



The Federation of Pakistan Chamber
of Commerce and Industry (FPCCI)
Policy Advisory Board

Trade Report on Ukraine





Acknowledgement and Disclaimer

The Policy Advisory Board – Federation of Pakistan Chamber of Commerce and Industry (FPCCI) expresses its appreciation to industry representatives presently engaged in trade activities between Pakistan and Ukraine. Their input and insights have proved to be most valuable in terms of providing an objective overview of the present trade scenario between Pakistan and Ukraine.

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Executive Summary

Ukraine, a low middle income and emerging free-market economy has undergone structural reforms to overcome its past political, social, and financial imbalances. The services sector is the key contributing sector in the economy followed by industry, manufacturing, and agriculture. Ukraine has rich farmlands with wheat, corn, barley, rye, sunflower oil as the dominant agricultural product of the country. A major share of the GDP goes to consumption expenditure with imports having a share of 40 percent. Ukraine's national economic strategy aims to enhance private sector growth, facilitating ease of doing business, minimizing corruption and other bureaucratic hurdles.

Merchandise trade contribution in the GDP followed the fluctuating trend with sufficient decline in past two years due to low world demand and decreasing fuel prices. Ukraine was often termed as the breadbasket of Europe because of its rich farmlands and being the major wheat exporter in the region. Ukraine is also part of the global value chain (GVC) in automobile components and IT services with a focus on software development and programming. Services sector trade volume particularly telecommunication and IT services exports are picking up momentum for the past five years.

Ukraine is Pakistan's non-traditional trade partner with fluctuating trends in its trade volumes for the past five years. Pakistan has an intensive margin to increase the exports of goods that are already being exported in Ukraine's market. Some goods are; semi-milled rice, medicaments, surgical instruments, articles of bedding, and fresh and dried mandarins. Pakistan's top import from Ukraine is wheat, followed by articles of iron and steel, dried peas, dried chickpeas, axle, and parts of machinery. China is the dominant player in Ukraine's import market followed by Germany and Russia.

Keeping in view the socio-economic structure, and trade profile of countries some of the key potential products are also outlined in the report. Considering Pakistan's current value of exports in the world, Ukraine imports from the world and the relative position of both the countries as a net exporter and net importers are used to analyze the potential products. Products that have intensive margin in Ukraine's market are; medical instruments, semi-milled, gloves for use in



sport, plain woven fabrics of cotton, women's or girls' trousers, mittens and mitts, leather, denim, inflatable balls, and tobacco.

Products that have extensive margin are; Fresh or dried bananas, medicaments containing hormones, fresh or dried guavas, mangoes, articles and equipment for sport and outdoor games, frozen fish meat, flours, meals and pellets of fish, soap and organic surface-active products, table, kitchen or other household articles and sesamum seeds.

Geographical proximity, similar culture, and DCFTA with EU creates tough competition for non-EU exporters in terms of quality and price competitiveness. Pakistan needs to negotiate tariff barriers especially for food items, textiles, sports goods. Pakistan has the potential to export mangoes, dried dates, fresh or dried bananas. For medicaments and surgical instruments, Ukraine imports are experiencing an upward trend. Currently, no tariff is applied on MFNs. New exporters or exporters that are already familiar with EU regulations can also tap this market easily.

For facilitating trade and investment, the government of Ukraine aims to strengthen commercial diplomacy and has established a single window for accelerating custom clearance. In addition to this, Ukraine's adoption of EU rules and regulations will also provide ease to Pakistani exporters already working with the EU. There is a need on part of the government to facilitate exporters in overcoming stringent tariff barriers in Ukraine's market.

Ukraine has a skilled and educated workforce of IT professionals which have made Ukraine one of the prominent IT service outsourcing country in Europe. Pakistan can enter into IT services collaboration especially IT programming, coding, and R&D in software development in this market. Among regional competitors, Pakistan has the least share in the Ukraine import market. India has a major share followed by Vietnam and Bangladesh. Pakistan has the potential to increase its export base to be at par with its regional competitors.



List of Acronyms

DCFTA:	Deep and Comprehensive Free Trade Agreement
GDP:	Gross Domestic Product
NES:	National Economic Strategy
FDI:	Foreign Direct Investment
WEO:	World Economic Outlook
ILO:	International Labor Organization
IMF:	International Monetary Fund
ITC:	International Trade Centre
CIS:	Commonwealth Independent States
FTA:	Free Trade Agreement
GSP	Generalized Scheme of Preferences
NRA:	Non-reciprocal Agreement
MFN:	Most Favorite Nation
EU:	European Union
IT:	Information Technology



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1. Economic overview

Ukraine, a lower-middle-income European economy, has undergone various economic transformations ever since its existence. The country has experienced a transition from a command and control economy to a mixed-market-based economy with the establishment of private markets, private property rights, and independent institutions under the government's hegemony. Ukraine's economic growth remains volatile for the past two decades. Initially, it was hit by the global financial crisis in 2008 when external sources of finance were limited for banks and GDP growth contracted by 15 percent¹. The economy however recovered slightly in 2010 but soon it was hit by the political and social turbulence by maidan uprising² (2014-2015) coupled with military operations in eastern Ukraine. Later, reforms presented by the new technocratic government and IMF facilitation programs in Ukraine have slightly improved the growth trajectory.

In terms of size, Ukraine is the second-largest country in Europe with per capita income as 20 percent of Europe's average. After the implementation of reforms Ukraine's GDP has improved significantly by 62.4 percent in the past five years (See table: 1). COVID-19 has impacted almost all sectors of the economy with the decline in per capita income, GDP growth, net FDI inflows, and saving rate.

