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DOI <https://doi.org/10.26661/2414-0287-2023-3-59-10>**STATE AND PROSPECTS OF THE DEVELOPMENT OF ECONOMIC RELATIONS
BETWEEN UKRAINE AND GREAT BRITAIN IN THE AGRICULTURAL SECTOR****Kushnir S.O., Kisenko O.A.***Zaporizhzhia National University**Ukraine, 69600, Zaporizhzhia, Zhukovsky str., 66*

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technologies, innovations,
economic development

This article considers the prospects of economic relations between Great Britain and Ukraine in the agricultural area. Both countries have significant potential in this field, which creates unique opportunities for cooperation and development. Ukraine, which is one of the leading producers of grain, oil and other agricultural products, is one of the guarantee givers of food security in the world. On the other hand, Great Britain has a great demand for quality organic products, what Ukraine can use to expand the export range of agricultural production. Cooperation between two countries may involve the exchange of technologies, the expansion of sales markets and joint projects in the cultivation of organic products. However, in order to achieve success, it is important to develop infrastructure, bring production in line with international quality and safety standards, as well as intensify business contacts and facilitate the exchange of information between agricultural enterprises of both countries. Taking into account the potential and advantages, agricultural cooperation between Great Britain and Ukraine can contribute to sustainable economic development and ensuring food security.

**СТАН ТА ПЕРСПЕКТИВИ РОЗВИТКУ ЕКОНОМІЧНИХ ВІДНОСИН
МІЖ УКРАЇНОЮ ТА АНГЛІЄЮ В АГРОСЕКТОРІ****Кушнір С.О., Кісенко О.А.***Запорізький національний університет**Україна, 69600, м. Запоріжжя, вул. Жуковського, 66***Ключові слова:**агросектор,
сільськогосподарське
виробництво,
перспективи співпраці,
продовольча безпека,
органічна продукція, технології,
інновації, економічний розвиток

Ця стаття розглядає перспективи економічних відносин між Англією та Україною у сільськогосподарському напрямку. Обидві країни мають значний потенціал у цій галузі, що створює унікальні можливості для співпраці та розвитку. Україна, яка є одним з провідних виробників зерна, олії та інших сільськогосподарських продуктів, є одним з гарантів продовольчої безпеки світу. З іншого боку, Англія має великий попит на якісні продукти органічного виробництва, що Україна може використати для розширення експорту асортименту продукції сільського господарства. Співпраця між країнами може включати обмін технологіями, розширення ринків збуту та спільні проекти у вирощуванні органічної продукції. Однак, для досягнення успіху, важливо розвивати інфраструктуру, приводити виробництво у відповідність до міжнародних стандартів якості та безпеки, а також активізувати ділові контакти та сприяти обміну інформацією між сільськогосподарськими підприємствами обох країн. Враховуючи потенціал та переваги, співробітництво агросфері між Англією та Україною може сприяти стійкому економічному розвитку та забезпеченню продовольчої безпеки.

**The problem statement
in the article includes the following aspects**

Today, Ukraine finds itself in deep water because of the armed hostilities, and is forced to function, accepting challenges and overcoming obstacles. Great Britain became one of the reliable partners of Ukraine, which was one of the first to reach out for help, and for the second consecutive

year continues to establish mutual cooperation in various areas, including military, political, and economic ones. In the conditions of a rapidly changing world and increased globalization, economic relations are becoming a key factor for the development of countries. In the future, cooperation between Great Britain and Ukraine in the agricultural sector may be of crucial importance, as the development of the

partnership will ensure a sustainable supply of high-quality and ecologically clean agricultural products for consumers, ensure food security and contribute to the sustainable economic growth of both countries. For this purpose, Ukraine should outline the most appropriate areas of cooperation and problematic issues that need to be resolved.

Analysis of the latest research

Prospects of bilateral economic relations between Ukraine and Great Britain are highlighted in the works of many domestic and foreign scientists, including M. Bilousov, O. Honcharov, A. Hrubinko, P. Ihnatev, V. Krushinskyi, V. Maiko, O. Sahaidak, P. Sardachuk, N. Yakovenko. Although the contribution of these scientists to the study of the economic relations of these countries in the agricultural sector is quite significant, the active pace of economic development requires constant changes and improvements, which determines the relevance of the study.

