

ASSISTING UKRAINE'S ACCESSION TO WTO/GATT

Established in 1947, GATT is a multilateral agreement among 123 countries which institutes a basic set of common trade rules, with the overriding objective of liberalizing trade amongst member countries. On Jan. 1, 1995, the World Trade Organization replaced GATT as a result of the successful Uruguay Round of multilateral trade negotiations. WTO now oversees the implementation of member nations' multilateral trade commitments. It has brought international disciplines to such areas as trade in services, intellectual property protection, trade in textiles and agriculture. The WTO has also enhanced the previous GATT by improving the rules and disciplines in the use of anti-dumping and countervailing duty measures.

Ukraine as WTO Applicant

In 1992, Ukraine was granted observer status to GATT. After the Uruguay Round, Ukraine applied for GATT accession on Dec. 17, 1993, and continues to seek full membership in the multilateral trading system under the WTO rules of accession. There are currently 31 economies, including Ukraine, Russia and China, in the process of negotiating their WTO membership.

Ukraine's application for WTO membership has raised difficult issues. These include trade rules and their application, the transparency of Ukraine's foreign trade regime; market access and trade barriers; the liberalization of trade in services; the protection of intellectual property rights; selective safeguards; trade in agricultural products; and trade-related social issues such as environment, labour standards, human rights and democratic development

Should Ukraine accede to the WTO, membership would benefit Ukraine by increasing export potentials and consolidating economic reforms. In the meantime, WTO accession will require Ukraine to make sizable changes to its economic organization and its trade regime. Important legal, economic and political issues will arise which will place considerable demands on the knowledge and skills of Ukrainian government officials and business managers with respect to the functioning of the world trading system.

Focus on Global Markets

Before its independence in 1991, Ukraine, was completely integrated into the economy of the Soviet Union. Trade relations were dominated by ties with Russia and the other Soviet republics, and Ukraine's infrastructure was constructed to serve the needs of this larger economic unit. This integration meant that economic development followed

Ukraine's distorted path, with a disproportionately high number of energy consuming heavy industries and an industrial capability oriented toward military production.

As a result, in 1991 Ukraine found itself in desperate straits with regard to both imports and exports. In order to power its industrial complex, Ukraine was, and still is, dependent upon imports of Russian oil and natural gas. Prior to the disintegration of the USSR, Ukraine was able to acquire energy at about 1% of world prices. After independence, Russian prices moved towards world levels, leading to a serious balance of payments problem for Ukraine. In addition, as prices of crucial imports were skyrocketing, Ukrainian export levels were dropping since the former Soviet republics were no longer obliged to purchase Ukrainian industrial products, nor did they require Ukraine's military outputs.

The disruption of Ukraine's traditional trading arrangements and the consequent balance of payments problems compounded political and institutional obstacles on the path to economic reform. Nevertheless, Ukraine has maintained a steadfast belief that economic recovery and prosperity will result from the pursuit of an outward-oriented market economy. Ukraine has taken the initial steps towards integrating itself into the international trading community by pursuing the path to WTO accession. In recognition of the challenges faced by Ukraine, both Canada and the United States have provided technical assistance to the Ukraine and have supported public sector reforms.

CIDA Initiatives

In a CIDA-sponsored public administration program organized by Toronto-based Veles Consulting, a delegation of nine experts came to Canada to attend a course on "Ukraine and the World Trade Organization" in Ottawa from Nov. 25 - Dec. 7, 1996. The course was delivered by the Centre for Trade Policy and Law at the Norman Paterson School of

International Affairs, Carleton University, which had previously held similar sessions for Russia, China, and Vietnam. Course content focused on policy issues related to Ukraine's accession to the WTO and to domestic implementation of WTO obligations. The ten day program was divided into a series of seminars and workshops on generalized and specialized topics, and experts addressed such issues as the place of transition economies in the World Trading System, the controversies surrounding anti-dumping measures, and the difficult issues specific to Ukraine's accession to the WTO.

With its reform process now on track, Ukraine finds itself at the point where it can make up for ground lost during the first few years of independence.

Although Ukraine faces tremendous challenges in its efforts to integrate into the world trading system, it stands to gain enormously by joining the WTO. According to Dennis Browne, Director of the Centre for Trade Policy and Law, "Membership in the WTO would provide a number of benefits, including unconditional Most-Favoured-Nation treatment; lower tariff rates and much improved market access for Ukrainian export products; a strengthened dispute settlement mechanism in dealing with its trading partners; and more significantly, given Ukraine's recent history, a consolidation of Ukraine's economic reforms."



Participants in the WTO/GATT seminar in Ottawa: Seated front row (l-r): Dennis Browne (Director, Centre for Trade Policy and Law); Robert Brooks (DFAIT); Ludmilla Honcharova (Min. of Foreign Economic Relations). Back row (l-r): Alexandre Popov (Min. of Communications); Anatoliy Bobrovitskiy (National Bank of Ukraine); Lyudmyla Belayeva (Min. of Foreign Econ. Relat.); Volodymyr Konovalov (Min. of Foreign Econ. Relat.); Iryna Hladka (Interpreter); Lyudmyla Romanova (Min. of Foreign Econ. Relat.); Liudmila Zozovskia (Min. of Health); Anatoliy Yatchenko (Academy of Foreign Trade of Ukraine); Petro Pohrebennyk (Interpreter).