The services sector is the key contributing sector in Ukraine's GDP with a 55.64 percent share followed by industry, manufacturing, and agriculture (see figure: 1). Coal, electric power, ferrous and nonferrous metals, machinery and transport equipment, chemicals, food processing are major industries. For agriculture, Ukraine has rich farmlands with wheat, corn, barley, rye, sunflower oil as the dominant agricultural product of the country. The country is rich in mineral resources, mainly iron and magnesium, as well as in energy resources (coal and gas). Ukraine is partially sufficient in energy resources such as coal and gas. It has the second-largest gas reserves in Europe³

¹ Ukraine growth study, faster, lasting and kinder: World bank

² Euromaidan was a revolution of dignity by Ukrainians to protest against the inefficiency of government, corruption, and delay in signing the European Union Association Agreement. Azarov the then government, were pro Russians with soviet and oligarchic elements in leadership and delivery. Soon government was replaced by a technocratic form of government with extensive reform agenda led by IMF.

³ The forgotten potential of Ukraine's energy reserves, Harvard International Review (HIR)



and seventh-largest coal reserves in the world. However, the country still imports gas and coal to meet its consumption.

The major share of the GDP goes to consumption expenditure i.e. 74.2 percent with imports having a share of 40 percent followed by exports expenditure of 39 percent. Merchandise trade contribution in the GDP followed the fluctuating trend with sufficient decline in past two years due to low world demand and decreasing fuel prices. Services sector trade volume particularly telecommunication and IT services exports are picking up momentum for the past five years with the exception of 2020 (see table;1).

In 2020, the Ukraine government presented the Economic Audit of the Ukraine which highlighted the untapped potential of Ukraine's economy. The National Economic Strategy (NES) 2030 was then formulated keeping in view Ukraine's potential. The key thirty sectors were outlined including industry, mining, agriculture, transport infrastructure, energy, IT, and creative industries. The plan highlighted that more importance will be given to private sector development, ease in business regulations, conducive reforms for taxation system, reforms to curb corruption, and maintain rule of law. Economic integration in Europe and Euro-Atlantic region, and maintaining better commercial diplomacy is also country's priority.

Key Takeaways

Ukraine's economy is recovering from macroeconomic imbalances caused by political and financial turbulence. IMF extended fund facility program has led to various reforms in the country.

Under NES Ukraine's economy is focusing on privatization, boosting investment and businesses, facilitating ease of doing business, and maintaining better commercial diplomacy across countries.

Ukraine is a consumption-oriented economy driven by import expenditure and HH consumption expenditures.

Ukraine has rich farmlands with wheat, corn, barley, rye, sunflower oil as the dominant agricultural product of the country. It is also endowed with mineral resources, mainly iron and magnesium. Trade volume in the services sector is increasing with the growth in IT exports.



Figure 1: GDP composition, by sector of origin, 2020

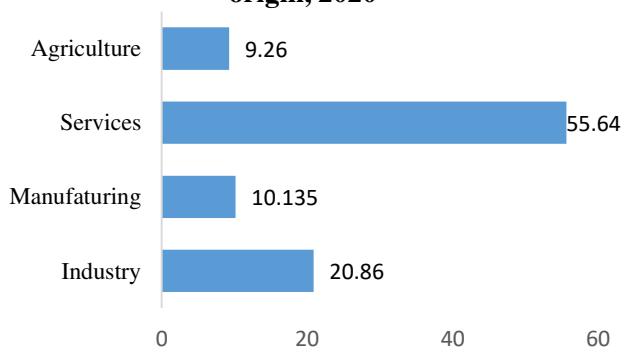


Figure 2: GDP composition, by end use, 2020

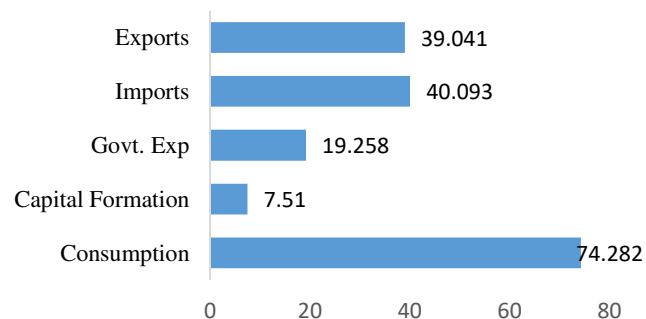


Table 1: Economic Outlook of Ukraine

Indicator Name	2016	2017	2018	2019	2020
Demographics					
Population (million)	42.42	42.22	41.98	41.73	41.48
Labor force, (% of the total population)	62.15	62	62.58	56.32	-
Unemployment rate	9.5	9.7	9	8.5	9
Production and prices					
GDP (current USD billions)	93.31	112.13	130.93	153.9	151.54
GDP per capita (current USD thousand)	2.2	2.66	3.12	3.69	3.65
GDP growth (annual %)	2.4	2.5	3.4	3.2	-4.2
FDI net inflow (% of GDP)	4.249	3.492	9.496	3.789	-
Gross national savings (Percent of GDP)	17.69	17.77	15.21	14.07	10.42
Inflation	13.9	14.4	10.9	7.9	2.7
External sector					
Official exchange rate (period average)					
Current account balance(USD billion)	-1.39	-2.45	-4.28	-4.21	6.59
Merchandise trade (% of GDP)	80.93	82.78	79.75	71.89	66.29
Total exports goods (USD billion)	36.361	43.428	47.334	49.85	49.388
Total imports goods (USD billion)	39.24	49.43	57.18	60.68	53.97
Total exports services (USD billion)	12.44	14.24	15.83	17.46	15.50
Total imports services (USD billion)	11.95	13.32	14.50	15.71	11.07

Sources: World Development Indicators, WDI, world economic outlook database WEO, ILO, IMF, Trade map, ITC



2. Trade Overview

Ukraine's trade volume is increasing with the exception of 2020 with a trading volume of USD 103 billion. Import value shows more growth as compared to exports. Merchandise trade contribution in the GDP stood at 66.2 percent (See table; 1). The negative trade balance in 2020 was accommodated by low fuel prices and a decrease in imports of vehicles, mechanical appliances, and electrical appliances. Ukraine was often termed as the bread basket of Europe for its rich farmlands and being a major wheat exporter in the region. Ukraine is also part of the global value chain (GVC) in automobile components and IT services with a focus on software development and programming. Ukraine's export basket consists of cereals (19%), iron and steel (15.5%), animal and vegetable fats (11.6%), ores (8.9%), electrical machinery (5.16%), and mechanical appliances (3.8%). While import basket is dominated by mineral fuels (14.3%), mechanical appliances (11.2%), vehicles (10.2%), electrical machinery (9.94%), pharmaceutical products (4.6%), and plastics (4.6%).

