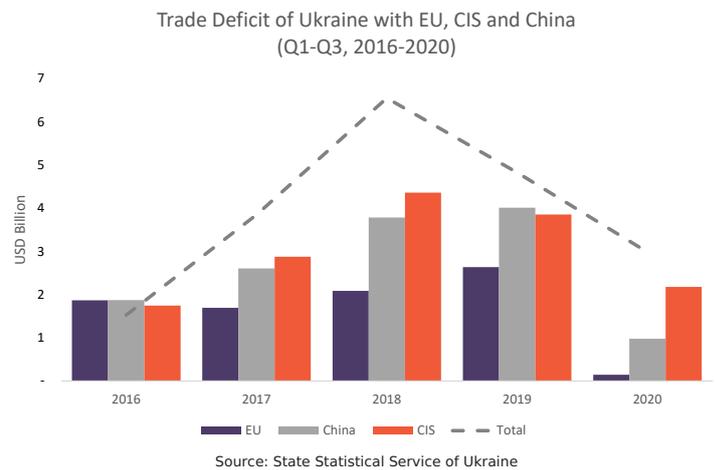


- In Q1-Q3 of 2020, total trade turnover in Ukraine amounted to 72.8 bln USD, which is a 6.9 bln (9%) decrease, compared to the corresponding period of 2019.
- In Q1-Q3 of 2020, Ukrainian exports decreased by 6% compared to the corresponding period of 2019, while Ukrainian imports dropped by 11%.
- In Q1-Q3 of 2020, Ukraine's trade deficit amounted to 2.98 bln USD, which is 2.6 bln USD (47%) decrease compared to the corresponding period of 2019.
- In Q1-Q3 of 2020, the main export partners were China, Poland and Russia, with shares in total export volume of 13.8%, 6.7% and 5.8% respectively. The main import partners were China (15.3% of total imports), Germany (10.2%) and Russia (8.8%).

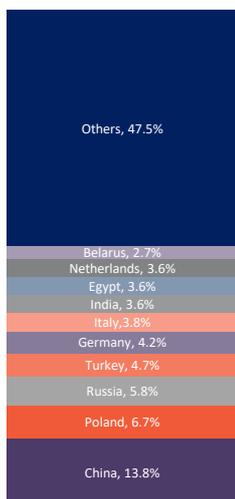
Trade is one of the main drivers of economic growth and for further development the government of Ukraine pursues a strategy of creating favourable conditions for bilateral and multilateral free trade agreements. Ukraine has several valid bilateral FTAs including Deep and Comprehensive FTA with the EU and Free trade Agreements with CIS countries and the EFTA. The Government of Ukraine is actively working on new free trade agreements with Canada, Turkey and Israel. In this context it is important to analyze current state of Ukrainian external trade and its noteworthy tendencies.

In Q1-Q3 of 2020, total trade turnover in Ukraine amounted to 72.8 bln USD, which is a 6.9 bln decrease (9%), compared to the Q1-Q3 of 2019. In this period, Ukrainian exports experienced a decrease by 6% compared to the corresponding period of 2019, and amounted to 34.9 bln. USD. Moreover, Ukrainian imports dropped even more by 11% and amounted to 37.9 bln USD. It is worth noting that in the period of 2016-2020, 2017 was characterized with the highest export growth rate (21%), and the highest import growth rate (29%).

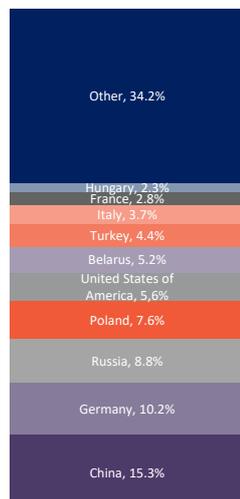


According to Ukrstat, in Q1-Q3 of 2020 Ukraine's trade deficit amounted to 2.98 bln USD, which is 2.6 bln USD (47%) decrease compared to the corresponding period of 2019. Q1-Q3 of 2018 was characterized with the highest trade deficit in the period 2016-2020 (6.5 bln. USD).