The purpose of the article is to identify potential opportunities for cooperation between Great Britain and Ukraine in the agricultural sector, including the exchange of technologies, scientific research in the area of organic production, fertilizer production, expansion of sales markets, implementation of joint projects and identification of problems that may arise in economic relations between the countries in agricultural industry, including infrastructural and logistical issues, provision of equipment and innovative technologies, production and application of modern fertilizers, compliance with quality standards, storage of raw materials and products, and other factors.

Main material statement. In today's world, where economic relations between countries are a key factor in ensuring sustainable development, it is important to monitor and explore new opportunities for cooperation between countries. One of the promising areas of cooperation between Great Britain and Ukraine is the agricultural sector. Both countries have significant potential in this field, and the development of economic relations in the area of agricultural production can result in mutually beneficial outcomes for both parties.

Ukraine has significant agricultural potential based on rich natural resources, fertile soils and a favourable climate. The country is one of the leading producers of grain crops, corn, sunflower, oil, oilseed meal, soybeans, rapeseed and other agricultural products. Additionally, Ukraine can

become a leading producer of organic products, which is becoming more and more popular on the world market.

The armed hostilities in Ukraine has created a threat to the food security of the world, as the real areas under sowing have decreased by about a quarter, since the armed hostilities zone covers almost 20% of the country territory, a third of Ukraine is mined (more than 5 million hectares of agricultural land), which will take decades to clear, and the land, which was damaged by trenches, shells, and the military equipment traffic, needs reclamation. It should be noted that as a result of hostilities, 53% of agricultural machinery, 23% of manufactured products, 15% of granaries, 6% of perennial crops were destroyed, the total amount of losses previously as of July 19, 2023 amounted to 8.7 billion US dollars and continues to grow [1].

Furthermore, the consequences of the explosion of the Kakhovskaia HPP are the loss of 92% of irrigation systems in the Kherson region, hundreds of farms were affected, the Zaporizhzhia region lost about 70% of the systems, and a certain part of other regions on the border with the Kherson region. This will have consequences not only for farmers, but also for the country's overall export potential [3].

Today, despite the armed hostilities and limited export opportunities, Ukraine remains a reliable partner and supplier of agricultural products to the world market (Fig. 1).

As can be seen from the data in Fig. 1, the volume of exports in 2022 decreased by almost 13% compared to the previous year, as the armed hostilities caused heavy losses to the crop husbandry sector (14.3 billion US dollars). Thuswise, the losses amounted to: 39% of the wheat crop, 17% of sunflower, 12% of corn, 8% of barley, 3% of berries and fruits, 21% of other plants. Livestock losses (\$1.7 billion) included: 48% dairy, 20% egg production, 17% poultry, 9% swine, 4% cattle, 2% all other. The decrease in exports is directly related to the armed hostilities, taking into account the gradually increasing trends observed in recent years and preliminary forecasts for 2022. However, even under the conditions prevailing in Ukraine today, the state is trying to develop a plan and ways to implement it to restore the export potential of the agricultural sector and maintain the status of a supplier of food to world markets.

According to the results of the 2022–2023 season, corn and wheat continued to be the main export items, sunflower oil ranks the second, and oil meal and related products rank third.

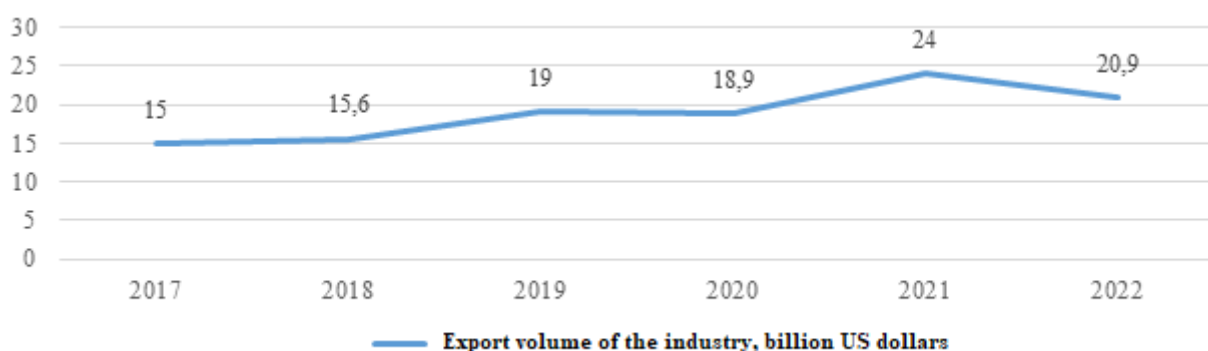


Fig. 1 – Export volume of agricultural products of Ukraine for the period 2017–2022, billion USA dollars