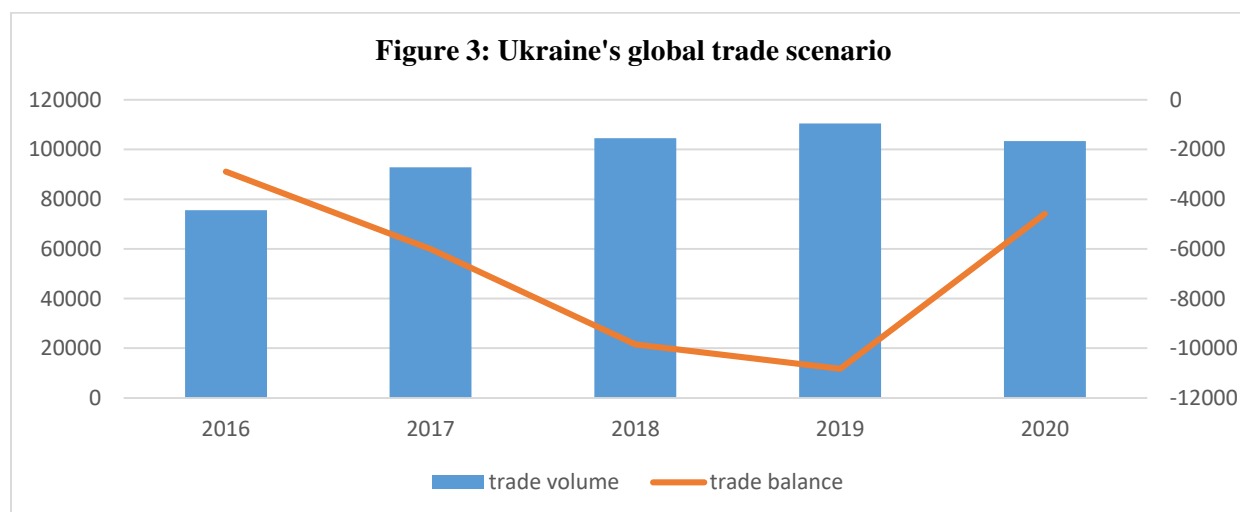
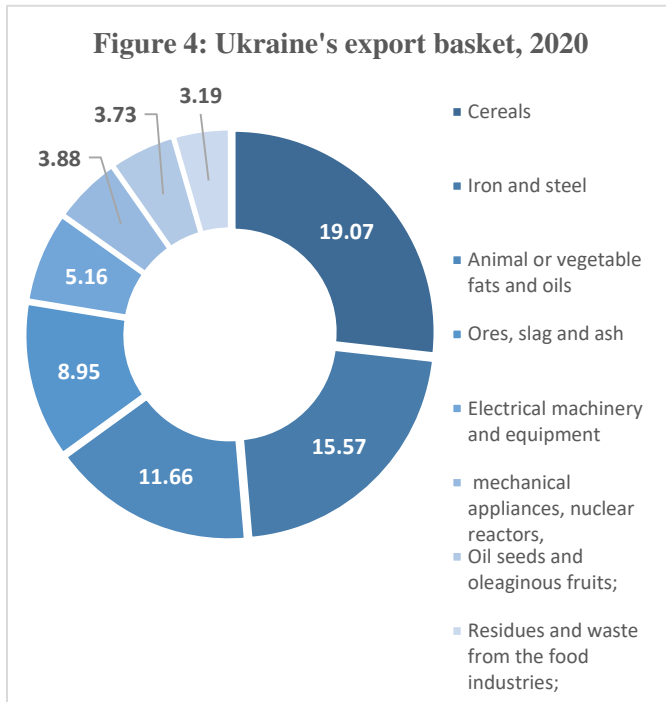


Table 2: Ukraine's Trade Scenario

Year	Exports(X)	Imports(M)	Trade openness(X+M)	Trade Balance (X-M)
Figure in USD million				
2016	36,361.03	39,249.63	75,610.66	-2,888.59
2017	43,428.39	49,439.16	92,867.55	-6,010.77
2018	47,334.6	57,187.09	104,521.77	-9,852.41
2019	49,853.04	60,685.88	110,537.93	-10,831.83
2020	49,388.09	53,978.19	103,366.19	-4,590.00

Source: Trade Map, ITC



2.1 Trade Agreements and Trade Partners

For global integration, Ukraine has several trade agreements with its neighboring and developed countries of the world. (See table: 3). Ukraine's major export partners are; China (14.4), Poland (7%), Russian Federation (5.5%) Turkey (4.9%), and Germany (4.2%). While its top five import origins are; China (15.5%), Germany (9.8%), Russian Federation (8.4%), Poland (7.5%), and USA (5.4%). Pakistan has a 0.7 percent share in Ukraine's total export⁴. On the import side, Pakistan has a share of 0.1 % of Ukraine's total imports, making Pakistan its 58th import partner.

