FORMATION OF A MECHANISM FOR REGULATING FOREIGN ECONOMIC ACTIVITY OF UKRAINE

Abstract. The theoretical foundations of the mechanisms of state regulation of foreign economic activity are considered and specified. It is proved that the State regulation of foreign economic activity should be considered in two aspects: in a broad sense - from the standpoint of the regulatory influence of the State on foreign economic activity in general, and in a narrow sense - as the development and implementation of a certain foreign economic policy. State regulation of foreign economic activity is defined as a system of measures applied within the framework of the components of the State's foreign economic policy with respect to various operations of business entities in the foreign market aimed at supporting foreign economic relations and the country's effective participation in the processes of international division of labor in accordance with national interests.

The author characterizes the main reasons that stimulate the development of foreign economic relations, which include the following: uneven economic development of different countries of the world; differences in raw materials; differences in human resources; uneven distribution of financial resources; nature of political relations; different levels of scientific and technological development; specific geographical location, natural and climatic conditions. The processes of outstripping the development of imports over exports are highlighted. The directions of development of the characteristics of the balance of foreign trade operations are determined. High levels of export and import dependence of the country are demonstrated, which leads to vulnerability to external shocks and instability in the world. The author emphasizes the prospects of relations with this group of countries in terms of adopting the experience of their preparation for EU accession. The processes of improvement or deterioration of the terms of trade in terms of changes in export and import prices and in terms of changes in the physical volume of exports and imports are studied on the example of the group of dairy products, which are widely represented among both export and import goods of Ukraine. The results of the study can be used in the implementation of foreign trade policy at the macro level.

Keywords: state regulation; mechanisms of implementation; foreign economic policy; foreign economic activity; foreign economic relations.
Марчук Наталія Анатоліївна кандидат фізико-математичних наук, доцент, Заклад вищої освіти «Подільський державний університет», вул. Шевченка, 12, м. Кам'янець-Подільський, 32316, тел.: (067) 301-26-36, https://orcid.org/0000-0003-3787-4265

ФОРМУВАННЯ МЕХАНІЗМУ РЕГУЛЮВАННЯ ЗОВНІШНЬОЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ УКРАЇНИ

Анотація. Розглянуто та конкретизовано теоретичні засади механізмів державного регулювання зовнішньоекономічної діяльності. Доведено, що державне регулювання зовнішньоекономічної діяльності слід розглядати у двох аспектах: у широкому плані — з позицій регулюючого впливу держави на зовнішньо-економічну діяльність взагалі та у вузькому значенні — як вироблення і реалізацію певної зовнішньоекономічної політики. Державне регулювання зовнішньоекономічної діяльності визначено як систему заходів, що застосовуються в межах складових зовнішньоекономічної політики держави стосовно різнохарактерних операцій суб’єктів господарювання на зовнішньому ринку, спрямованих на підтримку зовнішньоекономічних зв’язків та ефективної участі країни в процесах міжнародного поділу праці відповідно до національних інтересів.

Охарактеризовано основні причини, які стимулюють розвиток зовнішньоекономічних зв’язків, до яких віднесено такі: нерівномірність економічного розвитку різних країн світу; відмінності в сировинних ресурсах; відмінності в людських ресурсах; нерівномірність розміщення фінансових ресурсів; характер політичних відносин; різний рівень науково-технічного розвитку; специфіку географічного положення, природних і кліматичних умов. Висвітлено процеси випереджального розвитку імпорту над експортом. Визначено напрямки розвитку характеристики збалансованості зовнішньоторговельних операцій. Продемонстровано високі рівні експортної та імпортної залежності країни, що приводить до вразливості від зовнішніх шоків і нестабільності в світі. Зроблено наголош на перспективності взаємозв’язків з цією групою країн з точки зору перейняття досвіду їхньої підготовки до вступу в ЄС. Досліджено процеси покращення або погіршення умов торгівлі з точки зору зміни експортних та імпортних цін та з точки зору зміни фізичного обсягу експорту та імпорту на прикладі групи молочних товарів, які широко представлені як серед експортних, так і імпортних товарів України. Результати дослідження можуть бути використані при реалізації політики у сфері зовнішньої торгівлі на макрорівні.