Ukrainian Exports by Countries (Q1-Q3, 2020)



Ukrainian Imports by Countries (Q1-Q3, 2020)



Ukraine's main trading partners in Q1-Q3 of 2020 were China, Russia and Germany. Their corresponding shares in total trade turnover were 15%, 7.4% and 7.4%.

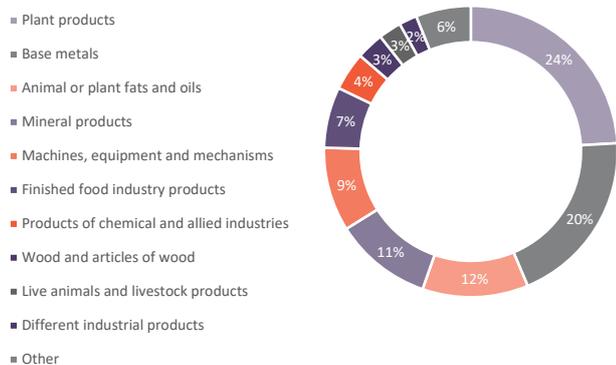
In January-September of 2020, the main export partners were China, Poland and the Russian Federation, each of them having a share in total export of 13.8%, 6.7% and 5.8% respectively. In the corresponding period of 2019 main export partners were also China, Poland and the Russian Federation with shares of 7.0%, 6.8% and 6.6%, respectively. It is worth noting that the share of China increased by 6.8% in Q1-Q3 of 2020 and almost doubled, compared to Q1-Q3 of 2019.

In January-September of 2020 the main import partners were China (15.3% of total imports), Germany (10.2%) and the Russian Federation (8.8%). The corresponding period of 2019 was similarly characterised with China, the Russian Federation and Germany amongst top three partners with shares of 15.4%, 12.7% and 10.6%.

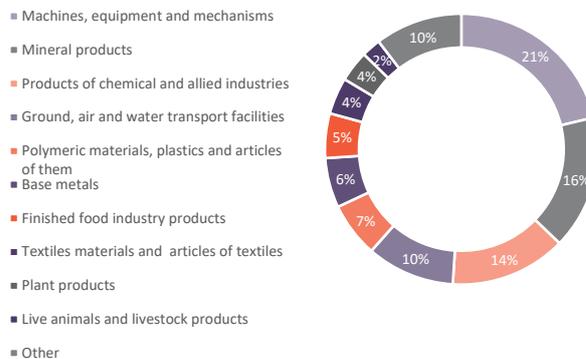
In January-September of 2020, 52.6% of Ukrainian exports are concentrated amongst the top ten partners, which is 2.2 percentage points higher than the similar figure of 2019. Imports are less diversified with top ten partners having 65.8% of total imports, which is 4 percentage points less than it was in the corresponding period of 2019.

Source: State Statistical Service of Ukraine

Major Exported Goods (Q1-Q3, 2020)



Major Imported Goods (Q1-Q3, 2020)

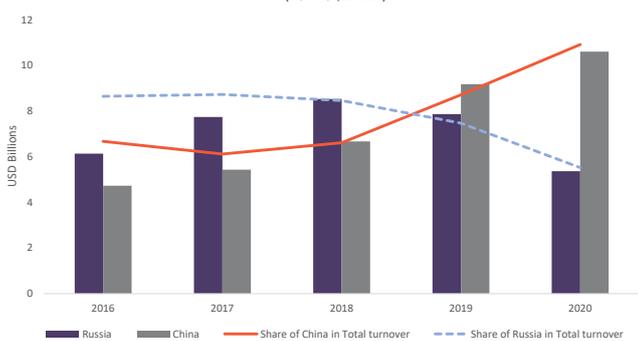


Source: State Statistical Service of Ukraine

In January-September of 2020, Ukraine's ten major most exported commodity groups amounted to 94% of total exports, which is 2 percentage points more than in 2019. The structure of imports is slightly more diverse with the ten major most imported commodity groups amounting to 90% of total imports. Interestingly, the shares of seven product types fell in both the list of main exports and main imports (namely *plant products; base metals; mineral products; machines, equipment and mechanisms; finished food industry products; products of chemical and allied industries; live animals and livestock products*). This can partially be explained by the re-export of these product types.

