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*Sevast'yanov R.V.***PECULIARITIES OF UKRAINE'S FOREIGN TRADE FOR THE PERIOD 2018–2020 IN
CONTEXTS OF GLOBAL AND REGIONAL VALUE CHAINS****National University «Zaporizhzhia polytechnic», Zaporizhzhia, Ukraine**

The article investigates international trade activity of Ukraine for the period 2018–2020. Ukrainian companies tend to be providing integration into global value chains. The research confirms positive dynamics in foreign trade of Ukraine for the period 2018–2020. The Ukrainian enterprises mainly exports low value-added goods and imports high value-added goods. Development of Ukraine's economy requires successful integration into global production and distribution networks with a reduction in the processing of raw materials with insignificant added value. The research confirms positive dynamics in foreign trade of Ukraine for the period 2018–2020. The Ukrainian enterprises mainly exports low value-added goods and imports high value-added goods. Development of Ukraine's economy requires successful integration into global production and distribution networks with a reduction in the processing of raw materials with insignificant added value. The research methods used in the study are as follows: analysis and study of literature, scientific description, Internet research, statistical and structural survey, data sheet presentation. The research proved that the economic relations between Ukraine and trade partners demonstrate significant increase of the foreign trade within the global value chains (GVC). Ukrainian companies tend to be providing integration into global value chains. Agricultural and industrial products exported from Ukraine accounted for 42.1% of the total international sales in 2020. Recommendations for Ukraine's integration into global and regional business services can include developing services in context of GVC, developing international cooperation between enterprises on global business platforms. The basis for successful integration into GVC must be the development of innovative ecosystems of industrial high technologies. It is important to develop innovative industrial high-tech ecosystems for successful integration into GVC. Ukrainian exports are dominated by metallurgical and agricultural products. Its feature is the high proportion of intermediate goods used as a source material for the production of other final consumer goods. The author tries to formulate modern directions of development for further integration of the Ukrainian economy into global and regional value chains. Recommendations for Ukraine's integration into global and regional business services can include developing services, developing international cooperation between enterprises on global business platforms. The basis for the growth of international trade relations should be the development of innovative ecosystems of industrial high technology.

Keywords: global value chains, regional value chains, foreign trade, fragmentation of production, innovation development.

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Formulation of the problem

The research is aimed at considering the economic aspects of international trade of Ukraine. Participation of Ukraine in the global value chains is important to study in the context of integration of Ukrainian business to international economy. The researcher also considers factors that affect the emerging of global chains.

Global value chains are a powerful driver of productivity growth, job creation, and increased living standards. Ukraine can generate growth by moving to higher-value-added tasks and by embedding more technology and know-how in all their agriculture, manufacturing, and services production. Ukraine has borders with Belarus, Hungary, Moldova, Poland, Romania, Russia, Slovakia by land and Georgia and Turkey by sea. Ukraine is currently at war, which is undermining the economic potential associated with global value chains. Ukraine’s economy has received heavy losses from Russian aggression. This leads to a loss of economic potential and, consequently, a reduction in international trade. In a military economy, Ukraine is accelerating its pace of integration with EU countries. Economic integration is not a linear process with only positive result. Regional and global value chains are important to global trade.

Analysis and research of publications

The study of the main aspects of international trade relations of Ukraine is an actual task. The basic principles of the functioning of a global value chains are considered in the scientific papers of Stullinger (2018) [1], and others. Many sources point out that integration into the global value chains is a necessary tool for the economic development of emerging economies. Such scientists as A. Agtmael (2007) [2], T. Geodecki (2021) [3], M. Hartog, J.E. Lopez-Cordova, F. Neffke (2020) [4], considered the development of regional business services value chains and perspectives of emerging economies. V. Koval, G. Duginets, O. Plekhanova, A. Antonov, M. Petrova (2019) [5] investigated the problems of development of services trade and global value chains. M. Zawicki (2021) [6] investigates business processes,

outsourcing centers, shared services centers, global business services. Different groups of scientists researched the parameters for managing by the state in the interaction with the international business in managing the processes of global value chains functioning. These parameters include ensuring employment, security of local investors, national security, foreign trade, fiscal policy, priority directions of development, political stability and other benefits.

