



## KCCI - Country Wrap: Ukraine (OCT'18)



### Ukraine – a brief overview

Ukraine is the most important economic partner of the former Soviet Union, producing about four times the output of the next-ranking republic. It is a priority partner for the European Union (EU) within the EU's Eastern Partnership. An Association Agreement, including a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Ukraine has been signed and taken into effect from 01 Sep'17.

### Economy of Ukraine

The economy of Ukraine entered into a recession in the second half of 2012, owing to weak external demand and delays in policy adjustment. The country is still going through effects of the recession due to the war in eastern Ukraine and disparaging environment of the world economy. In this regard, government has taken various steps to stabilize the economy, making structural reforms needed to jumpstart growth along with the macroeconomic adjustment. Pertaining to this, the IMF approved \$ 17.1Bn bailout package for Ukraine in February 2015 for supporting the heavily indebted economy.

### Key Industries and Agri products of Ukraine

The key industries of Ukraine are coal, electric power, ferrous and nonferrous metals, machinery, transport equipment, chemicals and food processing. The agri products of Ukraine are grain, sugar beets, sunflower seeds, vegetables; beef and milk.

### Major trading commodities and partners of Ukraine

The major export partners of Ukraine are Russia, Turkey and Italy. The country exports ferrous and nonferrous metals, fuel and petroleum products, chemicals, machinery and transport equipment and food products to these countries. Among Ukraine's major import commodities are energy, machinery, equipment and chemicals. These commodities are mostly imported from Russia, Germany, China, Belarus and Poland.

### Economic Relations between Pakistan and Ukraine

Both Pakistan and Ukraine have been cooperating with each other in educational sectors as well as cultural exchanges while aerospace engineering, aerospace technology biomedical sciences are other fields where mutual work is being done. Pakistani delegation visited Ukraine in Dec'11 which proved to be very successful resulting in the formation of business council among the two countries.

### Trade between Pakistan and Ukraine

The trade volume between Pakistan and Ukraine during 2017 stood at \$ 221Mn where commodities worth \$ 56.64Mn were exported to Ukraine by Pakistan as against exports of \$ 47.65Mn in 2016 showing growth of 19%. Pakistan's import from Ukraine also showed healthy growth of 44%, increasing to \$ 164.47Mn from \$ 114.29Mn in 2016.

Yet trade volume is quite low and there is a need to enhance trade balance between the two countries. Pakistan's exports mainly constitute rice, woven cotton fabrics, cotton mixed with manmade fibres, citrus fruits, sports goods and knitted articles of apparel and clothing. Pakistan's imports from Ukraine consist of flat, rolled products of iron, oil seeds, mixture of nitrogen, phosphorous, potassium fertilisers, bars and rods, wound coil of iron, and non-alloy steel.

### Pakistan Ukraine Business Council

Pakistan Ukraine Business Council were established in April 2012 among the chambers of commerce and industry of both countries.

### Trade Potentials of Ukraine

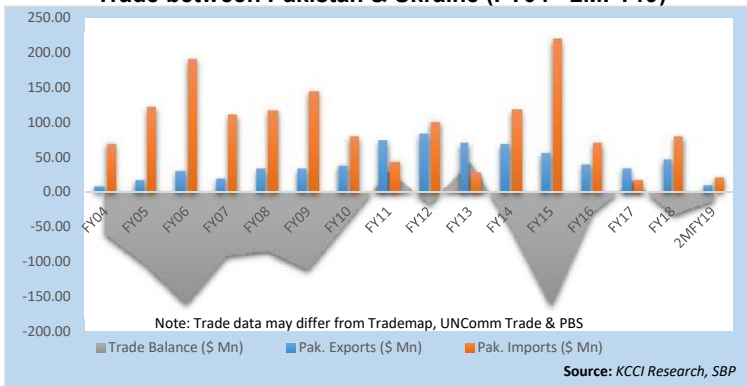
- Ukraine, with its mining expertise, power generation, avionics and aerodynamics, can be a good source of transfer of technology to Pakistan.
- One of the biggest grain producers, Ukraine can transfer its agro-science knowledge to Pakistan for increasing crop yields, besides participating in Public-Private Partnership projects in Sindh and in other provinces for construction of grain silos.
- Ukraine is known for manufacturing top of the line turbines in the world. Pakistan can seek Ukraine's technical expertise in rehabilitating its old power stations to overcome its current power crisis.
- The 40-million-ton steel economy with mining expertise can help in the development of iron ore mines in Balochistan, including providing de-sulphurisation plants to improve iron ore grade for producing steel in Pakistan.
- As Ukraine is one of the largest IT outsourcing sectors in the world and Pakistan has a fast expanding IT base, efforts need to be made for collaboration in the sector.
- Ukrainian engineering sector is another area where Pakistan can benefit from the processes and consequent product development.