As shown in Figure 2, the leading sector of the economy in Great Britain is the service sector (74.5%), the industrial sector takes (18.6%), other sectors take (5.9%) and the agricultural sector takes (1%). Although the agricultural sector occupies the smallest share of Great Britain’s GDP, this does not prevent it from satisfying about 2/3 of the country’s internal food needs and occupying 71% of its total area. Great Britain is engaged in the active production of a wide range of agricultural products, including cereals (the main cereals are wheat and barley), oil crops (rapeseed), industrial crops (sugar beet), vegetables, fruits, etc. Thus, the turnover of crop production in 2021 amounted to 11 billion pounds. In turn, livestock turnover in 2021 was 16.3 billion pounds, including beef, pork, lamb, poultry, dairy products and eggs. Separately, promising subsectors of food processing (healthy food, staple foods, snacks), dried and processed fruits (cranberries, dried cherries, prunes, raisins, wild berries), nuts (almonds, peanuts, pecans, pistachios, walnuts) are also developing in Great Britain), fish and seafood (cod, pollock, salmon, other fish products), fresh kinds of fruit and vegetables (apples, grapefruits, sweet potatoes, table grapes), meat (hormone-free beef and pork products), food ingredients (any product used for further processing), pellets and other waste/residues (for renewable fuels) [4].

In 2021, Great Britain imported \$78.2 billion worth of agricultural and related goods, and exported – \$31.9 billion, which is less than half of the value of imports. It should be noted that the largest share of export and import of consumer-oriented goods (Fig. 3) includes: fresh fruit, products of animal origin, dairy products, distilled alcohol, wine, bakery products, fresh and processed vegetables etc. [5] Agricultural products include forest products, seafood and other related products. Semi-finished products include soy products and oil meal, other vegetable and essential oils, fodder, etc. Powder foods include corn, rice, and other coarse grains. This state of trade shows that historically the European Union has been the largest trading partner of Great Britain, but the official exit of the United Kingdom from the single European market, known as «Brexit», has affected the dynamics of trade, because of which the country seeks to diversify its trading partners. For this, the country plans to attract new trade partners not only due to its diverse production and product quality, but mainly due to its active implementation of modern technologies and innovations, such as automated control systems, data analysis and unmanned aerial vehicles to increase the efficiency and sustainability of production.

Links between Great Britain and Ukraine in agriculture has begun to develop in the last decade. Ukraine has



Fig. 2 – Sectors of Great Britain economy in relation to the share of GDP as of 2021

