

Conference name - "**Research work in the system of training teachers in technological fields**"

Section name – Economy

ANALYSIS OF FOREIGN ECONOMIC RELATIONS BETWEEN UKRAINE AND CHINA

Rayevnyeva Olena,

Dr.Sc in Economics,
professor of statistics and economic forecasting dept.
Simon Kuznets Kharkiv National University of Economics
Kharkiv, Ukraine
olena.raev@gmail.com

Rui Su,

PhD student of the Department of Statistics
and economic forecasting
HNEU named after S. Kuznets,
Kharkiv, Ukraine
surui0929@gmail.com

Trade and economic relations between Ukraine and China largely depend on the political climate between these states. Their condition is affected by a number of positive and negative factors, including the geopolitical climate, the degree of attractiveness of the economy for financing and crediting, the completeness of joint agreements and contracts, business cooperation at the highest interstate level. At the entire stage of development, Ukrainian-Chinese relations faced certain challenges. During the time of independence of Ukraine, these relations developed upward and reached the highest point of development when the Treaty on Friendship and Cooperation was signed, ratified by the Law of Ukraine dated May 15, 2014 [1]. Currently, the political changes that have taken place in Ukraine, China's vague reaction to military aggression against Ukraine have put a certain question mark in bilateral relations.

Ukrainian-Chinese relations began in 1992 and developed rapidly until 2004. This was primarily due to a high level of political dialogue, the creation of the necessary legal framework and the practical implementation of agreements reached in various spheres of cooperation (trade-economic, military-technical, scientific, educational and cultural). However, in the Ukrainian political environment there is a certain bias towards "communist China" and a misunderstanding of the peculiarities of the functioning of power in the Confucian world. As a result, Ukraine, having an appropriate contractual and legal framework and a high level of strategic partnership with China, currently does not use the opportunity to cooperate with the world's largest exporter, the world's second economy, a country that has the world's largest gold and currency reserves and practically unlimited investment opportunities.

The purpose of the study is to study the general trends of Ukraine's foreign economic activity, to determine the external relations between Ukraine and China and their impact on the economic development of the countries.

We will analyze Ukraine's foreign economic activity for the period 1996-2022 based on export and import indicators (Fig. 1).

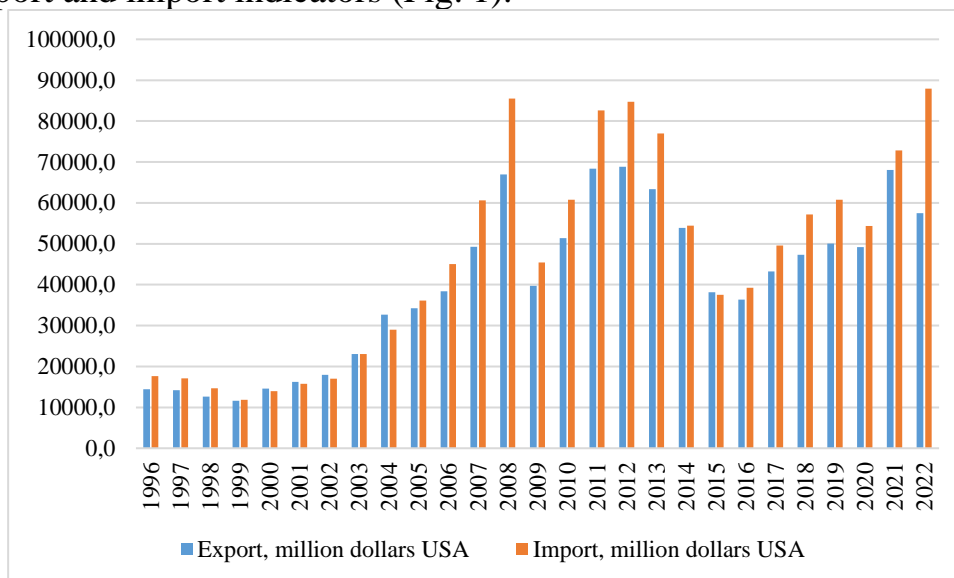


Figure 1. Dynamics of indicators of foreign economic activity of Ukraine, million dollars. USA

