



Using Evidence-Based Analysis to Improve Ukraine's Export Policy

Each new government in Ukraine usually disregards the plans of its predecessors and starts from scratch. But Ukraine's current export strategy has now survived four governments and none have rejected it—perhaps because this strategy, which the CUTIS project had a hand in developing, is based on evidence and sound analysis.

CUTIS informed the export strategy by providing knowledge, skills, experience, and technical means to trade analysts from the Ministry of Economic Development, Trade and Agriculture (MEDTA), the Export Promotion Office (EPO), and the State Enterprise Ukrainian Industry Expertise (UEX). The CUTIS-supported analysts were trained to use benchmarking (comparative analysis using a standardized set of indicators to support evidence-based decision-making) to identify focus markets for Ukrainian exports, an integral first step in the strategy's development.

Based on the benchmarking results for such criteria as size of market, market growth, market access, and relevance of the export–import structure, the analysts selected 21 focus markets, including Canada.



Olzhana Rukas sharing the results of research on the Ukraine-Canada-EU free trade triangle.

One of the next steps in the development of the national export strategy was to identify the Ukrainian commodities and services that have export potential in each market. The analysts were trained on a specialized software program for trade data analysis, using it to analyze the Canadian market and the growth potential within it for each commodity and service. Other key factors, such as the impact on gender equality and environmental sustainability, were integrated into the analysis. As a result, a list of commodities and services was identified from the priority sectors of Ukraine's export strategy: machine building, the food industry, ICT, and creative services.

“Increasing and diversifying Ukrainian exports to Canada will contribute to achieving the export growth objectives of the Ukrainian Government Action Plan and the Export Strategy of Ukraine.” —Serhiy Kovaliov, MEDTA

MEDTA and UEX analysts, supported by CUTIS, have also undertaken research on value chains between Ukraine, Canada, and the EU. This research identified Ukrainian export commodities benefiting from the free trade agreements (FTAs) between these three markets and demonstrated that commodity circulation between Ukraine and Canada goes beyond what is shown in conventional bilateral trade statistics. The deep value-chain analysis undertaken by the researchers reveals that Ukrainian parts and raw materials are exported to the EU and used to produce commodities exported to Canada, and vice versa. This evidence-based insight reveals that Canada and Ukraine are more important trading partners than originally thought. The research underscores the importance of policy-making that relies on an evidence-based understanding of how integrated global supply chains distribute production around the globe.



Government researchers in training on evidence-based tools.

“People often tend to ignore the amount of analysis that is required to come up with just one number. The result may be quite simple, but the supporting research to achieve that result is not. CUTIS helped us understand this difference between the subjective assumption and the evidence-based conclusion.”

—Olzhana Rukas, MEDTA

Since the training, MEDTA analysts have applied their new skills and tools to develop sectoral export strategies that support the priorities of Ukraine's main export strategy and prepare for

FTA negotiations with Israel and trade missions to a number of other countries, including Austria, China, and Nigeria. EPO has completed market analysis of numerous commodities and countries, conducted at the request of Ukrainian businesses, while UEX has identified potential export markets and niche specializations for Ukrainian processing industry manufacturers.

To sustain this institutional capacity, CUTIS will organize a peer-to-peer workshop where the CUTIS-trained analysts will act as trainers for a larger group of their MEDTA, EPO, and UEX colleagues. To broaden sustainability, CUTIS developed a web-based analytical tool for Ukrainian exporters, chambers of commerce, and business associations that allows a user to generate a competitiveness assessment report for a selected commodity in the Canadian or any other focus market. It is integrated within the Ukrainian Export Portal hosted on the EPO website.