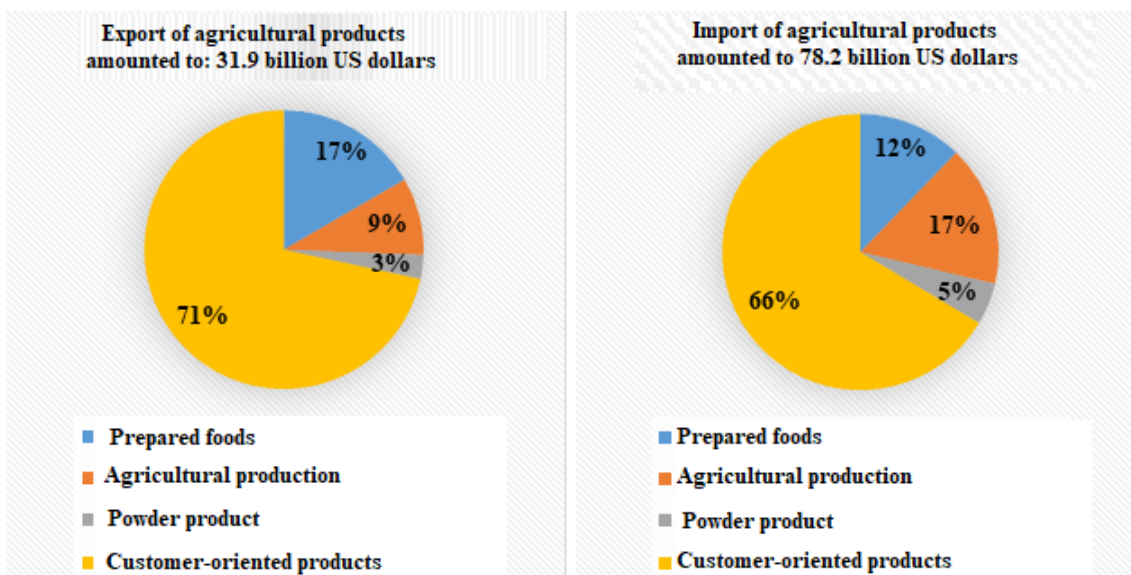


Fig. 3 – Volumes of agricultural exports and imports of Great Britain in 2021

become an important supplier of grain and oil, and trade volumes in this area continue to grow. On October 8, 2020, the Agreement on Political Cooperation, Free Trade and Strategic Partnership between Ukraine and Great Britain was signed, which entered into force on January 1, 2021. It is also worth noting the great role of the bilateral Agreement No. 1 signed on May 4, 2022 on amendments to the aforementioned Agreement in the form of an exchange of letters between the United Kingdom of Great Britain and Northern Ireland and Ukraine regarding the announcement of the cancellation of import duties and tariff quotas for Ukrainian goods in order to support the economy of Ukraine. This additional Agreement made it possible for Great Britain to remain Ukraine’s 11th-largest trading partner among European countries with a share of 3.5% of total trade with European countries [5].

Also, thanks to this decision, Ukraine will be able to further increase exports of goods traditionally imported to the Great Britain’s market, including flour, grain, dairy products, oil, honey, corn, wheat, etc. [6].

The consolidated efforts and cooperation in the agricultural sector of both countries will significantly affect the food security of not only Great Britain and Ukraine, but also the whole world, will contribute to sustainable economic growth and the development of innovations in agriculture.

Let’s consider the most advantageous ways of cooperation between Great Britain and Ukraine in the agricultural sector. Cooperation in the area of exchange of innovative technologies, samples of equipment and know-how should be one, currently powerful area. Specifically, Great Britain is distinguished by the development of agricultural sciences and innovative approaches to production, and Ukraine, in turn, can share the experience of growing large volumes of grain and other products. Taking into account the expediency of reorienting part of Ukraine’s raw export operations to the export of finished products, the exchange of knowledge and technologies can contribute to increasing the productivity and quality of agricultural production in both countries, expanding sales markets, increasing export potential and creating new jobs. Optimal use of the agricultural potential of both countries, joint initiatives in the field of research and innovation,

as well as the development of trade relations can ensure a sustainable and mutually beneficial partnership.

So, for example, thanks to Great Britain, Ukraine could introduce an innovative technology – unmanned aerial vehicle operation. Unmanned agricultural machinery (drones) has been actively used in Great Britain since 2017 and is used at all stages of crop cultivation: when planting, applying fertilizers and harvesting. Drones are equipped with cameras, lasers and GPS systems. This allows the equipment to navigate in space and carry out work without human intervention. The state of the field is also monitored using drones. UAVs are used for soil sampling and crop condition analysis. Special sensors are used for monitoring, and automatic systems are installed for spraying plants. The introduction of such technology in Ukraine is quite real, since companies specializing in UAVs for military purposes, in turn, will be able to adapt production for agricultural ones in the future. In addition, such an innovation will be extremely useful in the post-war period for determining the level of soil contamination and safe sowing.

Another cooperation opening is the development of joint projects in organic production. In respect of the growing demand for organic products Ukraine has the potential to become an important supplier of organic agricultural products. This is confirmed by the statistical indicators of the export of organic products for 2022, when Ukraine, even during the armed hostilities, was able to sell organic products to European countries in a total volume of 245 thousand tons for \$219 million, which in turn demonstrates a high level of European demand (Fig. 4).

As for separate cooperation between Ukraine and Great Britain in the organic sector, certain steps are being observed that will contribute to the establishment of trade, namely the certification of organic products in accordance with the standards of organic certification of the EU and Great Britain. This, in turn, will help ensure the trust of buyers and compliance with the requirements of the importing country. Furthermore, in the near future, a commission will begin operating in Ukraine that will specialize in the study of market trends and consumer preferences in Great Britain, which will allow to adapt the production of organic products and the marketing strategy to the conditions of the local market.

