

Has Ukrainian Business benefited from the adoption of the Deep and Comprehensive Free Trade Area with the European Union?

Vitalina Meteiko, Liudmyla Shapran

National University of Food Technologies, Kyiv, Ukraine

Introduction. Nowadays Ukraine is trying to improve economic relations with the European Union (EU). Since January 2016, the Deep and Comprehensive Free Trade Area (DCFTA) between Ukraine and EU has begun operating. It has led to the decrease of import duties on European goods in Ukraine. Thus, the consequences of the approval of the DCFTA should be analyzed.

Materials and Methods. During the study, general scientific and special methods were used. The basic methods were the method of system analysis and synthesis, induction and deduction. The scientific articles of Ukrainian economists were analyzed.

Results. According to the data of the Poll of Ukrainian Industrial Enterprises conducted by the Institute for Economic Research and Political Consultations, engineering, heavy industry and woodworking enterprises claimed that they benefited from the implementation of the DCFTA (see Fig. 1).

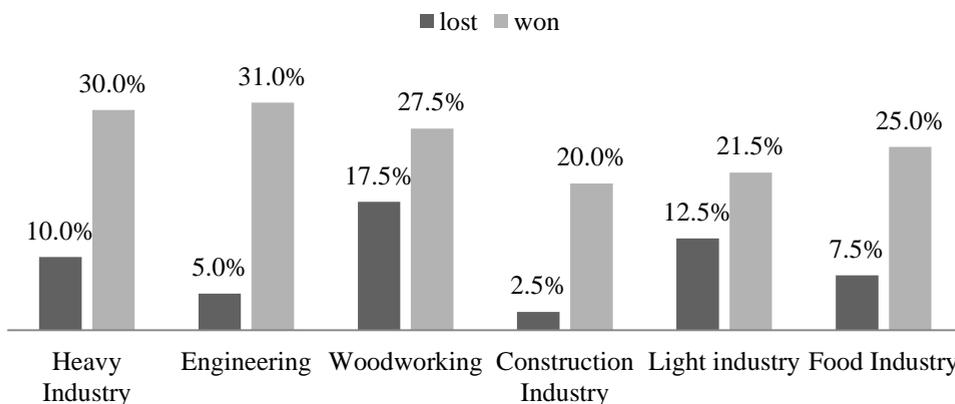


Fig. 1. The DCFTA Influence on Ukrainian Industries

At the same time, there are some factors which prevent them from using all the advantages of the DCFTA, the most significant one is the failure to quickly adjust their production to the EU standards (about 30% of the enterprises). Additionally, one third of the enterprises reports that they don't have partners among European countries. About 20% of companies acknowledge that they have insufficient knowledge of the EU legislation and market conditions. Besides, the changes in technology and adaptation of standards require capital while a lot of companies claim low liquidity and limited access to credits to be one of the main obstacles for their progress.

Conclusions. In general, changes in trade and economic relations with the EU have positive impact on Ukrainian industrial enterprises. Businesses have better access to the EU market and can import goods at cheaper prices. But businesses could benefit more if there was an effective government strategy in export promotion. It is also necessary to stabilize macroeconomic situation, strengthen banking system to facilitate access to credits thus increasing investment activity and improving trade relations with the EU countries.