

STRATEGIES FOR THE DEVELOPMENT OF INTERNATIONAL TRADE IN UKRAINE

T. ZUBKO

Tetiana Zubko

State University of Trade and Economics, Ukraine

<https://orcid.org/0000-0002-8950-1797>, E-mail: t.zubko@knute.edu.ua

***Abstract:** Foreign economic security is one of the key aspects of the stable development of the economy of any country, including Ukraine. To strengthen it, it is necessary to develop and implement strategic directions aimed at ensuring reliable and sustainable functioning of the economy and reducing its dependence on external risks. The practical significance of the study of strategies for the development of the State's foreign economic activity is to identify the main guidelines for Ukraine's further development in the context of post-war recovery. The purpose of the study is to identify the main strategic directions for the further development of Ukraine's foreign trade operations caused by the development of the European integration process, the complication of the political and legal situation, and changes in partnership relations between countries. The following priority areas of action have been identified for Ukraine's foreign trade in view of European integration: adherence to and acceleration of the strategic sequence of reforms, taking into account changes in the state of political and economic relations; Increasing financial and technical support from the EU, subject to the conditions for increasing the transparency of cash flows and the efficiency of their use; increasing partnership with non-European countries.*

***Keywords:** international trade, European integration, neo-protectionism, war, development.*

INTRODUCTION

The intensification of international relations and trade is driven by their dynamics and the growing integration of states. The number of strategic alliances in international business is steadily increasing. For Ukraine, this issue is relevant because there is a growing need to develop partnerships in modern business under martial law and integration processes in the global economy. At the same time, there is a phenomenon of neo-protectionism that significantly complicates Ukraine's foreign trade, weakened by Russia's aggression, which has destroyed most logistics connections.

The purpose of the study is to identify the main strategic directions for the further development of Ukraine's foreign trade operations caused by the development of the European integration process, the complication of the political and legal situation, and changes in partnership relations between countries. To achieve this goal, the tools of theoretical generalization, analysis and synthesis were used. Based on the results of research by leading scholars, the main challenges accompanying the development of Ukraine's trade with partner countries are identified.

Foreign economic security is one of the key aspects of the stable development of the economy of any country, including Ukraine. To strengthen it, it is necessary to develop and implement strategic directions aimed at ensuring reliable and sustainable functioning of the economy and reducing its dependence on external risks. The practical significance of the study of strategies for the development of the State's foreign economic activity is to identify the main guidelines for Ukraine's further development in the context of post-war recovery.

Ukraine's international trade with EU

A country's foreign economic activity is important in addressing a number of issues related to the sustainable functioning of the economy and preventing crises. This sector is responsible for providing the necessary resources, technologies, and innovations required for the production of goods. The development of foreign trade helps to build up the resource potential and ensures the growth of national income. The need to improve Ukraine's foreign economic activity is caused by the problems of the economy's dependence on monopoly markets for imports of goods and resources, the quality of exported goods, and the expansion of their supply. Ukraine cannot stay away from the integration processes taking place in the global economic space.

The decline in GDP and the corresponding depreciation of key economic assets limits the creation of added value at Ukrainian enterprises and significantly reduces their economic security. However, there is an increase in Ukraine's commodity trade with the EU member states; since 2016, there has been a gradual increase in cooperation with the EU in both exports and imports of goods, which is shown in Table 1.

Table 1
Exports and Imports of Ukrainian Goods from the EU and Other Countries in 2014-2023, USD billion

Years	Exports			Import		
	The EU	Other countries	Total	The EU	Other countries	Total
2014	17,00	36,90	53,90	21,07	33,36	54,43
2015	13,02	25,11	38,13	15,33	22,19	37,52
2016	13,50	22,86	36,36	17,40	21,85	39,25
2017	17,53	25,73	43,26	20,80	28,81	49,61
2018	20,16	27,17	47,33	23,22	33,97	57,19
2019	20,75	29,30	50,05	25,01	35,79	60,8
2020	18,61	30,60	49,21	23,50	30,59	54,09
2021	26,79	41,30	68,09	28,30	44,52	72,82
2022	27,80	16,40	44,20	27,00	28,30	55,30
2023	22,69	13,50	36,19	43,20	20,36	63,56

Resource: Zubko, 2021.

