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DIPLOMA WORK

on the topic «ECONOMIC AND LEGAL REGULATION OF AN
ENTERPRISE’S EXPORT ACTIVITIES»

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ABSTRACT

The relevance of the topic is explained by the fact, that government has determinant power to regulate export activity in the country. By using different methods, state encourages or constrains enterprises from conducting export activities with certain countries. While speaking about Ukraine, political situation with Russian Federation has changed dramatically and become very unstable, that, in turn, caused changes in economic relations as well. As one of tasks of government regulation is to respond to such changes, Ukrainian government, by using certain economic and legal methods, has implemented a number of legal acts that have changed the conditions of conducting export activity with Russian enterprises. As a result, the cooperation of Ukrainian companies with counterparties from the Russian Federation has become less effective and more volatile. This fact creates a necessity for Ukrainian enterprises, especially those located in Eastern Ukraine, to search new markets, as such companies are more oriented on Russian importers.

The goal of the paper is to analyze export activity of the Private Enterprise “Private Research and Production Enterprise “Praktyka”, determine its problems and make solutions for them.

The object of the paper is export activity of the Private Enterprise “Private Research and Production Enterprise “Praktyka”.

The subject of the paper is indicators of export activity of the Enterprise, that were used in the analysis of its inefficiency.

Methods of research: as the general methodological basis for qualification paper there were several methods used, such as systemic, comparative and structural-functional methods. SWOT-analysis has been also carried out.

The practical significance of the results of the study is to develop a set of measures that would allow Ukrainian enterprises to widen their markets and increase the efficiency of their export activity.

Information base of the research consists of works of Ukrainian and foreign scientists. Also, legislative acts were used, such as Laws of Ukraine, Codes of Ukraine and others.

The main result of the study is that it was proved that export relations with RF are not as stable and profitable as they were before. So, enterprises, that were focused on Russian market while conducting export activity, should analyze the effectiveness of their export activity and start searching for new markets. One of the most perspective markets for Ukrainian enterprises is European one, investigation of which should become a further step for such companies.

Key words: EXPORT ACTIVITY, ENTERPRISE, LEGISLATIVE ACTS, SANCTION LISTS, EVALUATION OF EXPORT ACTIVITY EFFICIENCY, INTERNATIONAL MARKET.

The main content of the qualifying work is outlined on 62 pages, including the list of references, that consists of 70 titles. The work contains 5 tables and 3 drawings.

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INTRODUCTION

Government has determinant power to regulate export activity in the country. By using different methods, the state encourages or constrains enterprises from conducting export activities with certain countries. While speaking about Ukraine, political situation with Russian Federation has changed dramatically and become very unstable, that, in turn, caused changes in economic relations as well. As one of tasks of government regulation is to respond to such changes, Ukrainian government, by using certain economic and legal methods, has implemented a number of legal acts that have changed the conditions of conducting export activity with Russian enterprises. As a result, the cooperation of Ukrainian companies with counterparties from the Russian Federation has become less effective and more volatile. This fact creates a necessity for Ukrainian enterprises, especially those located in Eastern Ukraine, to search new markets, as such companies are more oriented on Russian importers.

So, the relevance of the topic is explained by the necessity of increasing the efficiency of Ukrainian enterprises' exports activities on the example of certain enterprise - the Private Enterprise "Private Research and Production Enterprise "Praktyka".

The goal of the paper is to analyse export activity of the Private Enterprise "Private Research and Production Enterprise "Praktyka", determine its problems and make solutions for them.

In order to achieve mentioned above goal it was necessary to solve the following tasks:

1. To consider theoretical aspects of government regulation of export activity and methods, that are used for it.
2. To investigate the organizational structure of the Private Enterprise "Private Research and Production Enterprise "Praktyka".
3. To analyze the efficiency of export activity of the Enterprise.

4. To determine main issues of the Enterprise's export activity and make offers for its increasing.

The object of the study is export activity of the Private Enterprise “Private Research and Production Enterprise “Praktyka”.

The subject of the diploma is indicators of export activity of the Enterprise, that were used in the analysis of its inefficiency.

