SECTION 9. INTERNATIONAL ECONOMIC RELATIONS

DOI: 10.46299/ISG.2024.MONO.ECON.1.9.1

9.1 The association agreement between Ukraine and the EU: projected consequences for Ukraine's foreign trade

The Association Agreement between Ukraine and the EU is conventionally divided into two parts - political and economic. The political part includes Sections 1 – general principles; 2 – political dialogue and reforms, political association, cooperation and convergence in the field of foreign policy and security; 3 – justice, freedom and security; 7 – institutional, general and final provisions. Three of the remaining seven Chapters belong to the field of economics: Chapter 4 – trade and trade-related issues; Chapter 5 – economic and sectoral cooperation; Chapter 6 - financial cooperation and anti-fraud provisions [370].

It is the economic part of the Agreement that is worked out in detail and is the most important in deepening the integration cooperation between Ukraine and the EU, as it is intended to give the Ukrainian economy new opportunities for growth and development.

It should be emphasized once again that the integration between Ukraine and the EU is formed according to the model of an asymmetric deep and comprehensive free trade zone. Accordingly, from the author's point of view, all changes entailed by the implementation of the Agreement can be divided into five key directions: 1) formation of FTA with goods; 2) expansion of trade in services; 3) regulation of trade in intellectual property rights; 4) regulation of energy trade and cooperation in the field of energy; 5) harmonization of Ukrainian legislation in accordance with EU legal norms.

The purpose of signing the Agreement was declared to be the establishment of FTA with goods during a transition period of a maximum of 10 years, starting from the date of entry into force of the Agreement (Chapter 4, Chapter 1, Article 25). The list of measures and measures aimed at the formation of this zone is given in the table. 1.

Table 1

The main measures taken for the implementation by the parties of the Association Agreement between Ukraine and the EU with the aim of creating a zone of free trade in goods

Measures	Reference in the text of the Agreement
Each party shall reduce or abolish import duties	Section 4, Chapter 1, Art. 29
The application of export duties, fees and measures is prohibited	Section 4, Chapter 1, Art. 31
It is prohibited to subsidize the export of agricultural goods	Section 1, Chapter 1, Art. 32
The parties mutually grant the national regime	Section 4, Chapter 1, Art. 34
Measures limiting the export and import of goods	Section 4, Chapter 1, Art. 35
The parties strive to simplify customs requirements and formalities as much as possible	Section 4, Chapter 5, Art. 76
It is prohibited to introduce administrative customs payments equivalent to duties and fees	Section 4, Chapter 5, Art. 84

Source: compiled from materials [370]

Analyzing the table. 1, we can conclude that one of the most important results of the entry into force of the Agreement should be the abolition of import duties, which theoretically allows Ukrainian goods to enter European markets on more favorable terms. Consolidation of the application of the national regime contributes to this. However, taking into account the main items of Ukrainian exports to the EU, in fact, Ukraine does not have any significant opportunities to expand its presence on European markets.

For a number of EU agricultural products, "import quotas" have been established, i.e. the maximum size of duty-free imports. According to experts, no more than 10% of Ukrainian corn exports, 25% of confectionery products, 40% of juices, 50% of wheat, etc. fall under these quotas. 40 product items are protected by such a measure in the EU, while in Ukraine only three are protected - pork, poultry meat and sugar. Therefore, it is not the physical volumes of exports that are potentially growing, but the profits of some Ukrainian agricultural exporters. As for Ukrainian raw material exports (ores, coal, wood, etc.), at the time of signing the Agreement, import duties were not applied to most of these commodity items. This also applies to the products of the metallurgical complex.

Close attention of the public was also drawn to the ban on subsidizing the export of agricultural goods. However, within the framework of Ukraine's membership in the WTO, "de-euro" export subsidies are also a prohibited form of protection for national producers. On the other hand, WTO experts from the first years of the country's membership in the organization spoke about the fact that Ukraine uses the so-called "distorting internal support." For example, the country applies special provisions of the VAT regime, accumulation of VAT for the purchase of material and technical resources for agricultural production, subsidies using VAT for milk, cattle, pigs and poultry. WTO experts also have questions about subsidizing the production of grape products and the economic validity of the established regulated price for sugar produced from sugar beets (the latter is actually a matter of interpreting the conditions for adjusting regulated prices due to excessive inflation). Thus, the Agreement does not impose stricter conditions than Ukraine has undertaken to comply with under the WTO.

