

UDC 339.5(477)

DOI <https://doi.org/10.26661/2414-0287-2021-4-52-14>**UKRAINE'S FOREIGN TRADE ACTIVITY: CURRENT SITUATION, RISKS AND PROBLEMS****Koloberdyanko I.I., Rudnik O.R.***Zaporizhia National University**Ukraine, 69600, Zaporozhye, street Zhukovsky, 66*

koloberdjanko@ukr.net, rudnik20032001@gmail.com

Key words:

foreign trade, export, import, international business, foreign markets, economic and social risks

The article considers Ukraine's foreign trade relations with foreign countries, in particular, with the countries of the European Union. The analysis is carried out on the basis of comparison of volumes of export-import operations and by the analysis of commodity filling of the international markets. The article traces the trend of changes in the world trade space in recent years, which is due to a number of specific reasons, including: scientific and technological progress, integration and globalization, the formation of modern personality and society as a whole. The authors note the main advantages of the openness of Ukraine's economy and its active cooperation with foreign countries. This highlights the main risks associated with international trade and draws a parallel between them and the social-economic life of the state. Based on the characteristics of the impact of foreign trade on society, the article describes the principles of foreign trade and analyzes the methods of conducting foreign business. Emphasis is placed on the obstacles that arise in the process of Ukrainian business entering foreign markets. The article pays special attention to the analysis of Ukraine's trade relations with the EU countries, first of all, to the clarification of the expected risks and prospects for their further development. At the same time, the authors trace their positive and negative impact on the economic situation in Ukraine. Statistics on the competitiveness of Ukraine's economy in relations with foreign trade partners are widely presented. Based on the research, the authors suggested ways to improve Ukraine's trade relations with foreign countries and strengthening its competitive position.

**ЗОВНІШНЬОТОРГОВЕЛЬНА ДІЯЛЬНІСТЬ УКРАЇНИ:
СУЧАСНИЙ СТАН, РИЗИКИ ТА ПРОБЛЕМИ****Колобердянко І.І., Руднік О.Р.***Запорізький національний університет**Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**

зовнішня торгівля, експорт, імпорт, міжнародний бізнес, зарубіжні ринки, економічні та соціальні ризики

У статті розглядаються зовнішньоторговельні відносини України з зарубіжними країнами, зокрема, з країнами Європейського союзу. Аналіз здійснюється на основі порівняння обсягів експортно-імпортних операцій та шляхом аналізу товарного наповнення міжнародних ринків. У статті простежується тенденція змін у світовому просторі торгівлі за останні роки, яка обумовлена низкою певних причин, серед яких: науково технічний прогрес, інтеграція та глобалізація, становлення сучасної особистості та суспільства в цілому. Авторами зазначаються основні переваги відкритості економіки України та її активного співробітництва із зарубіжними країнами. При цьому виокремлюються головні ризики, пов'язані із міжнародною торгівлею та проведено паралель між ними та соціально-економічним життям держави. Виходячи з наведеної характеристики напрямів впливу зовнішньої торгівлі на суспільство, в статті охарактеризовано принципи зовнішньої торгівлі та проведено аналіз методів ведення зарубіжного бізнесу. Акцентується увага на перешкодах, які виникають в процесі виходу українського бізнесу на зарубіжні ринки. У статті особливе місце надано аналізу торговельних відносин України з країнами ЄС, насамперед, з'ясування очікуваних ризиків та перспектив їх подальшого розвитку. При цьому, авторами простежується позитивний та негативний їх вплив на економічну ситуацію в Україні. Досить широко представлені статистичні дані щодо конкурентоспроможності економіки України у стосунках з зовнішньоторговельними партнерами. На основі проведених досліджень, авторами запропоновано шляхи покращення торговельних відносин України із іноземними країнами та зміцнення її конкурентних позицій.

Formulation of the problem

The modern world is under the influence of large-scale processes of integration, globalization and scientific and technological progress, which affects the development of society and the emergence of new needs and opportunities. Therefore, the most important task is to develop with the environment, to follow latest trends in the economic and social sphere. New needs of society cause changes in the field of foreign trade, require the formation of new ties with partner countries. In this aspect of events, it is necessary to take into account all the risks and problems that may arise in the process of cooperation with the outside world, which makes the study of this topic relevant.