The purpose of the article

The purpose of the article is to establish trends and structure of exports and imports of products and services of the Ukrainian economy. The study of foreign trade in the framework of global value chains (GVC) is actual.

Presentation of the main research material

The key parameters for Ukraine can be considered economic security, international trade and stimulating fiscal policy. The advantages of Ukraine’s economy include low labour costs, logistics and quantity of labour resources. In 2019 Ukraine ranked 56th economy in the world in terms of GDP, the number 51 in total exports, the number 48 in total imports. The economic relations between Ukraine and EU can be characterized as gradually growing. Table 1 shows the dynamics of Ukraine’s trade relations with EU countries for the period 2018–2020.

The total results of the analysis show that exports of goods and services from Ukraine to the EU countries decreased in 2018–2020. At the same time, imports of goods and services from EU countries to Ukraine increased slowly.

Analytical information shows that the export of services from Ukraine to the EU countries in absolute terms has not changed. The top services exported by Ukraine are air and sea transport, business services, professional, and technical services, IT services, and travel.

In 2019 Ukraine exported \$2.43B worth of IT services abroad [8]. Table 2 shows the export of goods of Ukraine for the period 2018–2020.

About 40% of Ukrainian exports of goods are agricultural products. The main export items are corn,

Table 1

Indicators of Ukraine’s trade relations with EU countries for the period 2018–2020

Indicator	2018	2019	2020	$\Delta_{19/18}$	$\Delta_{20/19}$
The share of EU countries in exports goods and services of Ukraine, %	40.3	37.7	37.1	-2.6	-0.6
Export of goods and services from Ukraine to EU, billion USD	23.0	24.2	22.1	1.2	-2.1
The share of EU countries in the import of goods and services to Ukraine, %	41.8	42.4	44.3	0.6	1.9
Import of goods and services from Ukraine to EU, billion USD	26.6	28.7	26.8	2.1	-1.9

Source: formed by the author on the basis of information from the Ministry of Economy of Ukraine [7]

Table 2

Structure of export of goods from Ukraine for the period 2018–2020

Indicator, million USD	2018 million USD	2019 million USD	2020 million USD	2018 specific weight, %	2019 specific weight, %	2020 specific weight,
Agricultural products and food industry	18612.8	22144.2	22199.1	39.3	44.2	45.1
Products of the metallurgical complex	11633.1	10255.7	9030.3	24.5	20.5	18.3
Products of the mechanical engineering	5475.1	5528.1	5406.3	11.5	11.0	11.1
Mineral products	4340	4866.5	5331.9	9.1	9.7	10.8
Products of the chemical industry	2565.8	2652.3	2702.9	5.4	5.3	5.5
Wood and paper pulp	2043.6	1838.1	1814.6	4.3	3.7	3.7
Various industrial goods	1449.4	1585.1	1649.3	3.4	3.2	3.3
Light industry	1220.3	1184.7	1078.4	2.5	2.4	2.2
Total	47340.1	50054.7	49212.8	100	100	100

Source: formed by the author on the basis of information from the Ministry of Economy of Ukraine [7]

Table 3

The share of the main countries-exporters of goods from Ukraine in 2019–2020, %

Year	China	Poland	Russian Federation	Turkey	Germany	India	Italy
2019	7.2	6.6	6.5	5.2	4.8	4.0	4.8
2020	14.4	6.7	5.5	5.0	4.2	4.0	3.9
$\Delta_{20/19}$	7.2	0.1	-1.0	-0.2	-0.6	0	-0.9

Source: formed by the author on the basis of information from the State Statistics Service of Ukraine [9]

Table 4

Structure of export of services from Ukraine for the period 2018–2020

Indicator	2018 million USD	2019 million USD	2020 million USD	2018 specific weight, %	2019 specific weight, %	2020 specific weight, %
Transport services	5823.8	9109.9	4880.3	49.74	58.80	44.11
Material resources processing services	2084.3	1640.2	1346.1	17.80	10.59	12.17
IT services	2044.2	2575.9	2910.5	17.46	16.62	26.31
business services	1012.2	1278.2	1192.7	8.65	8.25	10.78
Travel services	286.6	335.0	260.2	2.45	2.16	2.35
Repair and maintenance services	241.5	270.1	233.9	2.06	1.74	2.11
Other services	215.7	285.0	239.8	1.84	1.84	2.17
Total	11708.3	15494.3	11063.5	100	100	100

Source: formed by the author on the basis of information from the Ministry of Economy of Ukraine [7]

seed oil, iron ore, wheat and semi-finished iron. The table 3 considers the main exporting countries of Ukrainian goods in 2019–2020.