Ключові слова: державне регулювання; механізми реалізації; зовнішньоекономічна політика; зовнішньоекономічна діяльність; зовнішньоекономічні зв’язки.

Problem statement. The current socio-economic situation in Ukraine is extremely difficult. This has been caused, in particular, by the following factors: political instability, the war with the Russian Federation, the occupation of the Autonomous Republic of Crimea and parts of Donetsk and Luhansk regions, high levels of corruption, delays in economic and legal reforms, etc. After gaining independence, Ukraine was unable to reach the level of sustainable development [7].

Over the past decade, Ukraine's foreign trade has been developing under fundamentally new economic conditions, characterized by liberalization of state regulation and intensification of business activity of foreign economic entities of various forms of ownership. When analyzing the consequences of the formation of the economy and integration of independent Ukraine, it should be borne in mind that these processes took place in parallel with the formation of a system of management of the foreign economic sector of the economy, including such components as organizational structure, legal and personnel support, and information base.

The studied trends in the state's economy directly affect the formation of Ukraine's interregional cooperation potential and, accordingly, are reflected in the state's foreign economic relations [6].

Attention was mainly focused on the formation of a system of foreign economic activity regulation as a set of interrelated principles, norms, rules and procedures for influencing the formation of a relevant effective field of activity through political, economic, financial, legal and administrative instruments [4].

The development of the mechanism for implementing Ukraine's foreign economic policy in the context of the growing globalization of economic processes requires further and deeper research.

The purpose of the article. The objective of this paper is to analyze the current state of Ukraine's foreign trade balance and to identify trends in the development of Ukraine's export and import operations in general.

Summary of the main research material. At the present stage of development, foreign economic activity is becoming an increasingly important factor in ensuring further socio-economic growth. Developed countries are characterized by the fact that virtually all sectors of their economies are involved in foreign economic activity in one way or another, which, in particular, should contribute to ensuring the national interests and security of the State by supporting mutually beneficial customs cooperation in accordance with the general rules. That is why the study of the role of state regulation of foreign economic activity is relevant.

Promoting Ukraine's further integration into the global community, developing equal and mutually beneficial relations with other countries, and ensuring the growth of living standards and welfare of the population are priorities of national interests in the process of state regulation of foreign economic activity in Ukraine. The task of the state authorities in this area should be to create favorable conditions for the further development of foreign economic activity and improve the mechanisms of its regulation.

Ukraine's international trade collapsed with the start of the Russian invasion, and logistics problems became a key challenge for most companies, both exporters and importers. Businesses had to quickly reorganize their processes to ensure the purchase of goods, raw materials or components or, conversely, the supply of their own products abroad.

Unfortunately, the capacity of railways, roads, and border crossings is limited, which leads to delays or even inability to deliver products on time. The international community has made extraordinary efforts to unblock our Black Sea ports, but only for agricultural exports [1].

According to the current legislation, the subjects of foreign economic activity in Ukraine are:
- natural persons - citizens of Ukraine, foreign citizens and stateless persons who have civil legal capacity and legal capacity in accordance with the laws of Ukraine and permanently reside in Ukraine;
- legal entities registered as such in Ukraine and permanently located in Ukraine (enterprises, organizations and associations of all types, including joint-stock and other types of business entities, associations, unions, concerns, consortia, trading houses, intermediary and consulting firms, cooperatives, financial institutions, international associations, organizations and others), including legal entities whose property and/or capital is wholly owned by foreign business entities;
- an association of individuals, legal entities, individuals and legal entities that are not legal entities under the laws of Ukraine, but which have a permanent location in the territory of Ukraine and are not prohibited from carrying out economic activities by the civil law laws of Ukraine;
- structural units of foreign business entities that are not legal entities under the laws of Ukraine (branches, departments, etc.) but have a permanent location in Ukraine;
- joint ventures involving Ukrainian business entities and foreign business entities registered as such in Ukraine and having a permanent location in Ukraine;
- government customers in the defense sector;
- other business entities provided for by the laws of Ukraine [10].