Analyzing the export and import of Ukraine for the years 1996-2022, it can be concluded that the dynamics of these indicators has a non-linear nature, in which 4 periods can be distinguished:

1 period: from 1996 to 2008, characterized by the rapid development of the country's foreign economic activity. The volumes of export and import are practically equal to each other, the tendency of slight excess of import over export has been forming since 2006;

2 period: from 2009 to 2012, the formation of an upward trend in export-import transactions after a sharp decline, which was provoked by the global economic crisis. During this period, a steady trend of imports exceeding exports was formed, which reflects the decline in the attractiveness of national goods and services on the international market;

3 period: from 2013 to 2016, a period of decline in foreign economic activity associated with the annexation of Crimea, Luhansk, and Donetsk regions. This was caused by political and social changes, the departure of the country's leadership from the legally established course towards European integration;

4 period: from 2017 to 2021, a period of gradual growth and restoration of international relations. However, starting from 2022, there is a significant decrease in the volume of exports due to the full-scale invasion of Russia on the territory of Ukraine.

The general conclusion of the analysis is the determination that the instability of the foreign economic development trends of Ukraine is provoked by political destruction [4-6].

In the conditions of Russian aggression, unsatisfactory pace of reforms, financial and economic problems and the related aggravation of social tension in society, Ukraine faces an urgent task of finding additional opportunities in the international arena. Such opportunities can create, among other things, a proper Ukrainian-Chinese political dialogue at the highest level, for the sake of finding mutually beneficial sources of investments and technologies, which will be extremely necessary in the post-war period of the recovery of the country's economy.

China is of great interest to Ukraine due to its geopolitical and economic importance, the volume of trade and the level of economic transformations achieved on the way to reforming its economy. It is not only a strategic trade and economic partner, but also a country with certain useful experience for Ukraine in carrying out reforms and organizing the functioning of the economy, therefore studying the features of foreign economic cooperation between China and Ukraine [3].

Ukraine pays great attention to the scale of the market and trade and investment opportunities of China, hoping to expand bilateral trade and economic cooperation. According to the results of the first half of 2019, China is included in the list of leading trade partners of Ukraine. The volume of trade with Ukraine reached 5.5 billion US dollars. Although the rapid growth of trade with China is a typical feature of many countries and Europe, its share in trade with Ukraine is much higher than that of neighboring countries - Poland, Belarus and Moldova [2]. The war started by Russia, in particular the blockade of Ukrainian ports, caused a significant decrease in the volume of trade between Ukraine and China. According to the results of 2022, the turnover between Ukraine and the People's Republic of China amounted to 11.14 billion dollars. USA, which is 42% less than the volume of 2021 (18.9 billion USD).

Among the countries that imported the most goods to Ukraine in 2022 are: China - \$10.4 billion. USA, Poland - 6.6 billion dollars. USA and Germany – 4.9 billion dollars. USA. At the same time, the largest export flows from Ukraine were to Poland - by 4.7 billion dollars. USA, Romania - by 3.7 billion dollars. USA, China - by 2.4 billion dollars. USA.

China has a large gap with other countries and is Ukraine's largest trading partner. China's trade expansion over the past few decades is a result of China's strong economic growth and influence in the world. Chinese companies are also working hard on more active cooperation with other countries, including Ukraine [3].

However, political changes in 2014, China's unclear reaction to Russia's annexation of Crimea and its military aggression against Ukraine in the eastern part of the country led to a certain deactivation of relations between the two countries for a certain period of time. China's moderate position, firstly, can be explained by its cautious attitude towards any radical socio-political changes and certain diplomatic expectations to avoid international responsibility; secondly, it maintains good-neighborly and friendly relations with all parties. In such a situation, it is expedient to analyze the foreign economic activity of the country and determine the place of Ukraine in the economic development of China (Figure 2).

Analyzing the data presented in fig. 2, it can be concluded that the volume of exports and imports of China has positive dynamics. Thus, in 2022, compared to 1996, import volumes increased 21 times, and export volumes increased 20 times. That is,

during the analyzed period, a steady upward trend of foreign economic activity with geometric growth rates in certain periods was formed in China.

