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**Article**

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DANUBE: Law, Economics and Social Issues Review

**Provided in Cooperation with:**

European Association Comenius (EACO), Brno

*Suggested Citation:* Havlik, Peter (2014) : Vilnius eastern partnership summit: Milestone in EU-Russia relations ; not just for Ukraine, DANUBE: Law, Economics and Social Issues Review, ISSN 1804-8285, De Gruyter, Warsaw, Vol. 5, Iss. 1, pp. 21-51,  
<https://doi.org/10.2478/danb-2014-0002>

This Version is available at:

<https://hdl.handle.net/10419/184473>

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## VILNIUS EASTERN PARTNERSHIP SUMMIT: MILESTONE IN EU-RUSSIA RELATIONS – NOT JUST FOR UKRAINE

Peter Havlik<sup>1</sup>

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### Abstract

The Vilnius Eastern Partnership Summit on 28–29th November 2013 represents a milestone in EU relations not just with respect to the six Eastern Partnership countries (EaP Armenia, Azerbaijan, Belarus, Georgia, Moldova and particularly Ukraine), but also with the EU's 'strategic partner' Russia. The turbulence and numerous speculations regarding expectations about the signature of the EU-Ukraine Association Agreement (comprising a Deep and Comprehensive Free Trade Agreement – AA/DCFTA), as well as progress in initialising similar future agreements with Georgia and Moldova, have been escalating before the summit. The association agreements would bring EaP signatory countries closer to the EU not really closer to EU membership, but closer to the application of various EU norms and standards (takeover of the 'acquis communautaire') and – significantly – out of the Russian orbit, for the beginning at least symbolically. The last minute postponement of the EU-Ukraine AA/DCFTA signature announced by Ukraine's government just one week before the summit represents a serious setback for the EU. Though the EU has no 'Plan B' and was stunned after Ukraine's announcement, life will continue after the summit and new initiatives will have to be started. What are the relevant issues and challenges and what is at stake? This note attempts to evaluate the consequences (economic and otherwise) of alternate decisions following the Vilnius Eastern Partnership Summit, reviews some of the disputed arguments and discusses selected relevant economic issues.

### Keywords

Vilnius Eastern Partnership Summit, European Union, Ukraine, EU-Ukraine Association Agreement, Russia

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## **I. Introduction**

The Vilnius Eastern Partnership Summit on 28–29 November 2013 represents a milestone in EU relations not just with respect to the six Eastern Partnership countries (EaP: Armenia, Azerbaijan, Belarus, Georgia, Moldova and particularly Ukraine), but also with the EU's 'strategic partner', Russia. The turbulence and numerous speculations regarding expectations about the signature of the EU-Ukraine Association Agreement (comprising a Deep and Comprehensive Free Trade Agreement – AA/DCFTA), as well as progress in initialising similar future agreements with Georgia and Moldova, escalated before the summit. The association agreements would bring EaP signatory countries closer to the EU: not really closer to EU membership, but closer to the application of various EU norms and standards (takeover of the 'acquis communautaire') and – significantly – out of the Russian orbit, at least symbolically at first. The postponement of the EU-Ukraine AA/DCFTA signature – Ukraine's government halted the related preparations just one week before the summit – represents a serious setback for the EU, while Russia has gained another strategic point, at least for a while.<sup>2</sup> Though the EU has no 'Plan B' and EU High Representative Catherine Ashton expressed her disappointment immediately after Ukraine's announcement, life will continue after the summit and new initiatives will have to be started.

What are the relevant issues and challenges and what is at stake? This note briefly discusses the positions of the key individual parties (the European Union, Ukraine and Russia), presents details on foreign trade and tariff data and attempts to evaluate the consequences (economic and otherwise) of alternate decisions following the Vilnius Eastern Partnership Summit. It also reviews some of the disputed arguments and discusses selected relevant economic issues.

## **II. Tug-of-war over Ukraine**

In its present form, the conclusion and implementation of an AA/DCFTA between Ukraine and the EU has been presented by both the EU and Russia as incompatible with the participation of EaP countries in the Russian-led Customs Union (BRK-CU; the other members being Belarus and Kazakhstan) and especially with Ukraine joining the envisaged 'deeper and wider' post-Soviet integration project in the framework of the Eurasian Union and the Single Economic Space (SES).<sup>3</sup> Until compromise solutions regarding tariff regimes have been negotiated, the two directions for integration – either with the EU or participation in the BRK-CU/SES – are indeed incompatible. Russia's 'success' in luring Armenia into the BRK-CU instead of opting for an AA/DCFTA with the EU, as announced on 3 September, 2013, was initially interpreted by some in the EU as incompatible with Armenia's

<sup>2</sup> Ukraine's government proposed the establishment of a tripartite commission with the EU and Russia in order to jointly discuss trade and economic issues – see [www.gazeta.ru](http://www.gazeta.ru), 21 November, 2013. The interruption of the AA/DCFTA process was presented by Ukraine's Prime Minister Mykola Azarov as a 'tactical decision' driven solely by economic reasoning.

<sup>3</sup> The Eurasian Union (EurAz) currently includes, apart from Russia, Belarus and Kazakhstan, Kyrgyzstan and Tajikistan. The future Eurasian Union and SES envisages a common market entailing 'four freedoms' modelled on the EU experience.

prospective conclusion of an AA/DCFTA. Later on, European Commissioner for Enlargement and Neighbourhood Policy Štefan Füle attempted to de-escalate tensions and tried to dismiss such fears by stating in October at a conference in Kyiv that the AA/DCFTA should ‘not be seen as a threat but as an opportunity, a contribution to creating an area of free trade between Lisbon and Vladivostok’. Furthermore, he explained that the European Commission is ‘working on the issue of legal incompatibility between the Association Agreement and Customs Union’, while requiring once again that Ukraine shows ‘determined action’ and delivers ‘tangible progress on all European Union benchmarks’.<sup>4</sup> Ukraine, for its part, would opt for signing the AA/DCFTA agreement (a corresponding decision was already adopted by Ukraine’s government in September 2013) while, ideally, desiring to ‘cherry pick’ and maintain and develop good relations with both the Russian-led Customs Union and the EU. One of the EU’s key demands – to cease the application of ‘selective justice’ and in particular the release of former Prime Minister Yulia Tymoshenko from prison – will obviously not be fulfilled, at least not before the Vilnius Summit.<sup>5</sup>

### III. Russia’s bullying pays off

To deal first with Russia, there has been some history of this country’s use of economic sanctions in order to retaliate for perceived unwelcome political developments in the ‘near abroad’. Russian sanctions ranged from import bans on Georgian wine and mineral water in 2004–06 after the ‘Rose Revolution’ in Georgia, the interruption of gas deliveries to Ukraine and Belarus related to disputes over pricing and access to pipelines, restricting the import of wine and spirits from Moldova, imposing import restrictions on dairy products and chocolate from Ukraine, on dairy product imports from Lithuania, etc.<sup>6</sup> The latest sore point in Russian external relations with potentially severe economic consequences has been Russia’s concentrated efforts in bullying Ukraine (as well as Georgia and Moldova) related to the envisaged AA/DCFTA signature at the forthcoming Eastern Partnership Summit in Vilnius.<sup>7</sup> The frequency and intensity of Russia’s rather crude attempts to prevent Ukraine from signing the AA/DCFTA prior to the Vilnius Summit and to ‘explain the adverse consequences of the signature’, together with simultaneous efforts to ‘lure’ Ukraine into joining the Russian-led Customs Union with Belarus and Kazakhstan, escalated before the Vilnius Summit.<sup>8</sup> Repeatedly, Sergey Glazyev, one of President Putin’s

<sup>4</sup> See Füle (2013a, 2013b). The latter requirement was spelled out by Mr Füle in a speech before the Ukrainian parliament in Kyiv on the same day (Füle, 2013c).

<sup>5</sup> EU foreign affairs ministers reiterated conditions for signing the AA/DCFTA agreement at their meeting on 18 November, 2013, in Brussels as follows: ‘Determined action and tangible progress is needed in three areas: the compliance of the parliamentary elections with international standards, addressing the issue of selective justice and preventing its recurrence, and the implementation of the reforms jointly agreed in the Association Agenda’ (<http://www.euractiv.com/specialreport-ukraine-way-reform/analysts-slam-germany-ukraine-po-news-531768>).

<sup>6</sup> It must be added, for the sake of completeness, that Russia also employed trade sanctions – with varying justification – with respect to imports of US poultry, Polish pork, Dutch flowers, etc.

<sup>7</sup> See Moldova’s Foreign and European Integration Minister (who is also chief AA negotiator) Natalia Gherman at Euractiv.com, published on 30 October, 2013, and the interview with newly elected Georgian President Giorgi Margvelashvili in *Kommersant Vlast*, No. 41, October 2013, respectively.

<sup>8</sup> There was even a ‘secret’ (although leaked) strategy for preventing Ukraine from signing the AA/DCFTA agreement published in August by the Ukrainian paper Zerkalo Nedely – see <http://gazeta.zn.ua/internal/o->

economic advisors, lectured Ukraine on the alleged adverse consequences of signing the ‘discriminative’ AA/DCFTA agreement while simultaneously threatening Russian sanctions. Indeed, Russian border controls on Ukrainian exports were briefly introduced (on a ‘trial’ basis, but still violating the CIS FTA agreements where Ukraine participates) while simultaneously praising the economic benefits of Ukraine joining the Customs Union. Similar warnings were spelled out by Russian Ambassador to the EU Vladimir Chizhov and reiterated, albeit in a more polite form, by Russian First Deputy Prime Minister Igor Shuvalov, who is in charge of EurAz economic relations in Russia.<sup>9</sup> Last but not least, Russian Prime Minister Dmitry Medvedev warned his Ukrainian colleague Mykola Azarov that after signing the AA/DCFTA Ukraine will have ‘zero chance’ of full-scale CU membership, while Russian Foreign Affairs Minister Sergey Lavrov mentioned the possibility of tightened border controls between the two countries.<sup>10</sup> The latest serious and immediate threat was expressed by Mr Medvedev at the beginning of November in connection with Ukraine’s payment arrears for Russian gas deliveries (amounting to nearly USD 900 million as of August 2013). Prime Minister Medvedev required prompt debt repayment, rejected new Russian credit and required a pre-payment for additional gas deliveries (envisaged by the existing contract with Gazprom) while suggesting that, if necessary, Ukraine should ask the EU for financial assistance instead.<sup>11</sup> Meanwhile, Ukraine is also being squeezed by the IMF, which is urging the government to reduce budgetary expenditures and raise domestic gas tariffs, as well as to implement a number of other unpopular reforms before resuming new financing.<sup>12</sup>

Russia’s bullying attempts to pressure its neighbours to ‘integrate’ with Russia instead of with the EU was seen as counterproductive not only by many Ukrainians and most outside observers, but even by a number of commentators in Russia.<sup>13</sup> On the other hand, a negative view regarding the consequences of an AA/DCFTA signature is shared by Ukraine’s communists, who claim – probably correctly – that the country has no prospects of joining the EU in the next 20–30 years and that the implementation of EU regulations would be too costly, while EU integration is allegedly supported by just 40% of Ukrainians.<sup>14</sup> Last but not least, there have been tensions among current BRK-CU members as neither Belarus nor Kazakhstan – the two other members of BRK-CU – are particularly happy with current Russian dealings related to the CU stance. For example, at the recent BRK-CU summit in Minsk (end-October 2013), Kazakh President Nursultan Nazarbayev

komplekse-mer-po-vovlecheniyu-ukrainy-v-evraziyskiy-integracionnyy-process-\_.html.

<sup>9</sup> See <http://www.euractiv.com/europes-east/top-envoy-russia-offer-ukraine-e-news-530890> and <http://www.euractiv.com/europes-east/russia-reiterates-warnings-ukrai-news-530671>.

<sup>10</sup> See report from the meeting of the two prime ministers in Kaluga on 15 October, 2013 ([www.gazeta.ru/business/2013/10/15](http://www.gazeta.ru/business/2013/10/15)). For Lavrov’s speech, see [http://www.gazeta.ru/politics/2013/10/28\\_a\\_5727929.shtml](http://www.gazeta.ru/politics/2013/10/28_a_5727929.shtml).

<sup>11</sup> See [www.gazeta.ru](http://www.gazeta.ru), 4 November, 2013.

<sup>12</sup> See IMF Mission Statement to Ukraine, Press Release No. 13/419, 31 October, 2013.

<sup>13</sup> See, for instance, <http://www.vedomosti.ru/opinion/print/2013/10/29/18070451>, K. Sonin and Financial Times, 4 November, 2013, p. 9.