While writing the qualifying paper different theoretical developments were considered. Speaking about the sphere of government regulation and taxation, works of such foreign scientists were used: C. L. Simpson, Jr. D. Kujawa, I. Sadykov, R. Piermartini, R., G. Goode, E. Lent, P.D. Ojha, P. J. Buckley, S. Roper, J. H. Love, R. Anderton, AC. Dunnett , L. Pass, K. Prescott, E. Pelinescu, M. Radulescu and others.

The paper also includes analysis of legal methods of export activity, which are implemented by such legal acts: Tax Code of Ukraine, Customs Code of Ukraine, the Law of Ukraine “On Foreign Economic Activity”, the Law of Ukraine “About currency and currency transactions”, the Law of Ukraine “On the procedure for making settlements in foreign currency”, he Law of Ukraine “About sanctions”, “Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part” and other legal acts.

Methods of research: as the general methodological basis for qualification paper there were several methods used, such as systemic, comparative and structural-functional methods. SWOT-analysis has been also carried out.

The practical significance of the obtained results concerns developing of a set of approaches that would allow Ukrainian enterprises to find new markets and to increase the efficiency of their export activity.

SECTION I THEORETICAL FOUNDATIONS OF EXPORT ACTIVITY OF AN ENTERPRISE

1.1. Definition and essence of export activity and governmental regulation of foreign economic activity

Export activity is one of the most important forms of country`s economic relations with foreign countries

Export activity has become an object for investigation for many scientists because it takes an important place in socio-economic life of a country, region and an enterprise.

First, we should find out the definition of “export activity” or “export”. To begin with, economic encyclopedia gives a definition of foreign trade operation that is a complex of measures, which are complied by subjects of foreign economic activity of different countries in purpose to realize and improve foreign trade[1].

Other definitions are proposed by scientists. According to A. Cherep, export activity of an enterprise can be defined as an agreed set of different tasks that should be completed in order for an enterprise to enter outside market[2]. O. Melnyk defines export activity as a set of interconnected operations, that involve selling of goods with their obligatory movement through the customs border in order to provide possession of these products by a partner from another country[3]. I. Levytska and O. Svirhun consider exports as sale of goods by Ukrainian subjects of foreign economic activity to foreign subjects of economic activity with the export or without export of these goods through the customs border of Ukraine[4].

Speaking about the definition, given by the Ukrainian Law “About foreign economic activity”, that in our opinion is the most accurate, “export” is formulated as selling of goods by Ukrainian subjects of foreign economic activity to foreign subjects of economic activity (including payment in non-monetary form) with the export or without the export of these goods through customs border of Ukraine,

including the re-export of goods. As for “Re-export” term (re-export of goods), it is also explained here and means selling of goods, that were previously imported to the Ukrainian territory to foreign subjects of economic activity and their further export outside Ukrainian borders[5].

Speaking about motives for enterprises to conduct export activity, scientists mention such of them as:

- creating positive image of an enterprise on a domestic market;
- sales markets widening in purpose to increase expected level of income and to maximize profit;
- opportunity to redistribute commercial risk, that makes an enterprise to make a research of new markets outside of local market[6].

It should be mentioned that while conducting export activity, an enterprise gets all mentioned above perks because outside markets have another socio-cultural space, also special economic, political and law environment. But at the same time, these bonuses can accompany by different troubles, like increasing of losses for additional international market investigations, certification and restructuring of an enterprise.

Some scientists propose to consider the essence an enterprise`s export activity as a three-component model, that consists of several structural elements, such as:

1. basic enterprise`s resources, that are used to ensure the execution of industrial, economic and organizational functions, and also procedures of economic activity on the internal market and planning of its going to external markets;
2. restructuring, that is a purposeful set of changes, that assures a process of adaptation pre-export activity to the conditions of international environment and makes it possible to conduct operations of selling products for export;

3. export itself, as selling of goods by internal entities of foreign economic activity with or without taking these goods out of customs border of the country.

It should be mentioned that while conducting export activity, countries can meet different problems, such as absence of proper connection between producers of goods, that should be exported, and intermediary structures. Also nationwide and regional interest, while speaking about foreign trade, can be different, as well as absence of proper economic relationships between business partners or between producers of goods and intermediaries that deal on foreign market can take place. And finally, internal and world approaches to organization and functioning of foreign market can be different. All these negatively influence export activity.

