

“Promotion of Ukraine’s export to China: priorities and institutional framework”

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PROMOTION OF UKRAINE'S EXPORT TO CHINA: PRIORITIES AND INSTITUTIONAL FRAMEWORK

Abstract

In the context of neo-protectionism and in terms of WTO membership, regulatory mechanisms for promoting the national producer and country's external expansion require an institutional basis. This paper primarily aims to explore the resource and institutional component in promoting Ukraine's exports to Chinese market and to identify the level of Ukraine's export promotion system effectiveness based on combinatorial approach, which includes the calculation of quantitative indicators of foreign trade in the form of international production and marketing cooperation and estimation of qualitative parameters of export promotion effectiveness. The empirical findings indicate following: high dynamism of increasing mutual trade volume; enlargement of trade flows asymmetry caused by the negative trade balance of Ukrainian economy; limited list of commodity groups of Ukrainian exports in mutual trade with China with stable relative advantages; dominance of low-value-added commodities among export priority groups; absence of beneficial effect of such a factor as "long-term partnerships" in the mutual trade flow. The paper reveals that national export promotion system in Ukraine can be characterized by low efficiency and strong potential for growth. The authors emphasize the importance of intensifying the projects and mechanisms of financial and investment support for exporters with increasing the level of their innovative orientation. Prospects for further research in this area are as follows: the assessment of macroeconomic effects from the introduction of export promotion tools for the national economy of countries of origin of goods and importing countries; detection of anticompetitive risks in the implementation of selective support programs for exporters.

Keywords

foreign trade, export promotion, international
competitiveness, international cooperation, trade policy

JEL Classification

F13, F14, F55

INTRODUCTION

In the context of sluggish global GDP dynamics (3.0% in 2018 and a decline to 2.6% in 2021 according to estimates by World Bank experts (World Bank, 2019)) and disappointing forecasts for high risks of new recessions, economic competition among countries for the possibility to promote their own national product both to traditional and new markets is aggravated. The importance of this issue is constantly growing due to the fact that for a large number of countries of the world community, export is considered as one of the most important drivers of national economic development. The traditional neoliberal approach in justifying export priorities and ensuring its competitiveness is based on achieving price advantages, improving the quality and innovation of the exporting products. According to authors' view, in the context of the XXI century, such an interpretation of the content of national export strategies priorities is not enough, because now intangible, i.e. institutional factors of economic growth should play a decisive role. Therefore it is cru-

cial to justify these new mechanisms for developing the export potential through creating of the effective institutional support systems for exports.

The novelty of the research focus reflects the authors' view on the processes of modernization of the institutional matrix of export promotion in the existing conditions of international competition and the strengthening of non-protectionist approaches in the protection of national markets adaptively to the conditions of a particular country and in the context of its priority trade partnership. These research objectives have not only theoretical, but also practical content.

Ukraine is currently in active processes of geospatial reorientation of its foreign trade flows caused by a sharp collapse of mutual trade with Russian Federation and strengthening of the European vector of cooperation. The weight of the export component in the economic growth of the country is confirmed by the following statistics: the level of external openness in terms of exports share in country's GDP in 2018 reached 45.2%, thus, the task of increasing the presence of domestic exporters in foreign markets is being updated for the Ukrainian economy. Despite the intensification of strategic partnership with European countries, one of the priority directions in Ukraine's foreign economic policy is the development of strong ties with the countries of the Asian region, which according to UNCTAD statistics in 2018 accounted for 36.60% of world GDP (of which 15.20% is for China), 41.16% and 38.01% of world exports and imports.

The recommended shift in the focus of institutional support for Ukrainian exports towards Asian markets is important due to:

- existing non-tariff restrictions on export supplies from Ukraine to the EU, regulated by the DCFTA, which are not in line with the export potential of the Ukraine and are hampered by the possibilities for its intensive use;
- the need for diversification of export supplies in order to safeguard against the risks of falling foreign exchange earnings in case of deterioration of economic, political or diplomatic conditions of cooperation with a trading partner;
- more stable and high level of economic dynamics at the level of GDP, domestic consumption and therefore demand in Asian countries, first of all, the People's Republic of China (PRC), the Republic of Korea, Singapore, Thailand, as well as a number of other countries, which allows them to demonstrate increased capacity for import purchases.

The importance of issues raised in the article is not limited only by Ukrainian business and government regulation. Asian market entry is extremely difficult for many exporters because of striking socio-cultural, political, legal and economic characteristics of their environment. In many segments of the world markets of goods and services, foreign companies are facing a strong presence of Chinese enterprises. In many ways, this power is caused by an effective system of state support for their exports. Thus, increasing product expansion into the PRC market is now a challenge not only for business, but also for the institutional capacity of many countries in the world. Empirical intelligence on the example of Ukrainian-Chinese trade may be useful in national export development programs improvement.