The author singles out the tendency of gradual diversification of Ukrainian exports due to the change of Ukraine's orientation to the markets of post-soviet countries. China accounts for the largest share of exports from Ukraine. The basis of exports from Ukraine to China is ores, grain, fats, oil, machinery, agriculture food wastes. During the analyzed period, the rate of exports to this country from Ukraine has

doubled.

The IT industry is turning into one of the flagships of the Ukrainian economy. This also affects the country's international reputation. Exports of IT services from Ukraine are constantly growing. Now it equals nearly 16% of the export of all services.

The data sheet shows that transport services, IT, raw material refinery are estimated to occupy the largest export share in the global value chains. Analytical information in table 4 proves that the export of IT services in Ukraine tends to increase.

The table 5 analyzes the structure of imports of goods and services to Ukraine.

Table 5
Structure of import of goods and services of Ukraine for the period 2018–2020, %

Indicator,%	2018	2019	2020	$\Delta_{19/18}$	$\Delta_{20/19}$
Goods	90.8	89.8	91.2	-1.0	1.4
Services	9.2	10.2	8.8	1.0	-1.4

Source: formed by the author on the basis of information from the Ministry of Economy of Ukraine [7]

Table 5 shows the ratio of imported goods to services as about 90% to 10%. The main components in the import of goods are cars, equipment, machinery, fuel, fertilizers, petroleum products and chemical products.

Table 6 shows the share of the main countries-importers of goods to Ukraine for the period 2019–2020.

China is the leader in imports to Ukraine. Among EU countries, the largest volumes of imports were registered in Germany and Poland. In 2020, Ukrainian agricultural exporters used 31 of the 40 tariff quotas under the Free Trade Agreement with

the EU. In 2020, 11 tariff quotas were fully used for honey, barley groats and flour, processed tomatoes, processed starch, grape and apple juices, corn, malt and starch products, sugar, poultry, eggs, albums, processed products of cereals. The most valuable exported products from Ukraine include sunflower-seed or safflower oil; corn; iron ores or concentrates; wheat; and semi-finished products made from iron or non-alloy steel.

Table 7 shows the structure of imports of goods of Ukraine in 2018–2020.

Table 7 shows that the largest share in the structure of imports are products of the mechanical engineering, mineral products and products of the chemical industry.

Ukraine ranks 4th in the world in the number of certified IT professionals (after the United States, India, Russia). The top services imported by Ukraine are transport services, business services, travel and financial services (table 8).

More than 70% of Ukrainian IT exports are outsourced software development services. Ukrainian developers are integrated into ecosystems and chains of other countries. Large companies such as Luxoft,

Table 6

The share of the main countries-importers of goods to Ukraine in 2019–2020, %

Year / Country	China	Germany	Russian Federation	Poland	United States	Belarus	Turkey
2019	15.1	9.8	11.5	6.8	5.4	6.2	3.9
2020	15.3	9.8	8.4	7.6	5.6	5.3	4.5
$\Delta_{20/19}$	+ 0.2	0	+ 3.1	+ 0.8	+ 0.2	- 0.9	+ 0.6

Source: formed by the author on the basis of information from the Ministry of Economy of Ukraine [7]