Because of all reasons, mentioned above, it is necessary to say, that government should implement perfect corrective measures of economic mechanism over international trade that would give opportunity to solve and eliminate inconsistencies of international activity and help business entities to conduct efficient export activity.

That is why it is necessary to determine here a “government foreign economic policy” definition. There are several variants of them, given by different scientists, which are:

1. country`s purposeful activity, that involves making decisions concerning regulation of foreign economic relations regimes and optimization of country`s participation in the process of labor dividing at the international level[7];

2. set of purposeful measures, conducted by a state in order to realize economic potential of the country and the level of external market and as well as regarding the satisfaction of domestic needs at the expense of goods and services of foreign manufacturers[8];

3. purposeful influence of the country on trade relations with other countries, that involve using certain principles, approaches and regulation instruments of international trade[9];

In our opinion, the most accurate definition can be formulated as a system of measures, that are conducted by a government, concerning different operations, carried out by business entities at the foreign market, and that are to support foreign economic relations and effective participation of the country in international processes of labor division according to national interests.

It should be mentioned, that the main purpose of international trade policy is that it contributes to the concentration of production in certain sectors of the national economy, increasing overall resource productivity, increasing the volume of domestic production[9]. Thus, international trade policy makes it possible to: obtain of different kinds of resources (natural, investment and so on), that are insufficient in the country; engage modern technology and advanced technologies from other countries; expand an assortment of goods and services in order to meet the needs of the population. So, it can be said, that the export policy is aimed at the realization of domestic products with competitive advantages at the level of the external market.

1.2 Economic methods of export activity regulation

Foreign trade market is an extremely important for the functioning of the national economy and the economy of any country. For Ukraine this importance is determined by the fact that for our country economy modernization, attraction of large-scale foreign investments and latest technologies are possible only in case of formation the country's stable, open to the external world economic system. That is why government regulation of export activity is a very important aspect in international trade, since it is a powerful regulator of export operations of the country.

Speaking about main goals of the government regulation of export activity they are:

- providing the balance of the economy and the balance of the internal market of the country;
- stimulation of progressive structural changes in the economy;
- creation of the most favorable conditions for attraction of the national economy into the system of world division of labor;
- approximation of internal economy to market structures of developed foreign countries[10].

State regulation of export activity is carried out using a number of methods. One of the most popular is economic methods. While speaking about export stimulation, economic methods are the most popular because they are tools that are based on usage of economic instruments in order to achieve economic interests and indicators. Economic methods are most effective in market economy, because relations between and business entities are mostly based on economic interests where everyone is trying to conduct their activity with maximum efficiency and benefit for themselves[11], that is why economic methods of export regulation will be investigated further.

The usage of economic methods of state regulation makes it possible to create such economic conditions that will encourage entities, which deal at the foreign market act in the essential for the society direction, solve certain tasks, according to national and private interests. With the help of economic methods foreign market participants can freely choose their own behavior.

Economic methods of regulation are based on the usage of main economic instruments of customs policy - customs tariff, taxes, customs duties and other types of payments. By using these tools, state influences on the interests of foreign economic activity subjects, and on their behavior, at the same time, preserving their full operational independence, which corresponds to the nature of market relations[P.59, 12].

Speaking about definitions of economic methods, there are several approaches, proposed by scientists. According to the first, they are the instruments, which affect the mechanism of the market, and are aimed at rising imports and

cheapening exports[13]. According to others economic methods are long-term measures, which are characterized as regulating and are used in order to promote the development of the national economy and ensure stable revenues from foreign trade operations to the budget of the country[P. 76, 14].

After analyzing the economic methods can be defined as regulating measures, that are conducted by a government and are usually used in purpose to promote the development of national economy and stimulate foreign trade operations in order to get profit for from them.

Economic methods are usually divided into fiscal and monetary ones. The usage of fiscal methods influences the finances of foreign economic activity entities. Speaking about monetary methods, they determine money offer in the country[P. 364, 15].

Speaking about fiscal methods, they are: customs, customs payments, tax benefits, subsidies, grants, export awards.

As for customs, according to the Customs Code of Ukraine, customs is a national tax, established by the Tax Code of Ukraine and the Customs Code of Ukraine, which is calculated and paid in accordance with the Customs Code, the laws of Ukraine and international contract, which were approved by the Verkhovna Rada of Ukraine[16].