Chapter 2 of Chapter 4 of the Agreement regulates the establishment of measures to protect the internal market. The Agreement very clearly spells out the cases in which such measures are allowed, as well as the process of conducting relevant investigations and the terms of validity of these measures. A separate part regulates the possibilities of introducing protective measures on the Ukrainian passenger car market regarding goods originating from the EU.

The Agreement also raises the issue of expanding trade in services. Regarding subsidiaries, branches and representative offices of legal entities of both parties, the application of the national regime, or the regime of the most favored nation, if it is better, is established (Chapter 4, Chapter 6, Ar. 88). Art. 93 of this chapter declares the inadmissibility of restrictions on the number of service providers, the total value of transactions, the total volume of services and the total number of operations. At the same time, it should be emphasized that the list of types of services to which the national regime is provided is strictly limited to the following list: legal services; local research work; accounting services; technical testing and analysis services; tax consulting services; maintenance within the framework of concluded contracts; services in the field of architecture and urban planning, landscape design; management consulting services; engineering services; environmental services; computer services; tourist services; research services; entertainment services; advertising services; translation services [370].

As can be seen, the national regime is not granted, for example, to providers of transport services, e-commerce services, communication services, educational services, etc. Providers of other types of services are only guaranteed non-discriminatory working conditions in the parties' markets.

In Chapter 9, Section 4 of the Agreement, which regulates trade in intellectual property rights, emphasis is placed on the methods of protection of these rights, its terms, and the procedure for court proceedings. Such detailed conditions are prescribed for each individual type of intellectual property objects, which is undoubtedly due to the fact that Ukraine is traditionally included in the list of countries where intellectual property rights are violated most often. The provisions of this section affect the formation of the relevant Ukrainian legislation and contribute to increasing the effectiveness of the protection of intellectual property rights in the country [370].

The issues of trade in energy products and cooperation in the field of energy have become one of the most deeply worked out within the framework of the Agreement. They are reflected in Chapter 11, Section 4 and Chapter 1, Section 5, respectively. According to the definition given in Arti. 268, energy goods within the framework of the Agreement mean goods of 3 groups: 2711 – natural gas, 2716 – electricity and 2709 – crude oil.

Art. 269, 270 and 271 of the Agreement contain a number of key conditions regarding the pricing of energy products. First, the market mechanism of price formation, based on the ratio of supply and demand, is established. Secondly, the non-application of any restrictive and prohibitive measures, including and of a fiscal nature, which are reflected in the increase in the price of an exported energy product compared to the price of a similar product in the domestic market. It is also prohibited to apply tariffs on energy products in mutual trade. It should be noted that within the framework of the Agreement, the application of "regulated prices" is allowed if it corresponds to the common interests of the parties. However, no specific explanations are given in this regard.

With regard to transit and transportation, the parties welcome the simplification of the relevant procedures (Art. 272, 273). There is also an obligation to adapt legislation to the Treaty on the Establishment of the Energy Community of 2005. Moreover, Art. 278 enshrines the priority nature of the provisions of this Treaty over the provisions of the Agreement and EU law [370].

The signing of the Treaty was one of the first serious attempts by the EU countries to regulate the energy sphere of the countries of Southeast Europe and the Black Sea region. The declared purpose of the existence of this Community is declared to be the introduction of the EU's internal energy policy to create a legally binding legal system. Thus, the Agreement is the next link in the integration of the energy markets of Ukraine and the EU.

Art. 276 of the Agreement enshrines the obligation not to interrupt or reduce the transit and transportation of energy goods in case of disputes between the parties or with third parties. This point is one of the key requirements of the EU, which ensure the maximum possible energy security.

Mutual cooperation in the field of energy between Ukraine and the EU includes a number of areas reflected in Art. 338 of the Agreement. The most important of them, from the author's point of view, are:

1) "modernization and gradual integration of the electricity system of Ukraine into the European electricity network, creation of a new energy infrastructure with the aim of diversifying energy suppliers";

2) "reforms based on EU rules and standards in order to develop competitive, transparent and non-discriminatory energy markets";

3) "promotion of energy efficiency and energy saving in accordance with EU standards";

4) "activation and strengthening of long-term stability and security of trade in energy products, their exploration, extraction, purification, production, storage, transportation, transit, transfer, distribution and sale";

5) "promoting mutual investment in the field of energy and establishing an attractive stable investment climate";

6) "development and support of renewable energy";

7) "scientific and technical cooperation and exchange of information for the purpose of development and improvement of technologies in the field of energy production, its transportation and final consumption." In addition, Arti. 339 of the Agreement declares the need for reforms in the coal industry [370].