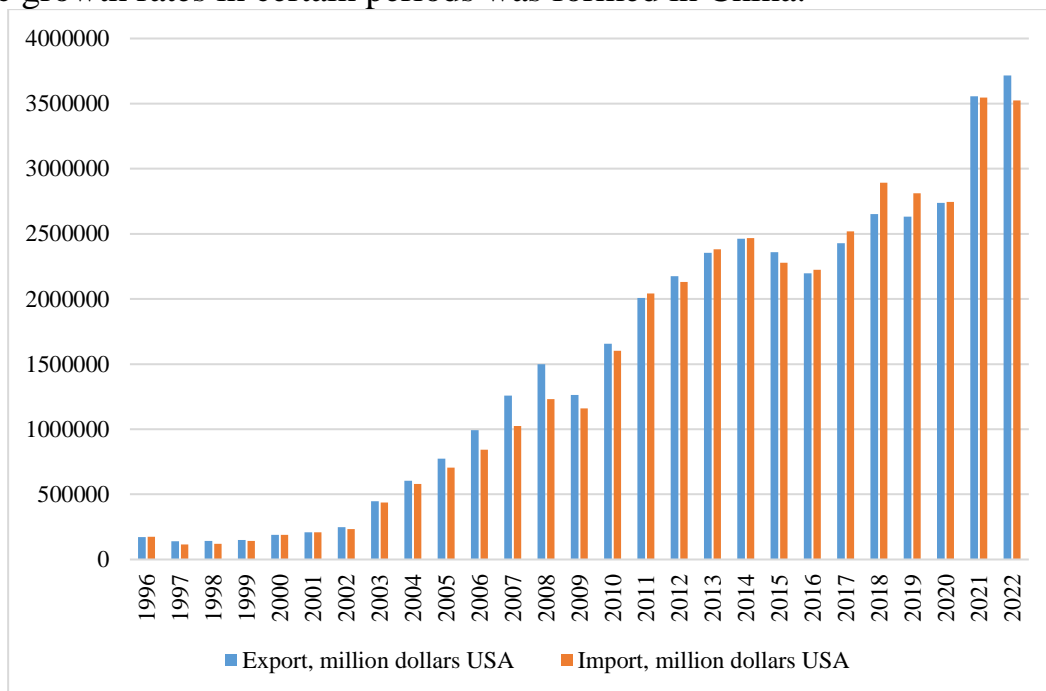


Figure 2. Dynamics of indicators of China's foreign economic activity, million dollars. USA

China is the world's largest producer and, at the same time, the world's largest importer of agricultural products, which emphasizes the priority of the country's food security issues. Instead, Ukraine is an important exporter of agricultural products to China. First of all, corn, barley, vegetable meal, sunflower oil [7] .

In 2022, after the start of functioning of the grain corridor, agricultural products became one of the main items of Ukrainian exports to China. The increase in the share of agricultural products in the structure of Ukrainian exports to China did not occur due to an increase in volumes, but due to a significant decrease in the export structure of other types of products - iron ore, products of the metallurgical industry, etc. [7]. And although the suspension of imports from Ukraine does not pose a direct threat to China's food security, such disruptions in logistics chains add tension to the global food market. Chinese importers, who used to buy large amounts of fodder grain in Ukraine, are now looking for alternative sources of supply of these products.

To determine the impact of export flows on the Chinese economy, the work used cluster analysis, namely, the k -means method. On the basis of multivariate clustering, 3 clusters were obtained, namely:

Cluster 1 - countries with a significant volume of exports exceeding USD 3,869,360 million. USA ;

Cluster 2 - countries with an average export volume. Values range from [116225-3869359] million dollars. USA;

Cluster 3 – countries with a low volume of exports, the value varies in the range of [27.64 - 116224] million dollars. USA.

The results of clustering are presented in the table. 1.