<sup>14</sup> See <http://www.euractiv.com/europes-east/ukrainian-communists-expose-myth-news-531359>. It must be added that the high costs and the rationality of the request to take over the ‘acquis’ and other provisions of the DCFTA without prospects for EU accession is criticised by other observers as well (Dreyer, 2012). The earlier experience of CEE NMS suggests that ‘acquis takeover’ is indeed costly and problematic (Havlik, 2003).

complained about the ‘excessive politicisation’ of the CU Commission’s decisions pursued by Russian representatives who are ‘not independent enough’ from the government (a situation which contradicts CU Commission statutes). Furthermore, Belarus President Alexander Lukashenko complained at the same summit about increased bureaucratic obstacles in BRK-CU customs procedures and delays in other integration steps.<sup>15</sup> On the sidelines, Mr Nazarbayev also suggested inviting Turkey to join the BRK-CU.<sup>16</sup>

#### **IV. EU’s failed Eastern Partnership**

Following a number of resolute previous ‘either/or’ statements regarding the direction of integration by various EU representatives, European Commissioner for Enlargement and Neighbourhood Policy Štefan Füle attempted to de-escalate the situation, declaring that this issue ‘is not a choice between Moscow and Brussels’ and promised Ukraine a speedier AA/DCFTA implementation after the Vilnius summit. Mr Füle also declared that the European Commission is ‘working on overcoming the issues of legal compatibility between the AA and CU’ in order to ‘prevent new walls in Europe’,<sup>17</sup> and sharply rebuked claims regarding the adverse effects of an AA/DCFTA.<sup>18</sup> On the same day, Mr Füle announced a ‘post-Vilnius agenda’ for Ukraine which would include financial assistance to support the implementation of the Association Agreement amounting to EUR 186 million and move ahead with macro-financial assistance of EUR 610 million, ‘once the conditions are in place’ (ibid). The current EU stance with respect to both Eastern Partnership countries and the ‘partnership for modernisation’ with Russia, as well as the lack of a corresponding longer-term strategy, have long been criticised by numerous observers and experts.<sup>19</sup>

#### **V. Economic integration effects**

Available studies dealing with the (economic) effects of alternative integration agreements provide widely conflicting results, depending on methods, assumptions and data sources. One of the common findings of these studies is that (economic) effects on Russia (or the EU for that matter) are asymmetric: they are rather small compared to the effects on smaller prospective integration partners such as Ukraine, Armenia, Georgia or Moldova – owing to the sheer size of the Russian/EU economy (see, among others, Astrov et al., 2012; EDB, 2012, 2013; Vinokurov and Libman, 2012; Dabrowski and Taran, 2012;

<sup>15</sup> See <http://www.vedomosti.ru/politics/print/2013/10/25/17942981>.

<sup>16</sup> Ibid. Note that Turkey has been in a customs union with the EU since the mid-1990s.

<sup>17</sup> See Mr Füle’s speech at the conference in Yalta, Ukraine, on 20 September, 2013.

<sup>18</sup> See the above quoted speeches by Mr Füle at the international conference in Kyiv and before the Ukrainian Parliament on 11 October, 2013, at [http://europa.eu/rapid/press-release\\_SPEECH-13-808\\_en.htm](http://europa.eu/rapid/press-release_SPEECH-13-808_en.htm) and 13-810 (ibid).

<sup>19</sup> See, for example, Wallace (2009), Grant (2011), Emerson (2011a) and recent statements by German Bundestag MP Karl-Georg Wellmann and former EU Enlargement Commissioner Gunter Verheugen during a panel discussion in Berlin on 18 November, 2013, (<http://www.euractiv.com/specialreport-ukraine-way-reform/analysts-slam-germany-ukraine-po-news-531768>). Similar views have recently been expressed also by French diplomats (<http://www.euractiv.com/europes-east/france-supports-association-agre-news-531726as>), as well as by Youngs and Pishchikova (2013) and Wisniewski (2013).

Dreyer, 2012; Movchan and Shportyuk, 2012; EBRD, 2012). Another common finding of most integration studies is that (mostly short-term) tariff reduction effects are relatively small compared to the effects from the abolishment of non-tariff barriers and the expected medium- and long-term efficiency gains from capital inflows and related restructuring. This applies not only to post-Soviet integration or the AA/DCFTA but, for example, to the Transatlantic Trade and Investment Partnership (TTIP) under negotiation between the EU and US as well (see Francois et al., 2013).

Regarding the effects of alternative integration scenarios, there is a plethora of different evaluation approaches, applying various methodologies, assumptions and data sets (see references for a selection of the relevant literature). Not surprisingly, the evaluation results differ by wide margins and the issue – economic effects of alternate integration directions – is excessively politicised. Ukraine has so far rejected a full-fledged BRK-CU membership and has instead acquired ‘observer status’. Apart from tricky geo-political aspects, important reasons for Ukraine’s reluctant position are its WTO-related commitments and questions of BRK-CU compatibility with the prospective AA/DCFTA with the EU. While there seems to be little (economic) justification for Russia prompting Ukraine to join the BRK-CU (the economic impacts on Russia are rather small, partly owing to its size), for Ukraine, on the other hand, the economic (and other) linkages to Russia are rather important.

Box 1

**What is the content of the EU-Ukraine DCFTA?**

The EU-UA DCFTA represents part of the Association Agreement and consists of 15 Chapters, 14 Annexes and 3 protocols – altogether more than 900 pages of text published in November 2012, with few experts ever having probably actually read it. According to Chapter 1 (Market Access for Goods), the vast majority of customs duties (99.1% by Ukraine and 98.1% by the EU) will be removed as soon as the Agreement enters into force after the ratification process is completed. A few sectors will obtain transition periods for the removal of customs duties (e.g. the automotive sector in Ukraine for 15 years and some agriculture products in the EU for up to 10 years); WTO rules will be generally applied to non-tariffs barriers. According to EC estimates, Ukrainian exporters will save EUR 487 million annually due to reduced EU import duties, while Ukraine will remove around EUR 390 million in duties on imports from the EU.<sup>20</sup> Ukraine will progressively adapt its technical regulations and standards to those of the EU.<sup>21</sup> Chapter 6 (which deals with services) aims at the expansion of the EU internal market ‘once Ukraine effectively implements the EU-acquis’. Similar wording is used in relation to financial services, telecom, postal and maritime services. Chapter 8 (Public procurement) provides exceptions for the defence sectors in both Ukraine and the EU. For the first time, Ukraine’s DCFTA includes specific provisions on trade-related energy issues (Chapter 11; Ukraine is already a member of the Energy Community Treaty, which imposes an obligation to implement the EU energy acquis on electricity and gas). These include rules on pricing, the prohibition of dual pricing and transport interruption to third countries, as well as rules on non-discriminatory access to the exploration and production of hydrocarbons.<sup>22</sup> Importantly, Protocol I of the DCFTA deals with rules of origin and defines the ‘economic nationality’ of products needed to determine the duties applicable to traded goods.<sup>23</sup> Future EU-Ukraine relations will include EU-Ukraine summits and the Association Council with the power to take binding decisions. Last but not least, Article 39 of the agreement explicitly stipulates that the DCFTA ‘shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier traffic except insofar as they conflict with trade arrangements provided for in this agreement’ and consultations regarding these matters will take place within the Trade Committee.

<sup>20</sup> The net effect on Ukraine would thus be a gain of some EUR 100 million. In contrast, at a recent conference in Kharkiv, Sergey Glazyev predicted a deterioration of Ukraine’s trade balance in the event of DCFTA signature by USD 5 billion owing to the abolishment of customs duties on 75% of imports (see [www.gazeta.ru](http://www.gazeta.ru) from 1 November, 2013).

<sup>21</sup> *Ibid.*, Chapter 3, Technical barriers to trade. There is no available EC estimate for Ukraine’s acquis takeover costs but, according to Ukrainian sources, these costs are doubtless considerable (see also Dreyer, 2012). Commissioner Füle, in his speech on 11 October, 2013, mentioned the intention to help with an ‘indicative amount of EUR 186 million’. For an earlier experience of NMS see Havlik (2003).

<sup>22</sup> Note the similar above-quoted conditionality required by the IMF.

<sup>23</sup> The latter is one of Russia’s major complaints regarding the incompatibility of the DCFTA and the BRK-CU (and the existing CIS-wide FTA where Ukraine is a member) and is used as an argument for the erection of trade barriers.



Source: European Commission, DG Trade and Industry. For the English version of the text, see EU Ukraine Association Agreement English – 2012.11.19.EU\_Ukraine\_Association\_Agreement\_English.pdf published on 19 November, 2012 (a concise summary was published on the European Commission DG Trade website on 26 February, 2013).

Notwithstanding the above incompatibilities, which would have to be re-negotiated and would doubtless leave room for compromises, the polarisation of Russian and EU stand-points regarding these issues is not only endangering future Russian-EU relations, but is also counterproductive with respect to Ukraine, which remains sandwiched between the two and would be ultimately adversely affected by EU-Russia frictions the most. As far as foreign trade volumes are concerned, Russia and the EU are of about the same importance for Ukraine: Ukraine's exports to each of the destinations amounted to some USD 17 billion in 2012. Russia accounted for 26% of Ukraine's exports and the BRK-CU (together with Belarus and Kazakhstan) for 33% of Ukraine's exports in 2012. The enlarged EU(28) accounted for 25% of Ukraine's exports in 2012 (see Annex for additional trade statistics). As regards imports, the situation is similar: 32% of Ukraine's imports originated from Russia in 2012 (and more than 40% from the BRK-CU), whereas imports from the EU(28) accounted for 31% of the total. However, there are important structural aspects of Ukraine's trade to either destination: the structure of exports to Russia is more 'advanced', since Ukraine's exports of transport equipment and machinery play a much bigger role. Some Ukrainian estimates reckon with an additional export and GDP growth potential from exports to Russia, especially in aircraft, shipbuilding and railway machinery industries.<sup>24</sup>

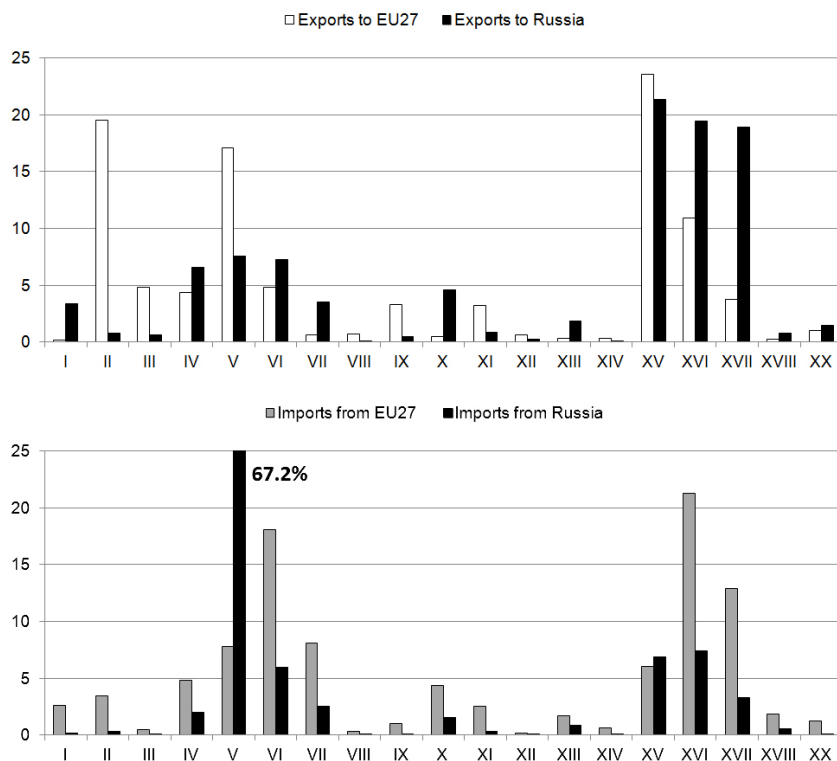
With respect to the EU, Ukraine's exports are specialised on vegetable products, mineral products (partly refined from Russian oil imports) and base metals. Ukraine's imports from Russia are traditionally dominated by mineral products, whereas imports from the EU consist mostly of chemicals, machinery and transport equipment (Figure 1).

