

Oleksandr Zastup
Vasyl' Stus Donetsk National University
Vinnitsia
Research Supervisor: L.G. Sarkisyan, PhD in Economics, Ass.Prof.
Language Supervisor: O.O.Savrasova, Lecturer

CANADA-UKRAINE FREE TRADE AGREEMENT: NEW OPPORTUNITIES FOR UKRAINIAN BUSINESS

Introduction. The Canada-Ukraine Free Trade Agreement (CUFTA) signed on July 11, 2016, and entered into force August 1, 2017, represents an important milestone in the Canada-Ukraine bilateral relationship. CUFTA will support the economic reform and development efforts of the Government of Ukraine, strengthen the Canada-Ukraine partnership for peace and prosperity, and help to pave the way for long-term security, stability, and broad-based economic development in Ukraine.

In the research of cooperation between Ukraine and Canada are involved many scientists, including E. Frost, P. Dmitruk, A. Pidluzhnyi.

The objective of this paper is to analyse the present state of trade between Ukraine and Canada and the formation of effective prospects for further development of cooperation.

Canada is a member of the Group of Seven (G7), the Organization for Economic Cooperation and Development (OECD) and together with the US and Mexico is a part of the North American Free Trade Agreement (NAFTA).

On the one hand, the agreement will allow Ukrainian business get more benefits by using features from duty-free access to a new market; on the other hand, it will provide new opportunities for import of some materials and advanced technologies that will contribute to economic growth.

In 2010, six rounds of negotiations were held, which resulted in the full initialization of the Agreement on July 14, 2015 in Kyiv. On March 8, 2017, the Senate of Canada supported the free trade agreement with Ukraine.

The agreement will:

- support Ukrainian companies for entering new markets, the deepening of trade relations and further strengthening of bilateral relations between Canada and Ukraine;

- expansion of cooperation, ensure greater transparency in the regulation and reduction of operating costs for business;

- industrial cooperation (for example in a sphere of aviation) [1].

Ukraine and Canada have very close historically bilateral relationships by the recognition of Canada, one of the first countries in the world, on December 2, 1991, on the Ukraine's independence.

During 2012-2016 years, the volume of bilateral trade between Ukraine and Canada was averaged to 280 million dollars and import of Canadian goods into Ukraine was 214 million dollars. Export from Ukraine was 86 million dollars (fig. 1).

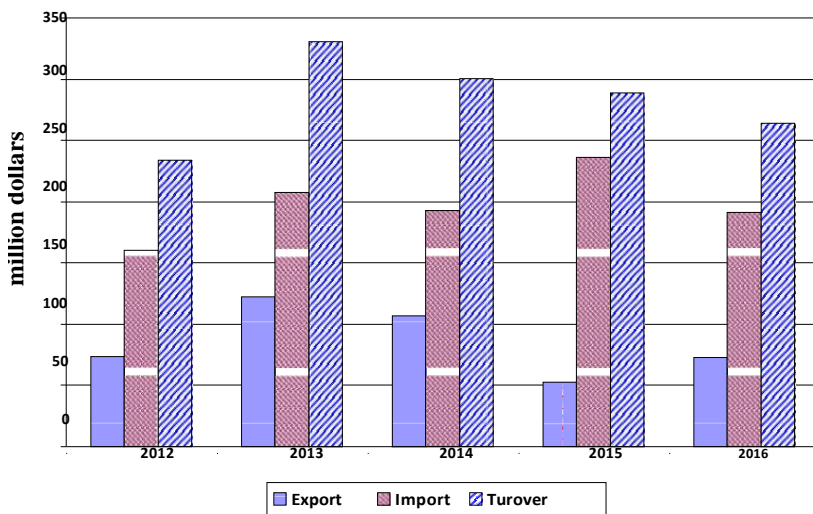


Fig. 1 The total volume of trade between Ukraine and Canada (2012-2016)

Source: created by the author based on [2]

Last year Ukraine imported mineral products in the amount of \$115 million, in particular, 51% of import was coal (table 1).

Table 1
Products by which Ukraine is the largest exporter, and Canada as an importer (2012-2016) [3]

Products	Ukraine (export)	Canada (import)
Chocolate and other ready-to-eat foods containing cocoa	\$515 million	\$515 million
Bakery, flour confectionery, waffle plates	\$251,5 million	\$1.3 billion
Malt extract; ready-made food products made from flour, groats, cereals, starch	\$ 43.9 million	\$544 million
Ethyl alcohol; alcoholic drinks	\$151.1 million	\$734 million
Other Food Products	\$80 million	\$1.3 billion
Juices	\$133.1 million	\$724 million
Sugar confectionery without cocoa	\$158.9 million	\$363 million
Other vegetables prepared or preserved	\$49.9 million	\$308 million
Finished or canned fish; caviar	\$28.1 million	\$357 million
Sunflower oil	\$3 billion	\$66 million

Conclusion. After analyzing the Canada-Ukraine Free Trade Agreement, it should be noted that the benefits from duty-free access for Canadian agricultural producers will be received. Manufacturers of chemical and light industry, mechanical engineering, aerospace industry can immediately benefit from duty-free access to markets in Canada, namely in the ferrous metal products, hand tools, vehicles and so on.

Through the Agreement, Ukrainian producers have access to the Canadian market on preferential terms, and thus gain a competitive advantage over suppliers from those countries that have free trade agreements with Canada. It will compete on equal terms with those suppliers who are already present in the Canadian market.

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Andrii Ishchuk

*Vadym Hetman Kyiv National Economic University
Kyiv*

Research Supervisor: N. Yu. Ishchuk, PhD in Pedagogy, Ass.Prof.

Language Supervisor: N. Yu. Ishchuk, PhD in Pedagogy, Ass.Prof.

THE STATE AND CHALLENGES OF COAL INDUSTRY IN UKRAINE

Introduction. The coal industry plays a significant role in the energy balance of Ukraine. In its structure, coal accounts for about a third of the total primary energy revenues, ranked second only to the imported natural gas, and represents half of the total volume of primary energy resources of its own production. Despite the government's anti-crisis measures and a significant support, the key indicators of the state sector of the coal industry show that the crisis in this field has deepened.

Review of recent publications. Both in time of peace and under military operations, the issues of the state, development and challenges of the Ukraine's coal industry have been of great interest to such leading domestic economists as O. Amosha, V. Melnyk, F. Poklonskyi, A. Chuhaev, V. Besedin, V. Yermolenko, A. Kabanov, L. Starichenko and others. Nevertheless, taking into consideration the current economic situation in Ukraine, its market relations with other states and the events taking place on its territory nowadays, there is a pressing need for a