In 2018, the share of Ukrainian exports to Asian countries amounted to 29.06%, of which China accounted for 4.65%. Despite the relatively low figures for China, the prospects of trade and economic partnership between Ukraine and China seem to be unprecedented, and, therefore, an important research objective for the authors was to evaluate the resource and institutional component in promoting Ukraine's exports to the PRC market; to identify the level of Ukraine's export promotion system effectiveness; to disclose the current state of export support tools implementation in Ukraine and to determine ways to strengthen it.

1. LITERATURE REVIEW

The authors of the paper share the widespread but not dominant expert approach about the paradoxical impact of globalization on national economic development. It is a complex interaction of multi-directional processes: on the one hand, internationalization, integration (Cruz, 2014), and on the other hand, regionalization, localization and fragmentation of the world space (Naisbitt, 1994; Broocks & Biesebroeck, 2017; Wei & Bu, 2019). At the same time, it necessary to emphasize that the perception of real globalization processes exclusively one-sided as consolidation and liberalization, while neglecting the existing processes of fragmentation, disintegration (Schminke & Biesebroeck, 2012; Mazaraki & Dubovyk, 2015) and intensified economic competition (Kobuta et al., 2018; Sidenko, 2011) would significantly distort the reality and misunderstand the conflicting trends of countries interaction.

Considering the problems of institutional support for export promotion in Ukraine, which is, unfortunately, an outsider to globalization processes, it is quite logical to raise the issue of the expediency, scale and consequences of increasing export orientation of the national economy. The analysis of the recent empirical studies indicates the inconsistency of the results obtained. Thus, despite the positive impact of export expansion on the economies through the mechanism of comparative advantage (Leonidou et al., 2011; Dekhtyar et al., 2018; Prud'homme & Zedtwitz, 2019), active participation in international trade does not mean that unlimited export expansion is effective (Bhagwati, 1958; Francis & Collins-Dodd, 2004; Boso et al., 2019). In this context, attracting attention to targeted institutional adjustment of export expansion is imperative, as its absence leads to threats to the strategic national interests of foreign economic and geopolitical cooperation participants.

Currently largely thought-provoking issues are how in terms of neo-protectionism of the 21st century will countries keep their commitments on mutual market access as WTO members and are the regulatory mechanisms for protecting the national producer and its external expansion more sophisticated and latent. In this context, scientific exploration is interesting, in which the policy of

modern competition is revealed through particularities in different groups of countries (Lederman et al., 2010; Bernini et al., 2016; Shapenkova, 2014; Haiduk, 2017). However, their findings that regulatory support is most likely to be subject to determinants based on the specificity of national and regional models of economic development that rely on cultural foundations are, in the authors' view, important but insufficient as they lack the economic framework to formulate such generalizations.

Although there is already enough research in the literature on the specific aspects of using export promotion tools: through a financial and information support mechanism (Wilkinson & Brouthers, 2006; Leonidou et al., 2011; Richter, 2015; Chen et al., 2019), the activities of export credit agencies (ECA) (Gil-Pareja et al., 2008; Biesebroeck & Martincus, 2016). From the authors' standpoint, their analysis has a largely selective process approach, focusing on universal functions, procedures for assisting exporters, hierarchical and network interaction between state institutions and NGOs. According to the authors' outlook, when justifying the choice of export promotion instruments, this approach should be supplemented by sectorial features of their implementation, and by medium- and long-term monitoring of the results of their realization through indicators of the volume, consequences and efficiency of foreign trade of the country that implements it.

The attention of the article presented to the problems of mechanisms of export promotion to the PRC markets is beyond the scope of local actualization. Strengthening the trade with a country that is demonstrating unprecedented successes in trade expansion around the world is a challenge not only for Ukraine, but also for other countries, which are entering the Chinese market (Bernini et al., 2016; Ostashko & Olefir, 2019). How can products and services be adapted to the needs of the importing country, including China, what are the effective mechanisms of government support that can be used to assess that trade is truly profitable by benchmarking? What export commodities should be supported: the largest in terms of foreign exchange earnings or the most profitable? These questions are currently at the epicenter of the search for both expert theorists and practitioners. In this context, the authors hope that the

approach, which combines institutional and neo-liberal views on the problem of selecting and evaluating regulatory instruments in foreign trade, will find interest among professionals.

2. METHOD

In order to evaluate the effectiveness of the use of institutional mechanisms for promoting exports to the PRC market, it was proposed to use an integrated approach that covers:

- methods and their quantitative indicators, which allow to assess the success of the results of regulation of foreign trade activity of the country, in particular the relative trade preference index, export efficiency coefficient, export/import structure by ABC- and XYZ-analysis, calculated on the basis of official public data of national statistical services of Ukraine;
- Integrated Export Promotion Regulatory Efficiency Index, calculated on the basis of expert assessments provided to the whole export support system or its separate components from exporting companies and experts, as well as data from national statistical services of Ukraine.