Table 7

Structure of import of goods of Ukraine for the period 2018–2020

Indicator	2018, million USD	2019, million USD	2020, million USD	2018 specific weight, %	2019 specific weight, %	2020 specific weight, %
Products of the mechanical engineering	17445.3	20555.1	18560.1	30.53	33.80	34.31
Mineral products	14169.3	12984.6	8402.7	24.79	21.35	15.53
Products of the chemical industry	10603.0	11048.0	10740.5	18.55	18.17	19.85
Agricultural products and food industry	5051.7	5736.0	6495.4	8.84	9.43	12.0
Products of the metallurgical complex	3575.1	3650.7	3127.7	6.25	6.0	5.78
Light industry	2660.9	3132.5	2967.6	4.65	5.15	5.48
Various industrial goods	2246.9	2382.8	2382.7	3.93	3.91	4.40
Wood and paper pulp	1388.8	1310.4	1414.5	2.43	2.15	2.61
Total	57141	60800.1	54091.2	100	100	100

Source: formed by the author on the basis of information from the Ministry of Economy of Ukraine [7]

Table 8

Structure of import of services to Ukraine for the period 2018–2020

Indicator	2018, million USD	2019, million USD	2020, million USD	2018 specific weight, %	2019 specific weight, %	2020 specific weight, %
Transport services	1380.1	1559.1	1013.6	23.77	22.46	19.46
Royalties and services using intellectual value	472.8	559.7	527.1	8.14	8.06	10.12
IT services	462.6	531.3	553.0	7.97	7.65	10.62
Business services	1227.1	1359.1	973.0	21.13	19.58	18.68
Travel services	979.4	1299.3	697.4	16.88	18.71	13.38
Government services	589.9	912.0	737.5	10.16	13.14	14.16
Other services	227.9	226.1	237.0	3.92	3.26	4.55
Services related to financial activities	466.4	495.4	470.6	8.03	7.14	9.03
Total	5806.2	6942	5209.2	100	100	100

Source: formed by the author on the basis of information from the Ministry of Economy of Ukraine [7]

Softserve, Eleks, Global Logic, Infopulse and others create software products for major global brands. The basis for the successful integration of industry into global economy is innovation ecosystems. Developed sectoral and regional clusters can be based on such ecosystems.

The study shows a trend of exceeding the growth rate of imports of goods over the growth rate of exports in Ukraine. Analysis shows that the largest volumes of export transactions from Ukraine to EU countries in 2018-2019 were with Poland, Italy and Germany. Ukraine is one of the emerging market in the world. Location, talented human capital, cost-competitiveness, and availability of free trade agreements with many global markets can ensure rapid growth and a high return on investments in key sectors like information technology, agriculture, energy, manufacturing and infrastructure. Participation in GVC allows to increase competitiveness. International value chains operate on the basis of Ukrainian companies.

Such measures are relevant in the context of the development of global and regional value chains in the context of Ukraine's cooperation with EU countries. In the context article, it is necessary to highlight such an important feature as «technological multiservice». The basis of the strategy of integration of Ukrainian enterprises into global value chains should be the following components:

- fiscal preferences for Ukrainian manufacturers, reasonable conditions for project fundraising, setting up of technology parks and freezone;

- promoting the conclusion of Ukraine's agreement with the EU on Conformity Assessment

and Acceptance of Industrial Goods (ACAA - Agreement on Conformity Assessment and Acceptance of Industrial Products);

- motivating investors to buy products manufactured by Ukraine based companies;

- development of innovative ecosystems of industrial hi-tech. The author argues that developed sectoral and regional clusters can be based on this. Deeper specialization can take place in these clusters. Clusters should operate on the principles of integration and smart specialization;

- integration into regional value chains;
- integration into the EU Digital Single Market;

- cooperation on the European Green Deal (development of the circular economy, prospect of hydrogen production for EU countries).

To expand cooperation between Ukraine and the EU in the framework of global and regional value chains, it is proposed to deepen cooperation such projects as the ACAA (Assessment and Acceptance of Industrial Products), «customs visa-free», integration into the Digital Single Market, cooperation under the European Green Agreement. The implementation of the above agreements can develop the potential of Ukraine's production and trade relations with EU countries.

Conclusions

The Ukrainian share of EU oriented export products accounts for more than 40%. Mostly Ukraine exports sunflower-seed, safflower oil; iron ores and concentrates; wheat; and semi-finished products made from iron or non-alloy steel.