Russia and the EU are thus nearly equally important trading partners for Ukraine. From a purely trade importance point of view the either-or decision regarding the direction of Ukraine's trade integration is rather meaningless: both directions are important. Restricted access to the Russian market – if trade barriers are introduced by Russia as a punishment in case of Ukraine's 'European integration' choice – would hit a more advanced part of Ukraine's economy (located largely in the eastern part of the country) immediately and disproportionately, irrespective of the fact that a large part of these exports may represent remnants of cooperation links from the Soviet past (and are largely not competitive on EU markets). A BRK-CU-oriented integration of Ukraine would help to maintain and develop existing technological cooperation linkages, though probably without much modernisation and restructuring pressures (unless Russia itself embarks on a more radical reform path). On the other hand, the implementation of the AA/DCFTA with the EU would bring benefits to Ukraine only in the medium and long run – especially regarding the expected pressure

<sup>24</sup> Calculations by L. Shinkaruk, Institute for Economics and Forecasting, National Academy of Sciences of Ukraine (mimeo).

on modernisation and reforms which would eventually lead to a significant restructuring of the Ukrainian economy and higher FDI inflows. There is little doubt that the EU, as a more developed economy, would introduce more competition, modernisation and reform pressures on Ukraine; the EU market is also much bigger than the Russian one.

**Figure 1: Structure of Ukraine's foreign trade (in % of total, 2012)**



Note:

I Live animals, animal products;

II Vegetable products

III Animal or vegetable fats, oils, waxes, prepared edible fats

IV Prepared foodstuffs, beverages, tobacco and substitutes

V Mineral products

VI Products of the chemical or allied industries

VII Plastics and articles thereof, rubber and articles thereof

VIII Raw hides and skins, leather, furs, etc.

IX Wood and articles of wood, wood charcoal, cork, etc.

X Pulp wood, paper or paperboard (incl. recovered) and articles

XI Textiles and textile articles

XII Footwear, headgear, umbrellas, walking sticks, etc.

XIII Articles of stone, plaster, cement, ceramic products, glassware

- XIV Natural or cultured pearls, precious stones and metals, etc.
- XV Base metals and articles of base metal
- XVI Machinery, mech. appliances, electr. equipment
- XVII Vehicles, aircraft, vessels and associated transport equipment
- XVIII Optical, measuring, medical instr., clocks, musical instr., etc.
- XX Miscellaneous manufactured articles

*Source: State Statistics Committee of Ukraine; own calculations.*

As far as customs tariffs are concerned, Ukraine and Russia have a formal free trade agreement (with some important exceptions for agricultural products such as sugar) while in trade with the EU, 70.6% of the value of Ukrainian agricultural products and 90.8% of the value of non-agricultural products were already exported duty-free in 2011. Russia faced similar tariff protection in the EU for agriculture products like Ukraine while nearly all Russian non-agricultural exports to the EU were duty free (in value; in terms of the number of duty-free tariff lines, Ukraine's agricultural products face greater trade barriers in the EU – see Table 1 and Annex). Ukraine's (as well as Russia's) exports face the highest tariff protection in dairy products, cereals, sugar, beverages and tobacco, whereas industrial products generally enjoy more tariff protection in both Ukraine and Russia. In fact, average final bound duties in both Ukraine and Russia are very similar (except for animal products, beverages and tobacco, and wood and paper where Russian tariffs are higher and the harmonisation of tariff lines should not, given the will to negotiate, pose too big a problem – with the above-quoted few exceptions, see Table 1).

**Table 1 Tariffs and imports by product groups, Ukraine**

| Product groups              | Final bound duties |           |      |         | MFN applied duties |           |      | Imports |           | Differences in final bound duties |       |       |
|-----------------------------|--------------------|-----------|------|---------|--------------------|-----------|------|---------|-----------|-----------------------------------|-------|-------|
|                             | AVG                | Duty-free | Max  | Binding | AVG                | Duty-free | Max  | Share   | Duty-free | EU-RU                             | EU-UA | RU-UA |
|                             | in %               | in %      | in % | in %    | in %               | in %      | in % | in %    | in %      |                                   |       |       |
| Animal products             | 13.0               | 0         | 20   | 100     | 11.0               | 9.0       | 20   | 0.5     | 15.0      | 0.3                               | 10.4  | 10.1  |
| Dairy products              | 10.0               | 0         | 10   | 100     | 10.0               | 0         | 10   | 0.2     | 0         | 39.8                              | 44.7  | 4.9   |
| Fruit, vegetables, plants   | 13.1               | 10.2      | 20   | 100     | 9.9                | 18.9      | 20   | 1.4     | 54.6      | 1.5                               | -2.9  | -4.4  |
| Coffee, tea                 | 5.8                | 35.4      | 20   | 100     | 5.8                | 35.4      | 20   | 1.3     | 42.0      | -0.2                              | 0.4   | 0.6   |
| Cereals & preparations      | 12.7               | 3.3       | 20   | 100     | 12.6               | 3.8       | 20   | 0.9     | 27.1      | 12.1                              | 9.5   | -2.6  |
| Oilseeds, fats & oils       | 10.7               | 11.0      | 30   | 100     | 8.3                | 20.1      | 30   | 0.9     | 89.9      | -1.5                              | -5.1  | -3.6  |
| Sugars and confectionery    | 17.5               | 0.6       | 50   | 100     | 17.5               | 0         | 50   | 0.3     | 0         | 18.3                              | 13.5  | -4.8  |
| Beverages & tobacco         | 7.9                | 25.7      | 64   | 100     | 12.2               | 26.2      | 424  | 1.2     | 23.9      | -2.3                              | 13.4  | 15.7  |
| Cotton                      | 1.4                | 40.0      | 5    | 100     | 1.4                | 40.0      | 5    | 0.0     | 61.3      | 0                                 | -1.4  | -1.4  |
| Other agricultural products | 7.6                | 23.9      | 20   | 100     | 5.5                | 45.2      | 20   | 0.5     | 19.3      | -1.2                              | -3.5  | -2.3  |
| Fish & fish products        | 3.7                | 61.7      | 20   | 100     | 2.6                | 68.2      | 20   | 0.7     | 68.0      | 3.4                               | 7.2   | 3.8   |
| Minerals & metals           | 4.5                | 42.4      | 20   | 100     | 3.0                | 47.6      | 20   | 32.8    | 79.0      | -6                                | -2.5  | 3.5   |
| Petroleum                   | 1.5                | 72.0      | 10   | 100     | 0.9                | 84.3      | 10   | 13.7    | 97.3      | -3                                | 0.5   | 3.5   |
| Chemicals                   | 5.1                | 16.1      | 10   | 100     | 3.2                | 39.3      | 65   | 12.7    | 55.4      | -0.6                              | -0.5  | 0.1   |
| Wood, paper, etc.           | 0.4                | 95.8      | 10   | 100     | 0.3                | 95.8      | 10   | 3.1     | 99.1      | -7                                | 0.5   | 7.5   |
| Textiles                    | 4.1                | 33.7      | 13   | 100     | 3.8                | 35.6      | 13   | 2.1     | 25.6      | -1.3                              | 2.4   | 3.7   |
| Clothing                    | 11.4               | 1.0       | 12   | 100     | 11.3               | 1.1       | 12   | 0.6     | 0.1       | -0.3                              | 0.1   | 0.4   |
| Leather, footwear, etc.     | 7.2                | 14.9      | 25   | 100     | 5.4                | 27.0      | 25   | 1.9     | 20.3      | -2.2                              | -3    | -0.8  |
| Non-electrical machinery    | 4.2                | 38.7      | 12   | 100     | 2.1                | 51.3      | 10   | 8.8     | 62.4      | -4.1                              | -2.5  | 1.6   |
| Electrical machinery        | 5.3                | 33.0      | 25   | 100     | 3.8                | 39.1      | 25   | 6.8     | 34.2      | -3.8                              | -2.9  | 0.9   |
| Transport equipment         | 7.5                | 15.8      | 20   | 100     | 5.1                | 39.6      | 20   | 7.5     | 21.4      | -4.8                              | -3.4  | 1.4   |
| Manufactures, n.e.s.        | 6.4                | 31.9      | 25   | 100     | 5.5                | 32.0      | 25   | 2.1     | 68.6      | -5.9                              | -3.9  | 2     |

Source: WTO; own calculations.

## VI. Conclusion

### Cooperation and integration, not confrontation

The earlier (both positive and negative) integration experiences of the new EU Member States (NMS) may provide a useful reference point for Ukraine. NMS trade integration with the EU advanced rapidly after they had signed association agreements and inflows of FDI to the region had already accelerated before EU accession. FDI inflows have brought new technologies, higher quality standards, and better know-how in management and marketing (Hunya, 2008). Last but not least, FDI inflows have facilitated access to EU markets and fostered modernisation; they even contributed to a revival of intra-NMS trade (Richter, 2011). FDI-induced modernisation was also crucial in raising the energy efficiency of the recipient countries' economies (which remains an important challenge for Ukraine – see Astrov et al., 2012). In this way, the former COMECON countries have successfully restructured their industrial sector, which in many cases became competitive on the European scale and has been gaining global market shares (Havlik, 2008). But the experience of the NMS in the recent crisis has also taught important lessons regarding the negative effects of capital flows and integration – neither being a panacea with respect to growth and convergence (see, for example, Gligorov et al., 2012).

In the case of Ukraine – unlike in the above-mentioned NMS countries – one important factor behind the success restructuring story, namely the 'carrot' of prospective EU membership, is missing and is unlikely to be in place any time soon. Theoretically, Ukraine (just as Russia) could still try to emulate these developments via closer EU integration – even without a formal accession anchor, as the Baltic States did in the early 1990s.<sup>25</sup> The latter does not rule out that Ukraine maintains close economic links with Russia, e.g. via a preservation of the current free trade regime (albeit with exemptions and limitations). The BRK-CU members – and first of all Russia – should also advance their integration with the enlarged EU, at least to the stage of a free trade area. Closer EU-BRK-CU integration which would include Ukraine is a potentially preferred option in future, and would, if accompanied by a parallel integration of other EaP countries, lay the foundation for a broader Pan-European Economic Space and wider Eurasian integration 'from Lisbon to Vladivostok'. This could be part of the new inclusive strategy for the EU Eastern Partnership which would refrain from strategic rivalry with Russia and revitalise the Partnership for Modernisation, especially in order to avoid trade wars and the raising of new walls in Europe (Samson, 2002; Havlik, 2010; Emerson, 2011a; Havlik, 2013; Wisniewski, 2013; etc.).

In summary, both Russia and the EU should abstain from counterproductive geopolitical games over influence in the EaP region which would have adverse consequences, especially for the EaP countries concerned. EU-Russia negotiations should not be about Ukraine or other EaP countries but should involve the latter in the process. All parties should also continue/resume FTA negotiations – perhaps with a lesser and selective focus on costly harmonisations of norms and regulations. Last but not least, progress on visa liberalisation

<sup>25</sup> It is questionable as to whether this incentive is sufficient for truly sustained reform efforts. WTO membership is definitely not a sufficient 'reform anchor' – see O. Havrylyshyn in Grinberg et al. (2008).

procedures and other confidence-building measures should be decisively speeded up and here it is the EU which should deliver. Apart from confidence building measures, closer integration of the enlarged EU, Russia and the Eastern Partnership countries – from ‘Lisbon to Vladivostok’ – would boost trade and investment, thus fostering badly needed economic growth and stability in Europe.

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## Statistical Annex

### Tables from the *wiiw Handbook of Statistics: Countries in Transition 2013*.

**Table A1: Kazakhstan – Foreign trade by country groupings**

|                               | 2000  | 2005  | 2009  | 2010  | 2011  | 2012* |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| <b>EUR mn<sup>1) 2)</sup></b> |       |       |       |       |       |       |
| <b>Exports, fob</b>           |       |       |       |       |       |       |
| Total                         | 9319  | 22371 | 30977 | 45387 | 62929 | 67249 |
| EU-28                         | 2400  | 9034  | 15164 | 23203 | 30738 | 35364 |
| EU-15                         | 2181  | 7752  | 12705 | 20391 | 27253 | 30665 |
| Other countries <sup>3)</sup> | 6919  | 13337 | 15813 | 22185 | 32191 | 31884 |
| <b>Imports, cif</b>           |       |       |       |       |       |       |
| Total                         | 5330  | 13939 | 20373 | 23440 | 26619 | 36021 |
| EU-28                         | 1253  | 3453  | 5588  | 5482  | 5271  | 7270  |
| EU-15                         | 1074  | 2995  | 4805  | 4567  | 4355  | 6069  |
| Other countries <sup>3)</sup> | 4077  | 10486 | 14785 | 17958 | 21348 | 28752 |
| <b>Trade balance</b>          |       |       |       |       |       |       |
| Total                         | 3989  | 8432  | 10604 | 21947 | 36310 | 31227 |
| EU-28                         | 1147  | 5581  | 9576  | 17721 | 25467 | 28095 |
| EU-15                         | 1108  | 4757  | 7900  | 15824 | 22898 | 24597 |
| Other countries <sup>3)</sup> | 2842  | 2851  | 1028  | 4226  | 10843 | 3133  |
| <b>Annual growth in %</b>     |       |       |       |       |       |       |
| <b>Exports, fob</b>           |       |       |       |       |       |       |
| Total                         | 72.6  | 38.3  | –36.0 | 46.5  | 38.6  | 6.9   |
| EU-28                         | 62.1  | 59.5  | –27.0 | 53.0  | 32.5  | 15.1  |
| EU-15                         | 87.0  | 52.7  | –32.1 | 60.5  | 33.7  | 12.5  |
| Other countries <sup>3)</sup> | 76.6  | 26.9  | –42.7 | 40.3  | 45.1  | –1.0  |
| <b>Imports, cif</b>           |       |       |       |       |       |       |
| Total                         | 58.6  | 35.5  | –20.9 | 15.1  | 13.6  | 35.3  |
| EU-28                         | 26.9  | 22.6  | –4.3  | –1.9  | –3.8  | 37.9  |
| EU-15                         | 29.1  | 25.9  | –3.2  | –5.0  | –4.6  | 39.3  |
| Other countries <sup>3)</sup> | 71.8  | 40.4  | –25.7 | 21.5  | 18.9  | 34.7  |
| <b>Shares in %</b>            |       |       |       |       |       |       |
| <b>Exports, fob</b>           |       |       |       |       |       |       |
| Total                         | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| EU-28                         | 25.8  | 40.4  | 49.0  | 51.1  | 48.8  | 52.6  |
| EU-15                         | 23.4  | 34.7  | 41.0  | 44.9  | 43.3  | 45.6  |
| Other countries <sup>3)</sup> | 74.2  | 59.6  | 51.0  | 48.9  | 51.2  | 47.4  |
| <b>Imports, cif</b>           |       |       |       |       |       |       |
| Total                         | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| EU-28                         | 23.5  | 24.8  | 27.4  | 23.4  | 19.8  | 20.2  |
| EU-15                         | 20.1  | 21.5  | 23.6  | 19.5  | 16.4  | 16.8  |
| Other countries <sup>3)</sup> | 76.5  | 75.2  | 72.6  | 76.6  | 80.2  | 79.8  |

1) Officially registered trade.

