

THEORETICAL AND APPLIED ASPECTS OF ECONOMIC PROCESSES IN UKRAINE AND IN THE WORLD ECONOMY

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FOREIGN TRADE ACTIVITY OF UKRAINE: CURRENT STATE, RISKS AND PROBLEMS

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The article discusses foreign trade relations of Ukraine and, in particular, with the countries of the European Union. The analysis is carried out on the basis of comparing the volumes of export-import operations and by assessing the commodity content of international markets. The tendencies and changes in world trade in recent years have also been investigated, as well as due to a number of reasons, including: scientific, technical and progress, integration of the self and globalization of the self, the formation of a modern personality and society as a whole. The authors have identified the main advantages of openness of Ukraine's economy and its active cooperation with foreign countries. At this, the main risks associated with international trade are highlighted and a parallel between them and the socio-economic life of the State is drawn. Based on the given characterization of directions of influence of foreign trade on society, the article characterizes the principles of foreign trade and analyzes methods of conducting foreign business. Attention is focused on the obstacles that arise in the process of entry of Ukrainian business into foreign markets. The article places a special place in the analysis of trade relations between Ukraine and the EU countries, first of all, clarification of expected risks and prospects for their further solution. At the same time, there is a 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 represented. On the basis of the conducted research, ways to improve Ukraine's trade relations with foreign countries and strengthen its competitive positions have been proposed.

ЗОВНІШНЬОТОРГОВЕЛЬНА ДІЯЛЬНІСТЬ УКРАЇНИ: СУЧАСНИЙ СТАН, РИЗИКИ ТА ПРОБЛЕМИ

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Ключові слова:

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

У статті розглядаються зовнішньоторговельні відносини України і, зокрема, з країнами Європейського союзу. Аналіз здійснено на основі порівняння обсягів експортно-імпортних операцій та шляхом оцінки товарного наповнення міжнародних ринків. Досліджено також тенденції змін у світовій торгівлі в останні роки, які обумовлені низкою причин, серед яких: науково-технічний прогрес, інтеграція та глобалізація, становлення сучасної особистості та суспільства в цілому. Авторами визначено 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'ясуванню очікуваних ризиків та перспектив їх подальшого вирішення. При цьому, простежується позитивний та негативний їх вплив на економічну ситуацію в Україні. Представлені статистичні дані щодо конкурентоспроможності економіки України у стосунках із зовнішньоторговельними партнерами. На основі проведених досліджень, запропоновано шляхи покращення торговельних відносин України із іноземними країнами та зміцнення її конкурентних позицій.

Statement of problem

The modern world is influenced by 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 in humans. Therefore, the most important task is the synchronized development of current with the environment, when the latest trends in the economic and social sphere are taken into account. New needs of society cause changes in the sphere of foreign trade, require the formation of new ties with partner countries. In this aspect of events, it is worth considering all the risks and problems that may arise in the process of cooperation with the foreign world, which makes research on this topic relevant.

Analysis of recent studies and publications

The development of foreign trade activity and cooperation of Ukraine with foreign countries, as well as modern trends and prospects for the development of trade relations were studied by many Ukrainian scientists, among them such scientists as A.V. Savitsky [1], which considered Ukraine's foreign trade in conditions of macroeconomic instability; O.V. Kolyada [2], M.M. Omelchenko [2] investigated foreign trade in goods of Ukraine; analysis of foreign trade activity of Ukraine and opportunities for its improvement, considerable attention was paid to N.M. Bohatska [4]; G.V. Artamonova [2] explored opportunities and challenges for foreign trade; H.S. Tereshchuk [6] analyzed the positive consequences and benefits of Ukraine's accession to the World Trade Organization; O.V. Pyankova, O.S. Ralko [7] devoted attention to the problems of structural changes and priorities of foreign trade of Ukraine. At this stage, world trade needs further analysis, especially in the context of global problems, such as the consequences of the COVID-19 pandemic and Russia's wars against Ukraine.

