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External market relations between Ukraine and the EU-countries

Scientific problem. Due to the military aggression of the Russian Federation (RF) on the Ukrainian territory, export of the agricultural produce to the member states of the Customs Union and the RF in particular, has become a problem aspect of the agrarian-industrial complex (AIC) development.

The dilemma arises correct choice for Ukraine towards integration of all sectors of agribusiness export to EU markets.

It is important that our state meets all agreements and liabilities in coordinating the domestic and the EU standards so that to form a considerable export potential of the Ukrainian AIC produce on the foreign markets.

Despite the existing unfilled niches for the AIC produce in the countries of the Close East and Africa, in order to increase sales profit of the domestic agrarian produce it is important and necessary to form and implement the national AIC strategy which will promote the successful entering the EU markets.

Analysis of recent researches and publications. The basic issues covering the state and problems of the external trade relationships of Ukraine and its trade partners can be found in the works of a number of scholars. The issue has been studied by A.V. Burkovska [1], V.I. Gubenko [2], S.Kvasha and V.Vlasova as well as N. Kryvenko [3], T. Melnyk [4], B.Supikhanov[5], L. Fedotets[6], V. Yurchyshyn [7], O. Shnytko[8], V. Shpychka [9] and other agrarian scientists.

Meanwhile, we need a deeper analysis of the issues of the trade relationships of Ukraine and the EU states, the economic effect Ukraine will get after joining the Free Trade Area with the EU which is the object of this research.

The objective of the article is an analysis of trade and export-import operations of Ukraine with the EU, and the definition of potential domestic exporters of saving money from the sale of agri-food products to the countries that are part of the Free Trade Area (FTA). This perspective when entering our country to implement the FTA will enable domestic exporters agri-food products at zero duty to the EU.

Statement of the main results of the study. If we look at the Ukrainian export to the EU countries (\$ 23,9 bl.) of various types of products in 2013, we will see that it is considerably larger than their import (\$ 13,8 bl.) (table 1).

Such direction of the trade relationships is acceptable for Ukraine as economic growth needs larger production of goods and smaller import. Such situation is true for the analyzed period. At the same time, the Ukrainian economy doesn't use its industrial and agrarian resources to the full yet.

Thus, the indices tendency presented in Table 1. is natural but needs intensification of export increase especially of the agrarian produce for which Ukraine has every opportunity.

The discrepancy with the global models of production technologies of some types of food products is a drawback so far. The solving of the problem goes faster than produce export from Ukraine and it will permit to greatly increase the efficiency level of the domestic production.

Table 1. Ukrainian trade with the EU in 2013

EU product import to Ukraine	
Total import , bl. dollars	13,8
Place among EU partners	27
Annual increase, %	-5,8
Ukraine's share in trade with the EU,%	0,8
Ukraine's product export to the EU	
Total import , bl. dollars.	23,9
Place among EU partners	19
Annual increase, %	+0,4
Ukraine's share in trade with the EU,%	1,4

Source: Compiled by the data of the State Statistics Committee of Ukraine.

During the studied period, export already exceeded import from Ukraine by 7,5%, though the product share with the EU members must grow because Ukraine has every potential possibility.

Development of economic management must go alongside not only with stable and high level of production of goods, as a member of WTO, Ukraine has to export its goods to foreign markets. The EU countries are the most profitable partners in the exchange and sale of goods for Ukraine because of a number of factors: transportation distance, identical consumer needs and other factors which have much in common with the Ukrainian production conditions.

To our mind, there are no restrictions in solving these problems. Cooperation with the EU will permit to gain much bigger volumes of production of food products and of better qual-

ity due to attracting various types of investment in the Ukrainian economy from the countries that take a considerable lead over us. Though we need certain conditions which would go together with adequate reforms and improvement of political situation.

To ensure a stable economic growth and annual budget incomes, Ukraine has to export various types of goods it produces to other EU countries. To do this, not only a certain number of goods has to be produced but also corresponding quality standards must be kept to.

Currently, Ukraine is making its first steps in this direction of reforming its economy. Economy scientists and political experts have different evaluation of their level. At the same time, we provide export indices of various goods in the terms of their value for the corresponding periods in table 2.

Table 2. Dynamics of the Ukrainian export to the EU (all product groups) in 2004-2013, %

Years	Product export to the UE. bl. Euros	including	
		2004	previous year
2004	8,5	x	x
2005	8,7	102,4	102,4
2006	9,9	116,5	113,8
2007	12,5	147,1	126,3
2008	14,6	171,8	116,8
2009	7,9	92,9	54,1
2010	11,5	135,3	145,6
2011	15,2	178,8	132,2
2012	14,6	171,8	96,1
2013	13,8	162,4	94,5

Source: Compiled by the data of the State Statistics Committee of Ukraine.