Participation in GVCs, the international fragmentation of production, can lead to increased

job creation and economic growth. In order to reap the gains from value chain participation, countries must put in place the right kind of trade and investment policies. The COVID-19 pandemic has highlighted the urgent need to understand the dependency of many countries on suppliers across the world. GVCs can play the great role for emergency economics as Ukraine in delivering growth, increasing regional and global integration, and managing external shocks.

The rational strategies can help Ukraine maximize their participation in global economy. Opening borders and attracting investment can help entry in international trade. Economic policy affects on trade policy, logistics, business services, investment, taxation and industrial development. Ukraine has problems with some of the above factors. There is importance of value chains for world trade. Their role in stimulating economic growth, employment and development, as well as the need to increase the participation of developing countries in such value chains. For Ukraine, priorities are to be set as new directions in technological leadership, security, health, ecology, energy dependence. In recent years, there has been a geographical reorientation of Ukrainian industry to global production networks. This was the result of a reduction in cooperation with Russia almost twice and an increase in exports of intermediate industrial products to European countries. According to the research, Ukrainian exporters are gradually becoming part of international production chains.

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ОСОБЛИВОСТІ ЗОВНІШНЬОЇ ТОРГІВЛІ УКРАЇНИ НА ПЕРІОД 2018–2020 РР. У КОНТЕКСТІ ГЛОБАЛЬНИХ ТА РЕГІОНАЛЬНИХ ЛАНЦЮЖКІВ ВАРТОСТІ**Севастьянов Р.В.**

В публікації досліджується міжнародна торговельна діяльність України за період 2018–2020 рр. Українські компанії забезпечують інтеграцію в глобальні ланцюги створення вартості. Дослідження підтверджує позитивну динаміку зовнішньої торгівлі України за період 2018–2020 рр. Українські підприємства експортують переважно товари з низькою доданою вартістю та імпортують товари з високою доданою вартістю. Розвиток економіки України потребує успішної інтеграції у світові виробничо-збутові мережі зі скороченням переробки сировини з незначною доданою вартістю. Дослідження підтверджує позитивну динаміку зовнішньої торгівлі України за період 2018–2020 рр. У дослідженні використано наступні методи: аналіз і вивчення літератури, науковий опис, Інтернет-дослідження, статистичне та структурне опитування, представлення даних. Дослідження показало, що економічні відносини між Україною та торговельними партнерами демонструють значне зростання зовнішньої торгівлі в рамках глобальних ланцюгів вартості. Українські компанії забезпечують інтеграцію в глобальні ланцюги створення вартості. Сільськогосподарська та промислова продукція, експортована з України, склала 42,1% від загального обсягу міжнародного продажу у 2020 році. Рекомендації щодо інтеграції України в глобальні та регіональні бізнес-сервіси включають розвиток сервісів у контексті глобальних ланцюгів вартості, розвиток міжнародної співпраці між підприємствами на глобальних бізнес-платформах. Основою успішної інтеграції в глобальні ланцюги вартості має стати розвиток інноваційних екосистем промислових високих технологій. Важливо розвивати інноваційні промислові високотехнологічні екосистеми для успішної інтеграції в глобальні ланцюги вартості. В українському експорті переважає металургійна та сільськогосподарська продукція. Його особливістю є висока частка проміжних товарів, що використовуються як вихідний матеріал для виробництва інших кінцевих споживчих товарів. Автор пропонує сучасні напрями розвитку для подальшої інтеграції української економіки у глобальні та регіональні ланцюги створення вартості. Рекомендації щодо інтеграції України в глобальні та регіональні вартісні ланки включають розвиток сервісів, розвиток міжнародної співпраці між підприємствами на глобальних бізнес-платформах.

Ключові слова: глобальні ланцюги створення вартості, регіональні ланцюги створення вартості, зовнішня торгівля, фрагментація виробництва, інноваційний розвиток.