⁴ Pakistan is the twenty-eighth export partner of Ukraine



Table 3: Ukraine’s trade agreement

Agreement name	Type	Status	Member countries
Agreement on CIS FTA	Free trade agreement (FTA)	Inactive	Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Republic of Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan
Canada for GSP Countries	Non-reciprocal arrangement (NRA)	In force	Canada
DCFTA, EU-Ukraine	FTA	In force	European Union, Ukraine
FTA, Canada-Ukraine	FTA	In force	Canada, Ukraine
FTA, EFTA-Ukraine	FTA	In force	Iceland, Liechtenstein, Norway, Switzerland, Ukraine
FTA, Israel-Ukraine	FTA	In force	Israel, Ukraine
FTA, Macedonia-Ukraine	FTA	In force	North Macedonia, Republic of Ukraine
FTA, Montenegro-Ukraine	FTA	In force	Montenegro, Ukraine
FTA, UK-Ukraine	FTA	In force	Ukraine, United Kingdom
FTA, Ukraine-Turkmenistan	FTA	In force	Turkmenistan, Ukraine
Japan for GSP countries	NRA	In force	Japan
Treaty on CIS FTA	FTA	Inactive	Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Republic of, Russian Federation, Tajikistan, Turkmenistan, Ukraine, Uzbekistan
Turkey for GSP countries	NRA	In force	Turkey
United States for GSP countries	NRA	In force	United States of America

Source: Market Access Map, ITC

Figure 6: Ukraine's export destinations

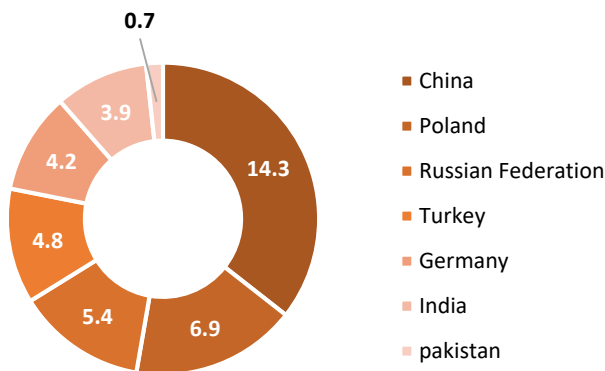
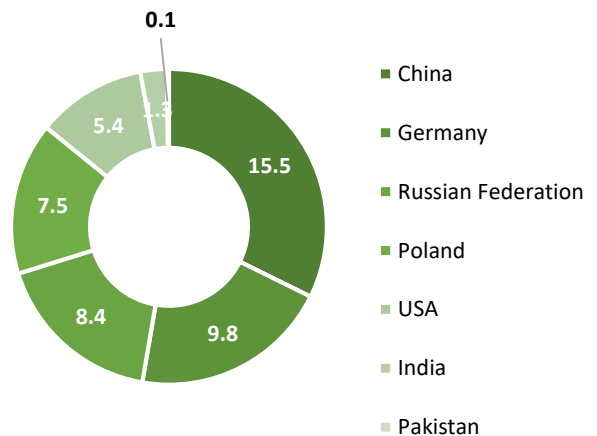


Figure 7: Ukraine's import origins





2.2 Bilateral Trade

Pakistan's trade volume with Ukraine follows fluctuating trends for the past five years. Pakistan exports to Ukraine are increasing however, the rise in imports outweighs exports increase, resulting in an increasing negative trade balance between the two countries (See table; 4). Pakistan's export basket for Ukraine is made up of manmade staples, fruits, cereals, cotton, tobacco, articles of apparel, surgical instruments, pharmaceutical products, cutlery, and sports goods (See table: 5). Pakistan's share in the Ukraine import market for these products is quite low. Among the top exports only man-made fiber has a share greater than 10 percent in the market. Cereals and cotton have only captured 3 percent of the Ukrainian market. Surgical instruments share has declined significantly in 2020. Pakistan has an intensive margin to increase the exports of goods that are already being exported to Ukraine's market. The share of each product in Ukraine's market is highlighted in table 5. The major increase in imports from Ukraine in 2020 was wheat, products of iron, and parts of other machinery. Pakistan also imports dried shelled peas, dried shelled chickpeas, and axles for electrical purposes, and dried birds eggs from Ukraine.

Inedible fruits, Turkey (28.8%), Ecuador (12.9%), and Greece (6.2%)⁵ are the top import partners of Ukraine. For cereals, France (20.4), Hungary (15.5%), and China (11%) are major supplying markets with India having a share of 6.6 percent. Pakistan has a 3.1 percent share in the Ukraine market which can be further be increased. For pharmaceutical products, Germany (18%), India (9.4%), and France (7.8%) are the key players while Pakistan has only a share of 0.03 percent. China is a top supplying market for surgical instruments having a share of 24.7 percent followed by Germany (13.8%), USA (11.2%). India has a share of 0.6 percent while Pakistan has only captured 0.08 percent of the Ukrainian surgical instrument market.