The decline in the volume of domestically produced goods was accompanied by a corresponding decline in its export potential. By the end of 2023, the share of Ukraine's

merchandise exports in global exports decreased to 0.19%, which is half of the 2014 year's figures. The decline in exports also affected the ability to supply imported goods. The share of domestic imports in world trade fell to 0.2% in 2023, which is also half the level of 2014. The aggressive expansion of commodity imports has led to a significant deformation of the domestic commodity market, causing the decline of key industries and a critical accumulation of the trade deficit: -2.9% of GDP in 2014, -12.8% of GDP in 2023. Analyzing the state of Ukraine's foreign trade relations in 2014-2023, it can be concluded that Ukraine's commodity trade with the EU member states retains its potential.

The current globalization of trade processes presents a number of challenges for Ukraine, related to the search for new sources of competitiveness and the creation of new economic partnerships, in cooperation with which our country could accelerate the modernization of the national economy. Russia's war has caused problems for exports, brought about new economic aspects of such a war, and necessitated new comprehensive economic deterrence measures and tools to counteract aggression. This problem is exacerbated by the need to reconsider the concept of ensuring Ukraine's economic security in the context of military aggression unleashed since 2014. The deterioration of the socio-economic situation in our country caused by the war with Russia, the pandemic, and the unfavorable external environment have led to a decrease in Ukraine's foreign trade. In 2022, Ukrainian business exported goods worth USD 44.1 billion. This is a third less than in the previous year. In the year 2023, Ukraine encountered a significant shortage of goods amounting to more than USD 26 billion owing to logistical challenges and defense requirements. In 2023, our country mainly exported the following groups of goods: cereals (18.5%), fats and oils (13.1%), and ferrous metals (12.7%). Ukraine mainly imported the following categories of goods: fuel (mineral - 17.2% and nuclear 8.1%), means of land transport (10.8%), electrical machinery, equipment, and parts thereof (9.4%), plastics, polymeric materials and products thereof (6.1%).

Economic instability as an environment for the formation of neo-protectionism

According to analysts (World Bank, 2023), trade liberalization in the period 1990-2008 allowed for the intensification of international trade relations and increased the incomes of countries. This process contributed to the formation of the global economy and reduced poverty in many countries.

The current state of international trade is characterized by increasing transformations in commodity market relations and the phenomenon of neo-protectionism. Many scholars have studied the development of international trade in the context of neo-protectionism (Zalizniuk, 2024; Kaliuzhna, 2023; Abboushi, 2010; Lang, 1984; Mazaraki & Melnyk, 2019). Based on the analysis of the works of these scholars, several main conclusions can be drawn. Firstly, protectionism (Hager, 1982) is a means of ensuring state autonomy in the spheres of national production from unauthorized competitive actions. This statement implies that neo-protectionism provides advantages for the state trade and export sector to increase the state budget and improve the situation of commodity producers in a given country (Lang, 1984). Secondly, according to research by scholars (Zalizniuk, 2024; Ishchuk, 2021), neoprotectionist tools include the establishment of different quality standards for foreign producers, the introduction of additional export restrictions, and rules for granting subsidies.

Third, neo-protectionism manifests itself in a variety of ways, in different areas: environmental, integration and disintegration, trade in goods and raw materials, customs and tariffs, fuel, and others. Fourth, the trade war is one of the manifestations of neo-protectionism. Although it has a negative sound, the restriction of exports of certain groups of goods and services by states associated with trade giants is a means of weakening competition in international trade and at the same time is an incentive for national producers. In turn, this causes the development of innovations within the framework of national development strategies.

Strategic Determinants of Ukraine's Foreign Trade in the Postwar Period

The development of the global economic system and its subsystems at different levels (countries, economic sectors, enterprises) is taking place in the context of increasing globalization and international strategic partnership. There is a need to review and improve international integration processes. Growing global and regional competition, intensifying rivalry for markets and resources pose new challenges, but also opportunities for the emergence of new joint associations at different levels.

Today, the priority in Ukraine is to save the population and restore the country's economy to a healthy state. Russia's invasion has shown which countries have become our partners and will continue to be so. Most of the world (140 out of 184 countries) condemn Russia's aggression and are trying to reduce trade ties with it. This gives Ukraine an opportunity to increase its exports.