ОСОБЕННОСТИ ВНЕШНЕЙ ТОРГОВЛИ УКРАИНЫ ЗА ПЕРИОД 2018–2020 ГГ. В КОНТЕКСТЕ ГЛОБАЛЬНЫХ И РЕГИОНАЛЬНЫХ ЦЕПОЧЕК СОЗДАНИЯ СТОИМОСТИ**Севастьянов Р.В.**

В публикации исследуется международная торговая деятельность Украины за период 2018–2020 гг. Украинские компании обеспечивают интеграцию в глобальные цепочки создания стоимости. Исследование подтверждает положительную динамику внешней торговли Украины за период 2018–2020 гг. Украинские предприятия экспортируют преимущественно товары с низкой добавленной стоимостью и импортируют товары с высокой добавленной стоимостью. Развитие экономики Украины нуждается в успешной интеграции в мировые производственно-сбытовые сети с сокращением переработки сырья с незначительной добавленной стоимостью. Исследование подтверждает положительную динамику внешней торговли Украины за период 2018–2020 гг. В исследовании использованы следующие методы: литературный анализ, научное описание, Интернет-исследование, статистический и структурный опрос, представление данных. Исследование показало, что экономические отношения между Украиной и торговыми партнерами демонстрируют значительный рост внешней торговли в рамках глобальных цепочек стоимости. Украинские компании обеспечивают интеграцию в глобальные цепочки создания стоимости. Сельскохозяйственная и промышленная продукция, экспортируемая из Украины, составила 42,1% от общего объема международных продаж в 2020 г. Рекомендации по интеграции Украины в глобальные и региональные бизнес-сервисы включают в себя развитие сервисов в контексте глобальных цепочек стоимости, развитие международного сотрудничества между предприятиями на глобальных бизнес-платформах. Основой успешной интеграции в глобальные цепочки стоимости должно стать развитие инновационных экосистем высоких промышленных технологий. Важно развивать инновационные высокотехнологичные промышленные экосистемы для успешной интеграции в глобальные цепочки стоимости. В украинском экспорте превалирует металлургическая и сельскохозяйственная продукция. Его особенностью является высокая доля промежуточных товаров, используемых в качестве исходного материала для производства других конечных потребительских товаров. Автор предлагает современные направления развития для дальнейшей интеграции украинской экономики в глобальные и региональные цепочки создания стоимости. Рекомендации по интеграции Украины в глобальные и региональные цепочки включают в себя развитие сервисов, развитие международного сотрудничества между предприятиями на глобальных бизнес-платформах.

Ключевые слова: глобальные цепочки создания стоимости, региональные цепочки создания стоимости, внешняя торговля, фрагментация производства, инновационное развитие.

PECULIARITIES OF UKRAINE'S FOREIGN TRADE FOR THE PERIOD 2018–2020 IN CONTEXTS OF GLOBAL AND REGIONAL VALUE CHAINS

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The article investigates international trade activity of Ukraine for the period 2018–2020. Ukrainian companies tend to be providing integration into global value chains. The research confirms positive dynamics in foreign trade of Ukraine for the period 2018–2020. The Ukrainian enterprises mainly exports low value-added goods and imports high value-added goods. Development of Ukraine's economy requires successful integration into global production and distribution networks with a reduction in the processing of raw materials with insignificant added value. The research confirms positive dynamics in foreign trade of Ukraine for the period 2018–2020. The research methods used in the study are as follows: analysis and study of literature, scientific description, Internet research, statistical and structural survey, data sheet presentation. The research proved that the economic relations between Ukraine and trade partners demonstrate significant increase of the foreign trade within the global value chains (GVC). Ukrainian companies tend to be providing integration into global value chains. Agricultural and industrial products exported from Ukraine accounted for 42.1% of the total international sales in 2020. Recommendations for Ukraine's integration into global and regional business services can include developing services in context of GVC, developing international cooperation between enterprises on global business platforms. The basis for successful integration into GVC must be the development of innovative ecosystems of industrial high technologies. It is important to develop innovative industrial high-tech ecosystems for successful integration into GVC. Ukrainian exports are dominated by metallurgical and agricultural products. Its feature is the high proportion of intermediate goods used as a source material for the production of other final consumer goods. The author tries to formulate modern directions of development for further integration of the Ukrainian economy into global and regional value chains. Recommendations for Ukraine's integration into global and regional business services can include developing services, developing international cooperation between enterprises on global business platforms.

Keywords: global value chains, regional value chains, foreign trade, fragmentation of production, innovation development.

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