Table 4: Bilateral trade between Pakistan and Ukraine's				
Year	Exports(X)	Imports(M)	Trade openness(X+M)	Trade Balance (X-M)
Figures in USD million				
2016	34.382	91.67	126.052	-57.288
2017	42.19	161.914	204.104	-119.724
2018	49.389	95.886	145.275	-46.497
2019	51.084	61.399	112.483	-10.315
2020	51.534	364.781	416.315	-313.247

Source: Trade Map, ITC

⁵ The percentage share in Ukraine's market is in brackets. Source: trade map, ITC


Table 5: Pakistan exports to Ukraine at HS-2

Code	Products	Pakistan exports to Ukraine			Pakistan's share in the Ukraine import market		
		2018	2019	2020	2018	2019	2020
		Figures in USD million			figures in percentage		
'55	Man-made staple fibers	24.601	26.807	25.7	10.89	12.85	12.87
'08	Edible fruit and nuts; peel of citrus fruit or melons	3.136	2.727	7.226	0.60	0.41	0.91
'10	Cereals	9.073	10.07	5.647	4.75	5.57	3.16
'52	Cotton	4.793	3.312	4.236	3.06	2.28	3.20
'24	Tobacco and manufactured tobacco substitutes	0.579	0.175	1.329	0.14	0.04	0.24
'61	Articles of apparel and clothing	1.25	1.416	1.328	0.48	0.36	0.37
'95	Toys, games, and sports requisites	0.892	1.17	1.055	0.34	0.36	0.32
'90	Optical, photographic, precision, medical or surgical	1.076	1.219	0.992	0.12	0.12	0.08
'30	Pharmaceutical products	0	0.009	0.693	0.00	0.00	0.03
'82	Tools, implements, cutlery, spoons, and forks	0.397	0.309	0.492	0.17	0.12	0.19
'25	Salt; sulfur; earths and stone, lime and cement	0.117	0.308	0.457	0.04	0.11	0.18

Source: Trade map, ITC

Table 6: Pakistan imports from Ukraine at HS-2

Code	Products	Pakistan imports from Ukraine			Ukraine share in Pakistan imports		
		2018	2019	2020	2018	2019	2020
		Figures in USD million			Figures in percentage		
'10	Cereals	1.252	0.236	302.471	0.9	0.2	40.1
'72	Iron and steel	16.995	26.745	31.642	0.4	0.8	1.0
'07	Edible vegetables and certain roots and	17.541	23.779	19.66	2.6	3.8	2.1
'44	Wood and articles of wood; wood	6.031	3.18	2.438	2.7	1.6	1.5
'04	Dairy produce; birds' eggs; natural honey; edible products of animal	4.119	3.133	2.306	2.5	2.4	2.5
'86	Railway or tramway locomotives,	0	0.076	1.946	0	0.09	18.6
'84	Machinery, mechanical appliances,	2.044	1.856	1.767	0.03	0.03	0.04
'38	Miscellaneous chemical products	0	0.021	0.896	0	0.002	0.1
'27	Mineral fuels, mineral oils and	0.271	0.043	0.834	0.001	0.0002	0.008
'20	Preparations of vegetables, fruit, nuts	0.725	0.881	0.148	1.6	2..0	0.3
'15	Animal or vegetable fats and oils and	0.04	0.023	0.129	0.001	0.001	0.005

Source: Trade map, ITC

**Table 7: Pakistan exports to Ukraine at HS-6**

Product code	Product	Pakistan's exports to Ukraine				
		2016	2017	2018	2019	2020
Figures in USD million						
'551341	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	13.158	18.417	24.229	26.228	25.321
'100630	Semi-milled or wholly milled rice, whether or not polished or glazed	4.653	7.651	9.044	10.07	5.647
'080521	Fresh or dried mandarins incl. tangerines and satsumas (excl. clementines)	0	0.258	1.115	1.153	5.102
'080529	Fresh or dried wilkings and similar citrus hybrids	0	0.24	1.87	1.357	1.931
'240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	0	0	0.554	0.175	1.329
'901890	Instruments and appliances used in medical, surgical, or veterinary sciences, n.e.s.	0.672	0.73	1.01	1.219	0.992
'950662	Inflatable balls	1.028	0.997	0.757	1.043	0.98
'521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	0.627	0.707	0.377	0.264	0.893
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	0	0.002	0	0	0.691
'821420	Manicure or pedicure sets and instruments, incl. nail files, of base metal (excluding ordinary ...	0.379	0.34	0.397	0.299	0.474
'521213	Woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, other than those ...	0	0.107	0.513	0.31	0.425
'940490	Articles of bedding and similar furnishing, fitted with springs or stuffed or internally filled ...	0.264	0.189	0	0.203	0.416

Source: Trade map, ITC

Key Takeaways

Ukraine is Pakistan's non-traditional trade partner with fluctuating trends in trade volumes for the past five years.

Pakistan has an intensive margin to increase the exports of goods that are already being exported to Ukraine's market. Some goods are; semi-milled rice, medicaments, surgical instruments, tobacco, articles of bedding.

Pakistan's top import from Ukraine is wheat, articles of iron and steel, dried peas, dried chickpeas, axle, and parts of machinery.

China is the dominant player in Ukraine's import market followed by Germany and Russia. India and Viet Nam have a 1.3 and 0.8 percent share respectively. Pakistan has a share of 0.1 percent in the Ukrainian market which can further be enhanced in cereal, surgical instruments, medicaments, fresh and dried mandarins, and textile products.



2.3 Potential Products

For the expansion of our export base in Ukraine's market, we have outlined some of the potential products that Pakistan already exports to the world market. Pakistan's overall export to the world is USD 22.2 billion (2020) while Ukraine's total imports from the world are USD 53.9 billion worth (2020). Potential product is defined keeping in view Pakistan's current value of exports in the world and Ukraine imports from the world. In addition to this, we have also considered products for which Ukraine is a net importer and Pakistan is a net exporter of the product.

