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WTO Membership Mostly Positive

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EXECUTIVE SUMMARY

WTO acceptance of Ukraine on February 5th capped 15 years of integration and harmonization efforts, and was the country's first success in international economic integration. We expect Parliament to ratify the deal without difficulty. Many studies conclude that the impacts of membership will be generally positive for Ukraine, though not necessarily dramatically so. Yet successive governments have made WTO membership a policy priority – and the public overwhelming supports this initiative.

Among benefits, Ukrainian trade legislation will be harmonized to international standards. Since that (often politically sensitive) effort has long been underway, Ukraine has already abolished many provisions that conflict with WTO norms.

Elimination of trade barriers is likely to impact different sectors differently. Export-oriented industries like metallurgy, chemicals and some machinery sub-sectors should benefit. But heavily-subsidized sectors, like agriculture and automobile production, will have to invest in their competitiveness, and suffer over the medium term.

Integration is to continue after WTO entry. Under WTO tenets, Ukraine still must harmonize its legislation in many areas, such as competition policy, government procurement, food safety standards and technical standards. Ukraine will eventually be called upon to meet the much more stringent EU requirements: talks to enter the EU's Free Trade Area are to start upon WTO accession.

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