Thus, starting from 2004, the export volume of various products to the EU countries constituted 8,5 bl. Euros. But in the following years, these indices considerably grew, except 2009, when compared to the base 2004, the index was 92,2%

As for other next years, the biggest export growth of various goods was as follows: in 2011 – 78,8%, in 2008 – 71,8% and in 2012 – 71,8%. If we analyze export growth before the

previous years, we will see some fluctuations of the analyzed indices not only in the direction of money income increase but also in the direction of its decline. The latest was observed in 2009, 2012 and 2013.

The reasons can be both objective and subjective. Some of them may include excessive supply of individual goods in corresponding years, price decrease due to low quality and others.

When examining the export structure of various goods from Ukraine to the EU, in table 3 we

can see that its nomenclature is diverse which promotes closer ties between the countries.

Table 3. Export structure of all Ukrainian products in the consolidated EU import. %

№	Name of produce	specific weight, %
1.	Products of animal origin	0,9
2.	Animal and plant fats, vegetable oil	3,4
3.	Food products, beverages, tobacco	3,9
4.	Fruit and vegetable products	19,9
5.	Good and agricultural produce	27,4
6.	Industrial goods	72,6
	Total	100,0

Source: Compiled by the data of the State Statistics Committee of Ukraine.

Thus, in table 3, one can trace a high specific weight of industrial export which constitutes almost two-thirds of the total amount.

Export of various types of food products plays a remarkable role. The basic place is taken by food industry and other agricultural food products (27,4%), fruit and vegetable produce (19,9%), various types of food, tobacco, drinks (3,9%) and fats of animal and plant origin (3,4%) and only a small part (0,9%) of products of animal origin.

Such export structure of various goods from Ukraine to the EU has to be improved and reviewed as for the ways of its implementation. If the above mentioned goods, which take an important place in the export structure, have a rating nature, then a question arises as for the low level of animal produce.

In Ukraine, livestock sector, especially milk and meat cattle breeding has every opportunity for further development. Taking this into consideration, the sector must be developed up to the potentially possible level and thus increasing the export to the volumes of other types of produce provided in table 3.

To bring this around, we should solve the problems of advancing character related to productivity, the system of storage and processing of products of the required quality.

Striving to enter the EU and follow the European way of development, first of all, Ukraine must exchange its products with the equal states. AIC produce, especially that of raw material origin, can be exported to the EU countries at first. The total share of goods export from Ukraine to the EU testifies to the fact.

Table 4. Specific weight of the AIP produce export from Ukraine to the EU countries, %

№	Name of produce	specific weight, %
1.	Plant growing produce	6,0
2.	Animal and plant fats	5,3
3.	Food products, beverages and tobacco	1,3
4.	Livestock produce	0,2
5.	Specific weight of AIP produce from other countries	87,2
	Total	100,0

Source: Compiled by the data of the State Statistics Committee of Ukraine.

The smallest share of export is livestock produce and it is easy to understand as its quality characteristics do not meet the world standards.

Ukraine is aware of the fact, but the process of reaching those standards is long and materials consuming. A considerable share of the Ukrainian export belongs to animal and plant fats. First of all they include sunflower oil which is an important part of production and export of the Ukrainian AIP. An insignificant part of export is represented by finished food and tobacco products.

So, Ukraine exports about 13% of its AIC produce to the EU, and it is when the country takes first steps entering the EU and generally uses its existing economic and technical-technological resource potential. On the basis of the provided data, we have all grounds and confidence to state that in the perspective Ukraine will succeed in producing and exporting, and its ties with the EU states will be full-scale and mutually beneficial.

In 2009-2013 export of the AIC produce from Ukraine to the EU was necessary and profitable from the viewpoint of the advantageous geographical position of these countries

and demand for the produce. For that reason Ukraine is annually increasing sales of the AIC

produce in the EU countries which is evidenced in table 5.

Table 5. Export dynamics from Ukraine to the EU of various AIC product categories in 2009-2013

Years	All AIC produce, ml. Euros	Including :	
		before the previous year	before 2009
2009	1726	x	x
2010	1577	91,4	91,4
2011	2582	163,7	149,6
2012	4075	157,8	236,1
2013	3783	92,8	219,2

Source: Compiled by the data of the State Statistics Committee of Ukraine.