The argumentation in favor of the combinatorial approach proposed by the authors is as follows: first, the involvement of quantitative indicators of the evaluation of bilateral trade performance allows to identify the resource and technological efficiency of a country's export potential and relations of its trade partnership, paying tribute to the neoliberal understanding of international trade; second, the appeal to qualitative assessments of the export support system performance reflects the author's desire to propose a more comprehensive approach in identifying the newest factors for ensuring the competitive status of countries in the world markets for goods and services, taking into account the strengthening of the role of institutions, including state and non-state origin.

3. RESULTS

The logic of the disclosure of the scientific problem raised in the present study leads to the revealing

the main components of export promotion that has now been developed in Ukraine, the discovery of the results of calculations according to the methods and indicators proposed by the authors that directly or indirectly certify the effectiveness of the national export promotion system, and definition of sectoral priorities for deepening the trade and economic relations between Ukraine and the People's Republic of China.

Consequently, the system of promotion of exports is a complex of measures by the state represented by its regulatory bodies or organizations, as well as non-state institutions, in order to simplify the process of selling national products by stimulating exporting companies within the country and providing them with practical assistance outside the country of origin. Such measures often include consultations on local legislation and practice of conducting the business in the country of a potential foreign business partner, providing export credits and guarantees on favorable terms, information support, etc. As a result, such state and non-state support of exports is aimed primarily at strengthening the competitiveness of national enterprises in international markets, creating favorable conditions for the promotion of national business interests in foreign markets.

To address these challenges, priority sectors in Ukraine have been identified, including: food industry, in particular, the production of food ingredients, ready-made food and organic products. The food ingredients in the document include canned food, fresh slicing, frozen and cooked vegetables, juice concentrates, pastes and any ready-to-eat or for further processing products. Ready-made food products, recognized as a priority for export, include confectionery, poultry, beverages, sunflower oil, honey, juices, tomato paste, canned vegetables, dairy products.

The export strategy of Ukraine also included the creation of Export Credit Agency in 2018, the implementation of a "one-stop shop" project for border crossing of goods (works, services) by 2020. Within the framework of the export strategy, the top 20 markets were identified for Ukrainian exporters, which, if they choose the right forms and tools for working with them, are able to show fairly fast results, among which, besides EU coun-

Table 1. Output aggregate data of Ukraine's foreign trade with China in 2007–2017

Source: Calculated by the authors.

Year	Export, ths US dollars	Import, ths US dollars	Balance of foreign trade, ths US dollars	Foreign trade turnover, ths US dollars	Growth rate, %
2007	501,876.3	3,328,197.7	-2,826,321.4	3,830,074.0	–
2008	622,161.8	5,616,992	-4,994,830.2	6,239,153.8	62.90
2009	1,508,274.2	2,751,804.4	-1,243,530.2	4,260,078.6	-31.72
2010	1,389,844.5	4,717,939.1	-3,328,094.6	6,107,783.6	43.37
2011	225,2013	6,283,044.2	-4,031,031.2	8,535,057.2	39.74
2012	1,856,420.6	7,926,576.8	-6,070,156.2	9,782,997.4	14.62
2013	2,796,994.3	7,983,908.9	-5,186,914.6	10,780,903.2	10.20
2014	2,719,488.6	5,456,682.2	-2,737,193.6	8,176,170.8	-24.16
2015	2,439,686.8	3,899,419.9	-1,459,733.1	6,339,106.7	-22.47
2016	1,892,666.7	4,783,828.4	-2,891,161.7	6,676,495.1	5.32
2017	2,114,747.3	5,812,145.2	-3,697,397.9	7,926,892.5	18.73

tries, Egypt, India, Belarus, Georgia, Moldova, Iran, Saudi Arabia, China, Japan, USA, Canada, Switzerland and Bangladesh.

Another document outlined by us “Unified Integrated Strategy for Agriculture and Rural Development for 2015–2020” identifies 10 key priorities, including access to international markets, trade policy and export promotion. The task of shifting focus from the raw materials markets to the export of processing products is set. Indicators of the implementation of the Strategy in the field of trade policy are: increasing the volume of Ukrainian agricultural products for export by 20% until 2020; the final stage of talks on five free trade areas with the new countries by 2020; creation of a system of export financing and lending until 2020.