The state regulation of foreign economic activity can be defined as a system of legislative, executive and controlling measures designed to improve foreign economic activity in the interests of the national economy. State regulation of foreign economic activity involves the creation of certain conditions and mechanisms for the effective development of relations between business entities [6], which requires a combination of direct legislative influence on the export-import activities of enterprises and economic levers, such as taxes, duties, etc.

The mechanism of state regulation of foreign economic activity is a set of economic forms, methods and tools that stimulate, coordinate and regulate the activities of entities in the field of foreign economic relations. The basis of regulation of foreign economic activity is a set of economic and non-economic methods of influence on the system of foreign economic relations [15].

According to the Ministry of Economy data for January-August 2022, the volume of international trade in goods fell significantly with the outbreak of a full-scale war. And later, imports began to recover much faster than exports (by the way, this is one of the reasons for the hryvnia's collapse). The situation began to change only in July, when supplies from abroad declined slightly. And operational data for August showed a significant increase in exports to $3.36 billion against a decline in imports to $4.4 billion (for comparison, in July 2021, exports were estimated at $5.6 billion, imports at $6.12 billion). It is clear that this is primarily due to the partial unblocking of Ukrainian seaports and the return of import taxes, which were canceled in March (to stimulate the import of critical products to Ukraine). As a result, in August, the negative balance of foreign trade in goods decreased to UAH 1.05 billion from UAH 1.57 billion in July. Table 1 shows the main indicators of the commodity structure of foreign trade in January 2023.

Ukraine's exports have almost reached 100 million tons, according to the State Statistics Service of Ukraine.

According to the Ministry of Economy of Ukraine, the war and the blockade of ports have created significant distortions in the logistics chains of domestic exports.

This is the first year when the physical volume of exports is so important - due to the war and the blockade of ports, logistics has come to the fore in trade. Thus, the value of exports in 2022 is 35% lower than in 2021. And physical volumes decreased by 38.4%. But the results are positive for wartime conditions. In July 2022, compared to June 2022, seasonally adjusted exports decreased by 5.2% and imports by 7.6%. The seasonally adjusted foreign trade balance in July 2022 was negative and amounted to USD 1453.3 million. THIS IS A SEASONALLY ADJUSTED BALANCE OF TRADE. In June 2022, it was also negative - 1658.0 million USD. USD [2].

For example, last September, corn exports totaled only 157 thousand tons, which is 13 times less than in September of this year. This was due to the fact that corn harvested last year was not exported on time due to the blockade of ports, and now its exports are delayed. This puts additional pressure on logistics and prices.

According to preliminary data, corn is the leader in monetary terms (and in volume). Exports of this commodity group totaled 24.99 million tons, worth $5.94 billion. Although down 1%, this is more than in 2021. This is a sensation against the background of all the indicators.
Table 1.