2) Values in EUR converted from USD to NCU to EUR at the average official exchange rate.

3) Refers to total minus EU-28 from 2000.

**Table A2: Russia – Foreign trade by country groupings**

|                               | 2000   | 2005   | 2009   | 2010   | 2011   | 2012*  |
|-------------------------------|--------|--------|--------|--------|--------|--------|
| <b>EUR mn<sup>1)</sup></b>    |        |        |        |        |        |        |
| <b>Exports, fob</b>           |        |        |        |        |        |        |
| Total                         | 111449 | 193709 | 216560 | 299354 | 371071 | 408182 |
| EU-28                         | 60780  | 111619 | 116080 | 160210 | 192189 | 216319 |
| EU-15                         | 39870  | 80255  | 88564  | 121657 | 142915 | 164148 |
| Other countries <sup>2)</sup> | 50668  | 82090  | 100480 | 139143 | 178882 | 191863 |
| <b>Imports, cif</b>           |        |        |        |        |        |        |
| Total                         | 36613  | 79190  | 120136 | 172579 | 219576 | 246447 |
| EU-28                         | 14617  | 35375  | 53962  | 71947  | 91606  | 96044  |
| EU-15                         | 12044  | 29283  | 43287  | 56998  | 74154  | 79421  |
| Other countries <sup>2)</sup> | 21996  | 43815  | 66174  | 100632 | 127970 | 150403 |
| <b>Trade balance</b>          |        |        |        |        |        |        |
| Total                         | 74836  | 114519 | 96424  | 126775 | 151495 | 161735 |
| EU-28                         | 46164  | 76245  | 62119  | 88263  | 100583 | 120275 |
| EU-15                         | 27827  | 50972  | 45278  | 64659  | 68761  | 84727  |
| Other countries <sup>2)</sup> | 28672  | 38275  | 34306  | 38511  | 50912  | 41460  |
| <b>Annual growth in %</b>     |        |        |        |        |        |        |
| <b>Exports, fob</b>           |        |        |        |        |        |        |
| Total                         | 63.0   | 32.6   | –32.0  | 38.2   | 24.0   | 10.0   |
| EU-28                         | 80.1   | 46.2   | –36.4  | 38.0   | 20.0   | 12.6   |
| EU-15                         | 71.0   | 51.2   | –34.2  | 37.4   | 17.5   | 14.9   |
| Other countries <sup>2)</sup> | 46.3   | 17.7   | –26.2  | 38.5   | 28.6   | 7.3    |
| <b>Imports, cif</b>           |        |        |        |        |        |        |
| Total                         | 28.9   | 30.3   | –34.0  | 43.7   | 27.2   | 12.2   |
| EU-28                         | 17.9   | 27.8   | –32.0  | 33.3   | 27.3   | 4.8    |
| EU-15                         | 14.9   | 28.0   | –32.3  | 31.7   | 30.1   | 7.1    |
| Other countries <sup>2)</sup> | 37.4   | 32.3   | –35.5  | 52.1   | 27.2   | 17.5   |
| <b>Shares in %</b>            |        |        |        |        |        |        |
| <b>Exports, fob</b>           |        |        |        |        |        |        |
| Total                         | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  |
| EU-28                         | 54.5   | 57.6   | 53.6   | 53.5   | 51.8   | 53.0   |
| EU-15                         | 35.8   | 41.4   | 40.9   | 40.6   | 38.5   | 40.2   |
| Other countries <sup>2)</sup> | 45.5   | 42.4   | 46.4   | 46.5   | 48.2   | 47.0   |
| <b>Imports, cif</b>           |        |        |        |        |        |        |
| Total                         | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  | 100.0  |
| EU-28                         | 39.9   | 44.7   | 44.9   | 41.7   | 41.7   | 39.0   |
| EU-15                         | 32.9   | 37.0   | 36.0   | 33.0   | 33.8   | 32.2   |
| Other countries <sup>2)</sup> | 60.1   | 55.3   | 55.1   | 58.3   | 58.3   | 61.0   |

1) Values in EUR converted from USD to NCU to EUR at the average official exchange rate.

2) Refers to total minus EU-28 from 2000.

**Table A3: Ukraine – Foreign trade by country groupings**

|                               | 2000    | 2005    | 2009    | 2010    | 2011     | 2012*    |
|-------------------------------|---------|---------|---------|---------|----------|----------|
| <b>EUR mn<sup>1)</sup></b>    |         |         |         |         |          |          |
| <b>Exports, fob</b>           |         |         |         |         |          |          |
| Total                         | 15764.6 | 27455.0 | 28457.9 | 38729.2 | 49129.8  | 53536.7  |
| EU-28                         | 5215.2  | 8256.5  | 6820.9  | 9858.6  | 12945.4  | 13321.2  |
| EU-15                         | 2811.6  | 4578.1  | 3906.7  | 5474.5  | 6787.7   | 7371.1   |
| Other countries <sup>2)</sup> | 10549.4 | 19198.5 | 21637.0 | 28870.6 | 36184.3  | 40215.5  |
| <b>Imports, cif</b>           |         |         |         |         |          |          |
| Total                         | 15097.7 | 28985.3 | 32571.0 | 45763.8 | 59340.2  | 65867.2  |
| EU-28                         | 4378.8  | 9794.8  | 11067.9 | 14428.9 | 18536.3  | 20404.6  |
| EU-15                         | 3116.9  | 6755.8  | 7225.0  | 8921.6  | 11938.4  | 13168.3  |
| Other countries <sup>2)</sup> | 10718.9 | 19190.5 | 21503.1 | 31334.9 | 40803.9  | 45462.6  |
| <b>Trade balance</b>          |         |         |         |         |          |          |
| Total                         | 667.0   | −1530.3 | −4113.1 | −7034.6 | −10210.4 | −12330.5 |
| EU-28                         | 836.4   | −1538.3 | −4247.1 | −4570.3 | −5590.9  | −7083.5  |
| EU-15                         | −305.3  | −2177.7 | −3318.3 | −3447.1 | −5150.6  | −5797.2  |
| Other countries <sup>2)</sup> | −169.5  | 8.0     | 133.9   | −2464.3 | −4619.5  | −5247.1  |
| <b>Annual growth in %</b>     |         |         |         |         |          |          |
| <b>Exports, fob</b>           |         |         |         |         |          |          |
| Total                         | 44.8    | 4.4     | −37.8   | 36.1    | 26.9     | 9.0      |
| EU-28                         | 51.4    | −7.3    | −45.4   | 44.5    | 31.3     | 2.9      |
| EU-15                         | 41.2    | −4.7    | −40.7   | 40.1    | 24.0     | 8.6      |
| Other countries <sup>2)</sup> | 41.7    | 10.4    | −35.0   | 33.4    | 25.3     | 11.1     |
| <b>Imports, cif</b>           |         |         |         |         |          |          |
| Total                         | 35.6    | 24.2    | −44.3   | 40.5    | 29.7     | 11.0     |
| EU-28                         | 34.6    | 27.3    | −44.0   | 30.4    | 28.5     | 10.1     |
| EU-15                         | 38.2    | 23.7    | −42.7   | 23.5    | 33.8     | 10.3     |
| Other countries <sup>2)</sup> | 36.0    | 22.7    | −44.4   | 45.7    | 30.2     | 11.4     |
| <b>Shares in %</b>            |         |         |         |         |          |          |
| <b>Exports, fob</b>           |         |         |         |         |          |          |
| Total                         | 100.0   | 100.0   | 100.0   | 100.0   | 100.0    | 100.0    |
| EU-28                         | 33.1    | 30.1    | 24.0    | 25.5    | 26.3     | 24.9     |
| EU-15                         | 17.8    | 16.7    | 13.7    | 14.1    | 13.8     | 13.8     |
| Other countries <sup>2)</sup> | 66.9    | 69.9    | 76.0    | 74.5    | 73.7     | 75.1     |
| <b>Imports, cif</b>           |         |         |         |         |          |          |
| Total                         | 100.0   | 100.0   | 100.0   | 100.0   | 100.0    | 100.0    |
| EU-28                         | 29.0    | 33.8    | 34.0    | 31.5    | 31.2     | 31.0     |
| EU-15                         | 20.6    | 23.3    | 22.2    | 19.5    | 20.1     | 20.0     |
| Other countries <sup>2)</sup> | 71.0    | 66.2    | 66.0    | 68.5    | 68.8     | 69.0     |

1) Values in EUR converted from USD to NCU to EUR at the average official exchange rate.

2) Refers to total minus EU-28 from 2000.

**Table A4: Kazakhstan – Exports to top thirty partners**

|  |    | 2000   | 2005    | 2009    | 2010    | 2011    | 2012*   |
|--|----|--------|---------|---------|---------|---------|---------|
| Total exports, fob, EUR mn <sup>1)</sup> |    | 9319.0 | 22370.9 | 30977.2 | 45387.1 | 62928.6 | 67248.6 |
| <b>Shares in % (ranking in 2012)</b>     |    |        |         |         |         |         |         |
| Italy                                    | 1  | 10.41  | 15.05   | 15.48   | 15.89   | 17.17   | 17.77   |
| China                                    | 2  | 7.65   | 8.70    | 13.63   | 16.79   | 18.60   | 16.46   |
| Netherlands                              | 3  | 2.57   | 3.15    | 5.15    | 6.90    | 7.58    | 8.43    |
| Russia                                   | 4  | 19.87  | 10.51   | 8.21    | 9.48    | 7.99    | 7.09    |
| France                                   | 5  | 0.18   | 9.57    | 7.83    | 7.36    | 6.18    | 6.52    |
| Austria                                  | 6  | 0.01   | 0.00    | 2.77    | 4.20    | 4.43    | 5.73    |
| Switzerland                              | 7  | 5.15   | 19.78   | 6.18    | 2.05    | 5.66    | 5.69    |
| Canada                                   | 8  | 0.08   | 1.90    | 3.21    | 4.06    | 3.00    | 3.56    |
| Romania                                  | 9  | 0.01   | 1.65    | 1.95    | 2.13    | 2.59    | 3.51    |
| Turkey                                   | 10 | 0.71   | 0.56    | 1.83    | 2.05    | 2.94    | 3.13    |
| Ukraine                                  | 11 | 2.88   | 0.72    | 2.98    | 1.11    | 3.05    | 2.76    |
| United Kingdom                           | 12 | 2.58   | 1.15    | 2.86    | 2.30    | 1.85    | 1.94    |
| Poland                                   | 13 | 0.64   | 1.32    | 1.93    | 2.02    | 1.49    | 1.87    |
| Israel                                   | 14 | .      | .       | 2.60    | 2.12    | 1.62    | 1.78    |
| Germany                                  | 15 | 6.25   | 1.47    | 2.08    | 2.90    | 1.84    | 1.61    |
| Uzbekistan                               | 16 | 1.51   | 0.87    | 2.06    | 1.82    | 1.35    | 1.36    |
| Portugal                                 | 17 | .      | 1.14    | 0.64    | 1.22    | 1.30    | 1.18    |
| Spain                                    | 18 | 0.07   | 1.67    | 1.34    | 1.53    | 1.30    | 0.77    |
| Greece                                   | 19 | 0.01   | 0.50    | 1.26    | 1.65    | 0.66    | 0.76    |
| Kyrgyzstan                               | 20 | 0.66   | 0.81    | 0.90    | 0.70    | 0.58    | 0.74    |
| Iran                                     | 21 | 2.31   | 3.18    | 2.96    | 1.81    | 1.23    | 0.70    |
| Japan                                    | 22 | 0.11   | 0.49    | 0.57    | 0.89    | 1.19    | 0.64    |
| Finland                                  | 23 | 0.79   | 0.64    | 1.04    | 0.45    | 0.67    | 0.60    |
| Tajikistan                               | 24 | 0.60   | 0.54    | 0.56    | 0.43    | 0.41    | 0.54    |
| United States                            | 25 | 2.38   | 2.39    | 1.42    | 1.46    | 1.17    | 0.46    |
| Bulgaria                                 | 26 | 0.02   | 0.00    | 0.42    | 0.28    | 0.55    | 0.41    |
| Azerbaijan                               | 27 | 0.53   | 0.46    | 0.21    | 0.57    | 0.27    | 0.40    |
| Afghanistan                              | 28 | 0.66   | 0.59    | 0.95    | 0.60    | 0.38    | 0.34    |
| Cyprus                                   | 29 | 0.02   | 1.03    | .       | 0.01    | 0.10    | 0.26    |
| Korea Republic                           | 30 | 0.41   | 0.67    | 0.30    | 0.39    | 0.32    | 0.25    |

1) Officially registered trade.