Objectives of the article

The article is aimed at characterizing the current state of Ukraine's foreign trade, taking into account the changes taking place in the economy due to scientific and technological progress and socio-economic shifts; studying current risks and problems related to trade relations with partner countries, as well as providing a proposal for improvement of foreign trade relations.

The main material of the research

At the present stage of economic development of Ukraine, a number of conditions for foreign trade have emerged. These include an increase in the scale of production, the transition to a new technological method of manufacturing products, the rapid spread of high scientific

technologies that eliminate barriers to the movement of goods, services and capital; dissemination of knowledge as a result of intellectual exchange and formation of new, promising ties with other countries.

Gradually, a new society is forming: growing needs arise, modern principles appear, new customs are introduced. This is due to the high rates of development of states, which is the result of globalization and is accompanied by an increase in the number of producers, the international division of labor, specialization and cooperation in many areas of production, cultural integration. Every year competition between countries is growing more and more.

In order to be able to compete in the European market of goods and services, that is, to be competitive, each state must be distinguished from all by its infrastructure, the components of which are: production, social security (healthcare, education), engineering and technical support, scientific and technological 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 for goods and services, development of the financial market, scientific and technical innovations.

A significant place in Ukraine's foreign economic activity belongs to trade with the EU, which requires detailed analysis. At the same time, it is worth focusing on the factor of innovative progress and development of the market for goods and services. Simultaneously with the introduction of new technologies in the production process, the export opportunities of the state are expanding. The structure of Ukraine's exports in 2021 is presented in Figure 1.

According to the statistics service of Ukraine [10], exports of goods to the EU in 2021 amounted to 36.1% of total exports to other countries (26793 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 specialists, scientific developments of Ukrainian researchers, IT services, educational services.

The current state of foreign trade between Ukraine and the EU is connected with the development of the transport system. Regarding transport connections, Ukraine should take into account the pan-European standards of the transport system, the level of transport safety, the modernization of rolling stock, the creation of a joint air

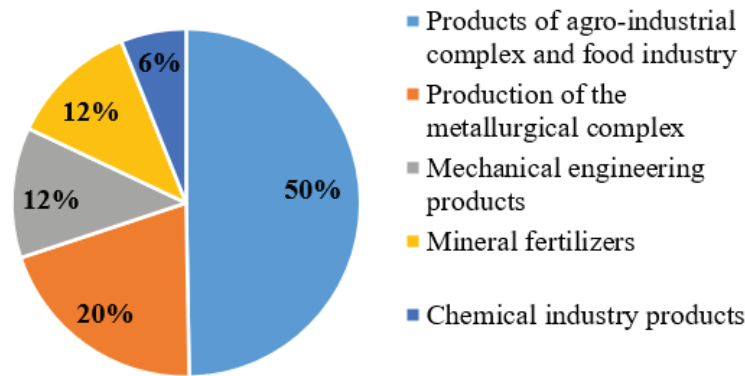


Fig. 1 – The structure of export of Ukraine in 2021

Source: concluded by the authors based on [4]

connection between Ukraine and the EU. In this regard, the European Union has adopted the program “Trans – European transport network policy”. The essence of the program is the creation of a multimodal network that will combine air, land and sea transport in order to increase the scale of foreign trade relations [3].

In order to freely exchange goods and services, a free trade area was created between Ukraine and the European Union. The essence of the formation of this space is characterized by:

- no need for additional certification of products in the EU (since product quality is based on European standards);
- abolition of import duties on most imported goods;
- creation of 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 the EU countries, namely on its development from 2014 to 2020, which is indicated in Table 1.