<table>
<thead>
<tr>
<th>Code and name of goods according to UKTZED</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>thsd.USD</td>
<td>in % to January 2022</td>
</tr>
<tr>
<td>Total</td>
<td>3131545.9</td>
<td>52.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of which</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Live animals and livestock products</td>
<td>103630.3</td>
<td>79.3</td>
</tr>
<tr>
<td>live animals</td>
<td>3273.2</td>
<td>237.1</td>
</tr>
<tr>
<td>meat and meat preparations</td>
<td>64153.8</td>
<td>73.5</td>
</tr>
<tr>
<td>fish and crustacea</td>
<td>2239.6</td>
<td>34.9</td>
</tr>
<tr>
<td>milk and milk products; eggs; honey</td>
<td>32847.9</td>
<td>96.1</td>
</tr>
<tr>
<td>other animal products</td>
<td>1115.8</td>
<td>77.3</td>
</tr>
<tr>
<td>vegetables</td>
<td>10406.6</td>
<td>57.8</td>
</tr>
<tr>
<td>edible fruits and nuts</td>
<td>19919.0</td>
<td>65.5</td>
</tr>
<tr>
<td>coffee, tea</td>
<td>673.1</td>
<td>55.9</td>
</tr>
<tr>
<td>cereals</td>
<td>920700.5</td>
<td>59.0</td>
</tr>
<tr>
<td>flour-grinding products</td>
<td>17073.5</td>
<td>108.8</td>
</tr>
<tr>
<td>oil seeds and fruits</td>
<td>334863.5</td>
<td>309.8</td>
</tr>
<tr>
<td>Animal or plant fats and oils</td>
<td>459608.5</td>
<td>52.8</td>
</tr>
<tr>
<td>sugar and sugar confectionery</td>
<td>43715.4</td>
<td>230.6</td>
</tr>
<tr>
<td>cocoa and cocoa preparations</td>
<td>12934.3</td>
<td>74.4</td>
</tr>
<tr>
<td>preparations of grains</td>
<td>21093.2</td>
<td>61.8</td>
</tr>
<tr>
<td>products of vegetables processing</td>
<td>23321.8</td>
<td>103.6</td>
</tr>
<tr>
<td>salt, sulphur, soil and stones</td>
<td>6932.9</td>
<td>17.9</td>
</tr>
</tbody>
</table>

Source: *State Statistics Service of Ukraine [2]*.

Sunflower oil ranks second in terms of export value: 5.46 billion dollars. The decrease compared to 2021 is 14.4% in terms of money and 16.3% in terms of volume (4.29 million tons). At the same time, it should be taken into account that sunflower seeds made their way into the top 10. Ukraine exported 2.7 million tons of this product worth $1.255 billion. This is 33 (thirty-three) times more than last year.

Although iron ore remained in the top with exports of 23.9 million tons worth $2.9 billion, it dropped -45.9% in volume and -57.8% in value. The reason for this is that seaports for ore and other industrial goods are still closed, and prices and demand are declining due to fears of a recession.

Ukraine exported 11.2 million tons of wheat last calendar year. The value of the exports was $2.6 billion. Only in September we reached the export volume of more than 1 million tons. That's why we have a 44.1% decrease in volume and 44.7% decrease in value compared to last year. 3.12 mln tons of rapeseed brought Ukraine USD 1.54 bln in revenues. This is up 17% in volume, but down 8.6% in monetary terms.

Soybeans were a rare case of significant growth despite the war. The physical volume of its exports increased by 81.6% to 1.99 million tons. Value: $862 million, which is 42% more than last year.

Ukraine exported 10% less poultry meat, 413 thousand tons, but it brought in 19% more revenue, $852 million.

Geographically, 63% of Ukraine's exports were to the EU ($27.9 billion). Among the EU member states, the largest exports were to Poland ($6.6 billion), Romania ($3.8 billion), Hungary ($2.27 billion), Germany ($2.23 billion), Italy ($1.5 billion), and Spain ($1.5 billion).
Outside of the EU, Turkey became the largest export market ($2.9 billion), ahead of China ($2.46 billion). At the same time, exports to Turkey decreased by 29% during the year, and to China by a whopping 69%.

Asian countries occupy the largest niche in the export of Ukrainian agricultural products, accounting for more than 50%.

In January-August 2021, Ukraine exported the most to Asia - by $7.57 billion. USD, the EU - by 4.09 billion USD. USD, Africa - by 1.91 billion USD. The US, CIS countries - by USD 0.84 billion. USA, North and South America - by 0.16 billion dollars. THE UNITED STATES.

The top 5 countries in terms of exports of Ukrainian agricultural products are China (USD 2.7 billion), India (USD 1.06 billion), the Netherlands (USD 1.02 billion), Egypt (USD 0.8 billion), and North and South America (USD 0.16 billion).), Egypt (0.8 billion USD) and Turkey (0.6 billion USD).

The largest share of imports to Ukraine from the EU is 48.8% (USD 2.34 billion), from Asia -20% (USD 0.96 billion) and from the Americas -13.3% (USD 0.64 billion).

The most imported products in Ukraine are frozen fish - 4.9%, soybean seeds - 4.2 and other food products - 4.4% [1].

