



*Understanding Association Agreements
and Deep and Comprehensive Free Trade Areas between the EU
and Ukraine, Moldova and Georgia*

The export of agricultural products from Georgia, the Republic of Moldova and Ukraine to the European Union: what has changed since the signing of the EU association agreements

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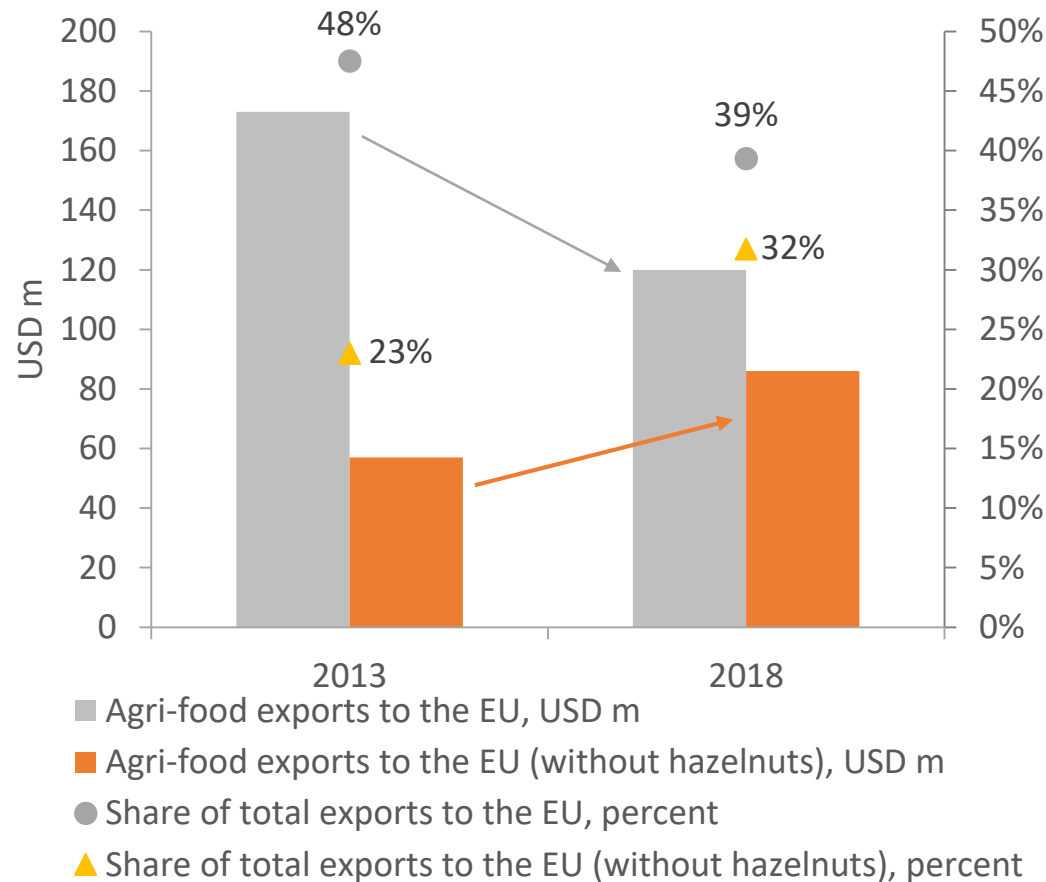
Motivation

- Agriculture is an essential component of the economies of Georgia, the Republic of Moldova and Ukraine
- The expected increase in agricultural exports was among important arguments for signing AAs/DCFTAs with the EU

Aim: analyse changes in agri-food exports of Georgia, Moldova and Ukraine to the EU that occurred between 2013 and 2018, i.e. before and after the launch of the DCFTAs

Georgia: export highlights

Georgia's agri-food exports to the EU



Key features of trade regime:

- Zero import duties for almost all products immediately (before: GSP+)
- 1 TRQ: garlic / Entry prices / Anti-circumvention mechanism
- Gradual opening of access for animal-origin products

Georgia's agri-food exports to the EU, 2018 (excl. hazelnuts – in parenthesis):

- Value: USD 120 m (USD 86 m)
- Growth 2018/2013: -31% (+50%)
- Share in exports to the EU: 39% (32%)