**Table A5: Russia – Exports to top thirty partners**

|                                      |    | 2000   | 2005   | 2009   | 2010   | 2011   | 2012*  |
|--------------------------------------|----|--------|--------|--------|--------|--------|--------|
| Total exports, fob, EUR mn           |    | 111449 | 193709 | 216560 | 299354 | 371071 | 408182 |
| <b>Shares in % (ranking in 2012)</b> |    |        |        |        |        |        |        |
| Netherlands                          | 1  | 4.22   | 10.19  | 12.07  | 13.59  | 12.13  | 14.64  |
| China                                | 2  | 5.09   | 5.40   | 5.53   | 5.12   | 6.78   | 6.81   |
| Germany                              | 3  | 8.95   | 8.17   | 6.20   | 6.46   | 6.61   | 6.78   |
| Italy                                | 4  | 7.03   | 7.89   | 8.32   | 6.92   | 6.32   | 6.18   |
| Turkey                               | 5  | 3.00   | 4.49   | 5.43   | 5.12   | 4.91   | 5.23   |
| Ukraine                              | 6  | 4.87   | 5.14   | 4.59   | 5.83   | 5.90   | 5.18   |
| Belarus                              | 7  | 5.40   | 4.19   | 5.54   | 4.55   | 4.82   | 4.68   |
| Poland                               | 8  | 4.32   | 3.57   | 4.14   | 3.76   | 4.14   | 3.79   |
| Japan                                | 9  | 2.68   | 1.55   | 2.40   | 3.23   | 2.83   | 2.97   |
| Kazakhstan                           | 10 | 2.18   | 2.71   | 3.03   | 2.69   | 2.73   | 2.87   |
| United Kingdom                       | 11 | 4.53   | 3.43   | 3.01   | 2.85   | 2.71   | 2.86   |
| Korea Republic                       | 12 | 0.94   | 0.98   | 1.88   | 2.63   | 2.59   | 2.63   |
| United States                        | 13 | 4.50   | 2.62   | 3.03   | 3.10   | 3.18   | 2.47   |
| Finland                              | 14 | 3.01   | 3.17   | 3.04   | 3.06   | 2.55   | 2.29   |
| Switzerland                          | 15 | 3.74   | 4.46   | 2.06   | 2.20   | 2.22   | 2.05   |
| France                               | 16 | 1.85   | 2.53   | 2.89   | 3.13   | 2.88   | 2.01   |
| Latvia                               | 17 | 1.58   | 0.49   | 1.37   | 1.48   | 1.43   | 1.70   |
| India                                | 18 | 1.05   | 0.96   | 1.97   | 1.61   | 1.18   | 1.51   |
| Belgium                              | 19 | 0.73   | 1.02   | 1.34   | 1.24   | 1.45   | 1.30   |
| Hungary                              | 20 | 2.33   | 2.07   | 1.29   | 1.35   | 1.50   | 1.27   |
| Sweden                               | 21 | 1.68   | 0.96   | 1.06   | 0.90   | 0.99   | 1.18   |
| Slovakia                             | 22 | 2.06   | 1.32   | 0.98   | 1.15   | 1.37   | 1.17   |
| Greece                               | 23 | 1.23   | 0.80   | 0.77   | 0.72   | 0.91   | 1.13   |
| Spain                                | 24 | 1.04   | 1.17   | 0.96   | 1.02   | 1.19   | 1.09   |
| Lithuania                            | 25 | 2.01   | 1.66   | 1.13   | 0.89   | 1.40   | 1.03   |
| Czech Republic                       | 26 | 1.69   | 1.58   | 1.47   | 1.39   | 1.05   | 1.00   |
| Bulgaria                             | 27 | 0.57   | 0.79   | 0.73   | 0.86   | 0.68   | 0.83   |
| Estonia                              | 28 | 1.20   | 0.88   | 0.38   | 0.43   | 0.55   | 0.70   |
| Taiwan                               | 29 | 0.39   | 0.60   | 0.26   | 0.45   | 0.41   | 0.63   |
| Egypt                                | 30 | 0.44   | 0.43   | 0.60   | 0.48   | 0.45   | 0.61   |

**Table A6: Ukraine – Exports to top thirty partners**

|                                      |    | 2000    | 2005    | 2009    | 2010    | 2011    | 2012*   |
|--------------------------------------|----|---------|---------|---------|---------|---------|---------|
| Total exports, fob, EUR mn           |    | 15764.6 | 27455.0 | 28457.9 | 38729.2 | 49129.8 | 53536.7 |
| <b>Shares in % (ranking in 2012)</b> |    |         |         |         |         |         |         |
| Russia                               | 1  | 24.12   | 21.88   | 21.40   | 26.12   | 28.98   | 25.62   |
| Turkey                               | 2  | 5.96    | 5.92    | 5.36    | 5.89    | 5.48    | 5.36    |
| Egypt                                | 3  | 1.52    | 2.33    | 2.55    | 0.43    | 1.95    | 4.21    |
| Poland                               | 4  | 2.87    | 2.95    | 3.04    | 3.48    | 4.09    | 3.74    |
| Italy                                | 5  | 4.38    | 5.53    | 3.09    | 4.69    | 4.44    | 3.60    |
| Kazakhstan                           | 6  | 0.53    | 1.95    | 3.57    | 2.53    | 2.72    | 3.57    |
| India                                | 7  | 1.15    | 2.15    | 2.90    | 0.97    | 3.31    | 3.33    |
| Belarus                              | 8  | 1.87    | 2.60    | 3.17    | 3.69    | 2.81    | 3.27    |
| China                                | 9  | 4.32    | 2.08    | 3.61    | 0.91    | 3.19    | 2.58    |
| Germany                              | 10 | 5.09    | 3.75    | 3.14    | 2.92    | 2.58    | 2.39    |
| Spain                                | 11 | 1.12    | 1.68    | 1.44    | 0.80    | 1.42    | 2.24    |
| Hungary                              | 12 | 2.25    | 2.01    | 1.84    | 1.67    | 1.96    | 2.19    |
| Lebanon                              | 13 | 0.42    | 0.30    | 1.75    | 0.58    | 1.99    | 2.07    |
| Iran                                 | 14 | 0.62    | 1.69    | 1.90    | 0.55    | 1.65    | 1.69    |
| United States                        | 15 | 4.98    | 2.79    | 0.63    | 1.58    | 1.63    | 1.47    |
| Saudi Arabia                         | 16 | 0.25    | 1.13    | 1.26    | 0.16    | 1.19    | 1.35    |
| Netherlands                          | 17 | 0.95    | 1.51    | 1.50    | 1.10    | 1.22    | 1.21    |
| Moldova                              | 18 | 1.21    | 1.98    | 1.75    | 1.39    | 1.28    | 1.20    |
| Israel                               | 19 | 0.73    | 0.85    | 0.99    | 0.31    | 0.75    | 1.16    |
| Azerbaijan                           | 20 | 0.28    | 0.85    | 1.38    | 1.19    | 1.04    | 1.11    |
| Czech Republic                       | 21 | 1.30    | 1.10    | 0.86    | 1.22    | 1.23    | 1.03    |
| Slovakia                             | 22 | 1.58    | 1.48    | 1.09    | 1.11    | 1.23    | 0.98    |
| Syria                                | 23 | 1.10    | 1.96    | 1.90    | 0.36    | 1.35    | 0.84    |
| Bulgaria                             | 24 | 2.62    | 1.59    | 1.00    | 0.88    | 1.10    | 0.83    |
| Romania                              | 25 | 1.13    | 1.43    | 0.80    | 1.37    | 1.39    | 0.80    |
| United Kingdom                       | 26 | 0.94    | 1.05    | 0.87    | 0.99    | 0.71    | 0.80    |
| France                               | 27 | 0.77    | 0.58    | 1.11    | 0.93    | 0.83    | 0.80    |
| Georgia                              | 28 | 0.26    | 0.58    | 1.00    | 1.03    | 0.96    | 0.79    |
| Jordan                               | 29 | 0.31    | 0.53    | 1.20    | 0.20    | 0.66    | 0.78    |
| Turkmenistan                         | 30 | 1.02    | 0.55    | 0.82    | 0.41    | 0.35    | 0.77    |

**Table A7: Kazakhstan – Imports from top thirty partners**

|  |    | 2000   | 2005    | 2009    | 2010    | 2011    | 2012*   |
|--|----|--------|---------|---------|---------|---------|---------|
| Total imports, cif, EUR mn <sup>1)</sup> |    | 5329.9 | 13939.0 | 20372.8 | 23440.1 | 26618.5 | 36021.2 |
| <b>Shares in % (ranking in 2012)</b>     |    |        |         |         |         |         |         |
| Russia                                   | 1  | 48.40  | 37.98   | 31.32   | 39.38   | 41.38   | 36.59   |
| China                                    | 2  | 3.00   | 7.21    | 12.56   | 12.73   | 13.55   | 16.08   |
| Germany                                  | 3  | 6.66   | 7.50    | 7.19    | 5.93    | 5.62    | 8.26    |
| Ukraine                                  | 4  | 1.61   | 4.87    | 7.50    | 4.37    | 4.68    | 6.33    |
| United States                            | 5  | 5.50   | 6.94    | 4.90    | 4.24    | 4.63    | 4.60    |
| Italy                                    | 6  | 3.09   | 3.91    | 6.74    | 5.10    | 3.09    | 2.11    |
| Korea Republic                           | 7  | 1.66   | 1.48    | 1.32    | 1.69    | 1.68    | 2.09    |
| Japan                                    | 8  | 2.09   | 3.45    | 2.24    | 1.80    | 1.74    | 1.97    |
| Turkey                                   | 9  | 2.86   | 2.30    | 2.01    | 1.99    | 1.97    | 1.74    |
| Uzbekistan                               | 10 | 1.40   | 1.47    | 1.07    | 1.52    | 2.08    | 1.74    |
| Belarus                                  | 11 | 0.78   | 1.20    | 1.29    | 1.70    | 1.60    | 1.43    |
| France                                   | 12 | 1.50   | 1.68    | 1.62    | 1.60    | 1.86    | 1.41    |
| United Kingdom                           | 13 | 4.43   | 2.44    | 2.47    | 2.34    | 1.42    | 1.30    |
| Poland                                   | 14 | 1.16   | 1.14    | 1.48    | 1.22    | 1.06    | 1.04    |
| Kyrgyzstan                               | 15 | 0.60   | 0.68    | 0.41    | 0.53    | 0.65    | 0.79    |
| India                                    | 16 | 0.91   | 0.58    | 0.55    | 0.64    | 0.66    | 0.72    |
| Czech Republic                           | 17 | 0.67   | 0.55    | 0.63    | 0.54    | 0.44    | 0.70    |
| Brazil                                   | 18 | 0.55   | 0.96    | 0.71    | 0.75    | 0.92    | 0.65    |
| Netherlands                              | 19 | 1.30   | 0.81    | 1.12    | 0.97    | 0.79    | 0.62    |
| Austria                                  | 20 | 0.36   | 0.90    | 0.89    | 0.71    | 0.60    | 0.58    |
| Sweden                                   | 21 | 0.51   | 1.51    | 0.92    | 0.67    | 0.84    | 0.54    |
| Finland                                  | 22 | 1.14   | 1.14    | 1.09    | 0.67    | 0.67    | 0.54    |
| Spain                                    | 23 | 0.18   | 0.44    | 0.42    | 0.32    | 0.40    | 0.50    |
| Switzerland                              | 24 | 1.08   | 1.16    | 0.55    | 0.58    | 0.42    | 0.48    |
| Canada                                   | 25 | 0.46   | 0.73    | 0.87    | 0.70    | 0.47    | 0.45    |
| Belgium                                  | 26 | 0.66   | 0.83    | 0.55    | 0.57    | 0.48    | 0.44    |
| Lithuania                                | 27 | 0.19   | 0.16    | 0.38    | 0.35    | 0.27    | 0.41    |
| Turkmenistan                             | 28 | 0.86   | 0.29    | 0.22    | 0.03    | 0.18    | 0.39    |
| Hungary                                  | 29 | 0.51   | 0.40    | 0.35    | 0.41    | 0.44    | 0.31    |
| Ireland                                  | 30 | .      | .       | 0.23    | 0.27    | 0.28    | 0.27    |

1) Officially registered trade.

