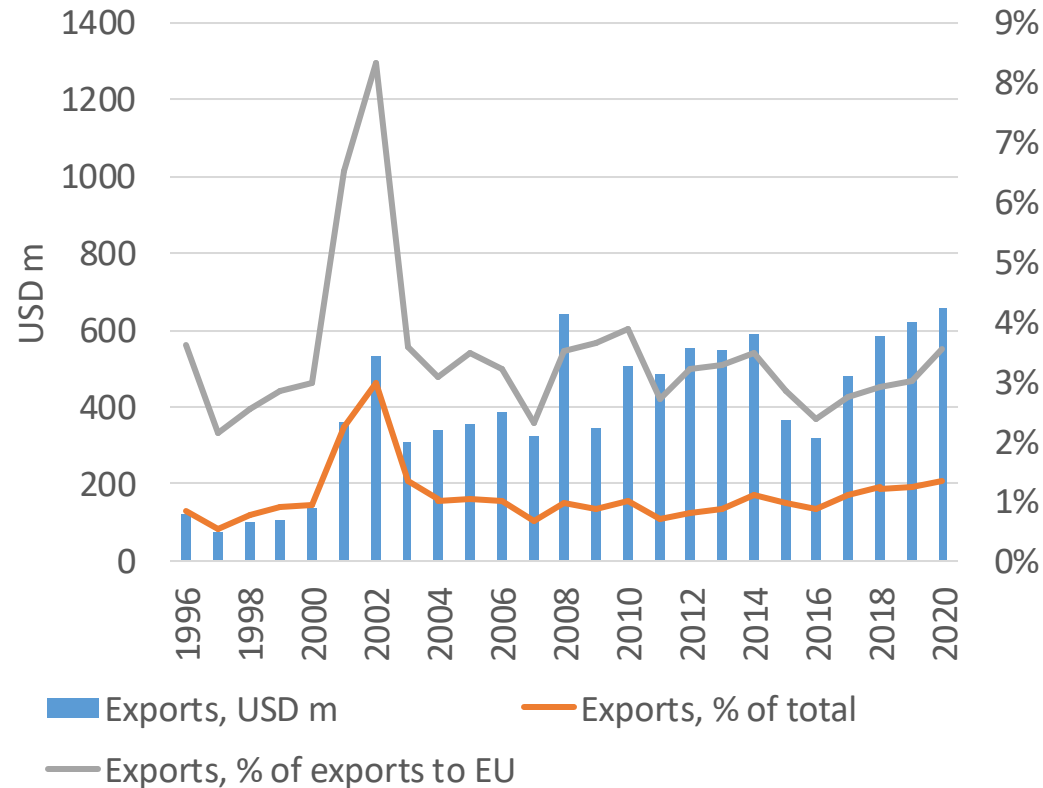
Ukraine-United Kingdom FTA

Ukraine and the United Kingdom agreed to continue the main provisions of the AA/DCFTA with the EU