Concerning customs payments, in the Tax Code of Ukraine they are defined as taxes, that are collected according to mentioned above Code or customs legislation during the movement or in connection with the movement of goods through the customs border of Ukraine, and conducting of which are controlled by special controlling bodies[17].

Scientists also give definition of customs payments, they can be defined as a system of obligatory payments, established by customs and tax laws, which is carried out only by customs authorities in connection with the movement of goods across the customs border and to be transferred to the budget system[18]. Some scientists consider customs payments as parafiscal payments, that are payments,

which are collected in favor of individual subjects of public or private law in order to reimburse their costs[19].

There are some special characteristics of customs payments:

- 1) they are obligatory;
- 2) they are established and regulated only by the customs and tax legislation;
- 3) they are paid at the moment of crossing the border[20].

While speaking about tax benefits, they are defined by the Tax Code of Ukraine. According to it, tax benefit is a right, given to the taxpayer to be exempted from the obligation to charge and pay tax and collect, or to pay less tax than it should have been paid according to this Code, provided by the tax and customs legislation.

Scientists distinguish such definitions as “tax benefit” and “tax stimulus”. They claim, that tax benefits are exemptions, based on the nature and social value of expenses, conducted by the payer, which cannot be cancelled because they fulfill social functions and are therefore evaluated for their social effectiveness. But as for tax incentive, it is an exemption, based on the usage of funds to increase the volume of investment, etc. The establishment of such tax exemptions is evaluated depending on their economic efficiency and, if they are unreasonable, they should be abolished[21].

Next two definitions that should be investigated are subsidies and grants. As for subsidies, they are money that is provided to foreign economic entities in order to create and develop export production in a particular area of economic activity. While grants are money, that is provided to foreign trade entities in order to maintain an adequate level of export production and prevent bankruptcy[P. 270, 22].

Export awards are rewards, given to exporters as an encouragement for the export of certain goods and services. They are used to expand the export of products, the conquest of foreign markets.

The effect of export awards is similar to the impact of export subsidies, as they are in fact a separate type of the last. Export awards reduce the production and

commercial costs of enterprises by creating competitive advantages of their products in foreign markets[23].

Speaking about monitoring mass methods they are export lending, preferential loans, exchange rate regulation, currency restrictions, export insurance and guarantees.

Export lending is an economic method of foreign trade policy that provides financial stimulation of national exports development by national producers. It can be done through subsidizing of loans to national exporters, creating related loans with foreign importers, provided with their obligations to buy goods, produced only by the firms of the country, which had provided them with such a loan[24].

Speaking about government lending of exporters, it is a mechanism of foreign trade regulations that provide financial stimulation of export development of national producers. Such a mechanism of governmental stimulation of export producing and exporting is currently a very important part of the mechanism of foreign trade policy realization and is conducted by different countries[25].

One more efficient method of expert regulation is export credit insurance, which is a type of insurance, that is based on elimination or reducing risks that are connected with credits that provide export operations in foreign trade[26].

There are several types of credit insurances: those, that given directly to the banks, that finance export (these guarantees have become obligatory condition for banking loan getting): those, that cover not only for traditional commercial risks (such as natural disasters, rejection of goods, and insolvency of importer), but also risks, that have political character, for example military actions, revolutions, nationalization etc.

1.3 Legal methods of export activity regulation

For the regulation of foreign trade the state uses system of measures based on different Ukrainian laws.

Legal regulation of export activity is carried out through the adoption of laws and legislative acts by the Verkhovna Rada of Ukraine[27]. Speaking about legislative acts, they can be in such forms as Laws of Ukraine, Decrees by the President of Ukraine, Decrees of the Cabinet of Ministers of Ukraine, Principles of the Ministry of Economy of Ukraine, Ministry of Foreign Economic Relations, other ministries and departments, that regulate certain issues of tariff and non-tariff character, agreements, concluded by Ukraine with other countries and other legislative acts of Ukraine. According to these documents, mechanisms of the legal act implementation are developed[28, 29].