Analysis of recent research and publications

The problem of Ukraine's foreign trade and cooperation with foreign countries, as well as current trends and prospects for trade relations have been studied by many Ukrainian scientists, including scientists such as Savitsky A.V. [1], who considered Ukraine's foreign trade in macroeconomic instability; Kolyada O.V. [2], Omelchenko M.M. [2], who studied the foreign trade in goods of Ukraine; attention to the analysis of Ukraine's foreign trade activity and opportunities for its improvement Bogatska N.M. [4]; Artamonova G.V. [2] explored opportunities and challenges for foreign trade, Tereshchuk G.S. [6] analyzed the positive consequences and benefits of Ukraine's accession to the World Trade Organization, Pyankova O.V., Ralko O.S. [7] paid attention to the issues of structural changes and priorities of Ukraine's foreign trade. At this stage, world trade requires further analysis, especially in the light of the recent challenges of the COVID – 19 pandemic.

Formulation of goals

The purpose of the article is to characterize the current state of foreign trade, taking into account the changes taking place in the economy due to scientific and technological progress; study of current risks and problems related to Ukraine's trade relations with partner countries, as well as – the main proposals for improving foreign trade relations.

Summary of the main research material

At the present stage of economic development of Ukraine there are a number of conditions for foreign trade. These include increasing the scale of production, the transition to a new technological method of manufacturing, rapid spread of high scientific technologies that eliminate barriers to the movement of goods, services and capital, knowledge as a result of intellectual exchange contribute to the formation of new, promising links with other countries.

The formation of a new society is gradually taking place: greater needs arise, modern principles appear, new customs are introduced. This is due to the high rate of development of states, which is the result of globalization and is accompanied by an increase in the number of producers, international division of labor, specialization and cooperation in many areas of production, cultural integration.

Every year the competition between the countries of the world grows more and more. This is due to the high rate of development of states, which is the result of industrialization and is accompanied by an increase in the number of producers, international division of labor, specialization and cooperation in many areas of production.

In order to be able to compete in the European market of goods and services, or to be competitive, each state must be different from all its infrastructure, which includes: production, social security (health care, education), engineering and technical support, scientific-technical progress, transport, tourism. The world market of goods and services cannot exist without a production and consumer base. It is the basis of market relations [2].

The following factors should contribute to strengthening the competitiveness of an individual country: education, labor market efficiency, development of the market of goods and services, development of the financial market, scientific and technical innovations.

When considering the issue of foreign trade between Ukraine and the EU, it is necessary to focus on the factor of innovative progress and development of the market of goods and services. Simultaneously with the introduction of the latest technologies in the production process, the export opportunities of the state are expanding. At present, the basic structure of Ukraine's exports is presented in Figure 1.

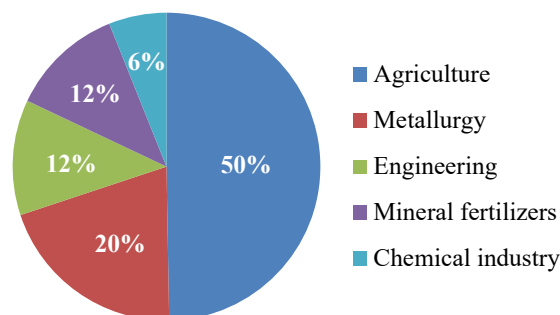


Fig. 1 – Structure of Ukrainian exports

Source: [4]

According to the state website of Ukraine's foreign trade activities, exports of goods to the EU in 2020 amounted to 37.8% of total exports to other countries (\$18,612.1 million). According to the results of the analysis of Ukraine's foreign trade activity, it should be noted that the European Union remains the main partner of Ukraine's foreign trade relations. In modern conditions, preference is given not only to trade in material products, but also to intellectual property products, namely: the experience of leading experts, scientific developments of Ukrainian researchers, IT services, educational services.

The current state of foreign trade between Ukraine and the EU is related to the development of the transport system. Regarding transport connections, Ukraine must take into account the European standards of the transport system, the level of transport safety, modernization of transport rolling stock, the creation of a joint air connection between Ukraine and the EU. In this regard, the European Union has adopted the program «Trans – European transport network policy».

A free trade area has been established between Ukraine and the European Union to freely exchange goods and services. The essence of the formation of this space is characterized by:

- no need for additional product certification in the EU (because product quality is based on European standards);
- abolition of import duties on most imported goods;
- creating favorable conditions for access to markets for goods and services;
- prevention of fraud, smuggling and other trade offenses;
- strengthening the protection of intellectual property rights.

We want to focus on agricultural exports to EU countries, namely its development from 2014 to 2020, which is listed in Table 1.