In January-September of 2020, compared with the corresponding period of the previous year, there were movements recorded amongst export figures of major commodity groups. It is worth noting that in 2019, *animal or plant fats and oil* were the fourth major exported good with recorded 3.3 bln USD of export, and with its growth to 4.01 bln USD, it has surpassed *mineral products* and became the third one. Amongst top three major imported commodities, *machines, equipment and mechanisms* decreased from 9.6 bln USD in 2019 to 8.04 bln USD in 2020, but still obtained the place of the most imported commodity in Q1-Q3 of 2020.

Ukraine's External Trade Turnover with Russia and China (Q1-Q3, 2020)



Source: State Statistical Service of Ukraine

It is important to analyze Ukraine's trade turnovers with major partners such as Russia and China and their corresponding shares in total trade turnover.

In January-September of 2020, compared with the corresponding period of 2019, a 32% decrease (38% decrease in imports; 17% decrease in exports) in trade turnover with Russia and 15% increase (12% decrease in imports, 86% increase in exports) in the case of China was observed.

It is worth noting that during 2016-2020 Russia share in total trade turnover has a tendency of a decrease since 2017, while China's share increases. Russia's share decreased by 4.2 percentage points in 2020, compared to 2016 and amounted to 7.4%, while China's share increased by 5.7 percentage points and amounted to 14.6%.

It is important to consider external trade (total trade turnover) of goods and services expressed as a percentage of GDP of Ukraine and compare it to the figures of other Eastern Partnership (EaP) countries.

Ukraine's figure decreased in the period of 2016-2019 and amounted to 90.2% in 2019. In 2019, the figures decreased by 8.9 percentage points, compared to 2018.

It is worth noting that Georgia and Armenia are characterized with an overall upward trend. In 2019 their figures were 116.9% and 91.4%, respectively. Figures of Moldova, Azerbaijan and Belarus amounted to 85.8%, 86.0% and 95.9%.

Trade (% of GDP) in EaP countries

	2016	2017	2018	2019
Ukraine	105.5	103.7	99.1	90.2
Georgia	96.8	104	111.8	116.9
Moldova	87.6	85.6	85.9	85.8
Azerbaijan	90.1	90.4	91.7	86.0
Belarus	87.9	97.9	99.2	95.9
Armenia	75.9	86.8	91.1	91.4

Source: World Bank

To conclude, it is worth noting that the figures of Ukraine's external trade are significantly impacted by COVID-19. Interestingly, exports fell less than imports (exports - 6%; imports - 11%). In 2020, according to the forecasts of the World Trade Organization, total volume of exports in Europe would decrease by 11.7%, while total volume of imports in Europe would decrease by 10.3%*. Recovery of Ukraine's external trade indicators during the post-pandemic recovery is worth monitoring.

*https://www.wto.org/english/news_e/pres20_e/pr862_e.htm

Basic Economic Indicators	2016	2017	2018	2019	2020 Q1	2020 Q2
Nominal GDP (bln hryvnia)	2 385	2 984	3 561	3 975	846	868
GDP per Capita (USD, PPP)	11 148	11 871	12 629	13 341	-	-
GDP Real Growth (%)	2.4%	2.5%	3.4%	3.2%	-1.3%	-11.4%
Yearly inflation (%)	13.9%	14.4%	10.9%	7.9%	2.9%	2.4%
Exchange rate (hryvnia/USD)	25.6	26.6	27.2	25.9	25.0	26.9
FDI (BOP net inflows) (bln USD)	3.8	3.7	4.5	5.9	-1.5	1.3
Unemployment Rate (%)	9.7%	9.9%	9.1%	8.6%	8.5%	9.8%
Gross external Debt (bln USD)	112.5	115.5	114.7	121.7	120.3	122.8

* preliminary data