### Economic Indicators

Indicators	Unit	2016	2017	Change
GDP (PPP)	\$ Bn	360	369	2.44%
GDP per Capita	\$	8,500	8,700	2.35%
GDP growth	%	2.40	2.50	0.10%
Forex Reserves	\$ Bn	15.54	21.80	40.28%
External Debt	\$ Bn	121.10	125.30	3.47%
Exports of Goods	\$ Bn	33.56	36.85	9.80%
Imports of Goods	\$ Bn	40.57	44.42	9.49%
Trade Balance	\$ Bn	-7.01	-7.57	-7.99%
Current Account	\$ Bn	-3.78	-4.01	-5.98%
FDI - at Home	\$ Bn	64.95	71.15	9.55%
FDI - at Abroad	\$ Bn	7.98	8.98	12.53%
CPI	%	13.90	14.40	0.50%
Prime Lending Rate	%	19.24	16.50	-2.74%
Population	Mn	N/A	44.03	N/A
Unemployment	%	9.30	9.50	0.20%

Sources: KCCI Research, CIA Factbook

### Trade between Pakistan & Ukraine (FY04 - 2MFY19)



### Ukraine's Trade with World - Top 10 Trade Items (2017)

Import Items	(\$ Mn)	Export Items	(\$ Mn)
Mineral fuels, mineral oils	11,559.4	Iron and steel	8,667.35
Machinery, mechanical appliances	5,691.1	Cereals	6,501.88
Electrical machinery, equipment	4,125.7	Animal or vegetable fats and oils	4,612.62
Vehicles other than railway	3,950.9	Ores, slag and ash	2,736.14
Plastics and articles thereof	2,458.9	Electrical machinery, equipment	2,548.24
Pharmaceutical products	1,767.3	Oil seeds and oleaginous fruits	2,060.29
Miscellaneous chemical products	1,254.8	Machinery, mechanical appliances	1,693.41
Iron and steel	1,134.2	Wood and articles of wood	1,204.74
Fertilisers	1,126.9	Food residues and wastes	1,052.39
Paper and paperboard	813.3	Articles of iron or steel	894.81

Source: KCCI Research, Trademap

### Pakistan - Ukraine Top 10 Trade Items (2017)

Pakistan's Export Items	(\$ Mn)	Pakistan's Import Items	(\$ Mn)
Man-made staple fibres	23.21	Oil seeds and oleaginous fruits	72.72
Cereals	9.31	Iron and steel	25.27
Apparel, not knitted or crocheted	5.18	Food residues and waste	17.00
Cotton	4.98	Edible vegetables and certain roots	12.89
Apparel, knitted or crocheted	3.70	Electrical machinery, equipment	11.69
Edible fruit and nuts	3.23	Machinery, mechanical appliances	7.95
Other made-up textile articles	2.60	Optical, photographic	3.36
Optical, photographic	0.85	Commodities NES	3.14
Toys, games and sports items	0.80	Dairy produce; natural honey	2.96
Articles of leather	0.62	Wood and articles of wood	2.60

Sources: KCCI Research, Trademap