As of 2021, 333 agro-industrial enterprises in Ukraine had the opportunity to sell their products on European markets. In 2021, the industries that create the largest volume of trade between Ukraine and European countries were: live animals and animal products (\$1345.2 million), plant products (\$15538.03 million), fats and oils (\$7037.3 million), finished food products (\$3788.5 million) and mineral products (\$8414.4 million). However, in 2022, total exports almost halved (by 35.1 %)

mainly due to reduced exports of vegetable products, fats and oils of animal or vegetable origin and finished food products [10].

Despite the diversity of export opportunities of Ukraine, domestic producers face a number of problems in trading and trading with the EU. These problems are manifested in insufficient amounts of accumulated capital of domestic producers, which limits the possibility of purchasing the necessary raw materials and manufacturing quality products, the predominance of goods with a low level of added value, low competitiveness of manufacturers (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 norms, certification, environmental requirements.

No less urgent today is the problem of adaptation of domestic producers to modern market conditions, which manifests itself in poor awareness of supply and demand in the foreign trade space, low rates of scientific and technological progress in production and difficulties in gaining the trust of European partners.

As we can see, the expansion of the trade market by joining the European Union is a challenge for Ukraine. The experience of expanding trade activities testified not only to the positive aspects, but also led to a number of challenges for countries. Examples of such challenges and warnings are given in Table 2.

International trade is always under the influence of external and internal factors, which is explained by numerous imbalances in the process of trade relations

Table 1 – Directions of agrarian exports of Ukraine to the European Union

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

Source: concluded by the authors based on [8]

Table 2 – Challenges for foreign trade when joining the EU

Country	The consequence of joining the EU
Lithuania	It lost a significant number of power plants, which 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	Lost the opportunity to sell buses of its own production

Source: concluded by the authors based on [5]

between countries. Ukraine's foreign trade relations were significantly affected by external influence during 2022. Thus, exports decreased by 35.1% (\$23.9 billion), and imports by 24.1% (\$17.6 billion) [10]. Although in 2021, Ukraine's trade turnover with the main importers showed positive dynamics: China (+12.7%), Poland (+59.7%), Turkey (+70%), Germany (+38.4%), Italy (+79.9%), Egypt (+20.2%) [10].

Due to the fullness of Russia's military aggression, Ukraine has received significant problems in conducting foreign trade activities. Firstly, due to the occupation of seaports or active hostilities, the channel of sales of products by sea was disrupted. Russia's invasion of Ukraine has led to a complete halt to grain shipments from Ukraine, which previously held a significant share of exports. Since July 22, 2022, the Black Sea Grain Initiative has been operating, which provides for the safe transportation of grain and food products from Ukrainian ports. Secondly, based on the new problems of trading activity, the most difficult task is to forecast supply and demand in the market for goods and services. Thirdly, there is a rapid change in consumer needs, which complicates trade activities with abroad.

Based on the above, we can make several proposals for improving the development of Ukraine's foreign trade activity with foreign countries:

- Improving the conditions of domestic production, increasing the competitiveness of domestic products by introducing the latest achievements of scientific and technological progress into the production process, expanding the information space of the Ukrainian entrepreneur regarding trade offers abroad.

- Increased cooperation between domestic and foreign manufacturers.

- Organization of presentations of products of domestic origin abroad.

- Implementation and obtaining quality standards for 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 resource use.

By implementing this and its offers, Ukraine will be able to occupy a competitive position in the foreign trade space and be a priority among foreign consumers.

Conclusions

The results of the analysis show that international trade is always under the influence of external and internal factors, which is explained by numerous imbalances in the process of trade relations between countries. At the moment, a global problem in foreign trade relations of states is Russia's war against Ukraine, which creates barriers to the export and import of goods and services. No less urgent for today is the problem of adaptation of domestic producers to modern market conditions, which manifests itself in poor awareness of supply and demand abroad retail space. In order to improve trade activities with countries around the world, Ukraine should focus on current trends in the development of society and support for domestic producers, which will make Ukrainian goods and services competitive in the world market and occupy an authoritative place among foreign consumers.

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