Table 1

The specific weight of the volume of exports to the Chinese economy of European countries for the period 1998-2022

European countries	Group 1 - countries with a significant volume of exports	Group 2 - countries with an average export volume	Group 3 - countries with a low export volume
	United Kingdom, Germany, Netherlands	France, Italy, Spain, Poland, Russia	Denmark, Ireland, Luxembourg, Greece, Portugal, Albania, Andorra, Austria, Bulgaria, Finland, Gibraltar, Hungary, Iceland, Liechtenstein, Malta, Monaco, Norway, Romania, San Marino, Sweden, Switzerland, Estonia, Latvia, Lithuania, Georgia, Armenia, Azerbaijan, Byelorussia, Moldavia, Ukraine , Slovenia, Croatia, Czech, Slovak, Macedonia, Bosnia and Herzegovina, Vatican City State, Serbia, Montenegro

According to the results of the grouping of European countries for the years 1998-2022, Ukraine belongs to the third group, that is, the country with the smallest amount of exports to China. This shows that Ukraine does not play a sufficiently important role in China's economy. In turn, China ranks first among Ukraine's trade partners in the Asia-Pacific region. The structure of Ukrainian exports to China is dominated by supplies of ore, slag and ash; grains; fats and oils; food industry waste. The structure of imports from China is dominated by supplies of electric machines; boilers, machines; plastics, polymeric materials; means of land transport, except for railway [7].

One of the focuses of economic development China sees at the national level is the development of infrastructure, including railway transport, and at the international level it has a powerful plan to build its railway infrastructure through the territory of Ukraine. China invests quite actively in infrastructure, because it understands that this is a direct advantage for export potential. For Ukraine, the development of logistics directions is a very important issue, not only railways, but also river and sea modes of transport, highways, and the construction of autobahns play a role here. If China implements the plan in such a way that Ukrainian companies become owners of investments, this is the best option for Ukraine.

Ukraine and China need to start work on working out medium-term and long-term cooperation plans between the countries by the method of production cooperation and by creating industrial parks and technological development zones with the participation

of Chinese capital. Thanks to the joint production of high-tech products with China, Ukraine will be able to secure a worthy place on world markets.

Despite the current difficult financial and economic situation, Ukraine still possesses a number of technological and scientific and production capabilities that are of interest to China in the context of the needs for the development of advanced sectors of its economy, as well as the implementation of important strategic projects in various fields.

Thus, it is necessary to reform the system of trade and economic cooperation, and then Ukraine will become more flexible, respond adequately to changes in the general economic situation in the country and to the development of business relations on the world market.

References:

1. Law of Ukraine "On the Ratification of the Treaty of Friendship and Cooperation between Ukraine and the People's Republic of China" dated 05.15.14 No. 1271- VII . URL: <https://ips.ligazakon.net/document/T141271?an=1>

2. Leshanych M.M., Kifor H.M. Foreign trade relations of China and Ukraine in the field of heavy and chemical industry // Scientific Bulletin of Uzhgorod National University. – Issue 39. – 2021. - P. 115-119. DOI: <https://doi.org/10.32782/2413-9971/2021-39-20>

3. Yatsenko O.M. Trade and economic cooperation between Ukraine and China: opportunities and threats. 2019. URL: <http://sinologist.com.ua/yatsenko-om-torgovelnno-ekonomichne-spivrobitnytstvo-ukrayiny-ta-kytayu-mozhlyvosti-ta-zagrozy/>

4. Vitaly Hvorostyany (2020) China - a powerful business partner or a threat to Ukraine. URL: <https://agropolit.com/spetsproekty/791-kitay--potujniy-biznes-partner-chi-zagroza-dlya-ukrayini>

5. Rayevnyeva O., Touzani T. Models of forecasting of enterprise's behavior in non-stationary external environment. Studies of Applied Economics, Vol.38, No.3(1) (2020). P.1-15 Doi: [http://dx.doi.org/10.25115/eea.v38i3%20\(1\).3998](http://dx.doi.org/10.25115/eea.v38i3%20(1).3998)

6. Rayevnyeva O., Brovko O., Su Rui. Computer-Mathematical Modeling of the Influence of the Macro-Environment on the Economic Behavior of the Enterprise. 2023 7th International Symposium on Multidisciplinary Studies and Innovative Technologies (ISMSIT) DOI: <https://doi.org/10.1109/ISMSIT58785.2023.10304994>

7. China's official statistics website. URL: <https://data.stats.gov.cn/english/easyquery.htm?cn=C01>