Georgia: change in commodity structure

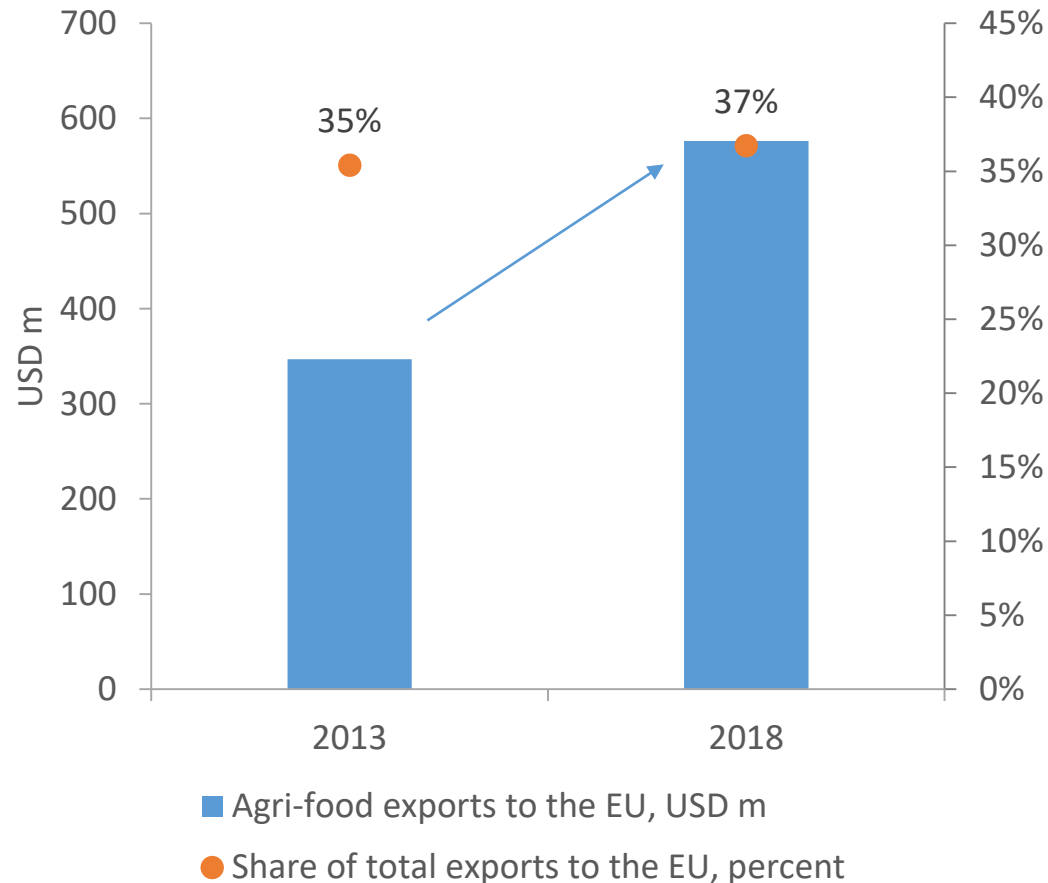
HS	Description	Exports to the EU, USD million	% agro-food exports to EU	Growth, %, 2018/2013	Rank, 2013	Rank, 2018
080222	Hazelnuts, fresh or dried, peeled	34	28%	-71%	1	1
220421	Fresh grape wine, <= 2 L , excluding sparkling wine	18	15%	80%	3	2
220820	Spirits obtained by distillation of grapevine	18	15%	-9%	2	3
220110	Mineral and sparkling water, not sweet	16	13%	88%	4	4
200819	Nuts and other seeds, including ready mixes	7	6%	141%	5	5
200799	Jams, jelly, marmalade	6	5%	198 times	36	6
220710	Ethyl alcohol not denatured	3	3%	--	74	7
110630	Flour, meal from products of Section 8	3	2%	2%	6	8
200979	Apple juice, unfermented	2	2%	32%	10	9
120999	Seeds, fruits, for sowing	1	1%	-37%	7	10

Source: WITS, author's estimates

- Top 10 products (incl. hazelnuts) account for 91% in 2018 vs 96% in 2013
- Number of products at HS 6-digit: 122 in 2018 vs 73 in 2013

Moldova: export highlights

Moldova's agri-food exports to the EU



Key features of trade regime:

- Zero import duties for most products immediately (before: ATP)
- 6 TRQs for vegetable products / Entry prices / Anti-circumvention mechanism
- Gradual opening of access for animal-origin products

Moldova's agri-food exports to the EU, 2018:

- Value: USD 576 m
- Growth: +66%
- Share in exports to the EU: 37% (+2 p.p.)