One of the most important documents is the Constitution of Ukraine. It claims that Ukraine's foreign policy is aimed at ensuring its national interests and security by maintaining peaceful and mutually beneficial cooperation with members of the international community in accordance with generally recognized principles and norms of international law[30]. This law also says that economic safety is one of the government's main functions, according to the article 17. So, it can be seen, that the Constitution establishes the importance of conducting foreign trade, and export, in particular. It also enables governmental bodies to control this activity[31].

One of the most important laws of Ukraine, that regulate export activity, is the Law of Ukraine, named “On Foreign Economic Activity”. It should be said, that this law is the basis that regulates the activity of Ukrainian enterprises at foreign markets by:

- giving definitions of main terms, that are used in practice of foreign activity;
- establishing main principles and rules of carrying out international activity;
- defining the circle of main entities of such activity, their rights and duties;
- giving a list of possible kinds of possible kinds of foreign economic activity;

- regulating economic relations of Ukraine with other countries and International intergovernmental organizations;
- protecting rights and interests of the country and its subjects of foreign economic activity;
- establishing the responsibility of Ukraine as a government and subjects of foreign economic activity in case of their violation of Ukrainian laws or duties that are connected with contract performance;
- giving a list of main sanctions that can be implied in case of mentioned above violations, etc.

So, as we can see, this Law gives main principles of carrying out foreign economic activity, and that is why it can be regarded as basic legislation act, that cannot be ignored by the entities of international trade[32].

Another extremely important legal act is Customs Code. It's importance is based on that fact, that while crossing the border, there are certain list of customs actions, that should be realized. Most of them are regulated by Customs Code, namely, it:

- defines main terms, concerning customs and their collection;
- determines main subjects of customs relations, their rights and duties;
- establishes sanctions for these subjects in case of their duties violation and explains the mechanism of their realization, etc.

Chapter 15, in particular, is devoted to export customs regime and terms of placing goods into the customs export regime.

It should be mentioned, that one of the conditions of goods` border crossing is a filling of a customs declaration, which is regulated by the Order of the Ministry of Finance of Ukraine “On approval of the Procedure for filling customs declarations on the form of a single administrative document” [33] and also by the Order of the Cabinet of Ministers of Ukraine “Questions, related to the application of customs declarations”[34].

While speaking about export, there are some specific issues, that should be regulated. One of them is regulation of currency transactions, which is regulated by

such Laws as “On the procedure for making settlements in foreign currency”[35], that is acting now, but 07.02.2019 will be replaced by the Law of Ukraine “About currency and currency transactions”[36]. These documents define main terms, concerning international settlements, regulate order of their implementation, give main principles of currency regulations, etc.

As the execution of settlements in export activity takes place, using foreign currency, this process is also regulated by the Decree of the Cabinet of Ministers of Ukraine "On the System of Currency Regulation and Currency Control"[37]. According to it, in international transactions foreign currency is used as a mean of payment. Such transactions can be made only through authorized banks, where special accounts should be opened and used. Their usage is carried out according to the “Instruction on the procedure of opening, using and closing accounts in national and foreign currencies”, approved by the decision of the Board of the National Bank of Ukraine[38]. The Instruction regulates the legal relations, that arise during the opening by banks, their separate units that carry out banking activities on behalf of the bank, and branches of foreign banks in Ukraine, current and deposit accounts in national and foreign currencies for economic entities, individuals, foreign representative offices, non-resident investors, in national and foreign currencies to business entities, physical individuals resident and non-resident investors.

Speaking about the taxation of export operations, they are regulated by several legislative acts[39]. The first and the main is the Tax Code, which was mentioned before. It should be mentioned, that several years ago, there were several legislative acts, that regulated different issues of international operations taxation, here are some of them: the Law of Ukraine “On the United Customs Tariff”[40], the Law of Ukraine “About the taxation system”[41], the Law of Ukraine “About Value Added Tax”[42], the Decree of the Cabinet of Ministers of Ukraine "On the tax on profits of enterprises and organizations"[43]. All of them covered specific area of international operations taxation, but they have expired

and all the questions, that were regulated by them, and now covered by Tax Code and Customs Code[44].

CONCLUSION TO SECTION I

So, export can be defined as selling of goods by Ukrainian subjects of foreign economic activity to foreign subjects of economic activity (including payment in non-monetary form) with the export or without the export of these goods through customs border of Ukraine, including the re-export of goods.