The selection of priorities is essential for a consistent and sustainable transition to the conditions of operation defined by the Association Agreement and the establishment of a deep and comprehensive free trade area. In the current state of political, economic, and social crisis, a novel paradigm for the advancement of the nation, society, and individuals is being established. In view of Ukraine's European integration, the following priorities are set for foreign trade

- accelerating and maintaining the sequence of reforms, taking into account changes in political and economic relations;
- increasing financial and technical support from the EU, fulfilling the conditions for increasing the level of transparency of cash flows and the efficiency of their use;
- improving partnerships with non-European countries.

The first direction is acceleration of strategic reforms includes the following provisions:

- identify and accelerate institutional transformations related to the business environment;
- to facilitate relations between business communities in the EU and DCFTA countries;
- ensure the consistency of reforms aimed at addressing the problems of competitiveness of Ukrainian products and their access to markets.

The second area is to increase the EU's financial and technical support for the fulfillment of cooperation and reform conditions. According to the Pulse of the Agreement resource, 3 billion euros were planned to be allocated in 2022 to help Ukraine implement reforms to join the EU (Laptiev & Sidak, 2019). Under the Horizon Europe program, Ukraine will receive additional funds for grants and research (Horizon Europe, 2024).

The EU-Ukraine Association Agreement has a significant impact on Ukraine's pursuit of its interests in the context of globalization. As a supplement to the DCFTA, the Agreement

has contributed to the formation of trade preferences and an increase in tariff quotas for key export items. Accordingly, the share of foreign trade turnover with the EU increased significantly from 21.6% (in 2020) to 44.8% (in 2021), in exports from 32.1% to 39.8%, and in imports from 33.6% to 44.6%. In 2022, the share of EU exports in total exports from Ukraine was 63%, and in 2023 - 62.7%.

Increasing trade with the EU is fully in line with Ukraine's national interests. This has determined the main vectors of economic, technological, and innovation progress that led to Ukraine's accession to the EU's "four unions": energy and customs unions, the introduction of the digital market, and the association with the Schengen area.

The largest volumes of foreign direct investment (FDI) were invested by non-residents from EU countries. This facilitates the movement of investment and credit capital. In 2021, FDI in Ukraine's economy amounted to USD 6.747 billion. Most FDI came from the Netherlands is USD 922.8 million and Germany is USD 242.9 million. At the same time, Investors from Switzerland returned USD 112.7 million of investments, and USD 83 million was withdrawn from Ukraine by Cyprus. Prior to that, Cyprus was the largest source of foreign investment in Ukraine.

Most investments came from the following countries: Cyprus, the Netherlands, the United Kingdom, Germany, France, and Austria. This was facilitated by the adoption of the Law of Ukraine "On the Regime of Foreign Investment." However, as of today, the volume of foreign investment has declined significantly due to Russian intervention. In 2022, the volume of foreign direct investment in Ukraine amounted to USD 1,152 million.

However, integration and globalization processes have a number of challenges in addition to their benefits. Macroeconomic threats include increased political and economic dependence, accelerated changes in market conditions, and increased competition for sources of raw materials and markets. This process is based on the uneven socio-economic, technical and technological development of different regions.

Ukraine has chosen the path of European integration, which requires balanced changes and transformations in many aspects of public life. The main challenges today are: the unsatisfactory efficiency of the governance system in Ukraine, certain complications within the EU, Russia's war against our country, and the consequences of the Covid-19 pandemic. At the same time, we can feel the EU's support in this difficult time for Ukrainians, as evidenced by the launch of the EU candidate status procedure.

For successful cooperation with the EU, Ukraine should work in the following areas:

- updating the Agreement to liberalize the conditions for mutual trade;
- changes in product certification in accordance with EU legislation;
- creation of a common aviation area;
- deepening cooperation in science and technology;
- cooperation in the healthcare and pharmaceutical sectors;
- increased business collaboration and employment.

The third direction is to build up strategic partnerships with non-European countries: the United States, Turkey, China, Israel, and Japan. These countries are powerful technological and financial centers.

As the events of the last year have shown, in the military-political and economic spheres, it is important to build a strategic partnership with the United States. This supports Ukraine in its efforts to integrate into European and North Atlantic structures. Currently, Ukraine receives perhaps the largest financial assistance from the United States, especially through the Pentagon's military aid. In recent years, cooperation in the IT, agricultural, energy, and military sectors has increased. At the same time, the volume of investments in Ukraine's economy and Ukrainian exporters' access to the American market has increased. Ukraine has been perceived as an outpost of democratic states, but not all-American politicians understand this.