The Strategy proposes a number of other export support instruments: providing export markets access channels for small and medium-sized producers under a simplified procedure; creation of the brand “Product of Ukraine”; work on the recognition of the equivalence of control systems and compliance; the strengthening of the role of economic departments of embassies and the introduction of the institute of sales representatives (on the basis of joint public and private funding) in the most promising for trade countries; initiatives to prepare manufacturers for participation in international exhibitions and to determine the list of recommended exhibitions.

As already mentioned, the Export Strategy of Ukraine defined the Chinese market as a priority in

terms of the national economic interests of Ukraine. At the same time, it should not be assumed that it is only from the period of the Strategy's adoption that the Ukrainian-Chinese trade and economic partnership can be considered. Of course, both the initial conditions and the scale of the state export support policy in these countries are different. But there is every reason to rely on the existing advantages of Ukraine in trade with the PRC even amid almost total absence of export promotion in previous years to their substantial strengthening already in the medium term.

The assessment of the level of relative advantages of Ukraine and the People's Republic of China in mutual trade, which is related to indirect resultant export support efficiency results, was carried out by the formula (1).

$$RA_{ij} = \ln \left[\frac{EX_{ij} / IM_{ij}}{EX_i / IM_i} \right], \quad (1)$$

where RA_{ij} – demonstrative relative advantage of i -country by j -commodity; EX_i , IM_i – export and import of i -country; EX_{ij} , IM_{ij} – export and import of j -commodity of i -country.

The indices of relative advantages in trade between Ukraine and the PRC in 2011–2017 are calculated on the basis of the Table 1 data and indicators of the sectoral structure of Ukraine's foreign trade are presented in Table 2.

From Table 2 it can be concluded that in recent years the list of export commodity groups of

Table 2. Indices of relative advantages in the mutual trade between Ukraine and China by product groups in 2011–2017

Source: Calculated by the authors.

No.	Commodity group	Indices of relative advantages						
		2011	2012	2013	2014	2015	2016	2017
I	Live animals and livestock products	-0.23	-0.17	-0.63	-1.58	-1.28	-0.94	0.55
II	Plant products	-3.20	-1.11	0.55	2.86	3.50	3.57	3.57
III	Animal or plant fats and oils	7.91	8.06	8.03	7.64	8.07	7.78	7.57
IV	Finished food industry products	-2.74	-1.63	-1.69	-1.49	-1.07	-0.72	-0.45
V	Mineral products	5.55	5.87	5.25	4.49	2.83	4.14	4.37
VI	Products of chemical and allied industries	0.52	-0.41	-1.25	-3.36	-5.21	-4.76	-4.52
VII	Polymeric materials, plastics and articles of them	-3.89	-3.70	-2.89	-4.05	-4.41	-4.50	-4.23
VIII	Raw leather and curry leather	-2.50	-3.24	-3.57	-5.14	-4.47	-3.64	-3.82
IX	Wood and articles of wood	0.87	1.28	1.70	1.84	2.04	2.25	1.84
X	Paper bulk from wood or other vegetable fibers	-0.62	-0.65	-1.76	-3.08	-2.46	-2.07	-1.35
XI	Textile materials and articles of textiles	-5.83	-6.42	-5.74	-5.65	-5.18	-5.25	-4.92
XII	Footwear, hats, umbrellas	-13.65	0.00	-9.30	-	-13.77	-9.98	-8.87
XIII	Products from stone, gyms, cement	-4.66	-4.70	-5.21	-5.33	-4.71	-4.77	-3.28
XIV	Natural or cultured pearls, precious stones	0.00	-6.90	-4.79	-7.17	-	-2.97	-
XV	Base metals and preparations thereof	-1.54	-1.93	-3.68	-4.43	-2.12	-1.82	-2.39
XVI	Machines, equipment and mechanisms, electric and technical equipment	-2.63	-2.13	-1.50	-2.17	-2.33	-2.49	-1.54
XVII	Ground air and water transport facilities	-4.61	-4.64	-0.74	-0.49	-1.74	-1.41	-4.58
XVIII	Optical cinematographic apparatus	-1.85	-1.64	-1.45	-2.14	-2.23	-1.89	-1.29
XX	Different industrial products	-8.47	-9.50	-6.02	-9.17	-6.87	-5.39	-4.83
XXI	Works of art	-3.25	-0.36	-0.47	-	-	-3.37	1.39

Ukraine, which had stable relative advantages in the mutual trade with China (indices of relative advantages are positive and more than 1) is extremely small. These commodity groups include: fats and oils of animal or vegetable origin; mineral products; products of plant origin. The obvious problem is that all these groups refer to so-called low-tech exports, which are characterized by a low level of added value when implementing the relevant foreign trade agreements. At the same time, according to calculations for the PRC, the highest level of relative advantages in exporting the products to Ukraine is shown by the following commodity groups: shoes, hats, umbrellas; various industrial goods; textile materials and textiles; chemical products and related industries.

