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THE SWOT ANALYSIS OF THE IMPLEMENTATION OF THE EU ASSOCIATION AGREEMENT IN THE SECTION OF SANITARY AND PHYTOSANITARY MEASURES

The implementation of the Association Agreement between Ukraine and the European Union is an important step in the integration of countries, including modernization of the Ukrainian economy, entering the European market and other markets, attracting foreign investment, developing scientific and technological progress, increasing the competitiveness of domestic producers and a number of other benefits.

The fundamental principle of this agreement is the gradual approximation of Ukrainian legislation to EU legislation and standards. Especially this refers to the agricultural sector. “We can group these actions into three blocks. Technical requirements are related to the safety of goods, technical standardization, the packaging and the marking of the foodstuffs. Sanitary and phytosanitary measures are about the food safety, the improvement of people’s, animals’ and plants’ health, products’ protection from pests and pathogens. Ecological requirements include import measures of fertilizers, crop protection agents, endangered species of animals and the waste of the agrarian sector to EU countries [1].

The Comprehensive Implementation strategy of Chapter 4 (SPS Strategy) was approved in order to reach goals more successfully. While analyzing this chapter, the schedule of systematic legal approximation of Ukrainian legislation to EU legislation was defined. The principle of equivalence (art. 66), transparency and information exchange (art.67) were explained. The recognition of these principles will decrease the restrictive effects of SPS [2].

The implementation of AA between EU and Ukraine in the section of SPS has its own impact on the economy, population and international market. The SWOT-analysis is presented below. It contains weaknesses and strengths of the Ukrainian agricultural sector and opportunities and threats, which can appear in case of the AA’s approval by the national government.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Natural resource potential of Ukraine; • Favorable climate conditions for cultivation crops and breeding animals <ul style="list-style-type: none"> • High yields • Low production cost • Increasing demand for vegetable products in the world • Wide range of goods in the animal products' market <ul style="list-style-type: none"> • The labor force • The leading place in export of sunflower oils, egg products and tomato paste <ul style="list-style-type: none"> • The production of organic products 	<ul style="list-style-type: none"> • Non-transparency and unpredictability of Ukrainian economic policy • High level of corruption and misfeasance <ul style="list-style-type: none"> • Low level of material and technical resources • Price instability in agricultural markets <ul style="list-style-type: none"> • The system of state control over the products, supplements and GMO • Animal care • Use of different kinds of hormones (e.x. a growth hormone) • Government's support and protection of farmers <ul style="list-style-type: none"> • Legal and regulatory framework in the agricultural sphere <ul style="list-style-type: none"> • Products' quality • Export capacity • Deforestation
Opportunities	Threats
<ul style="list-style-type: none"> • Improvement of public administration in SPS sphere <ul style="list-style-type: none"> • Possibility for government to submit notifications and check the appropriateness to the EU requirements • Laboratory modernization (the replacement of old equipment) • Training of specialists who will undertake research in providing products' quality <ul style="list-style-type: none"> • Products' distribution and increasing demand at the markets <ul style="list-style-type: none"> • Interaction between business and government will be simplified • Prompt exchange of data between countries • Sustainable legal framework in the section of SPS regulation <ul style="list-style-type: none"> • Reduction of trade barriers • Production efficiency and environmental safety • Opportunity to get technical assistance from EU • The mutual recognition of fungible goods and SPS certificates <ul style="list-style-type: none"> • Domestic companies, which produce qualitative products, will benefit from the legislative pressure on the companies, which products have low-quality <ul style="list-style-type: none"> • Risk reduction caused by the increasing number of pests and disease organisms • Control and clearer animals' identification, illnesses, vaccinations and mortality • Transparent conditions for doing business, increase in Ukrainian producers' competitiveness <ul style="list-style-type: none"> • Improving the phytosanitary situation 	<ul style="list-style-type: none"> • Significant costs and time-consuming process to comply the goods with SPS standards and requirements • Growing competition in the parameters of the products' quality • Displacement of small enterprises from the market because of their inability to modernize the production and meet new standards • Increase in prices because of higher prime cost of goods • Unpreparedness of enterprises to realize the plan of biosecurity and biosafety <ul style="list-style-type: none"> • High costs of improving people's qualification and providing effective control measures for animals' and plants' production • SPS's application as a disguised barrier to trade <ul style="list-style-type: none"> • Excessive SPS requirements • Discrimination – unequal conditions for companies and producers

Despite the fact, that Ukraine has the fertile soil, good climate conditions for the cultivation of crops and animal breeding and enough labor force, the agricultural industry needs more attention from the government. Its modernization and development can bring clear revenues to the State treasury, increase competitiveness in world markets and, most importantly, improve product quality.

But, of course, we can find weaknesses, which impede this process. Underdeveloped support and protection system of farmers, lack of logistical resources, non-transparent and unpredictable economic policy lead to unwillingness of entrepreneurs to enter foreign markets in such a way reducing the share of the country's export potential. The AA implementation in the section of SPS gives motivation to solve current problems and open up new possibilities for government, entrepreneurs and consumers.

For government. The principle of transparency will contribute to reformation of public administration in SPS sphere and improvement of its effectiveness. In particular, giving proper and timely information about any changed or new-created acts is a mandatory requirement. It can influence on the mechanism of state regulation of products. The dialogue and cooperation between the government and enterprises will be intensified. The requirement about approximation to EU legislation will give an access to the EU market and new international markets. It will boost national producers to increase their trade volumes. The laboratories will also be equipped with new modern technologies, which help to expertize and explore the existence of pests, diseases, toxins, hormones in animals and plants. It will be easier to comply with SPS standards and requirements. But it can take a lot of time and significant financial resources to upgrade specialists' skills and to purchase the appropriate equipment.

For business. The principle of transparency will optimize the transaction costs. Better relationships between the government and business will appear. Approaching EU legislation will reduce an amount and influence of non-tariff barriers on Ukrainian exporters because of better information exchange with foreign partners and the mutual recognition of certificates. But, domestic producers can have significant costs in order to ensure that their products comply with standards and SPS requirements. That is why, small enterprisers will be probably driven out of the market. Also, they will not be able to modernize their production. But there is a way out. They can benefit from the principle of economy of scale, because their goods will have already been adapted to the international market's requirements.

For consumers. Meeting goals will contribute to better food and feed safety. More qualitative and organic products will be offered to consumers. Protection of consumers' interests will be strengthened, because they will be provided with more precise and proper information on food products. But, of course, they should be ready to the price inflation in the markets. The products' costs can be increased due to higher prices on related services, in particular, it is the adaption to the new SPS requirements.

In conclusion, signing of SPS Strategy has a positive and negative impact on economic and social prosperity of the country. These measures stay the main barriers to the free agricultural trade in Ukraine and other developed countries. That is why SPS measures need to be reviewed, changed or improved. But it is worth saying that the most important impact is the improvement of welfare, the protection of life and health of people, animals and plants.

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