Most Asian countries have great potential for partnerships. China, Japan, and South Korea are friendly partners for Ukraine. Over the past decade, China has been Ukraine's second-largest trading partner. Our country closely cooperates with China in agriculture, medicine, and electronics. China buys grain, meat, and meat products from Ukraine, for which it has introduced its own certification of Ukrainian agricultural products. Among Asian countries, Turkey is worth mentioning. In recent years, Turkey's role as both a political and economic partner of Ukraine has grown significantly. To this end, a free trade agreement was signed, and cooperation in the military-technical and defense-industrial sectors was established.

To study the possibilities of realizing Ukraine's export potential in the EU and Asian markets, we calculated the relative comparative advantages in the structure of exports and imports by commodity groups using the formula:

$$CA_{ij} = \ln \left[\frac{\frac{Ex_{ij}}{Im_{ij}}}{\frac{Ex_i}{Im_i}} \right],$$

Where CA_{ij} is the indicator of the comparative advantage of the i -th country for the j -th product;

Ex_i, Im_i - exports and imports of the i -th country;

Ex_{ij}, Im_{ij} - exports and imports of the j -th product of the i -th country.

If $CA_{ij} > 0$, then for the j -th product it means that the i -th country has a comparative advantage in exports to other countries. If $CA_{ij} < 0$, it means that it is not advisable for Ukraine to export this product (Mazaraki, 2019, p. 360).

Calculations of the comparative advantages of Ukraine's commodity groups in 2017-2021-(Zubko, 2022). It has been determined that in Ukraine, among the 96 product groups listed in the nomenclature, only 28 have comparative advantages and so far only they are expedient to sell on the world market. The highest coefficient of comparative advantages in 2021 is observed in the following product groups: cereals (4.38), ore, slag, and ash (3.03), fats and oils of animal or vegetable origin (2.83), plant materials for the manufacture of wickerwork (2.55), ferrous metals (2.27), natural and artificial fur (2.14), products of plant origin (2.05), wood and wood products, etc. As of 2022 and 2023, the situation has changed, with the following commodity groups having comparative advantages: cereals (4.69), ore, slag, and ash (5.63), plant materials for the manufacture of wicker goods (4.28), and products of the flour and cereal industry (2.45). This calculation provides the basis for determining the product groups that are economically feasible for export.

The leaders in export value in 2022 were: corn (USD 5.94 billion), sunflower oil (USD 5.46 billion), iron ore (USD 2.9 billion), wheat (USD 2.6 billion), and rapeseed (USD 1.54 billion). Therefore, it is advisable to increase exports of those commodity groups that have greater comparative advantages and higher added value.

To identify problems and directions for the development of export potential, we have analyzed the volume of imports from the EU-27 and Asia in 2020-2023 by commodity groups (according to Ukraine's code) in value terms and Ukraine's comparative advantages in each of these markets. The share of exports from Ukraine to EU countries and the coefficient of comparative advantages of Ukrainian exports are shown in Table 2.

Table 2

Share of exports from Ukraine to the EU and the coefficient of comparative advantage of Ukrainian exports

Code and name of the product item	Ukraine's share of EU imports, %				CA _I s of Ukraine in the EU market, units.			
	2020	2021	2022	2023	2020	2021	2022	2023
10. Grain crops	9,46	10,13	7,2	7,7	3,84	4,28	3,2	3,0
26. Ores, slag, and ash	7,69	8,2	4,1	2,6	2,3	2,93	1,7	1,4
15. Fats and oils of animal or vegetable origin	9,80	10,2	5,1	2,3	2,9	2,73	1,6	1,5
14. Plant materials for the manufacture of wicker products	0,24	0,23	0,2	0,1	4,09	2,45	2,0	1,7
72. Ferrous metals	13,32	14,2	2,1	0,5	1,88	2,17	1,8	0,3
43. Natural and artificial fur	0,11	0,11	0,08	0,05	1,63	2,04	0,78	0,66
12. Seeds and fruits of oil seeds	6,65	7,2	4,2	4,0	1,44	1,66	1,4	1,2
23. Residues and waste from the food industry	2,48	2,51	1,7	0,6	1,62	1,58	1,2	1,05
44. Wood and wood products	5,25	5,8	5,1	4,1	1,41	1,51	1,4	1,4