Analyzing more significant range of external expansion of Ukrainian exporters, extending it not only to the Chinese market, but also to the entire Asian continent the most priority commodity groups of Ukrainian exports for the Asian market are: fats and oils of animal or vegetable origin,

grain crops, ferrous metals, remains and wastes of food industry, products of the flour-grinding industry, tobacco and industrial tobacco substitutes, seeds and fruits of oilseeds, sugar and sugar confectionery, milk and dairy products, eggs; honey, cocoa and products from it (Table 3).

Appealing to the analysis of the dynamics of relative advantages in trade between Ukrainian enterprises and counterparties from the People's Republic of China, it is usually quite complicated to distinguish the role of institutional efficiency of export promotion through direct quantitative indicators. In view of this, an assessment of the regulatory effectiveness of Ukraine's exports promotion to the People's Republic of China is proposed to be carried out using the scoring method on the basis of statistical data of the statistics services of Ukraine, authors' calculations, assessments of the experts' representatives and analysis of the regulatory framework, that regulates the international trade and economic cooperation (Table 4).

Table 3. Priority commodity groups of Ukraine's exports for sale in the Asian market by the criterion of relative advantages

Source: Calculated by the authors.

Currently sold in the Asian market and have high advantages			
15 animal or plant fats and oils	2.78	10 cereals	4.7
72 ferrous metals	2	23 remains and wastes of food industry	3.07
11 flour-grinding products	2.04	24 tobacco and industrial substitutes of tobacco	1.39
12 oil seeds and fruits	1.97	17 sugar and sugar confectionery	2.87
04 milk and milk products; eggs; honey	6.29	18 cocoa and cocoa preparations	1.8
Currently slightly represented in the Asian market, but have advantages and prospects for development			
07 vegetables	1.35	19 preparations of grains	2.79
01 live animals	5.35	26 ores, slag and ashes	4.62
02 meat and meat preparations	6.94	44 wood and articles of wood	2.69
81 other base metals	1.37	81 other base metals	1.96
49 printed products	0.94	74 copper and preparations thereof	1.15
78 lead and preparations thereof	1.03	88 aircrafts	1.51
Currently sold in the Asian market, but have no advantages			
25 salt, sulphur, soil and stones	-0	73 preparations from ferrous metals	-0.3
20 products of vegetables processing	-0.5	21 other mixed foodstuffs	-0.21

Table 4. Integral index of regulatory effectiveness of promoting Ukraine's export to the PRC in 2008 and 2017

Source: Calculated by the authors.

Criteria	Weight factor	Range of grades (from 0-worst result, 10-the best result)			Current estimates 2008		Current estimates 2017	
		low 0-3.3	average 3.3-6.7	high 6.7-10	Score 1 to 10	Weighted score	Score 1 to 10	Weighted score
The growth rate of foreign trade between Ukraine and the PRC	0.3	low < 7%	average 7-15%	high > 15%	9	2.7	7	2.1
Balance of foreign trade between Ukraine and PRC	0.1	negative	balanced	positive	3	0.3	2	0.9
The level of foreign trade diversification between Ukraine and the PRC	0.2	low	moderate	considerable	5	1.0	8	1.6
Availability of projects and mechanisms of financial and investment support for export by the state and businesses of Ukraine	0.2	unavailable	small amount	significant amount	4	0.8	6	1.2
Presence of a regulatory and contractual partnership framework	0.1	unavailable	insignificant amount	significant amount	4	0.4	8	0.8
The level of high-tech exports to the PRC	0.05	low	moderate	high	2	0.1	3	0.15
Experience of cooperation	0.05	unavailable	short-term	long-term	5	0.25	8	0.4
Final score	1.0	-	-	-	-	5.55	-	7.15

Over the past 10 years, Ukraine has made some progress towards institutional support for export promotion, which is evidenced by the 1.3 times growth of the integral index proposed by us. This was largely due to the deepening of the diversification of foreign trade between the specified countries by expanding the list of commodity groups traded, the introduction of state support programs for domestic exports, the creation of new and im-

proved existing regulatory framework, albeit sluggish but still increasing innovation of Ukrainian exports.

It was proposed to use ABC and XYZ analysis to understand the dynamics of the sectoral structure of foreign trade between Ukraine and the People's Republic of China. Carrying out ABC analysis, there was taken into account the share of sales

of commodity groups of Ukraine's exports to the PRC, summing up the results by the method of accumulation and distributing it into three groups – with high level of weight of commodity group(s) in total exports (share – 80%), with average level of weight (share – 15%) and low level of weight (share – 5%).