We have outlined two broader categories;

- 1) Products that Pakistan produces but doesn't export to Ukraine, while these products have demand in Ukraine's market (**extensive margin**).
- 2) Products that Pakistan already exports to Ukraine but has more room to expand as per the demand of Ukraine (**intensive margin**). The list of potential sectors at HS -2 is outlined in the table below;

Table 8: List of potential sectors HS-2	
Code	Product label
'03	Fish and crustaceans, molluscs, and other aquatic invertebrates
'08	Edible fruit and nuts; peel of citrus fruit or melons
'10	Cereals
'23	Residues and waste from the food industries; prepared animal fodder
'26	Ores, slag, and ash
'30	Pharmaceutical products
'34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial
'39	Plastics and articles thereof
'41	Raw hides and skins (other than furskins) and leather
'55	Man-made staple fibres
'60	Knitted or crocheted fabrics
'61	Articles of apparel and clothing accessories, knitted or crocheted
'62	Articles of apparel and clothing accessories, not knitted or crocheted
'63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags
'64	Footwear, gaiters, and the like; parts of such articles
'76	Aluminum and articles thereof
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical
'95	Toys, games, and sports requisites; parts and accessories thereof

Source: Trade map, ITC



Products at HS – 6 level that Pakistan doesn't export to the Ukrainian market and has the potential to export are outlined in table 9. These products have an extensive margin in the Ukraine market.


Table 9: Pakistan export potential at HS-6 (extensive margin)

Code	Product label	Ukraine imports from the world			Net imports Ukraine	Pakistan exports to the world			net exports Pakistan	2018	2019	2020
		2018	2019	2020		2018	2019	2020				
'080390	Fresh or dried bananas (excluding plantains)	144.3	156.7	177.6	177.5	21.6	33.1	23.9	23.9	0.0	0.0	0.0
'340220	Surface-active preparations, washing preparations, auxiliary washing preparations, and cleaning ...	109.5	122.5	162.2	154.4	5.9	10.1	9.9	7.5	0.0	0.0	0.0
'300439	Medicaments containing hormones or steroids are used as hormones but not antibiotics put up in ...	67.1	68.0	66.7	64.8	60.9	77.0	72.1	56.2	0.0	0.0	0.0
'640399	Footwear with outer soles of rubber, plastics, or composition leather, With uppers of leather ...	53.7	65.1	61.5	50.5	78.6	87.8	79.4	78.9	0.0	0.0	0.0
'620462	Women's or girls' trousers, bib and brace overalls, breeches, and shorts of cotton (excluding ...	25.0	42.7	44.7	32.5	100.9	98.5	89.4	89.1	0.0	0.0	0.0
'030617	Frozen shrimps and prawns, even smoked, whether in a shell or not, incl. shrimps and prawns in ...	11.5	17.6	25.3	23.5	62.9	72.8	68.4	68.4	0.0	0.0	0.0
'390319	Polystyrene, in primary forms (excluding expandable)	31.9	26.6	23.7	23.7	23.6	26.9	42.6	41.4	0.0	0.0	0.0
'610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	4.7	10.7	9.0	8.5	59.0	54.5	63.0	62.9	0.0	0.0	0.0
'410712	Grain splits leather "incl. parchment-dressed leather", of the whole hides and skins of bovine ...	7.8	8.7	8.8	7.9	110.4	68.8	55.4	55.2	0.0	0.0	0.0
'080450	Fresh or dried guavas, mangoes, and mangosteens	3.3	6.7	7.6	7.6	73.9	101.6	101.5	101.5	0.0	0.0	0.0
'261000	Chromium ores and concentrates	6.4	6.5	6.2	5.9	69.9	70.0	53.4	53.0	0.0	0.0	0.0
'120740	Sesamum seeds, whether or not broken	4.3	5.4	4.9	4.9	74.0	40.4	39.6	39.6	0.0	0.0	0.0
'100640	Broken rice	3.0	2.9	2.2	2.2	173.0	255.7	259.1	259.1	0.0	0.0	0.0
'611710	Shawls, scarves, mufflers, mantillas, veils and the like, knitted or crocheted	1.3	2.9	1.9	1.7	9.6	14.9	65.4	64.4	0.0	0.0	0.0
'630419	Bedspreads of all types of textile materials (excluding knitted or crocheted, bed linen, quilts ...	4.0	1.5	1.7	1.6	15.5	23.3	39.0	39.0	0.0	0.0	0.0
'252620	Natural steatite and talc, crushed or powdered	1.2	1.0	1.4	1.4	45.3	55.7	50.2	49.7	0.0	0.0	0.0
'411310	Leather further prepared after tanning or crusting "incl. parchment-dressed leather", of goats ...	0.9	0.7	0.8	0.8	74.5	58.4	41.6	41.5	0.0	0.0	0.0
'100620	Husked or brown rice	0.5	0.4	0.5	0.5	56.6	232.9	307.2	307.2	0.0	0.0	0.0
'392062	Plates, sheets, film, foil, and strip, of non-cellular poly" ethylene terephthalate", not reinforced, ...	22.6	26.0	27.8	27.4	11.2	27.2	35.3	30.4	0.0	0.0	0.0



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'761510	Table, kitchen or other household articles and parts thereof, and pot scourers and scouring ...	19.8	21.0	27.0	20.4	20.1	21.9	22.1	20.9	0.0	0.0	0.0
'600622	Dyed cotton fabrics, knitted or crocheted, of a width of > 30 cm (excluding warp knit fabrics ...	8.6	19.5	25.6	25.5	12.5	19.9	17.5	17.5	0.0	0.0	0.0
'720421	Waste and scrap of stainless steel (excluding radioactive, and waste and a scrap of batteries ...	25.8	22.5	22.0	19.6	14.5	13.0	14.1	11.3	0.0	0.0	0.0
'340111	Soap and organic surface-active products and preparations, in the form of bars, cakes, molded...	19.8	19.5	19.0	5.6	4.6	10.6	16.3	14.7	0.0	0.0	0.0
'030389	Frozen fish, n.e.s.	41.5	33.8	18.6	18.3	5.3	2.2	32.7	32.7	0.0	0.0	0.0
'950699	Articles and equipment for sport and outdoor games n.e.s; swimming and paddling pools	11.3	15.8	18.0	8.3	30.5	30.3	23.8	23.0	0.0	0.1	0.0
'030499	Frozen fish meat n.e.s. (excluding fillets)	9.5	15.6	17.1	17.1	21.4	20.4	16.5	16.5	0.0	0.0	0.0
'611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excluding hats)	6.1	16.0	16.8	8.5	20.7	20.4	29.1	28.7	0.0	0.0	0.0
'610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted ...	7.6	8.7	13.5	11.5	37.7	41.5	31.9	31.8	0.0	0.1	0.0
'551219	Woven fabrics containing >= 85% polyester staple fibres by weight, dyed, made of yarn of different ...	8.9	9.4	8.6	8.3	20.3	28.7	29.2	28.8	0.0	0.1	0.0
'230120	Flours, meals, and pellets of fish or crustaceans, molluscs, or other aquatic invertebrates, ...	6.6	8.0	6.6	6.1	27.4	27.9	22.6	22.6	0.0	0.0	0.0