As of 2021, 333 agro-industrial enterprises in Ukraine have the opportunity to sell their products on European markets. Today we have the following volumes of trade between Ukraine and European countries: live animals and products of animal origin (\$209850.2 thousand), products of plant origin (\$2246187.1 thousand), fats and oils (1336427, \$8 thousand million), finished food products (\$653389.4 thousand).

Despite the diversity of Ukraine's export opportunities, domestic producers face a number of problems in conducting trade relations with the EU. These problems are manifested in insufficient amounts of accumulated capital of domestic producers, which limits the ability to purchase the necessary raw materials and quality products, the predominance of goods with low processing, low competitiveness of producers (non-compliance with European quality standards) and protection of intellectual property rights. As for the requirements for Ukrainian products, it is necessary to comply with European standards, including: sanitary standards, certification, environmental requirements.

Equally relevant today is the problem of adaptation of domestic producers to modern market conditions, which

is manifested in poor awareness of supply and demand in foreign trade, low rates of introduction of scientific and technological progress in production and difficulties in gaining the trust of European partners.

As we see, the expansion of the trade market through accession to the European Union is a challenge for Ukraine. The experience of expanding the trade market has shown not only positive aspects, but also caused a number of challenges for countries. We propose to consider the following examples in table 2.

International trade is always influenced by external and internal factors, due to numerous imbalances in the process of trade relations between countries. Foreign trade relations were particularly affected during the 2020 pandemic. Thus, in the international market we observe the following situation:

- Foreign trade turnover of goods and services with EU countries in 2020 decreased by 9% and amounted to \$48.1 billion;
- Exports decreased by 9.4% (\$21.9 billion);
- Imports decreased by 8.7% (\$26.3 billion).

Today, due to the COVID-19 pandemic, Ukraine has problems with conducting foreign trade activities. First, the volume of domestic exports and imports directly depends on the epidemiological situation; secondly, based on the new problems of trade, an extremely difficult task is to build forecasts of supply and demand in the market of goods and services; and thirdly, there is a rapid change in consumer needs, which complicates trade with foreign countries.

If we consider the events of 2019–2020, it can be argued that it was then that Ukraine's foreign trade was negatively affected by the crown-virus pandemic. According to the latest data of the World Trade Organization, the decline in foreign trade in goods and services was 18.5%. Ukraine's imports were in a critical situation, falling by 14.3%. Figure 2 shows the main products of Ukrainian exports in 2020.

Table 1 – Ukraine's agricultural exports to the European Union

Year	Direction of agricultural export development
2014	Active development of poultry meat exports to EU countries
2015	Ukraine received a permit to export milk and dairy products to the EU market
2016	Dissemination of quality standards for plant products
2017	Development of crop exports
2018	Development of exports of finished food products
2019	Exchange of technologies, new methods of conducting agrarian business, dissemination of scientific and technological progress in the field of agricultural production
2020	Introduction to the structure of exports of eco - products

Source: compiled by authors from [6]

Table 2 – Challenges for foreign trade upon accession to the EU

Country	Consequence of EU accession
Lithuania	Has lost a significant number of power plants, which has limited its competitive opportunities in the electricity market
Latvia	The decline of the sugar industry. Reduction of sugar exports
Estonia	Loss of export opportunities in the field of mechanical engineering
Poland	The coal industry lost 90%. Reduction of coal exports
Hungary	has lost the opportunity to sell its own buses

Source: compiled by authors from [5]

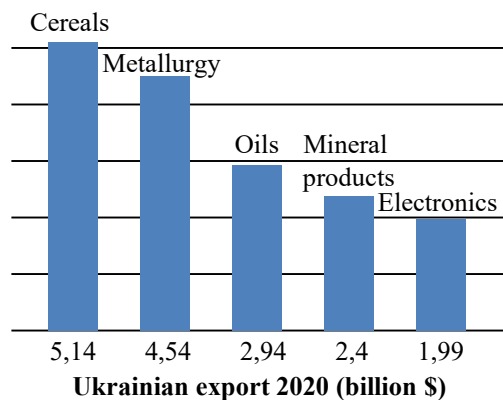


Fig. 2 – The main goods of Ukrainian exports in 2020

Source: compiled by authors from [8]

The leaders of Ukrainian imports are presented in Figure 3.