Thus, from 2009 the AIC produce export from Ukraine has been constantly growing, except 2010, though that sales decline is not very large. The next 2011, 2012 and 2013 demonstrate a considerable growth of the AIC produce export from Ukraine which permits the Ukrainian producers to compete on the global market, increasing budget revenues and thus bringing the Ukrainian economy on the adequate level of development, concerning other countries. Already in 2012, the AIC produce export, as compared with the base 2009, grew by about 2 times, and in 2012 and 2013 by more than twice. As for the previous years, the AIC produce export took place only in 2011 and 2013.

Such fluctuations have both subjective and objective nature, at the same time, they are in-

significant and can be leveled off and stabilized. The most important things for Ukraine is entering the global market and ability to meet the consumer demand outside Ukraine. Ukraine has all possible natural and social-labor resources to do this. Marketing must be improved, especially market analysis as for its demand and possibilities.

Ukraine's joining the EU opens new possibilities not only to sale its goods without any barriers but also to have certain economic advantages after joining the free trade area (FTA).

The last decision provides many advantages for Ukraine as it permits not to pay customs duties on the foreign markets. That is why the benefit of export, especially of the AIC produce is obvious and doubtless. (table 6).

Table 6. Savings level for the AIC produce after Ukraine's joining the FTA, \$ bl.

№	Name of the AIC produce	Years	
		2014	2019
1.	Corn , \$ bl.	37,6	61,1
2.	Natural honey, \$ bl.	1,6	1,9
3.	Soya beans , \$ bl.	0,0	0,0
4.	Sunflower oil, \$ bl.	20,7	20,7
5.	Rape oil, \$ bl.	1,9	1,9
6.	Soya oil, \$ bl.	2,0	2,0
7.	Chocolate , \$ bl.	23,5	23,5
8.	Juices , \$ bl.	18,4	36,8
9.	Rape seeds, \$ bl.	0	0
Total savings level for the AIC produce, \$ bl.		105,7	147,9

Source: Compiled by the data of the State Statistics Committee of Ukraine.

So, analyzing export of the agrarian produce from Ukraine in 2014, we can see that savings indices of sales in 2019 will grow by 1.5 from the export of corn, juices; export of rape and soya oil will somewhat stabilize; savings from natural honey export will grow to some extent. At the same time, the list of export produce to the EU is incomplete, that is why there is a hope for larger savings in the perspective of Ukraine's joining the FTA.

Conclusions. Thus, Ukraine's joining the EU opens a number of economically profitable opportunities for the national economy, production experience exchange, borrowing innovational technologies, attracting foreign investment which will set Ukraine on the track of economic development and allow its citizens to improve their material well being and the level of social development.

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Новини АПК

Намолочено 34 млн т зерна нового врожаю

Ранні зернові та зернобобові культури обмолочено на площі 9,5 млн га (78% прогнозу), урожайність – 35,6 ц/га (на відповідну дату 2014 року – 35,7 ц/га).

Намолочено 34 млн т зерна нового врожаю.

Із ранньої групи зернових:

пшениця обмолочена на площі 6,4 млн га (94%), урожайність – 38,7 ц/га (у 2014 р. – 39,3 ц/га), намолочено 24,9 млн т зерна;

жито зібране на площі 118 тис. га (80%), урожайність – 24,7 ц/га (у 2014 р. – 24,8 ц/га), намолочено 290 тис. т зерна;

ячмінь зібраний на площі 2,7 млн га (97%), урожайність – 30,1 ц/га (у 2014 р. – 30,4 ц/га), намолочено 8,1 млн т зерна;

овес зібраний на площі 115 тис. га (55%), урожайність 23,2 ц/га (у 2014 р. – 25,1 ц/га), намолочено 388 тис. т;

горох зібраний на площі 168 тис. га (99%), урожайність 23,2 ц/га (у 2014 р. – 24,0 ц/га), намолочено 388 тис. т.

ріпак обмолочено на площі 658 тис. га (96% прогнозу), урожайність – 25,7 ц/га (у 2014 р. – 24,4 ц/га), намолочено 1,7 млн т насіння.

Найбільший вал зерна намолотили в Одеській – 3,0 млн т, Дніпропетровській – 2,8, Харківській – 2,7, Запорізькій – 2,6, Миколаївській – 2,4, Херсонській – 2,4, Вінницькій – 2,2 млн т областях.

Понад 1 млн т зерна намолотили у Донецькій, Кіровоградській, Полтавській, Київській, Черкаській, Хмельницькій, Тернопільській та Сумській областях.

Найвища урожайність ранніх зернових та зернобобових культур у Хмельницькій – 52,9 ц/га, Черкаській – 47,2 ц/га, Київській – 46,3 ц/га, Тернопільській та Івано-Франківській – 46,0 ц/га областях.

Прес-служба Мінагрополітики України