**Table A8: Russia – Imports from top thirty partners**

|                                      |    | 2000  | 2005  | 2009   | 2010   | 2011   | 2012*  |
|--------------------------------------|----|-------|-------|--------|--------|--------|--------|
| Total imports, cif, EUR mn           |    | 36613 | 79190 | 120136 | 172579 | 219576 | 246447 |
| <b>Shares in % (ranking in 2012)</b> |    |       |       |        |        |        |        |
| China                                | 1  | 2.80  | 7.36  | 13.62  | 17.02  | 15.78  | 15.40  |
| Germany                              | 2  | 11.51 | 13.45 | 12.69  | 11.66  | 12.32  | 12.09  |
| Ukraine                              | 3  | 10.78 | 7.92  | 5.46   | 6.14   | 6.58   | 5.68   |
| Japan                                | 4  | 1.69  | 5.91  | 4.33   | 4.48   | 4.91   | 4.95   |
| United States                        | 5  | 7.95  | 4.62  | 5.48   | 4.85   | 4.77   | 4.83   |
| France                               | 6  | 3.50  | 3.72  | 5.04   | 4.39   | 4.34   | 4.35   |
| Italy                                | 7  | 3.58  | 4.47  | 4.72   | 4.39   | 4.38   | 4.24   |
| Belarus                              | 8  | 10.95 | 5.79  | 4.01   | 4.35   | 4.48   | 3.56   |
| Kazakhstan                           | 9  | 6.49  | 3.27  | 2.21   | 1.94   | 2.34   | 2.72   |
| United Kingdom                       | 10 | 2.54  | 2.81  | 2.12   | 2.00   | 2.35   | 2.59   |
| Korea Republic                       | 11 | 1.06  | 4.06  | 2.91   | 3.18   | 3.79   | 2.17   |
| Turkey                               | 12 | 1.03  | 1.75  | 1.92   | 2.13   | 2.08   | 2.16   |
| Poland                               | 13 | 2.11  | 2.78  | 2.52   | 2.55   | 2.18   | 2.13   |
| Netherlands                          | 14 | 2.18  | 1.97  | 2.14   | 1.94   | 1.94   | 1.61   |
| Finland                              | 15 | 2.83  | 3.14  | 2.36   | 2.00   | 1.85   | 1.51   |
| Spain                                | 16 | 0.92  | 1.24  | 1.36   | 1.33   | 1.41   | 1.24   |
| Belgium                              | 17 | 1.42  | 1.50  | 1.52   | 1.43   | 1.35   | 1.18   |
| Czech Republic                       | 18 | 1.08  | 1.00  | 1.39   | 1.27   | 1.47   | 1.12   |
| Brazil                               | 19 | 1.14  | 2.38  | 2.08   | 1.78   | 1.44   | 1.03   |
| Austria                              | 20 | 1.24  | 1.23  | 1.23   | 1.08   | 1.02   | 0.99   |
| Sweden                               | 21 | 1.37  | 1.88  | 1.22   | 1.25   | 1.32   | 0.94   |
| India                                | 22 | 1.64  | 0.79  | 0.91   | 0.94   | 0.91   | 0.93   |
| Hungary                              | 23 | 1.19  | 1.11  | 1.57   | 1.37   | 1.09   | 0.88   |
| Switzerland                          | 24 | 0.80  | 0.89  | 1.17   | 1.05   | 0.97   | 0.86   |
| Vietnam                              | 25 | 0.11  | 0.18  | 0.41   | 0.49   | 0.56   | 0.71   |
| Slovakia                             | 26 | 0.31  | 0.51  | 1.08   | 1.09   | 0.97   | 0.66   |
| Denmark                              | 27 | 1.02  | 0.93  | 0.82   | 0.74   | 0.67   | 0.63   |
| Canada                               | 28 | 0.57  | 0.52  | 0.72   | 0.65   | 0.60   | 0.61   |
| Taiwan                               | 29 | 0.26  | 0.50  | 0.55   | 0.67   | 0.67   | 0.60   |
| Norway                               | 30 | 0.46  | 0.76  | 0.67   | 0.62   | 0.62   | 0.56   |



**Table A9: Ukraine – Imports from top thirty partners**

|                                      |    | 2000    | 2005    | 2009    | 2010    | 2011    | 2012*   |
|--------------------------------------|----|---------|---------|---------|---------|---------|---------|
| Total imports, cif, EUR mn           |    | 15097.7 | 28985.3 | 32571.0 | 45763.8 | 59340.2 | 65867.2 |
| <b>Shares in % (ranking in 2012)</b> |    |         |         |         |         |         |         |
| Russia                               | 1  | 41.74   | 35.54   | 29.13   | 36.54   | 35.27   | 32.39   |
| China                                | 2  | 0.94    | 5.01    | 6.02    | 2.03    | 7.59    | 9.33    |
| Germany                              | 3  | 8.13    | 9.36    | 8.48    | 7.58    | 8.31    | 8.04    |
| Belarus                              | 4  | 4.31    | 2.60    | 3.73    | 4.23    | 5.10    | 5.99    |
| Poland                               | 5  | 2.24    | 3.89    | 4.78    | 4.59    | 3.85    | 4.21    |
| United States                        | 6  | 2.58    | 1.96    | 2.83    | 2.91    | 3.14    | 3.43    |
| Italy                                | 7  | 2.48    | 2.85    | 2.51    | 2.29    | 2.43    | 2.64    |
| Turkey                               | 8  | 1.15    | 1.68    | 2.10    | 2.14    | 1.79    | 2.31    |
| France                               | 9  | 1.69    | 2.21    | 2.14    | 1.82    | 1.82    | 1.97    |
| Korea Republic                       | 10 | 0.79    | 1.79    | 1.25    | 0.46    | 1.50    | 1.83    |
| Kazakhstan                           | 11 | 2.96    | 0.52    | 4.48    | 1.26    | 2.03    | 1.77    |
| Czech Republic                       | 12 | 1.17    | 1.64    | 1.37    | 1.23    | 1.43    | 1.47    |
| Japan                                | 13 | 0.71    | 1.52    | 1.14    | 1.32    | 1.23    | 1.41    |
| Hungary                              | 14 | 1.19    | 1.79    | 1.49    | 2.00    | 1.61    | 1.37    |
| United Kingdom                       | 15 | 1.45    | 1.39    | 1.43    | 1.35    | 1.37    | 1.36    |
| Netherlands                          | 16 | 1.05    | 1.28    | 1.49    | 1.38    | 1.44    | 1.33    |
| India                                | 17 | 0.54    | 0.89    | 1.05    | 0.28    | 0.98    | 1.21    |
| Romania                              | 18 | 0.35    | 0.59    | 1.07    | 1.12    | 1.36    | 1.10    |
| Lithuania                            | 19 | 0.97    | 0.55    | 0.90    | 1.05    | 1.00    | 1.08    |
| Singapore                            | 20 | 0.03    | 0.05    | 0.06    | 0.01    | 0.05    | 0.97    |
| Switzerland                          | 21 | 1.55    | 0.70    | 0.96    | 0.84    | 0.96    | 0.90    |
| Spain                                | 22 | 0.72    | 0.65    | 0.82    | 0.77    | 0.83    | 0.88    |
| Austria                              | 23 | 1.33    | 1.27    | 1.35    | 1.15    | 0.86    | 0.87    |
| Belgium                              | 24 | 0.97    | 0.87    | 1.02    | 0.97    | 0.80    | 0.84    |
| Slovakia                             | 25 | 0.89    | 0.84    | 0.67    | 0.73    | 0.73    | 0.69    |
| Brazil                               | 26 | 0.67    | 0.86    | 0.83    | 0.17    | 0.66    | 0.68    |
| Sweden                               | 27 | 1.08    | 1.51    | 0.99    | 0.59    | 0.77    | 0.64    |
| Finland                              | 28 | 0.69    | 0.97    | 0.93    | 0.71    | 0.63    | 0.57    |
| Indonesia                            | 29 | 0.20    | 0.34    | 0.57    | 0.20    | 0.64    | 0.49    |
| Norway                               | 30 | 0.32    | 0.35    | 0.57    | 0.43    | 0.33    | 0.45    |

**Table A10: Kazakhstan – Exports and imports by SITC commodity groups**

|   | 2000   | 2005    | 2009    | 2010    | 2011    | 2012*   |
|---|--------|---------|---------|---------|---------|---------|
| <b>Exports<sup>1)</sup></b>                         |        |         |         |         |         |         |
| Total exports, fob, EUR mn                          | 9319.0 | 22370.9 | 30977.2 | 45387.1 | 62928.6 | 67248.6 |
| <b>Shares in %</b>                                  |        |         |         |         |         |         |
| 0 Food and live animals                             | 6.7    | 2.2     | 3.5     | 3.1     | 1.8     | 2.9     |
| 1 Beverages and tobacco                             | 0.2    | 0.2     | 0.1     | 0.1     | 0.1     | 0.1     |
| 2 Crude materials, inedible, except fuels           | 7.5    | 6.7     | 6.0     | 5.4     | 6.9     | 6.2     |
| 3 Mineral fuels, lubricants and related materials   | 52.8   | 70.1    | 69.5    | 71.7    | 72.0    | 69.9    |
| 4 Animal and vegetable oils, fats and waxes         | 0.0    | 0.0     | 0.1     | 0.1     | 0.0     | 0.1     |
| 5 Chemicals and related products, n.e.s.            | 1.1    | 1.9     | 4.5     | 4.4     | 3.3     | 3.8     |
| 6 Manufactured goods classified chiefly by material | 26.9   | 16.7    | 13.7    | 13.0    | 13.7    | 14.0    |
| 7 Machinery and transport equipment                 | 2.2    | 1.2     | 0.9     | 0.6     | 0.8     | 1.4     |
| 8 Miscellaneous manufactured articles               | 0.5    | 0.2     | 0.1     | 0.1     | 0.3     | 0.7     |
| 9 Commodities not classified elsewhere in the SITC  | 2.0    | 0.7     | 1.5     | 1.5     | 1.1     | 1.0     |
| <b>Imports<sup>1)</sup></b>                         |        |         |         |         |         |         |
| Total imports, cif, EUR mn                          | 5329.9 | 13939.0 | 20372.8 | 23440.1 | 26618.5 | 36021.2 |
| <b>Shares in %</b>                                  |        |         |         |         |         |         |
| 0 Food and live animals                             | 7.1    | 5.7     | 6.8     | 8.0     | 8.7     | 7.8     |
| 1 Beverages and tobacco                             | 1.3    | 1.1     | 1.2     | 1.0     | 1.1     | 1.1     |
| 2 Crude materials, inedible, except fuels           | 2.8    | 2.0     | 1.2     | 1.3     | 1.4     | 2.3     |
| 3 Mineral fuels, lubricants and related materials   | 11.4   | 11.9    | 10.0    | 9.9     | 12.8    | 10.8    |
| 4 Animal and vegetable oils, fats and waxes         | 0.8    | 0.4     | 0.5     | 0.5     | 0.5     | 0.4     |
| 5 Chemicals and related products, n.e.s.            | 10.2   | 9.3     | 10.0    | 11.9    | 10.4    | 10.3    |
| 6 Manufactured goods classified chiefly by material | 18.8   | 21.6    | 26.5    | 18.1    | 17.3    | 19.7    |
| 7 Machinery and transport equipment                 | 39.7   | 41.5    | 37.0    | 40.3    | 35.8    | 38.0    |
| 8 Miscellaneous manufactured articles               | 6.4    | 6.5     | 6.8     | 9.0     | 11.8    | 9.4     |
| 9 Commodities not classified elsewhere in the SITC  | 1.4    | 0.1     | 0.2     | 0.1     | 0.2     | 0.4     |

1) Officially registered trade.