Thus, we can say that in the future, with the entry into force of the Agreement, Ukraine has a lot of work to do to change legislation and carry out reforms that should bring the country's energy sector closer to European standards. One of the most important potential benefits for Ukraine may be the possibility of solving the problem of extremely high physical and moral wear and tear of the main assets of its gas transportation system (GTS). According to estimates for 2009, more than 70% of the total length of gas pipelines and about 80% of gas pumping compressor stations have been in operation for more than 20 years, the technical condition of most gas storage facilities did not meet the requirements for their operation. 85% of the main equipment, 62% of wells and 84% of special machines and mechanisms at the time of the state inventory had exhausted half of their resource. All this is reflected in the low efficiency of the GTS, large associated losses during transportation and a high probability of accidents during operation [371].

In this regard, the areas of cooperation stated in the Agreement, such as the modernization of the GTS and the promotion of investment in the energy sector, are of particular importance. It should be noted that the signed text of the Agreement gives exact EU guarantees regarding the level of prices, prompt resolution of transit problems and other issues at the level of mutual obligations of the parties. On the other hand, under this Agreement, Ukraine receives only a promise to cooperate in the areas of improving the operation of its energy markets and the necessary modernization of the GTS. It is obvious that obtaining benefits in the field of energy from the entry into force of the Agreement for Ukraine is still very controversial, but the rigidity of the conditions for further mutual trade in energy products with the EU is becoming certain.

One of the most costly directions for Ukraine will most likely be the harmonization of the country's legislation in accordance with EU legal norms. The most important in this regard are the implementation in the country of the vault of European technical standards as national ones (Chapter 4, Chapter 3, Art. 56) and the maximum convergence of legislation on sanitary and phytosanitary measures (Chapter 4, Chapter 4, Art. 64). However, within the framework of the Agreement, the convergence of legislation was declared in other areas as well - public procurement (Chapter 4, Chapter 8, Art. 153), competition (Chapter 4, Chapter 10, Art. 256), statistical accounting (Chapter 5, Chapter 5, Art. 356) , environmental protection (Chapter 5, Chapter 6, Article 363), transport (Chapter 5, Chapter 7, Art. 368), electronic communication (Chapter 5, Chapter 14, Art. 394), consumer rights protection (Chapter 5, Chapter 20, Art. 417) [370].

It is the introduction of European technical standards as national ones that causes the greatest concern among Ukrainian manufacturers. There are many enterprises operating in the country that do not work for export and supply their products exclusively to the domestic market. However, with the entry into force of European standards, all manufacturers, without exception, will have to either implement them in production, or end their business activities due to the non-compliance of their products with the necessary quality indicators. As already mentioned, since November 1, 2014, Ukrainian goods have been granted preferential access to European markets.

The main advantage of the partial entry into force of the Agreement for Ukraine was obtaining trade preferences on the markets of EU countries (almost 95% of EU tariffs on industrial products and more than 80% on agricultural products were abolished) while maintaining its customs duties on European goods. However, the expected explosive growth of Ukrainian exports to EU countries did not happen.

The Ukrainian official authorities viewed the signing of the Agreement as an intermediate stage on the way to full EU membership. However, in a situation of economic and political instability, the issue of Ukraine's accession to the EU was questioned even after the bloc's last expansion in 2004. At that time, it was stated that "the geographical expansion of the EU should be limited in order to allow the European Union to integrate "deeply" by implementing internal reforms." In addition, many experts noted that Ukraine can get all the benefits it is interested in by being a neighbor or by joining the FTA with the EU, without joining the union itself and without transferring national powers to joint state bodies.

Finally, on June 23, 2022, the European Parliament adopted a resolution in support of Ukraine's EU candidate status. On June 23, 2022, the Council of the European Union granted Ukraine the status of a candidate for joining the European Union. In this regard, speaking about the prospects of further cooperation of Ukraine with the EU countries already in the candidate status, it is interesting to analyze the scenarios of Ukraine's development depending on the state of external conditions and the development of the institutional environment, developed by experts of the World Economic Forum (WEF) back in 2014.