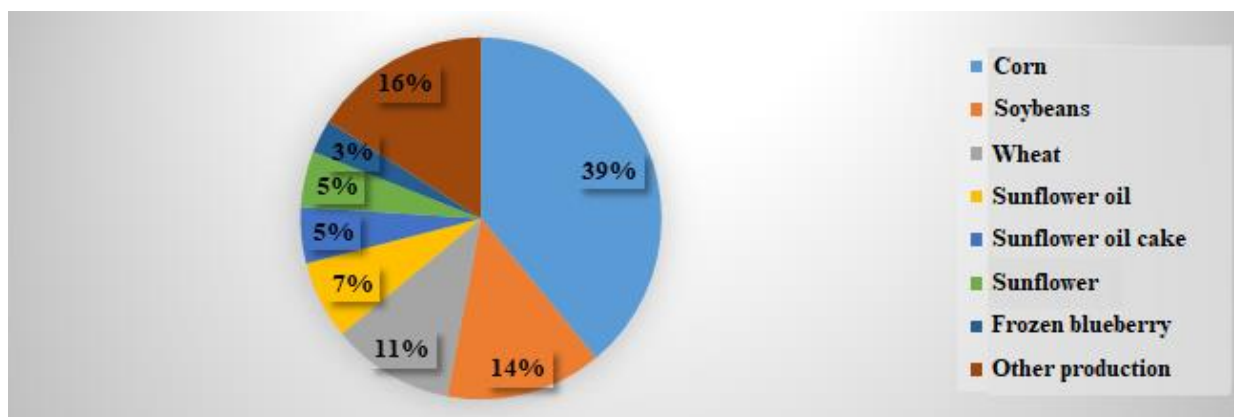


Fig. 4 – Export of organic products from Ukraine to Europe, 2022

However, achieving success in economic relations in the agricultural sector between Great Britain and Ukraine also depends on the resolution of several problematic issues, including:

1. Infrastructure and logistics: challenges associated with the transport of agricultural products between Great Britain and Ukraine, including the limited availability of efficient transport networks and high delivery costs. Solving the logistics issue is aimed at reducing delivery costs and increasing the competitiveness of products. Ukraine is already looking for reliable logistics companies that specialize in international transportation and have experience working between Ukraine and Great Britain, which will ensure efficient and reliable delivery of cargo. Additionally, Great Britain is trying to optimize delivery routes in order to reduce the time and costs of transporting goods from Ukraine.

2. Compliance with quality and safety standards: problems related to the requirements of international standards of quality and safety of products, which may affect the export of agricultural goods from Ukraine to Great Britain. In order to enter foreign markets and gain the trust of foreign consumers, the purpose of the state is to clarify and help manufacturers, especially small and medium-sized businesses, in reformatting business and certification by supporting, not suppressing, business.

3. Lack of business contacts: lack of developed business connections and partnership relations between agricultural enterprises of both countries, which can complicate cooperation and exchange of information. State support and assistance to the mutual exchange of information between agricultural enterprises, associations and organizations of both countries through joint events, training, regional conferences, fairs, etc., which will allow to expand partner networks and establish long-term partnership relations,

promote the development of production and increase its efficiency.

Great Britain is one of the reliable partners of Ukraine in various areas, therefore, through active cooperation and mutual trust, it is possible to achieve mutually beneficial outcomes and create a strong partnership in the agricultural sector between the countries.

Article conclusion

In the conclusion based on the results of the analysed material, it can be noted that there are many opportunities for cooperation in the agricultural sector between Great Britain and Ukraine. As the armed hostilities showed that the world is interested in and dependent on Ukrainian agricultural products. Therefore, the world community and international partners are maximally interested in supporting Ukrainian agricultural industry financially, allocating considerable funds to support Ukrainian agricultural production, providing benefits and attracting experts. At the same time, Ukraine has opportunities to increase exports, in particular of popular organic products, to borrow foreign experience in innovative technologies and equipment. Also, you should always remember that a crisis is the best time to invest, regardless of the political situation and all possible world events. The low cost of assets and a wide selection of investment instruments make the agricultural sector very attractive for a private investor. Also, the reforms regarding the opening of the land market are aimed, first of all, at attracting new investments, financing long-term projects, such as horticulture or land reclamation, and the development of modern technologies and infrastructure. In addition to the obvious financial benefits, investments in the agricultural sector of Ukraine are an important contribution to supporting not only the Ukrainian economy, but also global food security.

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