



Section 5. World economic

DOI:10.29013/EJEMS-23-5.6-36-40



ECONOMIC COOPERATION AMONG THE MEMBER- STATES OF THE EUROPEAN UNION AND UKRAINE IN THE CONTEXT OF EXTERNAL TRADE

Domnich Olga V.,

¹ Zaporizhzhia National University, Ukraine

Cite: Domnich O. V. (2023). *Economic Cooperation Among the Member-States of the European Union and Ukraine in the Context of External Trade. European Journal of Economics and Management Sciences 2023, No 5-6.* <https://doi.org/10.29013/EJEMS-23-5.6-36-40>

Abstract

The article analyzes economic and external trade cooperation among the European Union member-states and Ukraine. It is emphasized that one of the significant aspects in the development of integration processes of economic interrelations among the above countries, their mutually beneficial partnerships and successful competition, which are currently taking place and are reflected in various areas of economic cooperation.

Keywords: *external trade, integration, economic cooperation, member-states of the European Union*

Introduction

Foreign economic activity is a number of economic, organizational, operational, production, commercial, foreign trade and investment activities of enterprises with a high export orientation, taking into consideration foreign economic strategy, forms and methods of working in the external market with foreign partners (Glossary of Economics Terms, 2023). In the context of globalization, the external economic and commercial operations of Ukraine and some European countries (namely, the member-states of the European Union) are quite relevant; in the scope of this paper, the exploration and justification of promising directions and forms

of the foreign economic relations are studied and presented.

The establishment of Ukraine as a sovereign, economically independent state is an integral part of the asserting this country in the arena of the world economy, in particular, its recognition as a full-fledged participant in foreign economic affairs and facilitating the state's involvement in comprehensive export-import operations of domestic producers and business structures in foreign markets.

Literature review

This research is based on the works of scholars in the field of foreign economic activity and external trade such as A. Galchinsky (2010),

A. Gritsenko (2011), T. Christians (2008), Y. Halit (2003), B. Shepherd (2008), and the collective authors of “WCO SAFE Framework of standards to secure and facilitate global trade” (2006). The subject of interconnection between the development of the Ukrainian economy and its international trade is explored by such scientists as A. Gritsenko (2011), O. Danilenko (2022), V. Novitsky (2003) and among others, and in more specifically scientific writings as “Foreign trade of Ukraine: XXI century” (2016), “Structural changes and economic development of Ukraine” (2011), etc.

The idea of the Ukrainian economy development is a significant concept in its external interactions with the European Union member-states, the issues are explored and analyzed in the works of the following scientists: O. Dem’yanyuk (2013), V. Dyachek (2012), O. Eliseenko, G. Skobielev (2014), T. Melnik, K. Pugachevska (2014), B. Sidyaga (2014), and in the burning project of the team of authors “Cooperation among Ukraine and the European Union Countries” (2022).

Analysis and result

One of the important aspects is the development of integration processes of economic relations among the member-states of the European Union and Ukraine, their mutually beneficial partnerships and successful competition, which undoubtedly take place and are reflected in various areas of economic collaboration, such as:

- establishing contacts with European partners;
- cooperation with foreign partners, development of foreign trade relations and dominant trade directions;
- export-import processes between Ukraine and the European Union member-states;
- the role and place of Ukraine, as well as the factors and structure of Ukraine’s foreign trade with the key trading partners – the European Union countries (Ukraine-EU association agreement ..., 2012, p. 14, p. 17–18).

The legislative and institutional framework for cooperation among Ukraine and states-partners belonging to the European Union was created in the early 1990s (Ukraine-EU association agreement ..., 2012, p. 12). During that time-span (more than

30 years), it has undergone significant changes; adjustments have been made in order to comply with modern geopolitical transformations in the Western European region and domestic political processes.

Ukraine has agreements on conducting foreign economic activities with all the European Union member-states, however, at the current stage of the development of external and international trade interrelations, there are still plenty of complex and unresolved issues, ranging from the process of European integration and relations with the European Union to issues of Euro-Atlantic integration.

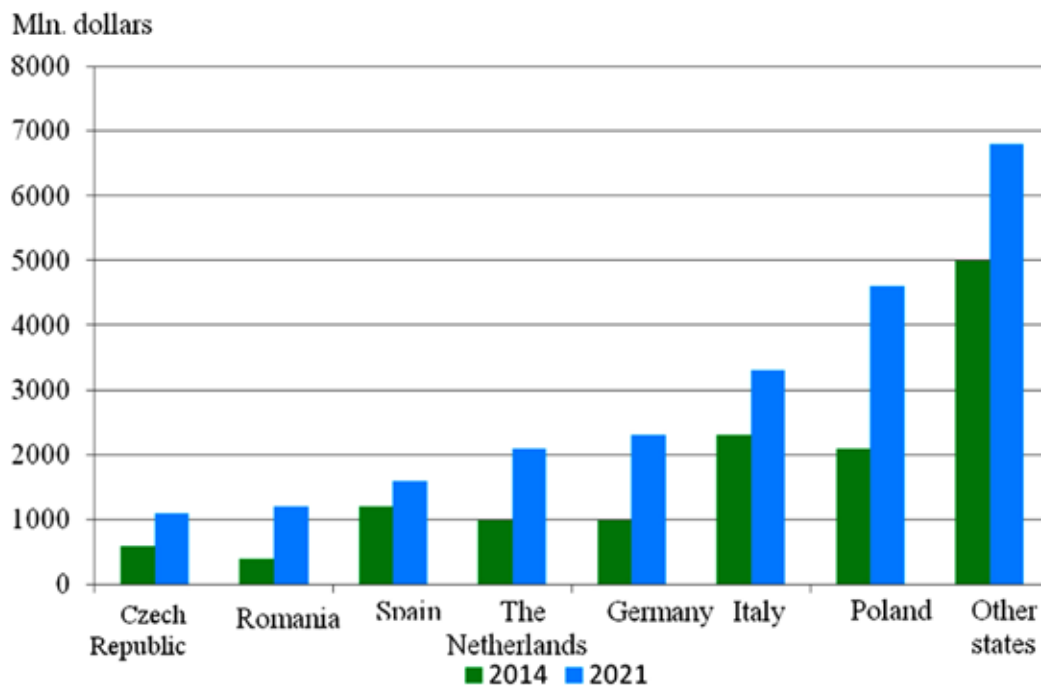
Ukraine is pursuing a strategic course towards integration with the European Union, and the European Union countries are striving to maintain and incorporate foreign trade with Ukraine. Regarding the chart below (see Figure 1), which illustrates the essential trends in Ukraine’s external trade, specifically exports to the European Union countries, divided as follows:

- *the largest share of Ukrainian exports* (within 4500–3500 million dollars) was transplanted to Poland and Italy, respectively. Iron ore, ferrous metals, woodworking raw materials are the substantial products of Ukrainian exports to Poland, meanwhile the metallurgical industry and grain products – to Italy;

- *the smallest share of Ukrainian exports* (within 1200–1100 million dollars) was transferred to Romania and the Czech Republic. Ukraine mainly exports electrical goods, iron ore raw materials to these countries;

- Germany and the Netherlands hold *the middle position regarding Ukrainian exports* (within 2500–2200 million dollars). Domestic exports to Germany are concentrated on agricultural products and iron ore raw materials; to the Netherlands – including various agricultural products and others (Accession of Ukraine to the EU, 2022).

Thus, the European Union member-states such as Poland, Italy, Germany and the Netherlands are Ukraine’s largest partners in terms of commodity exports, namely, their trade turnover per year reaches up to 4,500 million dollars, thereby illustrating that the expansion and increase in Ukrainian products exports entails mutually beneficial cooperation, as well as reforms and promotes stable foreign economic relations among the given countries.

Figure 1. *Commodity exports from Ukraine to the European Union countries*

Source: compiled by the author based on materials from “Ukraine’s entry into the European Union: advantages for citizens and business,” 2022

The expansion of integration correlation among Ukraine and the European Union countries has led to the development of European foreign economic cooperation in new geopolitical conditions. Based on the Agreement on Close Foreign Trade Cooperation between Ukraine and the European Union, the following key areas are identified:

- the single economic space for various merchandise was established;
- the scope of trade in intellectual property services was expanded,
- cooperation in the transport and energy sectors was significantly expanded;
- there was an expansion and promotion in the growth of foreign trade volumes;
- the national legislative system of Ukraine was transformed in accordance with the European Union rights and laws;
- there was a positive impact on the development of the Ukrainian economy due to trade in the field of intellectual property rights;
- new opportunities for export to the European Union were advanced, including a reduction in tariff and non-tariff barriers for the entry of Ukrainian commodities into the European Union market;

– the transition to international standards and access to markets in third-world countries was completed by virtue of the harmonization of Ukrainian technical regulations and standards with the related European Union regulations;

– access to a wider range of products was given owing to a reduction in tariff and non-tariff barriers in foreign trade between Ukraine and the European Union countries (Ukraine-EU association agreement ..., 2012, p. 34–37).

As it has been demonstrated in the table below (see Table 1), the significant indicators of Ukrainian exports to the European Union countries over the last decade (2012–2021) there was a consistent growth, therefore, exports of Ukrainian production accounted for almost a quarter (22%) in 2012, while over the course of 10 years it has risen to more than a third (36%). It is worth noticing that the European Union, being one of the largest trading partners of Ukraine, possesses the major share of overseas trade of approximately 40% of the ratio of external commerce of Ukraine (Accession of Ukraine to the EU, 2022).

Table 1. Indicator of Ukrainian exports to the European Union countries (2012–2021)

Years	Member-states of the European Union,%
2012	22%
2013	24%
2014	28%
2015	29%
2016	31%
2017	34%
2018	36%
2019	36%
2020	32%
2021	36%

Source: compiled by the author based on materials from “Ukraine’s entry into the European Union: advantages for citizens and business,” 2022

Conclusion and Recommendation

Having researched the substantial areas of integrational cooperation and implementation procedures, and having identified the core principles and perspectives of the economic relations among Ukraine and the

member-states of the European Union over the last decade, it is important to highlight the significant positive outcomes of the foreign economic interactions and collaborations, including the following: an enlargement of the export market for Ukrainian raw materials; increasing access to Europe’s largest sales markets; diversification of market outlets for Ukrainian goods and services; expansion of the Ukrainian goods export in the fields of agriculture, metallurgy and manufacturing; the growth of investments in the Ukrainian economy, etc.

Ukraine needs to enhance and modernize the development of its own production and technological innovations in various fields and sectors of its national economy. This will lead to an expansion of its innovative potential and increased competitiveness in the national economy of Ukraine. Moreover, consequently it is more appropriate and expedient for Ukraine to facilitate and strengthen deep cooperation with the European Union countries in order to expedite the development of the national economy, including high-tech production, as well as the integration and cooperation of Ukraine into the global economic arena of the contemporary world.

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submitted 22.08.2023;
accepted for publication 20.09.2023;
published 8.10.2023
© Domnich O. V.
Contact: olga-nika02@znu.edu.ua