Source: Trade map, ITC

We also outlined products that Pakistan exports and have more room to expand its share in Ukraine's market in the table below;

Table 10: List of Potential Products at HS-6 (intensive margin)

Code	Product	Ukraine imports from the world			Net imports Ukraine	Pakistan exports to the world			Trade Report - Policy Advisory Board	Pakistan exports to Ukraine (intensive margin)		
		2018	2019	2020		2018	2019	2020		2020	2018	2019
'240120	Tobacco, partly or wholly stemmed or stripped, otherwise unmanufactured	217.9	180.5	190.8	190.8	19.7	10.2	23.6	15.3	0.6	0.2	1.3
'901890	Instruments and appliances used in medical, surgical, or veterinary sciences, n.e.s.	123.0	128.6	172.5	170.1	375.5	405.5	361.3	295.1	1.0	1.2	1.0
'610910	T-shirts, singlets, and other vests of cotton, knitted or crocheted	34.5	47.8	51.4	45.7	244.2	314.8	252.6	252.2	0.2	0.2	0.2
'100630	Semi-milled or wholly milled rice, whether or not polished or glazed	34.8	31.9	47.2	43.4	1768.8	1786.3	1532.9	1532.9	9.0	10.1	5.6
'551341	Plain woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, ...	27.4	28.7	31.3	31.2	122.9	104.0	93.8	93.8	24.2	26.2	25.3
'630260	Toilet linen and kitchen linen, of terry toweling or similar terry fabrics of cotton (excluding ...	18.5	27.3	26.0	25.9	791.2	787.4	776.5	776.3	0.3	0.3	0.2
'611610	Gloves, mittens, and mitts, impregnated, coated, or covered with plastics or rubber, knitted ...	7.3	10.8	13.2	13.1	97.3	144.8	200.3	200.2	0.2	0.3	0.4
'610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or ...	10.0	11.6	11.6	11.3	67.2	59.0	58.4	58.1	0.1	0.1	0.1
'520852	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 ...	11.4	13.0	11.1	11.0	34.0	67.5	94.4	94.2	0.3	0.2	0.1
'630231	Bedlinen of cotton (excluding printed, knitted, or crocheted)	6.9	8.9	10.4	9.8	866.3	855.9	923.8	923.8	0.1	0.0	0.1
'080410	Fresh or dried dates	5.0	5.0	5.5	5.5	113.4	71.8	60.3	48.4	0.0	0.1	0.1
'520942	Denim, containing >= 85% cotton by weight and weighing > 200 g/m ² , made of yarn of different ...	4.2	4.6	5.3	5.3	501.2	498.4	388.3	388.0	0.0	0.1	0.2
'950662	Inflatable balls	2.5	4.9	4.0	4.0	164.4	170.9	124.7	123.6	0.8	1.0	1.0
'420329	Gloves, mittens, and mitts, of leather or composition leather (excluding special sports gloves)	2.9	3.6	3.8	3.0	220.7	230.1	225.2	224.9	0.1	0.1	0.1
'610469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials, ...	0.8	1.1	3.0	1.6	62.0	77.1	96.5	96.4	0.0	0.0	0.1
'521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	2.3	2.3	2.7	2.6	46.2	51.8	45.8	45.7	0.4	0.3	0.9



'520812	Plain woven fabrics of cotton, containing \geq 85% cotton by weight and weighing > 100 g to 200 ...	1.1	0.7	1.6	1.6	254.6	238.2	250.4	250.4	0.0	0.0	0.1
'611599	Full-length or knee-length stockings, socks, and other hosiery, incl. footwear without applied ...	0.5	2.0	0.8	0.7	57.1	61.1	48.8	48.8	0.0	0.0	0.1
'420321	Specially designed gloves for use in sport, of leather or composition leather	0.2	0.4	0.5	0.5	122.0	84.4	63.3	63.2	0.2	0.2	0.2
'521021	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed ...	0.1	0.4	0.4	0.4	116.5	105.7	84.1	84.1	0.4	0.7	0.4

Source: Trade map, ITC

Key Takeaways

Products that have intensive margin in Ukraine's market are; medical instruments, semi-milled, gloves for use in sport, plain woven fabrics of cotton, women's or girls' trousers, mittens and mitts, leather, denim, inflatable balls, and tobacco.

Products that can be entered in Ukraine's market and have extensive margin are; Fresh or dried bananas, medicaments containing hormones, fresh or dried guavas, mangoes, articles and equipment for sport and outdoor games, frozen fish meat, flours, meals, and pellets of fish, soap and organic surface-active products. table. kitchen or other household articles.



3 Tariff Structure

Average MFN rates applied by Ukraine on potential sectors are outlined in table 11. Pakistan, India, and China have the same access to the Ukrainian market. MFN rates on pharmaceutical products and aluminum products are zero. Pakistan can tap more potential in this market if preferential access is granted.