Imports in volume decreased by almost half (-48.1%), but in value by only 19.6%. In 2021, 35 million tons of products worth $58 billion were imported (this figure may still be significantly adjusted) [4].

In September 2022, the main items of Ukrainian exports were grain, electricity, and mining and metals products. This was reported by the Ministry of Economy of Ukraine.

Last month, the following commodity groups became the leaders in terms of revenue in monetary terms:

- sunflower oil ($590 million, +33% compared to August)
- corn (474 mln USD, +36.6% compared to August)
- rapeseed (423 mln USD, +38% compared to August);
- wheat (379 mln USD, +77% compared to August);
- electricity ($150 million, +105% compared to August);
- Ore ($136 million, -20% compared to August);
- wires ($115 million, +29% compared to August);
- barley ($94 million, +201% compared to August);
- soybeans ($87 million, +39.9% compared to August);
- pig iron ($74 million, +44% compared to August).

Among the positive trends is the growth in exports of Ukrainian-made goods with significant added value. For the first time this year, Ukraine exported more than 10 thousand tons of flour in a month. In September, manufacturers exported $15.1 million worth of chocolate confectionery (+34.2% compared to August), $14.3 million worth of flour (+4.7%), and $13.1 million worth of sugar (+7.8%) [3].

Dairy products also demonstrate an increase in processing volumes in the export structure. In August and September of this year, more than 1 thousand tons of cheese were exported, although in September 2021, exports amounted to only 637 tons. The volume of butter exports has also almost tripled - while in September 2021, 710 tons of butter were exported, in September 2022, 1,960 tons were exported (in August 2022, 2,136 tons).

If we look at the overall figures for Ukrainian exports, they are still far from pre-war levels. Compared to September last year, exports are 35% lower in both value and volume.

By mode of transport, there was a 1.88-fold increase in sea freight compared to August. 5.4 million tons worth $1.76 billion were shipped from all operating ports on the Danube and Greater Odesa.

Exports by rail and road remained relatively stable. 2.84 million tons worth USD 709 million were shipped by rail and 1.35 million tons worth USD 1.51 billion by road.
The State Statistics Service clarified that over the past 7 months, exports of mineral products and metals fell the most - by 49%, to $2.59 billion and $4.39 billion, respectively. Exports of food and agricultural products decreased the least, by 8% to $11.53 billion.

As for imports, there was a 25% increase in supplies of fuel and energy products to $7.64 billion, and a 66% increase in supplies of other goods to $1.47 billion.

As GMK Center reported earlier, the deficit of Ukraine's foreign trade in goods in the first half of 2022 increased by 2 times compared to the same period in 2021, from $1.13 billion to $2.5 billion. Exports of goods from Ukraine decreased by 24% to $22.7 billion over 6 months, while imports decreased by 19.1% to $25.2 billion.

As a reminder, the negative balance of Ukraine's foreign trade in goods in 2021 decreased by 8.1% compared to 2020, to $4.7 billion. Exports of goods from Ukraine last year increased by 38.4% to $68.1 billion, while imports increased by 34% to $72.8 billion[2].

Imports of dairy products decreased by almost 30% to $133.5 million in 2022 due to the depreciation of the hryvnia and hostilities. Many supplier companies are afraid to work in a country at war. The main share in the import structure - about 80% - is accounted for by cheeses, which remained on the list of critical imports. However, despite this, the expensive dollar did its job and total cheese imports decreased by 20% to USD 106.6 million in the first seven months of this year, which amounted to 20.3 thousand tons in physical terms.

In July 2022, dairy products totaling USD 26.7 million were exported, which is 11.7% higher than in June this year and in line with the previous year.

At the same time, sales of fermented milk products dropped significantly - minus 50.2% to USD 2.86 million and whey - minus 55% to USD 7.2 million. The latter had been sold mainly to China in the prewar years, and now, due to long and expensive logistics, trade has become unprofitable.

