



IMPORT



EXPORT

CIVIL SOCIETY AT FOREFRONT OF TRADE DIALOGUE IN UKRAINE

Civil Society. Dialogue for Progress

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Ukraine is set to improve its regulatory framework for trade in 2016 when it joins the ranks of 17 WTO members that have ratified the WTO Trade Facilitation Agreement. The country will also implement the Deep and Comprehensive Free Trade Agreement with the European Union, which will include similar trade facilitation provisions.

The implementation of these agreements will nevertheless be a serious challenge for the government of Ukraine, which is currently facing the de-stabilising influences of a military conflict in Donbass, the annexation of Crimea and an ongoing financial and economic crisis. These problems are amplified by the ongoing reform of

government institutions, including the Ministry of Economy, whose capacities are being trimmed.

Thus, Ukrainian civil society will have to assume an ever-more important role in ensuring the successful implementation of trade facilitation. In this context, the **“Trade Facilitation Dialogue”**, an EU-funded initiative implemented by the Institute for Economic Research and Policy Consulting (IER), is helping to promote trade facilitation in Ukraine through dialogue between civil society actors and public authorities.

“The meaning of trade facilitation has elicited many different interpretations,

however a concrete definition does exist", explains Oksana Kuziakiv, the project's team leader and chief executive of the Institute for Economic Research and Policy Consulting (IER), Kyiv, Ukraine.

"Trade facilitation refers to a number of measures agreed to by WTO members in 2013 during the final round of the Doha negotiations. Our project aims to strengthen the capacity of business associations and NGOs to identify and advocate trade facilitation policy actions in Ukraine. This will set the ground for the successful promotion of Ukraine's integration into the global and European Union economy" adds Ms. Kuziakiv.

The project, which will be implemented through to the end of 2017, features several components. The team is currently carrying-out research and monitoring of trade facilitation in Ukraine. Ten monthly issues are already available on the internal portal of the Institute and are being widely distributed through social networks.

As mentioned by Oksana Kuziakiv, these products are among the Institute's most popular analytical publications, especially among business associations, with each attracting over 5,000 views on the Institute's facebook page. The next step will be the launch of the website. It will help users to check the status of concrete trade regulations in an interactive way. The

monitors will explain major new laws or government decisions concerning trade (Ukraine had to adopt over 300 technical amendments and dozens of new laws to comply with clauses of the Association Agreement and DFCTA) and analyse the sub-legislative regulations that often impede effective implementation.

"Many issues in the trading world arise due to hefty lower-level regulations – legal acts from all kinds of commissions, committees and other agencies. For example, the Custom Codex itself is rather progressive, but importers and exporters face problems with its implementation" explains Oksana Kuziakiv.

Besides monitoring the situation, the team has developed a special index that will become a standardised tool to monitor and evaluate Ukraine's progress in trade facilitation. The developed indicator is based on the OECD Trade Facilitation Index, but includes aspects specific to Ukraine, including the work of importers, exporters and expeditors. The first results of this evaluation and the index itself will be presented in October 2015, according to the plans of the IER.

"Even after the completion of our project we hope this index becomes an instrument for the whole business community, helping to demonstrate and solve problems related to trade" says Oksana Kuziakiv.

While working on the index, the team also developed another dimension to their project - strengthening the capacity of business associations and NGOs to identify administrative and regulatory measures that stand in the way of trade facilitation. In this process the team has contacted the chambers of commerce and industry in the majority of Ukrainian regions (even in the government controlled part of war-torn Luhansk district). Besides the mentioned regional chambers of commerce, 17 Ukrainian business associations have signed the memorandums about cooperation with the project team.



“WE EXPECT SMALL AND MEDIUM-SIZED BUSINESS TO BECOME THE DRIVER OF ECONOMIC GROWTH IN UKRAINE.”

They know exactly which problems need to be solved, but often lack the knowledge on how to overcome them. The role of the civil society and expert community is to help business associations to use the right instruments, communicate with officials and promote changes in legislation” explains Oksana Kuziakiv.

She mentions that the creation of so-called “single windows” for trade in Ukraine could lead to global results thanks to the joint efforts of civil society, business and government. One such “single window” refers to information systems, which are currently being implemented in Odessa. Nowadays this electronic system, which provides the necessary documents to controlling bodies (including Custom Service, State Border Guard Service, Sanitary-Epidemiologic service, etc.), is used by about 600 transport and logistics companies operating in three of Ukraine’s largest maritime ports. The implementation of the “single window” system has helped to shorten cargo clearance processing times from days to hours and fight corruption. In the following years, the Trade Facilitation team at the IER plans to establish and

maintain a network of business associations and NGOs interested in promoting trade facilitation reforms. By working alongside this network, they plan to support the preparation of policy and position papers on trade liberalization.

The team hopes their input will help to reduce trade costs and boost international trade, thus improving Ukraine's position in the "Doing Business" sub-index and "Logistics Performance

Index". There are no precise estimations of how trade Facilitation could benefit the Ukrainian economy.

According to the OECD, introducing all of the proposed WTO measures could decrease a developing country's trade expenditures by 13-15,5%. By way of reference, a global decrease of sale expenditures by 1% increases global GDP by \$40 billion. Ukraine will be among the first countries implementing these proposed regulations.

"WE ARE AT THE FOREFRONT OF TRADE FACILITATION"

says Oksana Kuziakiv.



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