The essence of these development scenarios and the necessary conditions for their implementation are presented in the table. 2.

As can be seen from the table. 2, WEF experts believe that energy and/or agriculture can become promising branches of Ukraine's development. At the same time, the development of industry will take place much more slowly.

Currently, taking into account the significant financial problems of Ukraine, the current state of the economy and the conduct of military operations on its territory, the implementation of the Agreement in the short term will undoubtedly face a whole set of problems.

Table 2

Prerequisites and consequences of the implementation of scenarios of long-term economic development of Ukraine according to the study of the World Economic Forum

Scenarios	Prerequisites for implementation	Consequences
"Starting a virtuous cycle"	- high demand for raw materials; - improvement of public administration	- high level of energy development; - movement towards energy independence; - inflow of investments; - influx of new technologies; - development of small and medium enterprises; - development of agriculture; - stability in the development of the national economy.

Continuation of table 2

"Lost in stagnation"	- high energy prices; - the global demand for metals is at a minimum level due to excess production capacity.	- growing budget deficit; - demographic decline; - increasing indebtedness in order to pay off old debts; - production problems at state-owned enterprises; - crisis of the pension system.
"Back to the future"	- high energy prices; - preservation of excess production capacity against the background of the recovery of global economic growth.	- agriculture becomes a strategic industry; - the influx of investments into agriculture contributes to its modernization; - small and medium-sized enterprises are developing poorly; - economic growth occurs and, instead, the inequality of the population's incomes increases.

Source: [372]

As for the possible consequences of the expansion of economic cooperation with the EU for the economy of Ukraine since the entry into force of the economic part of the Agreement and now in the status of a candidate for EU membership, it will first of all affect the volume of foreign trade in goods of Ukraine.

To assess these potential changes, we will build appropriate gravity models. The advantage of using this econometric method in our case is the possibility of including a dummy variable in the model, which will allow us to assess the impact on exports and imports of the presence or absence of preferences in the country's trade relations with its main partners [373].

Y. Tinbergen's model, proposed by him in 1962, is considered classic and has the following form:

$$Eij = \alpha 0GDPi\ \alpha 1GDPj\ \alpha 2DISij\ \alpha 3\ , \qquad (1)$$

where Eij is the volume of exports from country i to country j, UAH. unit; α0 – free term, constant; GDPi - GDP of country i, money. unit; α1, α2, α3 – indicators showing that the factors and the resulting feature do not necessarily have to be directly proportional; GDPj - GDP of country j, money. unit; DISij is the distance between country i and country j, km [374].

H. Linneman's model has a more general appearance, since it is assumed that trade is affected not only by the GDP of countries and the distance between them, but also by a number of other factors that can be expressed either quantitatively or by introducing dummy variables into the model.

Thus, the model we will use in the future is expressed by formula (2):

$$Eij = \alpha 0GDPi\ \alpha 1GDPj\ \alpha 2\ POPi\ \alpha 3\ POPj\ \alpha 4DISij\ \alpha 5\ PREFij\ \alpha 6\ , \qquad (2)$$

where POPi is the number of population and persons; POPj - population of country j, persons; PREFij – trade preferences between countries; if there are no preferences, PREFIj=0, if there are preferences, then PREFij=1.

In accordance with generally accepted practice, for the convenience of calculations, let's convert formula (2) from multiplicative form to additive form by logarithmization:

$$lnEij = ln\alpha 0+\alpha 1lnGDPi+\alpha 2lnGDPj+\alpha 3lnPOPi+\alpha 4lnPOPj+\alpha 5lnDISij+\alpha 6PREFij \quad (3)$$

Based on formula (3), let's take Ukraine as the country and build gravity models of export lnEij and import lnIij. At the same time, we will take into account the following conditions:

1) the model includes data on 28 EU countries (including data on Great Britain for the entire study period), other trade partner countries, the share of which in the total export/import of Ukraine exceeds 1% on average. Such a geographic sample covers 83.2% of total exports and 88% of total imports in 2021;

2) the models are centered on Ukraine, i.e. they do not take into account the mutual trade flows of the partner countries of Ukraine;

3) observation period: 2016-2021 (6 years). 2016 is taken as the reference point - the entry into force of the economic part of the Agreement; it is assumed that in general for the selected period of 2016-2021. a predominantly growing trend is characteristic;

4) as an indicator of the distance between countries, according to the generally accepted methodology, the distance in a straight line between the capitals of the states is used [373];

5) the construction of models is carried out on panel data using the cross-platform software package for econometric analysis "Gretl".