Essence of export consists of several structural elements, such as basic enterprise's resources, restructuring of an enterprise and export itself.

While conducting export countries can meet different problems, that should be solved by government foreign economic policy that can be defined as a system of measures, that are conducted by a government, concerning different operations, carried out by business entities at the foreign market, and that are to support foreign economic relations and effective participation of the country in international processes of labor division according to national interests.

While carrying out foreign economic policy government can use different kinds of methods. Economic methods can be defined as regulating measures, that are conducted by a government and are usually used in purpose to promote the development of national economy and stimulate foreign trade operations in order to get profit for from them.

The main purpose of conducting economic measures by the government, is to encourage producers to export their goods at the foreign market in order to stabilise and improve internal economy.

There are different kinds of economic methods. One of their most popular division is into fiscal and more monetary methods. as for fiscal methods, there are: customs payments, tax benefits, subsidies, grants, export awards, etc. While speaking about monetary ones, they are preferential loans, exchange rate regulation, currency restrictions, export insurance and guarantees.

It should be said that export activity is regulated by a number of legislative acts. They can be divided into two main groups: those, that regulate the realisation

of export operations and those, that regulate taxation of such operations. Speaking about legislative acts, that regulate export operations, here are some of them:

- the Constitution of Ukraine;
- the Law of Ukraine “On Foreign Economic Activity”;
- the Customs Code;
- the Order of the Ministry of Finance of Ukraine “On approval of the Procedure for filling customs declarations on the form of a single administrative document”;
- the Order of the Cabinet of Ministers of Ukraine “Questions related to the application of customs declarations”;
- the Law of Ukraine “On the procedure for making settlements in foreign currency”;
- the Law of Ukraine “About currency and currency transactions”;
- the Decree of the Cabinet of Ministers of Ukraine "On the System of Currency Regulation and Currency Control";
- “Instruction on the procedure of opening, using and closing accounts in national and foreign currencies”, approved by the decision of the Board of the National Bank of Ukraine.

As for those legislative acts, that regulate questions, connected with taxation of export operations, it should be said, that several years ago there were a number of separate laws, that regulated each sphere of taxation and each kind of taxes. But now they have expired and all these issues are covered by the Customs Code and the Tax Code.

SECTION II ANALYSIS OF EXPORT ACTIVITY OF THE PRIVATE ENTERPRISE “PRIVATE RESEARCH AND PRODUCTION ENTERPRISE “PRAKTYKA”

2.1 General characteristics of the Private Enterprise “Private Research and Production Enterprise “Praktyka”

This chapter is based on export activity of the Private Enterprise “Private Research and Production Enterprise “Praktyka” (further - Enterprise), that is why, it is essential, to give general characteristics of this company.

The company was founded on the 26.06.2002 by Andriy Eremenko. The organizational-legal form is private enterprise.

This enterprise works in chemical, metallurgical, coke-chemical, oil-refining, food and building industry of Ukraine by manufacturing different types of equipment for enterprises that work in these industries.

According to the information, given by the Uniform State Register of Legal Entities, Individual Entrepreneurs and Public Associations, the Enterprise conducts such activities as[45]:

- Manufacturing of machinery and equipment for agriculture and forestry;
- Manufacturing of other machinery and equipment of special purpose;
- Non-specialized wholesale trade;
- Activity in the field of engineering, geology and geodesy, provision of technical consulting services in these areas;
- Repairing and maintenance of machines and equipment for industrial use.

To be more specific, the Enterprise:

- produces equipment parts according to customer's drawings;
- conducts repair and modernization of equipment;

- provides services of maintenance of pumping, compressor and other equipment;
- conducts milling, turning of metals, grinding, diving works;
- makes serial work on metal working of details;
- provides mechanical processing of metals[46].

Speaking about export activity of the Enterprise, the main importing country is Russian Federation. Though, it should be mentioned, that there were several operations, conducted with such countries as Holland, Moldova, Bulgaria and Belarus, these operations were unitary and did not have permanent character. So, in this paper export activity of the Enterprise will be investigated based on indicators, received from the operations, and conducted with enterprises in Russian Federation.