Table 11: MFN tariff rates applied by Ukraine at HS-2

Code	Product label	Pakistan	China	India
'03	Fish and crustaceans, molluscs, and other aquatic invertebrates	1.7	1.7	1.7
'08	Edible fruit and nuts; peel of citrus fruit or melons	4.9	4.9	4.9
'10	Cereals	8.1	8.1	8.1
'12	Oilseeds and oleaginous fruits; miscellaneous grains, seeds, and fruit;	2.3	2.3	2.3
'23	Residues and waste from the food industries; prepared animal fodder	6.6	6.6	6.6
'25	Salt; sulphur; earths and stone; plastering materials, lime, and cement	4.9	4.9	4.9
'26	Ores, slag and ash	1.9	1.9	1.9
'30	Pharmaceutical products	0	0	0
34	Soap, organic surface-active agents, washing preparations, lubricating prep	5	5	5
'39	Plastics and articles thereof	3	3	3
'41	Raw hides and skins (other than furskins) and leather	2.6	2.6	2.6
'55	Man-made staple fibres	0.7	0.7	0.7
'60	Knitted or crocheted fabrics	7.7	7.7	7.7
'61	Articles of apparel and clothing accessories, knitted or crocheted	11.7	11.7	11.7
'62	Articles of apparel and clothing accessories, not knitted or crocheted	11.5	11.5	11.5
'63	Other made-up textile articles; sets; worn clothing and worn textile articles	9.7	9.7	9.7
'64	Footwear, gaiters, and the like; parts of such articles	10	10	10
'76	Aluminum and articles thereof	0	0	0
'90	Optical, photographic, cinematographic, medical or surgical	0	0	0
'95	Toys, games, and sports requisites; parts and accessories thereof	2.2	2.2	2.2

Source: Trade map, ITC



4 Competitors Scenario in Ukraine's Market

Top leading import partner, China, has no preferential access to the Ukraine market. However, Ukraine has a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU. In addition to this, Ukraine is also part of CIS-FTA. Based on these two agreements some of the major supplying markets have preferential access to Ukraine with the exception of China, USA, and Turkey.

Table 12: Top import origins, their share, and type of access in Ukraine's market

Rank	Exporters	Imported Value, 2020 USD million	Share in Ukraine's imports (%)	Type of Access
1	China	8,357.19	15.5	no preferential access, MFN rates applied
2	Germany	5,311.67	9.8	preferential access
3	Russian Federation	4,542.94	8.4	preferential access
4	Poland	4,073.19	7.5	preferential access
5	United States of America	2,914.86	5.4	no preferential access, MFN rates applied
6	Belarus	2,874.38	5.3	preferential access
7	Turkey	2,411.72	4.5	no preferential access, MFN rates applied

Source: Trade map, ITC

Among regional competitors, Pakistan has the least share in the Ukraine import market. India has captured 1.3 percent of the Ukrainian market followed by Vietnam and Bangladesh. Pakistan has the potential to increase its export base to be at par with our regional competitors.

Table 13: Share of regional competitors in Ukraine's imports

Rank	Exporters	Imported Value, 2020 USD million	Share in Ukraine's imports (%)	Type of Access
19	India	721.385	1.3	no preferential access, MFN rates applied
24	Viet Nam	462.358	0.9	no preferential access, MFN rates applied
52	Bangladesh	97.659	0.2	no preferential access, MFN rates applied
58	Pakistan	51.534	0.1	no preferential access, MFN rates applied

Source: Trade map, ITC



5 Recommendations

- Ukraine is a low-middle income country with elastic demand, products with low prices and better quality have more prospects. Geographical proximity, similar culture, and DCFTA with EU have made Ukrainian consumers quality conscious. This creates tough competition for non-EU exporters in terms of quality and price competitiveness. Pakistan needs to negotiate tariff barriers especially for food items, textiles, sports goods.
- The urban population in Ukraine is increasing with changing food consumption patterns. People are now more inclined for ready-to-cook or prepared food items, frozen items, and dried fruits. Pakistan can increase its products base in terms of frozen and ready-to-cook food items.
- For fruits and vegetables, there is strong competition from EU, Turkey, and Georgia but Pakistan has the potential to export mangoes, dried dates, fresh or dried bananas. Other food items that can be exported are sesamum seeds, semi-milled rice, broken rice, and seafood.
- Ukraine has a high demand for seafood because of its weather conditions however, Pakistan has to face tough competition from leading players such as Norway, Iceland, and USA. Ukraine's regulatory environment is inclined towards EU regulations. Most of the non-tariff barriers are the same as applied by EU. Therefore, Pakistani exporters have to comply with stringent non-tariff barriers in this market.
- For medicaments and surgical instruments, Ukraine doesn't charge any tariff on MFNs. Besides this, Ukraine imports for both the products are experiencing an upward trend. New exporters or exporters that are already familiar with EU regulations can also explore this market as well.
- Ukraine has launched a single-window customs clearance system that permits documents submission at one point. Custom procedures are more transparent and regulated. In addition to this, Ukraine's adoption of EU rules and regulations will also provide ease to Pakistani exporters already working with EU.
- Ukraine's economy is recovering from macroeconomic imbalances caused by political and financial turbulence. IMF extended fund facility program coupled with NES has led to various structural reforms that facilitate businesses and trade across borders. NES also



aims to enhance commercial diplomacy with other countries. All these factors can help Pakistan for preferential trade agreements or easy access to the Ukrainian market.

- Ukraine has a skilled and educated workforce of IT professionals which have made Ukraine one of the prominent IT service outsourcing country in Europe. Pakistan can enter into IT services collaboration especially IT programming, coding, and R&D in software development in this market.
- Among regional competitors, Pakistan has the least share in the Ukraine import market. India has captured 1.3 percent of the Ukrainian market followed by Vietnam and Bangladesh. Pakistan has the potential to increase its export base to be at par with our regional competitors.