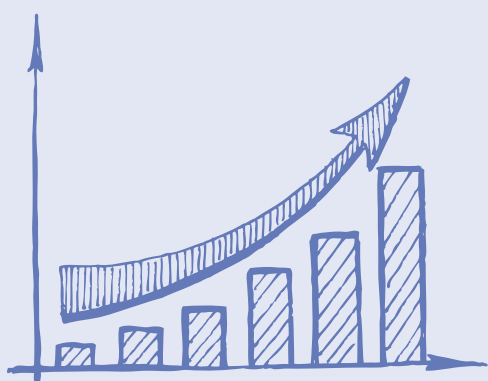


DCFTA and russia's war against Ukraine

The Deep and Comprehensive Free Trade Agreement (DCFTA) between Ukraine and the European Union, which entered into force on 1 January 2016, was an important step towards the integration of the Ukrainian economy into the European market. The agreement aims to promote Ukraine's economic growth by reducing tariffs, eliminating trade barriers and creating favourable conditions for attracting investment. However, Russia's armed aggression against Ukraine since February 2022 has significantly complicated the implementation of the DCFTA.



Positive impact of the DCFTA

The agreement opened up access to the European market for Ukrainian goods. This is especially important during the war, when the domestic market suffers significant losses. The possibility of duty-free exports to the EU allows domestic companies to find new markets and avoid overstocking.

Despite the military challenges, exports of Ukrainian goods to the EU remain a key source of foreign exchange earnings. This helps to stabilise the economy and support the country's financial system.

Economic losses

The hostilities have led to significant destruction of production facilities. This has reduced overall production in the country and had a negative impact on the country's export potential.

The destruction of the transport infrastructure has significantly complicated logistics. The cost of transporting goods to the EU has increased, making Ukrainian products less competitive on the international market.



Investments and implementation of reforms

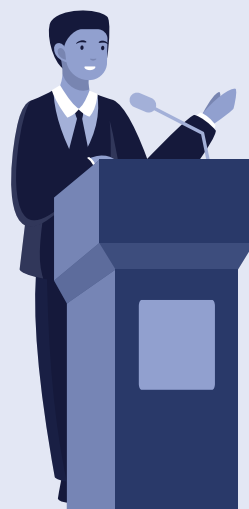
The DCFTA can attract more investment from the EU, which is critical for economic recovery. Investments help to modernise production, create new jobs and improve the quality of Ukrainian products.

Implementation of the agreement requires significant reforms, which may be complicated by the war. However, these reforms are necessary for further integration with the EU and long-term economic stability.

Support from the EU

The EU provides financial support to Ukraine, which helps mitigate the economic losses caused by the war. These funds are allocated to stabilise the economy, meet humanitarian needs and restore infrastructure.

The EU provides political support to Ukraine, which helps to strengthen its international position. This increases the confidence of foreign investors and facilitates access to international markets.



Social impacts

Massive population movements and loss of human resources have a negative impact on economic activity. This leads to lower productivity and increased social tensions.

The war causes a humanitarian crisis that affects the domestic market and economic stability. The need for humanitarian aid is growing, which puts an additional strain on the state budget.