

EU statement at the Trade Policy Review of Ukraine, 19/04/16

Statement by EU Deputy Ambassador Detlev Brauns

I would first like to welcome the Delegation of Ukraine, led by Ms. Nataliia Mykolska, Deputy Minister of Economic Development and Trade of Ukraine. I would like to thank the WTO Secretariat and the Delegation of Ukraine for their reports which form the basis for our discussion today. My appreciation is extended to the Discussant, H.E. Mr. Remigi Winzap, Ambassador of Switzerland, for his contribution.

This is the Ukraine's first review after its accession to the WTO in 2008. The EU was a strong supporter of Ukraine's accession, as it believed, and still does, that integration of Ukraine into international trade rules will positively influence its trade performance and hence promote economic growth and jobs in the country.

Despite the difficult economic situation worsened by political instability and by the severe security challenges, the EU acknowledges that particularly in the last few years Ukraine has stepped up the efforts towards reforming the country's trade and investment regime in a WTO-consistent manner.

The EU acknowledges that the Government of Ukraine has undertaken promising economic deregulation and decentralisation reforms and has made progress including in the areas of gas sector reform, public procurement, macro-economic stabilisation, and banking sector.

However, the EU notes that additional efforts will be needed to improve the business climate and increase attractiveness for investors. In this regard, the EU encourages Ukraine to focus its efforts in particular in areas such as the fight against corruption, and the establishment of a fully independent and efficient judiciary system as well as of stable and predictable legislation and regulation.

At a multilateral level, the EU acknowledges Ukraine's commitment to the international trade rules and principles as embodied in the WTO Agreements and appreciates Ukraine's efforts in duly submitting its notifications. We welcome the swift notification of its Category A commitments and the ratification of the Trade Facilitation Agreement. The EU would like to take this opportunity to also welcome the recent deposit of the instrument of ratification of the Government Procurement Agreement.

Regarding our bilateral relationship, Ukraine is a priority partner country within the European Neighbourhood Policy and the Eastern Partnership. In 2015 the EU was by far Ukraine's first trading partner and the largest foreign investor in Ukraine.

The current legal framework for EU-Ukraine trade and investment relations is provided by the Deep and Comprehensive Free Trade Area (DCFTA), which is part of the Association Agreement and has been applied by both



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parties since 1 January 2016. The DCFTA offers Ukraine a framework for modernising its trade relations and for economic development and will create the conditions for aligning key sectors of the Ukrainian economy to EU standards. The EU congratulates Ukraine for its commitment to the implementation of the DCFTA and stands ready to continue assisting Ukraine in making progress with the reforms.

Without neglecting the positive aspects of the initiatives currently on-going to facilitate trade and investment, further efforts would be necessary in the EU's view, particularly in the following areas:

First, in the area of SPS, while the import procedures and the documentation required should be further streamlined, the EU considers equally necessary to balance the deregulation efforts with the need to maintain an adequate level of sanitary and phytosanitary controls. Furthermore, the EU urges Ukraine to invest more in fully aligning Ukrainian legislation to the international standards and to abolish trade restrictive measures for some EU products.

Second, the EU wishes to underline its concerns on the export ban on wood. In the EU's view, this does not seem to be the proper policy instrument to address the problem and it sends an undesirable message on the direction of Ukraine's trade policy. Therefore, the EU urges Ukraine to lift this ban.

Third, the EU has concerns with reference to the delays and lack of transparency in making VAT refunds, and adequate measures should be considered for making the process more functional.

Fourth, the EU notes a low level of protection of intellectual property rights, in particular in terms of counterfeiting and piracy. The EU calls on Ukraine to take the necessary legislative and implementing actions without further delay. Ukraine notably needs to complete important tasks regarding online piracy, liability of intermediary service providers, accreditation of collective copyright management organizations (CMOs) and non-payments of royalties by state broadcasting companies.

Finally, the EU considers necessary to improve further transparency of regulatory practices and to consult to a larger extent civil society and various stakeholders in the process of adoption of legislation and regulation in Ukraine.

The EU is confident that this first exercise will help Ukraine to further develop and improve its trade policy. On behalf of the EU, I wish Ukraine a very productive and successful review.