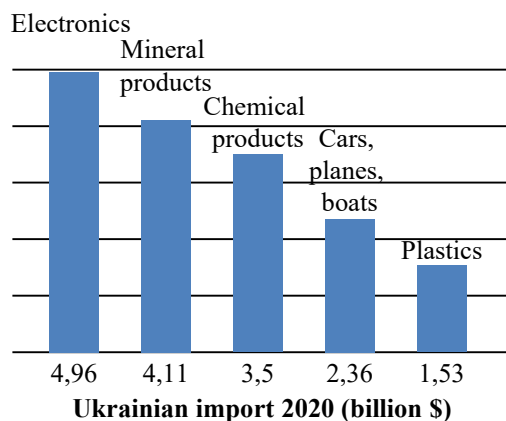


Fig. 3 – Leaders of Ukrainian imports in 2020

Source: compiled by authors from [8]

In 2020, the volume of trade with Ukraine's main partners changed slightly. We can present the main countries that import goods from Ukraine and indicators of their imports

- China (+92.7% – \$3 billion)
- Poland (– 13.9% – 1.45 billion dollars)
- Russia (– 16.7% – 1.32 billion dollars)
- Turkey (– 10.8% – \$1.17 billion)
- Egypt (– 18.1% – 0.97 billion dollars)

It is worth noting the decline in Ukrainian imports:

- China (– 7.2% – 3.64 billion dollars)
- Germany (– 16.7% – \$2.47 billion)
- Russia (– 42.6% – \$2.19 billion)
- Poland (– 8.2% – 1.72 billion dollars)
- USA (– 4.1% – 1.49 billion dollars)

Basing on the above statements, we can make several proposals how to improve the development of Ukraine's foreign trade with foreign countries:

- Improving the conditions of domestic production, increasing the competitiveness of domestic products by introducing into the production process the latest achievements of scientific and technological progress, expanding the information space of Ukrainian entrepreneurs on trade offers abroad;
- Increasing cooperation between domestic and foreign producers;
- Organization of presentations of products of domestic origin abroad;
- Compliance with quality standards of goods and services;
- Detailed analysis of the consumer base taking into account new trends;
- Increasing the scale of production of eco – products, reducing the material consumption of products, efficient use of resources.

Following the submitted proposals, Ukraine will be able to take a competitive position in the foreign trade space and be a priority for foreign consumers.

Conclusions

The results of the analysis show that international trade is always under the influence of external and internal factors, due to numerous imbalances in the process of trade relations between countries. At present, the global problem in the foreign trade relations of the states is the pandemic COVID – 19, which causes barriers to the export and import of goods and services. No less relevant today is the problem of adaptation of domestic producers to modern market conditions, which is manifested in a weak awareness of supply and demand in foreign trade. To improve trade with the world, Ukraine should focus on current trends in society and support domestic producers, which will make Ukrainian goods and services competitive in the world market and take a prominent place among foreign consumers.

References

1. Savitsky A.V. (2016). Ukraine's foreign trade in goods with EU countries in conditions of macroeconomic instability. P. 12.
2. Artamonova G.V. (2018). Ukraine's foreign trade with the EU: opportunities and challenges. P. 10.
3. Kolyada O.V., Omelchenko M.M. (2016). Foreign trade in goods of Ukraine. Current state and prospects of development. P. 4.
4. Bogatska N.M. (2014). Analysis of Ukraine's foreign trade and opportunities for improvement.
5. State website on conducting foreign trade activities of Ukraine. URL: <https://www.me.gov.ua/Documents/Detail?lang=uk-UA&id=76438c62-5e54-4931-ad987fe59d004a2a> & title=ZovnishniaTorgivliaUkrainiTovaramiTaposPolugi
6. Tereshchuk G.S. (2016). Positive consequences and benefits of Ukraine's accession to the World Trade Organization / G.S. Tereshchuk, T.A. Fedotova. URL: <http://www.vestnikdnu.com.ua/archive/201263/283-288.htm>
7. Pyankova O.V., Ralko O.S. (2014). Foreign trade of Ukraine: issues of structural changes and priorities / O.V. Pyankova, O.S. Ralko. *Economy and Society*. Is. № 5. URL: http://www.economyandsociety.in.ua/journal/5_ukr/11.pdf
8. Official site of economic research and policy consultations: URL: <http://www.ier.com.ua/ua/publications/articles?pid=6356>
9. How the Corona-virus affected the economy of Ukraine : Internet-article. URL: <https://hromadske.ua/posts/yak-koronavirus-vplivuv-na-ukrayinsku-torgivlyu-ta-chim-vin-buv-korisnim-dlya-economics>