Another proposed method is XYZ analysis, which is interesting in that it determines how stable is the demand for exports from Ukraine by the PRC in the context of its separate groups, the supply of which commodity groups is based on long-term

partnerships and on which commodity groups exports are carried out non-rhythmically, hence, the lack of established partnerships with Chinese counterparts. In the context of this approach, the definition of products in assortment group X is important, because it provides the basic and stable volume of Chinese demand for Ukrainian goods, so the focus of regulatory support and assistance from domestic state and non-state institutions should be maximized. The significance of the commodity groups Y and Z is less noticeable, however, identification of them makes it possible to prioritize efforts for regulators.

Table 5. Matrix of the structure of Ukraine's exports to the PRC in 2011–2017 based on ABC, XYZ analysis

Source: Calculated by the authors.

	X	Y	Z	
2011				
A		VI	V	87.01%
B	III, XVI	IX, XV		10.99%
C		I, II, IV, VII, VIII, X, XI, XII, XIII, XIV, XVII, XVIII, XX, XXI		2.00%
	7.32%	15.86%	76.82%	100%
2012				
A			V	82.19%
B	III, VI, XVI	IX, XV		15.75%
C		I, II, IV, VII, VIII, X, XI, XII, XIII, XIV, XVII, XVIII, XX, XXI		2.06%
	12.38%	5.44%	82.19%	100%
2013				
A		XVI	III, V	90.00%
B	IX	II, VI, XVII		8.06%
C		I, IV, VII, VIII, X, XI, XII, XIII, XIV, XV, XVIII, XX, XXI		1.94%
	3.12%	14.99%	81.89%	100%
2014				
A			II, III, V	88.57%
B	IX, XVI	XVII		10.12%
C		I, IV, VI, VII, VIII, X, XI, XII, XIII, XIV, XV, XVIII, XX, XXI		1.31%
	7.76%	3.67%	88.57%	100%
2015				
A			II, III, V	91.70%
B	XVI	IX, XV		6.85%
C		I, IV, VI, VII, VIII, X, XI, XII, XIII, XIV, XVII, XVIII, XX, XXI		1.45%
	3.69%	4.61%	91.70%	100%
2016				
A			V	90.16%
B	XVI	IX, XV		7.76%
C		I, II, III, IV, VI, VII, VIII, X, XI, XII, XIII, XIV, XVII, XVIII, XX, XXI		2.08%
	3.54%	6.30%	90.16%	100%
2017				
A		XVI	II, III, V	94.67%
B		IX		1.75%
C		I, IV, VI, VII, VIII, X, XI, XII, XIII, XIV, XV, XVII, XVIII, XX, XXI		3.58%
		15.21%	84.79%	100%

The summary results of the ABC and XYZ analysis of foreign trade between Ukraine and the PRC by commodity groups under the codes of Ukrainian Classification of Goods of Foreign Economic Activity (UCG FEA) are presented in Table 5. Unfortunately, the “perfect combination” of AX was not achieved for Ukrainian exports year by year.

In general, during 2011–2017, in the structure of Ukraine’s export, it is possible to distinguish the commodity group, whose export stability was the highest – “Machines, equipment and mechanisms;

electrical equipment”. The least stable was the export of mineral products, but their share in the total export earnings was quite significant (36.16% in 2017). Obviously, the negative fact is that the total share of commodity products with low level of export stability is almost 6 times higher than the share of goods whose exports are persistent and usually reflect long-lasting strong partnerships. The situation regarding import of goods from China to Ukraine is slightly different (Table 6).

During 2011–2017, the sectorial structure of imports from the People’s Republic of China to

Table 6. Matrix of the structure of Ukraine’s import from the PRC in 2011–2017 based on ABC, XYZ analysis
Source: Calculated by the authors.

	X	Y	Z	
2011				
A	XX	VII, XI, XV	XVI	72.32%
B	VI, XII, XIII, XVII	IV, VIII, X, XVIII		25.37%
C		I, II, III, V, IX, XIV, XXI		2.31%
	25.46%	35.07%	39.47%	100%
2012				
A	VII, XVII, XX	XII, XV	XI, XVI	83.70%
B	VI, XIII	IV, VIII, X, XVIII		14.36%
C		I, II, III, V, IX, XIV, XXI		1.94%
	28.85%	23.87%	47.28%	100%
2013				
A		VII, XI, XII	XV, XVI	73.32%
B	VI, XIII, XVII, XX	IV, VIII, X, XVIII		24.47%
C		I, II, III, V, IX, XIV, XXI		2.21%
	18.84%	33.54%	47.62%	100%
2014				
A	XX	VI, VII, XI, XV	XVI	78.06%
B	XII, XIII, XVII	IV, VIII, X, XVIII		19.07%
C		I, II, III, V, IX, XIV, XXI		2.86%
	19.91%	44.85%	35.24%	100%
2015				
A		VI, VII, XI, XV	XVI	74.89%
B	XII, XIII, XX	IV, V, VIII, X, XVII, XVIII		23.55%
C		I, II, III, IX, XIV, XXI		1.56%
	13.42%	48.03%	38.55%	100%
2016				
A	XX	VI, VII, XI, XV	XVI	83.28%
B	XII, XIII	IV, VIII, X, XVII, XVIII		14.75%
C		I, II, III, V, IX, XIV, XXI		1.97%
	12.94%	44.91%	42.15%	100%
2017				
A	XI, XX	VI, VII, XV	XVI	84.62%
B	XVII	IV, XII, XIII, XVIII		11.71%
C		I, II, III, V, VIII, IX, X, XIV, XXI		3.67%
	15.82%	38.54%	45.64%	100%