The following groups had the largest share in the volume of imports to the EU in 2022-2023:

1. Cereals in 2021 amounted to 10.13%. In 2022, grain exports from Ukraine were limited to 500 thousand tons per month due to Russia's invasion, which is ten times less than the pre-war volume. This season, the volume of exports from Ukraine will decrease. The balance of grain to be exported, according to the Ministry of Agrarian Policy, was 17 million tons. This included 10 million tons of corn, 6,700 thousand tons of sunflower and its products, and 730 thousand tons of soybeans. At the end of 2022, these products were exported. The government has established new rules for the export of agricultural goods, in particular, it is forbidden to export: oats, millet, buckwheat, sugar, salt, rye, cattle, and meat of domestic animals. This means a de facto export ban. The following can be exported under the specified declarative licensing: wheat and a mixture of wheat and rye, corn, chicken meat,

chicken eggs, sunflower oil (www.ukrstat.gov.ua). However, grain crops are not final products and have no added value. Ukraine's exports are focused on raw materials, the markets for which are not stable and cannot generate significant profits.

2. In 2021, Ukraine exported vegetable oils (sunflower, soybean, rapeseed, mustard, linseed), margarine, and products from vegetable and animal fats and oils, as well as animal fat, for USD 7.05 billion. This is 22.2% higher than in 2020. Exports of sunflower oil in 2021 amounted to 6.05 billion USD. This is 90.8% of the total revenue in this product group. Soybean and rapeseed oil were also supplied to foreign markets — by USD 0.29 billion (4.1%) and USD 0.29 billion (4.1%). USD (4.1%) and USD 0.22 billion (3.2%), respectively. USD (3.2%), respectively. In 2021, margarine and products from vegetable and animal fats and oils were exported for USD 87 million (2%). USD (1.2%), and pork and poultry fat by USD 14.5 million (0.2%) (Zubko, 2022). In 2022, sunflower oil was exported for 5.46 billion USD. USD, which was slightly less than in 2021.

3. Exports of seeds and fruits of oil seeds in 2020 amounted to 7.42%. There was an increase in this indicator during the entire study period, before the start of full-scale aggression. In 2022, rapeseed seeds and cake were sold for USD 1.54 billion. This is less than the pre-war level (in 2021 1.67 billion USD).

4. Exports of ferrous metals in 2021, according to the State Customs Service, increased by USD 6.3 billion. (+81.4%) to USD 13.96 billion on the world market. The company's share of the global market is up to USD 96 billion. Customs statistics show that the revenue of Ukrainian metallurgical enterprises from the export of ferrous metals in January-November 2021 increased by 81% compared to January-November 2020, to USD 12.62 billion. However, in 2022, this figure dropped to almost zero for obvious reasons.

5. Exports of ore, slag and ash to the global market increased by USD 2.98 billion. (+77%) to USD 6.9 billion in 2021. USD in 2021. Price pressure in the iron ore markets prevents significant profits from the sale of this product. In 2022 and 2023, trade in these products decreased by 90%. In 2022, Ukraine received USD 2.9 billion for the sale of iron ore.

6. Exports of wood and wood products in 2021 amounted to 5.8%. The situation in 2022-2023 also affected this product, as the share of exports decreased significantly.

An analysis of Ukraine's merchandise exports to the EU shows that most of these goods are not final products and are used for intermediate consumption. Accordingly, all these items do not create significant added value, and this confirms the current focus of Ukraine's exports on raw materials.

Table 3 calculates Ukraine's share of Asian imports and the coefficient of relative comparative advantage of Ukrainian exports. Ukraine's main trading partners in Asia are China, India, Turkey (97% of the country's area is in Asia and 3% in Europe), Indonesia, and Saudi Arabia. In 2021, the shares of some commodity items changed.