**Table A11: Russia – Exports and imports by SITC commodity groups**

|   | 2000   | 2005   | 2009   | 2010   | 2011   | 2012*  |
|---|--------|--------|--------|--------|--------|--------|
| <b>Exports</b>                                      |        |        |        |        |        |        |
| Total exports, fob, EUR mn                          | 111449 | 193709 | 216560 | 299354 | 371071 | 408182 |
| <b>Shares in %</b>                                  |        |        |        |        |        |        |
| 0 Food and live animals                             | 0.9    | 1.3    | 2.5    | 1.6    | 1.8    | 2.5    |
| 1 Beverages and tobacco                             | 0.1    | 0.2    | 0.3    | 0.2    | 0.1    | 0.2    |
| 2 Crude materials, inedible, except fuels           | 4.5    | 4.4    | 3.1    | 3.1    | 3.3    | 2.4    |
| 3 Mineral fuels, lubricants and related materials   | 50.6   | 61.8   | 63.0   | 65.6   | 67.0   | 70.3   |
| 4 Animal and vegetable oils, fats and waxes         | 0.1    | 0.1    | 0.3    | 0.1    | 0.2    | 0.4    |
| 5 Chemicals and related products, n.e.s.            | 6.0    | 4.2    | 4.1    | 4.0    | 4.2    | 4.7    |
| 6 Manufactured goods classified chiefly by material | 17.8   | 14.8   | 12.3   | 11.2   | 9.8    | 9.5    |
| 7 Machinery and transport equipment                 | 6.2    | 4.1    | 3.6    | 2.8    | 2.3    | 2.7    |
| 8 Miscellaneous manufactured articles               | 2.0    | 0.8    | 0.8    | 0.6    | 0.4    | 0.6    |
| 9 Commodities not classified elsewhere in the SITC  | 11.8   | 8.4    | 10.1   | 10.8   | 10.8   | 6.6    |
| <b>Imports</b>                                      |        |        |        |        |        |        |
| Total imports, cif, EUR mn                          | 36613  | 79190  | 120136 | 172579 | 219576 | 246447 |
| <b>Shares in %</b>                                  |        |        |        |        |        |        |
| 0 Food and live animals                             | 15.6   | 12.8   | 13.1   | 11.6   | 10.1   | 10.2   |
| 1 Beverages and tobacco                             | 3.3    | 2.4    | 1.7    | 1.5    | 1.3    | 1.4    |
| 2 Crude materials, inedible, except fuels           | 7.2    | 3.7    | 3.0    | 2.2    | 2.1    | 2.2    |
| 3 Mineral fuels, lubricants and related materials   | 4.1    | 1.6    | 1.4    | 1.2    | 1.6    | 1.3    |
| 4 Animal and vegetable oils, fats and waxes         | 1.1    | 0.8    | 0.7    | 0.7    | 0.6    | 0.5    |
| 5 Chemicals and related products, n.e.s.            | 11.8   | 12.7   | 13.1   | 12.8   | 11.7   | 12.1   |
| 6 Manufactured goods classified chiefly by material | 13.9   | 13.0   | 11.5   | 11.9   | 11.6   | 12.8   |
| 7 Machinery and transport equipment                 | 24.5   | 39.9   | 37.1   | 39.0   | 41.9   | 31.5   |
| 8 Miscellaneous manufactured articles               | 7.2    | 7.0    | 10.2   | 11.0   | 10.0   | 11.3   |
| 9 Commodities not classified elsewhere in the SITC  | 11.2   | 6.2    | 8.0    | 8.2    | 9.1    | 16.7   |

**Table A12: Ukraine – Exports and imports by SITC commodity groups**

|   | 2000    | 2005    | 2009    | 2010    | 2011    | 2012*   |
|---|---------|---------|---------|---------|---------|---------|
| <b>Exports</b>                                      |         |         |         |         |         |         |
| Total exports, fob, EUR mn                          | 15764.6 | 27455.0 | 28457.9 | 38729.2 | 49129.8 | 53536.7 |
| <b>Shares in %</b>                                  |         |         |         |         |         |         |
| 0 Food and live animals <sup>1)</sup>               | 6.3     | 10.3    | 16.8    | 12.2    | 11.7    | 17.4    |
| 1 Beverages and tobacco                             | .       | .       | .       | .       | .       | .       |
| 2 Crude materials, inedible, except fuels           | 12.7    | 7.2     | 9.6     | 10.4    | 11.0    | 10.3    |
| 3 Mineral fuels, lubricants and related materials   | 5.5     | 9.8     | 5.4     | 7.1     | 8.3     | 5.3     |
| 4 Animal and vegetable oils, fats and waxes         | 1.6     | 1.7     | 4.4     | 5.0     | 4.8     | 6.0     |
| 5 Chemicals and related products, n.e.s.            | 9.0     | 9.0     | 6.2     | 6.7     | 7.9     | 7.3     |
| 6 Manufactured goods classified chiefly by material | 45.6    | 44.1    | 36.1    | 37.1    | 33.3    | 28.8    |
| 7 Machinery and transport equipment                 | 12.3    | 12.6    | 16.6    | 17.3    | 12.9    | 14.4    |
| 8 Miscellaneous manufactured articles               | 4.5     | 3.8     | 4.0     | 3.5     | 3.0     | 2.8     |
| 9 Commodities not classified elsewhere in the SITC  | 2.4     | 1.6     | 0.8     | 0.7     | 7.1     | 7.6     |
| <b>Imports</b>                                      |         |         |         |         |         |         |
| Total imports, cif, EUR mn                          | 15097.7 | 28985.3 | 32571.0 | 45763.8 | 59340.2 | 65867.2 |
| <b>Shares in %</b>                                  |         |         |         |         |         |         |
| 0 Food and live animals <sup>1)</sup>               | 5.9     | 6.5     | 9.5     | 8.2     | 6.3     | 7.2     |
| 1 Beverages and tobacco                             | .       | .       | .       | .       | .       | .       |
| 2 Crude materials, inedible, except fuels           | 5.6     | 3.9     | 3.4     | 3.7     | 2.8     | 2.6     |
| 3 Mineral fuels, lubricants and related materials   | 43.0    | 29.5    | 32.2    | 32.3    | 34.6    | 30.9    |
| 4 Animal and vegetable oils, fats and waxes         | 0.3     | 0.5     | 0.7     | 0.7     | 0.5     | 0.4     |
| 5 Chemicals and related products, n.e.s.            | 8.8     | 11.7    | 15.3    | 14.3    | 11.9    | 12.1    |
| 6 Manufactured goods classified chiefly by material | 12.8    | 14.6    | 13.7    | 14.4    | 12.5    | 11.6    |
| 7 Machinery and transport equipment                 | 17.5    | 25.0    | 18.5    | 19.6    | 16.6    | 19.5    |
| 8 Miscellaneous manufactured articles               | 3.6     | 5.4     | 5.8     | 6.0     | 3.9     | 5.1     |
| 9 Commodities not classified elsewhere in the SITC  | 2.6     | 2.9     | 0.9     | 1.0     | 11.0    | 10.4    |

1) Including beverages and tobacco.

Table B1: Tariffs and imports, Russian Federation

| Part A.1                    |                            | Tariffs and imports: Summary and duty ranges |                |         |              |                    |                                |                   |                  |                |       |      |   |
|-----------------------------|----------------------------|--|----------------|---------|--------------|--------------------|--------------------------------|-------------------|------------------|----------------|-------|------|---|
| Summary                     |                            | Total  |                |         | Ag           |                    | Non-Ag                         |                   | WTO member since |                |       | 2012 |   |
| Simple average final bound  | Simple average MFN applied | 2012   | 10.0           | 13.3    | 9.4          | 7.2                | 7.2                            | Binding coverage: |                  |                | Total | 100  |   |
|                             |                            | 2011   | 9.9            | 16.7    | 8.8          | 8.8                | Ag: Tariff quotas (in %)       |                   |                  | Non-Ag         | 100   |      |   |
|                             |                            | 2011   | 277.6          | 37.4    | 240.2        | 240.2              | Ag: Special safeguards (in % ) |                   |                  |                | 3.2   |      |   |
| Imports in billion US\$     |                            |  |                |         |              |                    |                                |                   |                  |                |       |      | 0 |
|                             |                            | Duty-free                                    | 0 <= 5         | 5 <= 10 | 10 <= 15     | 15 <= 25           | 25 <= 50                       | 50 <= 100         | > 100            | NAV in %       |       |      |   |
| Frequency distribution      |                            | Tariff lines and import values (in %)        |                |         |              |                    |                                |                   |                  |                |       |      |   |
| Agricultural products       | Final bound                | 3.0  | 43.3           | 21.5    | 24.5         | 4.2                | 0.8                            | 2.3               | 0.3              | 22.9           |       |      |   |
|                             | MFN applied                | 8.2  | 36.9           | 7.8     | 30.2         | 10.7               | 3.8                            | 2.1               | 0.3              | 28.2           |       |      |   |
|                             | Imports                    | 9.0  | 24.8           | 7.2     | 27.9         | 18.6               | 8.0                            | 4.4               | 0.0              | 54.7           |       |      |   |
| Non-agricultural products   | Final bound                | 3.4  | 50.0           | 30.4    | 14.9         | 1.2                | 0.1                            | 0.0               | 0                | 7.0            |       |      |   |
|                             | MFN applied                | 14.2   | 34.4           | 19.9    | 20.6         | 8.9                | 1.5                            | 0.3               | 0.1              | 10.1           |       |      |   |
|                             | Imports                    | 32.6   | 21.9           | 17.8    | 12.9         | 8.5                | 6.0                            | 0.1               | 0.0              | 9.6            |       |      |   |
|                             |                            |  |                |         |              |                    |                                |                   |                  |                |       |      |   |
| Part A.2                    |                            | Tariffs and imports by product groups        |                |         |              |                    |                                |                   |                  |                |       |      |   |
| Product groups              |                            | Final bound duties                           |                |         |              | MFN applied duties |                                |                   |                  | Imports        |       |      |   |
|                             |                            | AVG  | Duty-free in % | Max     | Binding in % | AVG                | Duty-free in %                 | Max               | Share in %       | Duty-free in % |       |      |   |
| Animal products             |                            | 23.1   | 7.4            | 80      | 100          | 23.7               | 14.8                           | 90                | 2.5              | 3.6            |       |      |   |
| Dairy products              |                            | 14.9   | 0              | 21      | 100          | 18.4               | 0                              | 50                | 0.8              | 0              |       |      |   |
| Fruit, vegetables, plants   |                            | 8.7  | 0.2            | 45      | 100          | 11.7               | 4.6                            | 134               | 4.1              | 8.6            |       |      |   |
| Coffee, tea                 |                            | 6.4  | 4.2            | 13      | 100          | 9.1                | 20.8                           | 23                | 1.1              | 34.1           |       |      |   |
| Cereals & preparations      |                            | 10.1   | 1.3            | 77      | 100          | 12.9               | 3.5                            | 77                | 0.9              | 1.6            |       |      |   |
| Oilseeds, fats & oils       |                            | 7.1  | 8.2            | 25      | 100          | 8.5                | 10.9                           | 48                | 0.8              | 22.1           |       |      |   |
| Sugars and confectionery    |                            | 12.7   | 0              | 48      | 100          | 12.9               | 0                              | 39                | 0.7              | 0              |       |      |   |
| Beverages & tobacco         |                            | 23.6   | 0              | 292     | 100          | 29.2               | 5.2                            | 292               | 1.6              | 2.7            |       |      |   |
| Cotton                      |                            | 0.0  | 100.0          | 0       | 100          | 0.0                | 100.0                          | 0                 | 0.1              | 100.0          |       |      |   |
| Other agricultural products |                            | 5.3  | 0              | 10      | 100          | 5.6                | 7.4                            | 20                | 0.8              | 7.0            |       |      |   |
| Fish & fish products        |                            | 7.5  | 0              | 77      | 100          | 12.4               | 0.4                            | 77                | 0.9              | 2.6            |       |      |   |
| Minerals & metals           |                            | 8.0  | 0.1            | 20      | 100          | 9.9                | 6.4                            | 90                | 9.5              | 12.8           |       |      |   |