Data from official sources were used to build gravity models of export and import [375-376].

First, let's build the lnEij model using the least squares method. The calculated values for the lnEij model are presented in the table. 3.

Table 3

Estimated values for the lnEij model

	Coefficient	Statistical error	T-statistic	P-value	
const	-15,5163	19,1440	-0,8105	0,4182	
InGDPi	1,26636	0,301987	4,193	3,50e-05	***
InGDPj	-0,0170775	0,0490998	-0,3478	0,7282	
InPOPi	3,27308	5,16927	0,6332	0,5270	
InPOPj	0,845033	0,506735	1668	3,31e-046	***
InDISij	-1,12310	0,0855893	-13,12	3,46e-032	***
PREF	0,473008	0,148110	3,197	0,0015	***

Source: calculated by the authors

Testing the built model for heteroscedasticity revealed its presence. Let's construct the lnEij model with correction for heteroskedasticity.

The corresponding calculated values are presented in the table. 4.

Table 4

Estimated values for the lnEij model (adjusted for heteroskedasticity)

	Coefficient	Statistical error	T-statistic	P-value	
const	-28,4829	7,49768	-3,799	0,0002	***
InGDPi	1,03928	0,143477	7,244	2,88e-012	***
InGDPj	0,0275788	0,0320855	0,8595	0,3906	
InPOPi	7,40247	2,09035	3,541	0,0005	***
InPOPj	0,807673	0,0452601	17,85	6,35e-051	***
InDISij	-1,19408	0,0429411	-27,81	4,11e-090	***
PREF	0,384008	0,0892662	4,302	2,21e-05	***

Source: calculated by the authors

According to the table 4, the coefficient for lnGDPj is not statistically significant, which characterizes the weak influence of the partner country's GDP on changes in the volume of Ukrainian exports. This factor should be excluded from the model. The final calculated values for the lnEij model are presented in the table. 5.

Table 5

Estimated values for the lnEij model (with the lnGDPj factor excluded)

	Coefficient	Statistical error	T-statistic	P-value	
const	-32,1361	8,70955	-3,690	0,0003	***
InGDPi	1,14529	0,159741	7,170	4,58e-012	***
InPOPi	7,93456	2,42455	3,273	0,0012	***
InPOPj	0,834262	0,0252691	33,02	5,81e-109	***
InDISij	-1,11391	0,0514258	-21,66	2,31e-09	***
PREF	0,493313	0,0788635	6,255	1,17e-09	***

Source: calculated by the authors

The coefficient of determination of this model is 80%. Thus, the mathematical description of the gravity model of Ukraine's export lnEij has the following form:

$$lnEij = -37.61+1.08lnGDPi+8.21lnPOPi+0.24lnPOPj–1.49lnDISij+0.52PREFij \quad (4)$$

The calculated values for the lnIij model are presented in the table. 6.

Table 6

Estimated values for the lnIij model (constructed using the least squares method)

	Coefficient	Statistical error	T-statistic	P-value	
const	-37,6101	13,5639	-2,773	0,0059	***
InGDPi	1,08062	0,243583	4,436	1,27e-05	***
InGDPj	0,774496	0,0440364	17,59	1,24e-048	***
InPOPi	8,21289	3,76938	2,179	0,0301	**
InPOPj	0,237496	0,0449972	5,278	2,45e-07	***
InDISij	-1,49250	0,0634621	-23,52	3,75e-071	***
PREF	0,515056	0,136848	3,764	00,0002	***

Source: calculated by the authors

Testing the built model for heteroskedasticity also revealed its presence. Let's construct the lnIij model with correction for heteroskedasticity. The corresponding calculated values are presented in the table. 7.