Table 3

Share of exports from Ukraine to Asian countries and the coefficient of relative comparative advantage of Ukrainian exports in the Asian market

Item code and name of the	Ukraine's share in Asian	CA _{ij} of Ukraine in the
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product	imports, %				Asian market, units.			
	2020	2021	2022	2023	2020	2021	2022	2023
10. Grain crops	24,33	18,56	6,7	6,5	3,87	4,25	2,56	1,46
26. Ores, slag, and ash	15,3	8,30	0,54	0,34	2,32	2,9	1,25	1,15
15. Fats and oils of animal or vegetable origin	16,98	3,52	4,80	2,0	2,93	2,7	2,8	2,8
14. Plant materials for the manufacture of wicker products	0,001	0,003	0,2	0,2	4,12	2,42	3,14	2,14
72. Ferrous metals	14,63	36,24	0,64	0,01	1,91	2,14	1,99	0,69
12. Seeds and fruits of oil seeds	1,81	3,55	1,1	0,8	1,47	1,63	1,7	1,7
23. Residues and waste from the food industry	4,51	4,38	1,3	1,1	1,65	1,55	1,2	1,39
44. Wood and wood products	1,88	1,67	0,49	0,34	1,44	1,48	1,4	1,2
02. Meat and edible offal	1,81	0,6	0,51	0,33	1,28	1,32	1,51	1,51
11. Products of the flour and milling industry	0,58	0,31	1,23	1,24	1,39	0,86	1,69	1,69
28. Inorganic chemical products	0,623	1,675	0,03	0,8	0,82	0,77	0,68	0,68

The following items account for the largest share of imports in the Asian market:

1. Exports of ferrous metals amounted to 36.24% in 2021. In recent years, the share of ferrous metals in total exports of goods to the Asian market has increased 22 times. As can be seen from Table 3, Ukraine has currently reduced the exports of this item.

2. The volume of grain exports in 2021 was 18.56%. In 2021, the turnover of trade in agri-food products between Ukraine and Asia increased by 22% compared to the previous year's figures for the corresponding period and reached \$ 10.8 billion. At that time, the largest volumes of exports in the Asian direction were made to Pakistan, South Korea, Thailand, Israel, Bangladesh, Indonesia, Jordan, the Philippines, and Yemen. Among the largest consumers of barley in Asia are Saudi Arabia (70% of total exports), Turkey, Iran, and Israel. The high demand for barley in the Middle East is primarily due to its use for feed, including for camels in the Arabian Peninsula. The Asian market is the second-largest buyer of corn in Ukraine. In 2023, this figure decreased to 6.5%.

3. The volume of trade in ore, slag, and ash in 2021 was 8.3%, and in 2022 and 2023 this figure decreased significantly.

4. Exports of food industry residues and waste in 2021 amounted to 4.38%. This group of exports includes waste and residues from starch production, beet pulp, soybean, sunflower, rapeseed, flax, beer production waste, etc. These residues and wastes are used in the production of animal feed, fertilizers, and as raw materials in chemistry and pharmaceuticals.

5. The export volume of the item "Fats and oils of animal or vegetable origin" in 2021 was 3.52%. During 2020-2021, there was a significant decrease in this indicator (from 16.98% in 2020 to 3.52% in 2021). Comparing this indicator in 2022 and 2023 with the previous ones, there is a significant decrease.

6. Exports of seeds and fruits of oil seeds were at 3.55% in 2021 and 2.1% in 2022. High economic growth rates and an increase in the population of middle-income Asians are

leading to an increase in the consumption of food products of both plant and animal origin. This indicates the prospects for expanding the market for Ukrainian agricultural products (Official site of the State Statistics Service of Ukraine, 2024).

This analysis makes it possible to identify the shares of domestic export commodity groups that are currently sold in the EU and Asian markets, compare them with the values of relative comparative advantages, and identify the most priority commodity groups of Ukraine's exports to the EU and Asian markets.

Given the war, Ukraine's export opportunities are severely limited.

For developing economies, including Ukraine, low global commodity prices pose significant challenges. Under such conditions, global trade and investment will not grow. At the same time, as the share of middle-income people in Asia and North Africa increases, consumption of both plant and animal food will rise. This opens up significant prospects for expanding the market for domestic agricultural products.