Thus, among the methods of state regulation of foreign economic activity, financial regulation occupies a significant place, which necessitates a study of foreign economic activity as an object of financial regulation. The foreign economic activity of business entities is the main object of financial regulation by public authorities, which is aimed at the functioning of enterprises operating in the foreign economic sphere, as well as at promoting the development of regional foreign economic relations and certain sectors of the domestic economy.

Ukraine's further integration into the global economic system is achieved through the financial mechanism, which was formed in the field of international economic relations and acts as a means of implementing the state's financial policy in the field of foreign economic activity, which influences the economic interests of foreign economic entities and contributes to the deepening of international economic integration. The use of a system of financial methods, instruments, means and levers of influence is the essence of financial regulation of foreign economic activity and is manifested in the concentration of finance in this area [12].

Administrative methods of regulating foreign economic activity include quotas and export and import licensing. Quotas provide for authorization to import goods only in limited quantities and for a certain period of time. In the case of licensing, an importer or exporter must obtain a permit from a government agency, i.e. an import or export license.

The legal methods of regulating foreign economic activity in Ukraine are based on the use of provisions of legislative acts and decrees of the Cabinet of Ministers of Ukraine regulating foreign economic activity.

Global integration trends are becoming more and more noticeable, and there is a growing need to deepen Ukraine's participation in international relations. The policy of state regulation of foreign economic activity of Ukraine should be aimed at further improving the system of methods of its implementation, including by improving the legislative framework, since it is the improvement of the regulatory framework for foreign economic activity that is becoming increasingly important, since comprehensive state regulation of foreign economic activity is necessary in modern conditions [13; 14].

It should be noted that an important task of state regulation of foreign economic activity is to support and promote the development of innovative export-oriented industries. To this end, it is
necessary to identify strategic directions of foreign economic activity and innovative industries that, under favorable conditions, can contribute to solving the problem of innovative economic development, implementation of major strategic initiatives and projects outside the state [11].

The accession of Ukrainian enterprises to global value chains opens up opportunities for increasing the technological level of the domestic economy, accelerating economic growth, including through the growth of the competitiveness of enterprises at the international level.

**Conclusions.** An effective system of state regulation of foreign economic activity is one of the important factors ensuring further socio-economic development of our country. Today, the key opportunities for solving the problem of economic growth, modernization of the national economy and its transition to an innovative path of development are concentrated in the field of international economic cooperation. Successful implementation of this area requires maximum use of the potential of international economic cooperation, including through the system of state regulation of foreign economic activity. The further development of this system should be based on the implementation of a whole range of organizational, legal and technical measures aimed at improving the efficiency of state regulation of foreign economic activity in the context of Ukraine's further integration into the world economic system.

It should be emphasized that in the process of foreign economic activity, the interests of its subjects are coordinated at all levels. The system of state regulation of foreign economic activity is characterized by dependence on external factors, is subject to economic, geopolitical, and social changes, and the implementation of regulatory policy takes place at both the national and local levels.

The effectiveness of interregional foreign trade relations is largely determined by the structure of export and import supplies, which indirectly indicates the efficiency of the entire economy, its specialization, the degree of technical development of production, and export opportunities. Ukraine's foreign trade relations have a significant impact on the formation of territorial proportions and internal balance of the country's economy as a whole.

Today, exports play a very significant role in supporting the country's foreign economic activity, as sales in the domestic market are declining every month due to a decline in the purchasing power of citizens and the redistribution of consumers within the country.

Reorientation to new markets, in particular the European Union, requires time and the search for new buyers, as the old markets have been virtually lost due to the blockade of sea export routes.

The following priorities of the state policy in the sphere of foreign economic activity regulation can be identified: ensuring the necessary conditions for achieving Ukraine's strategic goals in the international economy and increasing the role of the foreign economic sphere in solving the problems of innovation-oriented modernization of the national economy; formation of a national system of institutions and instruments for regulating foreign economic activity that is competitive on the world stage and accessible to all business entities; further development of the system of state regulation of foreign economic activity on the basis of constant defense of national interests and interests of domestic business in the process of international economic cooperation, taking into account changing environmental conditions.

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