Speaking about the way of conducting economic activity with Russian enterprises, it is performed by signing annual contract, where two entities mention the kind of good or service that should be produced or performed, their amount, deadlines, price, methods of payment and other important terms. As for terms of payment, it is usually performed in a such way: after the contract signing, the Customer transfers 75% of the total order price, as a prepayment. After that the Performer fulfills the order according to the terms, mentioned in the contract. After the complete order fulfillment the Customer within 30 days transfers the rest sum of payment.

While speaking about the organizational structure of the Enterprise, it should be mentioned, that although the company actually conducts economic activity from 2014, however, it develops very rapidly. Consequently, the number of employees is steadily increasing and the organizational structure is changing. At the moment, the number of people working in the production hall is 42, which is twice bigger than it was 2 years ago. This caused a necessity in creating additional departments that would support company's activity.

So, as for the production hall, as it was already mentioned, it has 42 employees, working in it. The main task of this department is to perform production function that includes:

- manufacturing of equipment and it's parts (materials: plastic, metal);
- repairing of metal products, etc.

The control over the work of the production workshop is carried out by an engineer, who, in turn, subordinates to the chief engineer. The duties of an engineer include:

- control over the production;
- solving problems that appear in production process, solve them on the spot, and, if that is not possible, report them to the chief engineer;
- observation over the materials and raw materials, that are used in production and to report on time to the chief engineer the necessity of purchasing certain materials.

Thus, the next level of the organizational structure is the procurement department, which consists of 2 people who work closely with the engineer and are responsible to the chief engineer. Consequently, the procurement department performs the following functions:

- searching for contractors for the purchase of goods;
- collecting information on the characteristics of the goods and the conditions for their sale;
- coordination of the final decision with the chief engineer and/or the director;
- commitment of purchases;
- control over goods receiving.

In practice, the work of the procurement department is as follows: after agreeing on the necessity of purchasing certain goods by the engineer and the chief engineer, employees, being informed about the required quality and characteristics of the goods, search for such appropriate ones and the contractors of such goods.

After that the workers contact potential sellers and collect information about the product and conditions of its purchase. Next, the most profitable options are analyzed and given to the Chief Engineer for the final decision (with subsequent approval by the Director of the Enterprise), after which the order is executed. Also, the procurement department provides control over the goods' receiving by informing the chief engineer about the fact of goods, being at certain places of storage (in case the goods were ordered from another city), and providing data of their location.

It should be mentioned, that the procurement of the enterprise is carried out exclusively from Ukrainian producers, as there is a number of measures that protect the national producer from dumping imports, in particular the Law of Ukraine from 22.12.1998 "On the Protection of the National Producer from Dumped Imports"[47]. This law applies to imports of goods that are subject of dumping, if such imports cause damage to the national producer of such goods. The product is considered to be a dumping object if, in the country of import, its export price is lower than the comparable price of the similar product in the country of export in the ordinary course of trade. Thus, the Enterprise maintains this policy; it conducts procurement only from domestic producers.

The next department, which is an integral part of each enterprise, is the accounting department. Speaking about Private Enterprise "Private Research and Production Enterprise "Praktyka", the accounting department of this enterprise involved 2 persons: an accountant and a chief accountant. It should be noted that until recently, the work in this department was performed only by the chief accountant, but as the company grows, there was a need for another specialist.

The accounting department closely cooperates with the procurement department, since after the last mentioned makes an order, the counterparty-seller sends a bill to the company's e-mail that the accountant has to be put into the company's accounting base. Also, receipts notes and work acceptance request that the enterprise must receive from contractors, very often are not received by accounting department for several reasons. In this case, it is necessary to contact

the partners and ask for the above mentioned documents. In this case, these actions are very often performed by procurement staff, as they tend to have contact details of counteragents and much more to interact with them. Thus, these two departments are closely connected in practice.

As for the functions of the accounting department, the main of them is the accounting records maintenance of the enterprise and bookkeeping, which imply several important areas. Speaking about the functions of an accountant, his main tasks include:

- requesting of primary documents (receipts notes and work acceptance request) from counterparties;
- putting information from the above documents into the accounting program of the Enterprise;
- drafting of primary documents of the Enterprise;
- payment calculations;
- the creation of transport bills of business and travel letters, etc.
- As to the duties of Chief Accountant, they are as follows:
- conducting cash and settlement operations;
- compilation and submission of statistical and tax reporting of enterprises;
- organization of work on accounts receivable and accounts payable;
- providing of regular inventory of fixed assets;
- ensuring proper display in the accounts of accounting and reporting of business operations.