As of 2022, there have been many innovations in EU phytosanitary regulations. Ukraine has prospects for increasing the flow of agricultural products to the EU, only if it complies with them. Cooperation with China, which has simplified phytosanitary protocols for agricultural products, is also promising. Ukrainian farmers can export corn, soybeans, barley, and sunflower oil to China. It is necessary to expand the range of goods and services that can be supplied to this country. In addition to the Chinese market, the markets of Japan and South Korea are of great interest to Ukraine in the Southeast Asian region. Due to the practical unsuitability of their territories for growing grain, demand for agricultural products will be high. The prospects for Southeast Asia are complemented by the high potential for suppliers of oil seeds and fruits.

The attack on Ukraine in February 2022 and Ukraine's focus on EU accession have led to a redistribution of export commodity groups, as well as to the emergence of challenges and benefits of the European integration process. Accordingly, the indicators for assessing it have changed. As of today, Ukraine's export opportunities are significantly limited. Comparing the state and opportunities for foreign trade in 2021 and 2023, it is clear that Ukraine's economy is only partially able to export commodity products. According to Forbes Ukraine magazine, in January-August 2023, Ukraine exported goods worth \$24.5 billion, of which the budget received UAH 465.8 million as a result of export duties. Exporters received 15% less revenue compared to the same period in 2022 (\$28.9 billion) and 41% less compared to \$41.8 billion in the first eight months of 2021. The decline in revenue in 2023 is due to the fact that in January and February 2022, before the full-scale invasion of Russia, Ukrainian exports were record-breaking. Comparing the six-month period from March to August, exports in 2023 grew by 2% compared to the same period in 2022 (Hvozdeva, 2023).

The most important categories of goods from Ukraine in the first eight months of 2023 are:

- food (\$14.6 billion)
- Metals and metal products (\$2.7 billion)
- machinery, equipment, and transport (\$2.1 billion).

Exports of agricultural products are five times higher than exports of metallurgical goods, although for decades they have been quite equivalent channels for bringing foreign exchange earnings to Ukraine.

Also, such commodity groups as mineral products, chemicals, and wood are insignificantly represented in exports. In fact, Ukraine is present on the export market as a country that trades in food. The other items listed above continue to decline, as most of the territory is either occupied or unable to function economically at the proper level.

The situation can be improved by investments of friendly countries in innovations and development of Ukrainian industry, and the end of the war.

CONCLUSIONS

Ukraine's foreign trade has been dynamically reoriented toward European markets and new logistics routes, which has significantly eased the restrictions imposed by the aggressor's blockade of Black Sea ports. This was facilitated by the decisions of the EU and a number of other important trading partners to liberalize access for Ukrainian goods, as well as important decisions to improve the transportation of Ukrainian goods through the EU. Ukraine has taken influential steps to restart the work of its export credit agency.

The main determinants of the negative impact on Ukraine's trade are: the war with Russia, lower prices on global commodity markets, the raw material orientation of our country's exports, the lack of political and economic reforms, the decline in the purchasing power of the population. And the epidemics that have accompanied our lives over the past decade. The redistribution of levers of influence in the global arena continues, which increases uncertainty and complicates any decision-making in the economy. Priority areas of action for Ukraine's foreign trade have been identified: accelerating reforms, increasing requests for financial and technical support from the EU, and strategic partnerships with non-European countries.

Ukraine should work in all the proposed areas, taking into account the advantages and challenges of each. The main direction is conditioned by the signing of the Association Agreement and involves continuing reforms and adjusting the provisions of the Agreement to correct the asymmetry of trade flows that has developed at this time. Changes in the Agreement will allow Ukraine to supply goods with more added value than raw materials to the world markets.

Another direction is also already available in Ukraine through the Horizon Europe program and provides opportunities to increase the country's innovation potential and, accordingly, trade flows in the future.

The article identifies the possibilities of realizing Ukraine's export potential in the EU and Asian markets by calculating relative comparative advantages by product groups. It is established that trade with the EU does not provide significant benefits for Ukraine, since most export items do not create sufficient added value. Accordingly, it is necessary to correct the deformation of the commodity structure of exports and imports from the EU. The study of the comparative advantages of Ukrainian exports in the Asian market identified those commodity groups that have prospects for development, such as plant materials, natural and artificial fur, ships, lead and lead products, meat and offal. These commodity groups have a slightly higher added value than those currently sold. The findings will be used to substantiate state policy to support national producers of higher value-added products in order to create conditions for the formation of new and joining existing global value chains, which should significantly increase the level of economic security of Ukraine's trade.

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