Table 7

Estimated values for the lnIij model (adjusted for heteroskedasticity)

	Коефіцієнт	Статистична похибка	T-статистика	P-значення	
const	-30,4465	12,9733	-2,347	0,0196	**
InGDPi	1,20883	0,202351	5,974	6,29e-09	***
InGDPj	0,636505	0,0439567	14,48	9,78e-037	***
InPOPi	6,16820	5,48616	1,769	0,778	*
InPOPj	0,333916	0,0470008	7,104	8.19e-012	***
InDISij	-1,41545	0,0616361	-22,97	4,20e-069	***
PREF	-0,420996	0,150632	2,795	0,0055	***

Source: calculated by the authors

The coefficient of determination of this model is 86%. Thus, the mathematical description of the gravity model of the import of Ukraine lnIij has the following form:

$$lnIij = -30.45+1.21lnGDPi+ 0.63lnGDPj +6.17lnPOPi+ +0.33lnPOPj– –1.42lnDISij+0.42PREFij \quad (5)$$

Note that due to the high unpredictability of current trends, even without taking into account the military operations on the territory of Ukraine, forecasting is possible only in the short term and is very conditional. However, as a result of calculations based on models (4) and (5) built by the authors, the following forecasts were obtained for possible volumes of foreign trade of Ukraine with selected countries for 2022:

1) the drop in exports to the main partner countries of Ukraine compared to 2016 will be 13.3%;

2) the drop in imports from the main partner countries of Ukraine compared to 2016 will be 8%;

3) the growth of Ukrainian exports to EU countries compared to 2016 will be 2.8%;

4) the growth of imports from EU countries compared to 2016 will be 30.4%.

Based on the calculations, several important conclusions can be drawn. First, in general, it is already obvious that the volume of Ukrainian foreign trade (especially exports) will fall in 2022. Secondly, the growth of foreign trade volumes of Ukraine with EU countries (especially imports) is predicted. At the same time, the opportunities to expand Ukraine's exports are quite limited. The regime of preferences in Ukraine-EU relations is still valid, but the effect achieved by the opening of European markets for Ukrainian goods was completely neutralized by the colossal decline of the country's economy. There is a threat of a sharp increase in imports, but from a practical point of view, this is unlikely to happen, since the gravity model does not take into account the factor of reducing the solvency of the Ukrainian population. Even if there will be a significant increase in the number of goods of European production, due to the sharp devaluation of the national currency, their prices will increase significantly. The population of Ukraine does not have sufficient funds to purchase not only expensive goods, but also middle-class goods [377]. After all, in the short- and medium-term perspective, European manufacturers will have little interest in a large increase in export volumes to Ukraine.

Cooperation between Ukraine and the EU is asymmetric due to the fact that the partners differ not only in size and level of economic development, but also in what role they play for each other. Therefore, theoretically, Ukraine should receive relatively more advantages than EU countries [378].

In general, from the author's point of view, we can talk about inflated expectations from the implementation of the Agreement, which are often based on outdated forecasts and do not take into account the economic and socio-political state of the economy, and even more so the conduct of military operations. On the one hand, by 2022 there was a theoretical possibility of transferring some European production to Ukraine due to relatively low labor costs. On the other hand, European manufacturers are generally not interested in expanding production in the face of shrinking demand. In addition, there are high risks of non-return of invested investments. There are other factors. It is difficult for Ukrainian manufacturers to switch to European standards of product quality, which requires significant financial costs. Most enterprises require almost complete modernization of production and training of personnel to work with new technologies.

Potentially, the Agreement expands the possibilities of access of enterprises to European loans. However, many manufacturers are on the verge of bankruptcy and, accordingly, are high-risk, so they are unlikely to be able to apply for European loans at all, not to mention the impossibility of receiving any credit benefits. At the same time, the produced products are unlikely to be in demand in European markets due to their relatively low competitiveness. Competitiveness can be increased only by modernizing production, which is practically impossible due to the financial incapacity of many enterprises. Therefore, the country's exports are increasingly skewed toward trade in goods with a low degree of processing.

In the near future, most likely, the volume of foreign trade in services will also decrease. Since a significant share in the structure of this trade is occupied by goods-related services, a decrease in the volume of foreign trade in goods will lead to a predictable decline in trade in services. Prospects for the expansion of trade in transport services seem unlikely due to the decline in the importance of Ukraine as a transit country.

Thus, the analysis of the dynamics of Ukraine's foreign trade allows us to conclude that the implementation of the Agreement has not led and in the near future is unlikely to lead to an improvement in business conditions for Ukraine, over the past 6 years, the prerequisites for the growth of the Ukrainian economy and the improvement of the standard of living of its population have not yet been created. And the current economic and military-political situation has significantly worsened the country's chances of obtaining benefits from integration with the EU within the framework of the Association Agreement.