Moldova: change in commodity structure

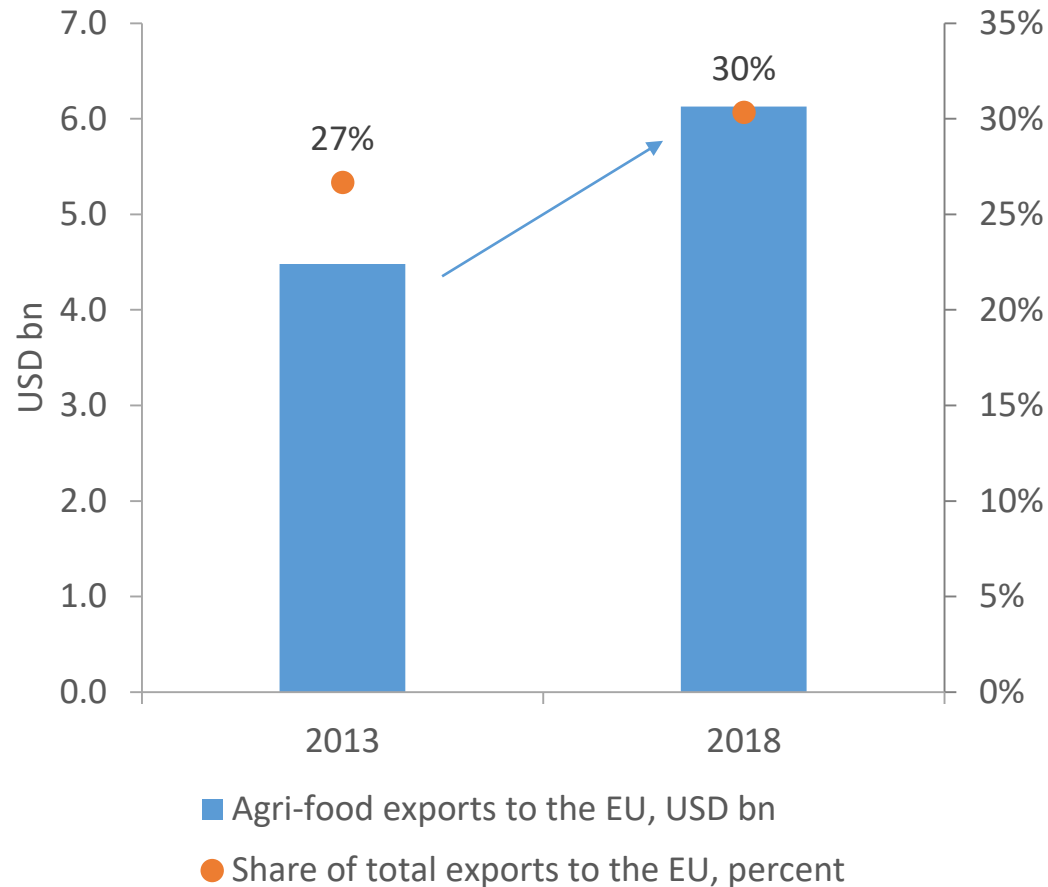
HS	Description	Exports to the EU, USD million	% agro-food exports to EU	Growth, %, 2018/2013	Rank, 2013	Rank, 2018
120600	Sunflower seeds	123 848	21%	167%	3	1
080232	Walnuts, peeled	85 646	15%	3%	1	2
100590	Maize	68 473	12%	768%	9	3
100190	Wheat except durum	60 508	11%	164%	5	4
151211	Sunflower-seed oil, crude	56 208	10%	37%	4	5
200979	Apple juice, unfermented	20 622	4%	-56%	2	6
120590	Rape seeds	16 519	3%	252%	12	7
080610	Grape fresh	12 209	2%	13 times	28	8
100300	Barley	11 360	2%	83%	11	9
220710	Ethyl alcohol not denatured	11 315	2%	--	154	10

Source: WITS, author's estimates

- Top 10 products account for 81% in 2018 vs 87% in 2013
- Number of products at HS 6-digit: 163 in 2018 vs 153 in 2013

Ukraine: export highlights

Ukraine's agri-food exports to the EU



Key features of trade regime:

- Zero import duties for most products with transition periods (before: GSP)
- 36 TRQs, incl. many animal-origin products / Entry prices
- Gradual opening of access for animal-origin products

Ukraine's agri-food exports to the EU, 2018:

- Value: USD 6.1 bn
- Growth: +37%
- Share in exports to the EU: 30% (+3 p.p.)

Ukraine: change in commodity structure

HS	Description	Exports to the EU, USD million	% agro-food exports to EU	Growth, %, 2018/2013	Rank, 2013	Rank, 2018
100590	Maize	1 911 577	31%	15%	1	1
151211	Sunflower-seed oil, crude	927 141	15%	132%	4	2
120510	Low erucic acid rapeseed seeds	884 504	14%	8%	2	3
230630	Cake and other solid residues	406 250	7%	-13%	3	4
100190	Wheat except durum	254 469	4%	829%	14	5
120100	Soy beans	200 002	3%	-47%	5	6
020713	Parts of carcasses and offal of Gallus domesticus species, fresh and chilled	138 353	2%	107 751 times	271	7
151219	Sunflower-seed oil, except crude	79 561	1%	288%	15	8
040900	Natural honey	78 301	1%	87%	9	9
020714	Parts of carcasses and offal of Gallus domesticus species, frozen	77 570	1%	106 times	79	10

Source: WITS, author's estimates

- Top 10 products account for 81% in 2018 vs 90% in 2013
- Number of products at HS 6-digit: 487 in 2018 vs 417 in 2013

Conclusions

- The first years of the DCFTAs' implementation have confirmed the positive impact of the agreements on agri-food exports:
 - In all three countries, there was a significant increase in exports of agri-food products to the EU (in the case of Georgia, this applies to exports excluding hazelnuts, whose production was severely affected by a pest)
 - There is a gradual decrease in the concentration of exports, although the top 10 products still occupy more than 80 percent of agri-food exports' value
 - The product range is growing, although the rate of increase in the assortment is quite different
- The observed changes are primarily linked to the liberalization of tariff access to the EU market under the DCFTA
- The reduction of non-tariff restrictions should provide new impetus to the growth of exports

Thank you!

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