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| Product groups           | Final bound duties |                   |     |                 | MFN applied duties |                   |     | Imports       |                   |
|--------------------------|--------------------|-------------------|-----|-----------------|--------------------|-------------------|-----|---------------|-------------------|
|                          | AVG                | Duty-free<br>in % | Max | Binding<br>in % | AVG                | Duty-free<br>in % | Max | Share<br>in % | Duty-free<br>in % |
| Petroleum                | 5.0                | 0                 | 5   | 100             | 4.5                | 10.0              | 5   | 1.1           | 1.3               |
| Chemicals                | 5.2                | 0.4               | 10  | 100             | 6.4                | 5.8               | 21  | 13.8          | 13.2              |
| Wood, paper, etc.        | 7.9                | 5.0               | 15  | 100             | 12.8               | 6.1               | 30  | 3.3           | 9.8               |
| Textiles                 | 7.8                | 0                 | 18  | 100             | 10.9               | 0.6               | 37  | 2.1           | 2.7               |
| Clothing                 | 11.8               | 0                 | 42  | 100             | 19.6               | 0                 | 100 | 2.4           | 0                 |
| Leather, footwear, etc.  | 6.4                | 0                 | 15  | 100             | 10.3               | 8.7               | 176 | 3.2           | 7.7               |
| Non-electrical machinery | 5.8                | 7.9               | 15  | 100             | 3.4                | 66.2              | 21  | 18.7          | 73.6              |
| Electrical machinery     | 6.2                | 23.3              | 16  | 100             | 7.3                | 25.2              | 27  | 11.1          | 37.8              |
| Transport equipment      | 8.9                | 2.5               | 20  | 100             | 10.6               | 17.7              | 35  | 16.1          | 29.9              |
| Manufactures, n.e.s.     | 8.4                | 7.9               | 20  | 100             | 11.4               | 17.2              | 190 | 4.4           | 39.7              |

**Part B Exports to major trading partners and duties faced**

| Major markets             | Bilateral imports  |         | Diversification     |            | MFN AVG of |          | Pref.    | Duty-free imports |       |
|---------------------------|--------------------|---------|---------------------|------------|------------|----------|----------|-------------------|-------|
|                           | in million<br>US\$ |         | 95% trade in no. of |            | traded TL  |          | margin   | TL                | Value |
|                           |                    |         | HS 2-digit          | HS 6-digit | Simple     | Weighted | Weighted | in %              | in %  |
| Agricultural products     |                    |         |                     |            |            |          |          |                   |       |
| 1. Kazakhstan             | 2011               | 1,569   | 22                  | 120        | 20.8       | 24.5     | 24.5     | 100.0             | 100.0 |
| 2. European Union         | 2011               | 1,510   | 22                  | 55         | 14.6       | 7.9      | 1.3      | 21.8              | 67.7  |
| 3. Egypt                  | 2011               | 1,386   | 2                   | 2          | 112.0      | 0.5      | 0.0      | 25.0              | 97.4  |
| 4. Turkey                 | 2011               | 863     | 6                   | 13         | 29.5       | 85.4     | 0.0      | 14.2              | 3.7   |
| 5. Ukraine                | 2011               | 679     | 12                  | 49         | 9.8        | 10.4     | 8.8      | 96.1              | 80.8  |
| Non-agricultural products |                    |         |                     |            |            |          |          |                   |       |
| 1. European Union         | 2011               | 241,503 | 16                  | 62         | 4.1        | 0.3      | 0.2      | 69.5              | 97.1  |
| 2. China                  | 2011               | 40,298  | 18                  | 46         | 7.7        | 1.4      | 0.0      | 17.1              | 73.3  |
| 3. United States          | 2011               | 33,383  | 19                  | 49         | 2.3        | 0.2      | 0.1      | 87.7              | 33.4  |
| 4. Ukraine                | 2011               | 28,386  | 45                  | 347        | 3.7        | 0.9      | 0.9      | 100.0             | 100.0 |
| 5. Belarus                | 2011               | 23,958  | 50                  | 540        | 9.5        | 3.3      | 3.3      | 100.0             | 100.0 |

Source: WTO (<http://stat.wto.org/TariffProfiles/>).

Table B2: Tariffs and imports, Ukraine

| Part A.1                   |      | Tariffs and imports: Summary and duty ranges |      |        |                                |  |  |        |     |
|----------------------------|------|--|------|--------|--------------------------------|--|--|--------|-----|
| Summary                    |      | Total  | Ag   | Non-Ag | WTO member since               |  |  | 2008   |     |
| Simple average final bound |      | 5.8  | 11.0 | 5.0    | Binding coverage:              |  |  | Total  | 100 |
| Simple average MFN applied | 2012 | 4.5  | 9.5  | 3.7    |                                |  |  | Non-Ag | 100 |
| Trade weighted average     | 2011 | 2.7  | 9.1  | 2.2    | Ag: Tariff quotas (in %)       |  |  |        | 0.1 |
| Imports in billion US\$    | 2011 | 82.2   | 5.8  | 76.3   | Ag: Special safeguards (in % ) |  |  |        | 0   |

| Frequency distribution    |      | Duty-free                             | 0 <= 5 | 5 <= 10 | 10 <= 15 | 15 <= 25 | 25 <= 50 | 50 <= 100 | > 100 | NAV<br>in % |
|---------------------------|------|---------------------------------------|--------|---------|----------|----------|----------|-----------|-------|-------------|
|                           |      | Tariff lines and import values (in %) |        |         |          |          |          |           |       |             |
| Agricultural products     |      |                                       |        |         |          |          |          |           |       |             |
| Final bound               |      | 12.6                                  | 19.6   | 27.5    | 13.9     | 25.5     | 0.8      | 0.1       | 0     | 1.0         |
| MFN applied               | 2012 | 21.1                                  | 22.0   | 26.3    | 12.1     | 17.5     | 0.8      | 0.2       | 0.1   | 0           |
| Imports                   | 2011 | 39.3                                  | 20.4   | 28.4    | 5.8      | 1.6      | 3.8      | 0.7       | 0.0   | 0           |
| Non-agricultural products |      |                                       |        |         |          |          |          |           |       |             |
| Final bound               |      | 33.8                                  | 16.8   | 43.0    | 5.8      | 0.5      | 0        | 0         | 0     | 0.0         |
| MFN applied               | 2012 | 43.1                                  | 29.9   | 21.3    | 5.4      | 0.3      | 0        | 0.0       | 0     | 0           |
| Imports                   | 2011 | 66.4                                  | 18.1   | 14.7    | 0.9      | 0.1      | 0        | 0         | 0     | 0           |

| Part A.2                    |  | Tariffs and imports by product groups |                   |     |                 |                    |                   |     |               |                   |
|-----------------------------|--|---------------------------------------|-------------------|-----|-----------------|--------------------|-------------------|-----|---------------|-------------------|
| Product groups              |  | Final bound duties                    |                   |     |                 | MFN applied duties |                   |     | Imports       |                   |
|                             |  | AVG                                   | Duty-free<br>in % | Max | Binding<br>in % | AVG                | Duty-free<br>in % | Max | Share<br>in % | Duty-free<br>in % |
| Animal products             |  | 13.0                                  | 0                 | 20  | 100             | 11.0               | 9.0               | 20  | 0.5           | 15.0              |
| Dairy products              |  | 10.0                                  | 0                 | 10  | 100             | 10.0               | 0                 | 10  | 0.2           | 0                 |
| Fruit, vegetables, plants   |  | 13.1                                  | 10.2              | 20  | 100             | 9.9                | 18.9              | 20  | 1.4           | 54.6              |
| Coffee, tea                 |  | 5.8                                   | 35.4              | 20  | 100             | 5.8                | 35.4              | 20  | 1.3           | 42.0              |
| Cereals & preparations      |  | 12.7                                  | 3.3               | 20  | 100             | 12.6               | 3.8               | 20  | 0.9           | 27.1              |
| Oilseeds, fats & oils       |  | 10.7                                  | 11.0              | 30  | 100             | 8.3                | 20.1              | 30  | 0.9           | 89.9              |
| Sugars and confectionery    |  | 17.5                                  | 0.6               | 50  | 100             | 17.5               | 0                 | 50  | 0.3           | 0                 |
| Beverages & tobacco         |  | 7.9                                   | 25.7              | 64  | 100             | 12.2               | 26.2              | 424 | 1.2           | 23.9              |
| Cotton                      |  | 1.4                                   | 40.0              | 5   | 100             | 1.4                | 40.0              | 5   | 0.0           | 61.3              |
| Other agricultural products |  | 7.6                                   | 23.9              | 20  | 100             | 5.5                | 45.2              | 20  | 0.5           | 19.3              |
| Fish & fish products        |  | 3.7                                   | 61.7              | 20  | 100             | 2.6                | 68.2              | 20  | 0.7           | 68.0              |
| Minerals & metals           |  | 4.5                                   | 42.4              | 20  | 100             | 3.0                | 47.6              | 20  | 32.8          | 79.0              |

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| Product groups           | Final bound duties |                   |     |                 | MFN applied duties |                   |     | Imports       |                   |
|--------------------------|--------------------|-------------------|-----|-----------------|--------------------|-------------------|-----|---------------|-------------------|
|                          | AVG                | Duty-free<br>in % | Max | Binding<br>in % | AVG                | Duty-free<br>in % | Max | Share<br>in % | Duty-free<br>in % |
| Petroleum                | 1.5                | 72.0              | 10  | 100             | 0.9                | 84.3              | 10  | 13.7          | 97.3              |
| Chemicals                | 5.1                | 16.1              | 10  | 100             | 3.2                | 39.3              | 65  | 12.7          | 55.4              |
| Wood, paper, etc.        | 0.4                | 95.8              | 10  | 100             | 0.3                | 95.8              | 10  | 3.1           | 99.1              |
| Textiles                 | 4.1                | 33.7              | 13  | 100             | 3.8                | 35.6              | 13  | 2.1           | 25.6              |
| Clothing                 | 11.4               | 1.0               | 12  | 100             | 11.3               | 1.1               | 12  | 0.6           | 0.1               |
| Leather, footwear, etc.  | 7.2                | 14.9              | 25  | 100             | 5.4                | 27.0              | 25  | 1.9           | 20.3              |
| Non-electrical machinery | 4.2                | 38.7              | 12  | 100             | 2.1                | 51.3              | 10  | 8.8           | 62.4              |
| Electrical machinery     | 5.3                | 33.0              | 25  | 100             | 3.8                | 39.1              | 25  | 6.8           | 34.2              |
| Transport equipment      | 7.5                | 15.8              | 20  | 100             | 5.1                | 39.6              | 20  | 7.5           | 21.4              |
| Manufactures, n.e.s.     | 6.4                | 31.9              | 25  | 100             | 5.5                | 32.0              | 25  | 2.1           | 68.6              |

**Part B Exports to major trading partners and duties faced**

| Major markets             | Bilateral imports  |        | Diversification     |            | MFN AVG of |          | Pref.    | Duty-free imports |       |
|---------------------------|--------------------|--------|---------------------|------------|------------|----------|----------|-------------------|-------|
|                           | in million<br>US\$ |        | 95% trade in no. of |            | traded TL  |          | margin   | TL                | Value |
|                           |                    |        | HS 2-digit          | HS 6-digit | Simple     | Weighted | Weighted | in %              | in %  |
| Agricultural products     |                    |        |                     |            |            |          |          |                   |       |
| 1. European Union         | 2011               | 3,627  | 15                  | 25         | 13.7       | 4.5      | 0.9      | 27.3              | 70.6  |
| 2. Russian Federation     | 2011               | 2,093  | 17                  | 77         | 15.6       | 20.9     | 20.9     | 99.7              | 100.0 |
| 3. Turkey                 | 2011               | 1,183  | 4                   | 11         | 30.6       | 46.7     | 0.0      | 12.7              | 2.2   |
| 4. Egypt                  | 2011               | 997    | 3                   | 5          | 4.6        | 0.2      | 0.0      | 24.3              | 95.3  |
| 5. India                  | 2011               | 903    | 1                   | 1          | 40.2       | 2.2      | 0.0      | 15.6              | 95.9  |
| Non-agricultural products |                    |        |                     |            |            |          |          |                   |       |
| 1. Russian Federation     | 2011               | 17,846 | 45                  | 514        | 9.6        | 7.9      | 7.9      | 100.0             | 100.0 |
| 2. European Union         | 2011               | 14,866 | 37                  | 249        | 4.0        | 0.9      | 0.6      | 71.5              | 90.8  |
| 3. Turkey                 | 2011               | 3,564  | 14                  | 50         | 5.0        | 7.3      | 0.7      | 66.1              | 39.6  |
| 4. China                  | 2011               | 3,174  | 11                  | 17         | 8.0        | 0.9      | 0.0      | 16.1              | 77.7  |
| 5. Belarus                | 2011               | 1,615  | 43                  | 477        | 9.4        | 7.3      | 7.3      | 100.0             | 100.0 |

Source: WTO (<http://stat.wto.org/TariffProfiles/>).