Ukraine was characterized by rather high level of conservatism and sustainability. Certain exceptions are the import of the commodity group “Other industrial goods”. The group’s import was the least stable – “Machines, equipment and machinery; electrical equipment” (in 2017, the combination of AZ).

A comparative analysis of the efficiency of Ukraine’s exports to the countries of Asia, the EU and other regions of the world has shown the high competitiveness of agricultural products in the Asian market (Table 7).

Table 7. Comparative analysis of export efficiency of certain commodity groups of Ukraine in the EU, Asia and other regions of the world in 2012–2017

Source: Calculated by the authors.

Code	Commodity group	Efficiency of Ukraine’s exports in 2012,%			Efficiency of Ukraine’s exports in 2016,%			Efficiency of Ukraine’s exports in 2017,%		
		to other regions	to the EU	to Asia	to other regions	to the EU	to Asia	to other regions	to the EU	to Asia
01	Live animals	0.33	0.02	2.79	2.35	0.02	3.03	0.84	0.04	14.78
02	Meat and meat preparations	7.42	0.00	7.18	2.07	0.96	9.91	2.77	1.99	13.16
04	Milk and milk products; eggs; honey	26.09	0.49	24.83	3.07	1.37	12.56	5.53	1.74	23.25
07	Vegetables	5.72	1.59	1.83	1.52	0.54	2.27	1.89	1.08	4.64
08	Eatable fruits, and nuts	1.52	3.15	3.15	0.23	1.87	0.84	0.38	3.31	0.79
10	Cereals	56.92	86.8	89.23	26.66	39.0	90.12	31.76	63.4	89.43
11	Flour-grinding products	17.75	0.87	6.26	11.23	1.44	5.66	19.77	1.81	9.61
12	Oil seeds and fruits	3.39	90.3	44.90	5.03	30.19	37.49	3.32	57.37	58.79
14	Plant materials for producing	0.22	9.35	0.01	0.25	40.13	0.04	1.37	138.11	0.24
15	Animal or plant fats and oils	51.61	34.86	40.06	11.52	33.33	32.14	13.05	43.11	37.65
17	Sugar and sugar confectionery	7.09	3.38	12.60	4.44	2.97	8.62	7.23	3.16	11.62
18	Cocoa and cocoa preparations	46.95	1.20	22.58	3.12	0.79	7.08	4.03	1.16	9.25
19	Preparations of grains	22.63	0.79	12.19	4.17	0.80	3.78	5.86	1.83	6.06
20	Products of vegetables processing	19.98	3.84	2.05	2.62	2.98	0.51	3.15	3.99	0.70
24	Tobacco and industrial substitutes of tobacco	13.24	0.18	11.56	10.23	0.09	18.03	12.73	0.20	13.30
25	Salt, sulphur, soil and stones	55.87	10.9	1.88	11.47	8.38	1.31	13.24	13.9	1.87
26	Ores, slag and ashes	1.11	51.94	56.17	1.23	63.04	22.49	1.11	83.86	25.63
28	Inorganic chemicals	40.13	5.02	5.57	13.76	1.35	0.70	16.85	1.92	0.97
41	Raw leather	0.88	7.55	0.52	0.09	4.20	0.09	0.27	5.78	0.16
43	Raw and synthetic fur	0.26	2.23	0.36	0.29	3.84	0.01	0.43	5.44	0.04
44	Wood and articles of wood	6.97	13.4	8.81	1.84	11.2	3.95	2.31	12.6	4.89
48	Paper, paperboard	33.64	0.84	2.93	8.14	0.72	1.17	8.42	0.88	1.16
63	Other finished textile articles	7.02	6.96	0.11	1.81	4.53	0.03	2.64	5.66	0.03
64	Footwear	9.27	3.18	0.11	2.85	2.89	0.03	4.34	5.14	0.02
68	Products from stone, gyps	21.03	0.97	0.46	4.09	0.86	0.21	6.03	1.06	0.26
69	Ceramic products	69.27	0.53	1.91	13.12	0.97	0.23	17.04	1.52	0.25
72	Ferrous metals	72.99	24.58	37.15	36.95	15.99	8.09	40.77	17.47	9.84
73	Preparations from ferrous metals	47.32	2.72	6.43	6.62	1.68	0.57	9.25	2.33	0.78
81	Other base metals	10	5.98	2.58	3.97	4.26	3.09	4.38	4.48	2.96
85	Electric machines	7.20	3.43	0.22	0.96	2.15	0.05	1.16	2.87	0.06
86	Rail locomotives	338.84	20.61	49.13	13.51	2.64	2.46	21.71	2.68	0.77
94	Furniture	5.72	2.67	0.04	2.12	2.16	0.02	3.15	3.48	0.03
95	Toys	0.77	0.08	0.03	0.72	2.20	0.12	0.64	3.09	0.18
Number of commodity groups with the highest export efficiency		26	8	3	13	14	10	11	15	13