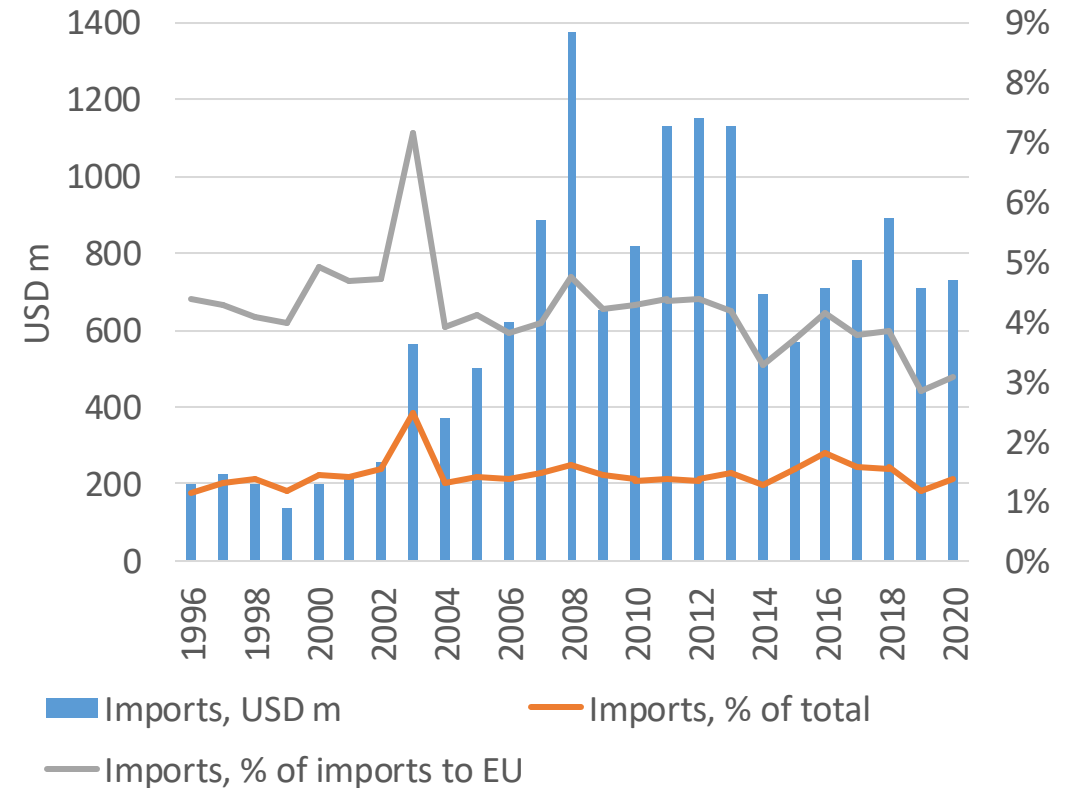
- DCFTA between Ukraine and the UK is a part of a larger **Political, Free Trade and Strategic Partnership Agreement**
- The Agreement was signed in October 2020, ratified in December 2020 and entered into force on 1 January 2021
- Key features of the FTA:
 - Zero import duties on all industrial products after 2023
 - Zero import duties for most of agricultural products not covered by TRQs
 - Same set of TRQs and entry price regulation as in the AA/DCFTA with the EU
 - Possibility for the ACAA and recognition of equivalence in SPS
 - **BUT:** but the UK FTA does not use PEM Convention of the rule of origins

Ukraine's trade with the UK accounts for ca. 1% of total and ca.3% of trade with the EU

Exports of goods



Imports of goods



Sources: Ukrstat, customs.gov.ua, own estimates

Ukraine's exports to the UK resemble exports to the EU, while imports are more diversified and country-specific

Exports, top-5 products

HS	Description	Share, 2020, % of total
120510	Low erucic acid rape or colza seeds	16%
100590	Maize	16%
151211	Crude sunflower-seed or safflower oil	13%
720712	Semi-finished products of iron or non-alloy steel	12%
854430	Ignition wiring sets	10%

Imports, top-5 products

HS	Description	Share, 2020, % of total
300490	Medicaments, put up in measured doses	8%
220830	Whiskies	5%
870332	Motor cars and other motor vehicles	4%
380892	Fungicides	4%
842959	Self-propelled mechanical shovels, excavators and shovel loaders	4%

Sources: Ukrstat, customs.gov.ua, own estimates

Outlook for 2021

Ukraine's foreign trade in goods is expected to revive in 2021

- Both exports and imports of goods are estimated to grow by ca. 14%
- However, there are multiple upside and downside risks of this forecast:
 - **Covid-19 factor**
 - **Global prices on commodities**
 - **Weather/harvest**
 - **Cooperation with international organisations**
 - **Policy decisions**

THANK YOU!
I will be happy to answer your questions!

Contacts



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