4. IMPLICATIONS

Assessing the institutional environment as a prerequisite for further supporting the export of Ukrainian products, there should be highlighted such priority components as the Ministry of Economic Development and Trade of Ukraine, the Ministry of Foreign Affairs of Ukraine and the Ministry of Agrarian Policy and Food of Ukraine. It is worth pointing out the established state specialized export support institutes in Ukraine, in particular, the Export Promotion Office, to ensure an effective dialogue between the Government and the business to inform the business of new opportunities. The main tasks of the Office are to promote Ukraine's products on foreign markets (including the organization of trade missions in potentially attractive regions for export) and solving the problem issues of exporting enterprises, including the systemic problems of export-import procedures. Since 2016, the Export Promotion Office, which is a consultative and advisory body under the Ministry of Economic Development and Trade of Ukraine, has been set up and created as a "one-stop shop" for assistance to Ukrainian exporters when entering new markets.

Under the Ministry of Foreign Affairs of Ukraine, there is a permanent advisory body – Exporters and Investors Council, under Mission of Ukraine to the European Union there is Ukraine – EU Export –Import Helpdesk, which provides consulting and practical support to Ukrainian enterprises. In 2017, International Trade Council of Ukraine was implemented, which is the platform for coordinating the actions between different public administration and business entities on the development of international trade of Ukraine.

It should be noted that the communication and marketing component of the export promotion system is gaining importance nowadays. In view of the peculiarities of the PRC's marketing envi-

ronment, it is recommended to pay attention to the following key specific features of the PRC's marketing environment in promoting the Ukrainian products to the Chinese market:

- dominance among the producers of the PRC of a narrow specialization of production with elements of copying on the basis of mass production;
- brand awareness is more favorable, compared with the indicator of economic freedom and financial capacity;
- high level of interest from Chinese consumers in new products and innovations in commodity policy;
- during the formation of communication programs on the PRC market, including advertising messages, it is desirable to use an image that combines accuracy, restraint and mentality with Asian creativity.

Another peculiarity of the Chinese market is that Chinese citizens display a high degree of dependence on brands and public opinion. In China, the sale of an obscure and unknown product is complicated. In view of this, producers who intend to sell their products in China, especially retail consumer goods, should register the trademark in the China Trade Mark Office (CTMO), which prevents breaches and creates a long-term reputation for the brand.

Institutional support of export activity is a prerequisite of success in terms of controversial trends of trade liberalization and increasing role of latent protective measures. The approaches and methods to assess the level of the export support system effectiveness, proposed by the authors, can serve as a methodological basis in substantiating and modifying national programs for developing the export potential of countries.

CONCLUSION

In the context of the intensification of international competition and recession in the regional and global markets for goods and services, the institutional capacity of states to maintain their own exports is an integral part of modern national economic development strategies.

The results of the quantitative analysis conducted in 2007–2017 revealed following: high dynamism of increasing mutual trade volume between Ukraine and PRC, enlargement of trade flows asymmetry caused by the negative trade balance of Ukrainian economy; limited list of commodity groups of Ukrainian exports in mutual trade with China with stable relative advantages; dominance of low-value-added commodities among export priority groups; the absence of a beneficial effect of such a factor as “long-term partnerships” on the mutual trade flow. The results of the assessment of the qualitative parameters of export promotion system in Ukraine identify its low efficiency and strong potential for growth.

The recommended priorities in the application of measures and instruments of state influence on export activity are following: activation of projects and mechanisms of financial and investment support for exporters; strengthening the information and communication; diplomatic assistance for Ukrainian exporters in foreign markets.

Prospects for further research in this area are: the assessment of macroeconomic effects from the introduction of incentive and export promotion tools for the national economy of countries of origin and importing countries; detection of anticompetitive risks in the implementation of selective support programs for exporters; substantiation of the most effective components of export promotion for countries with low financial capacity of export support programs.

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