The work of the accounting department is extremely important for the company, as it is accompanied by the possibility of imposing a large number of fines in case of incorrect accounting, incorrect filing of tax reports or submission of them with violation of the time limits, established by law.

The next department in the company is legal department, which consists of two employees.

Speaking about duties, employees of the legal department:

- develop or participate in the development of legal documents;
- provide legal assistance to other departments of the enterprise;
- take part in work on conclusion of economic contracts, preparation of conclusions about their legal validity, in developing the conditions of collective agreements, as well as consideration of issues on accounts receivable and accounts payable;
- control the timely submission of certificates, calculations, explanations and other materials for preparing responses to claims;
- develop the terms of collective agreements;
- if necessary, protect the interests of the enterprise in court;
- prepare, along with other departments, proposals for existing ones` changing or the cancellation of those orders that have lapsed and other normative acts that were issued at the enterprise;
- provide certificates and advice to employees of the company on current legislation in force, as well as conclusions on organizational, legal and other legal issues.

For any successful company it is extremely important to promote and advertise their products on the market. Private Enterprise “Private Research and Production Enterprise “Praktyka” is not an exception and therefore conducts its own activities in this direction, which include management of the enterprise`s website and management of its own cabinet on the Prom.ua web-site.

As for the Company's website, it is located at the following address <https://praktikasumy.com.ua/> and provides complete information about the company, the services it provides, the products it produces. There is also available information on shipping and payment terms, as well as contact persons with their contact information.

Speaking about the cabinet on the Prom.ua web-site, it is a personal cabinet of the Enterprise, through which orders are made of enterprise`s goods and services

, which proceeds as follows: the enterprise offers its goods and services, indicates the price and all terms of sale. The buyer, in turn, considers the offers and, in case of agreement with the terms, makes an order. That is, this site works on the principle of an online store and needs constant work on its promotion. That is why the maintenance of the website of the company and the cabinet on the site "Prom.ua" is carried out by a separate employee, since there is no need to create a separate department for this activity.

As to the position of Chief Engineer, he carries out control functions related to production, namely:

- agrees the goods that must be purchased by the company for efficient production;
- solving of problem issues, related to production;
- management and development of perspective plans of enterprise activity;
- ensuring continuous improvement of training and qualification of personnel in accordance with the requirements of scientific and technological progress
- organization of the development and implementation of plans for the introduction of new technologies, as well as technological, organizational and technical measures, research and experimental design work;
- ensuring the effectiveness of design solutions, timely and qualitative preparation of production, technical operation, repair and modernization of equipment;
- ensuring constant improvement of the level of technical preparation of production, its efficiency, reduction of material, financial and labor costs for production of products, works (services), their high quality, etc.

Speaking about the post of director, he supervises all departments of the Enterprise. Its main functions include:

- control of all kinds of activity of the enterprise;

- definition of directions of enterprise development in formation of price, credit-banking, tax and insurance policy, social and foreign economic activity;
- taking measures to provide the company with skilled personnel, the best use of safe and favorable working conditions, observance of requirements of the legislation on environmental protection;
- solving global issues related to the economic activity of the enterprise;
- negotiating with potential business partners and concluding contracts;
- representation of the interests of the enterprise in the bodies of state power and in relations with partners;
- approval of acquisition of fixed assets of the enterprise.

2.2 Analysis of export activity of the Private Enterprise “Private Research and Production Enterprise “Praktyka”

It is necessary to analyze export activity of the Private Enterprise “Research and Production Enterprise “Praktyka”. First of all, it should be mentioned, that, as in accordance with Article 256 of the Civil Code of Ukraine, the general limitation period is 3 years. Also, because of the fact that the Enterprise began its economic activity from 2014, the analysis of economic activity is carried out according to indicators from 2014 to 2018.

To begin with, we would like to analyze a range of products that are most commonly exported by the Enterprise. Unfortunately, the range of them is not very wide, but these are the most popular of them. So, the main part of export range of the Enterprise consist of crashing blade, packing knives, gear wheel, rubber seals and other products. It is also necessary to investigate the share of each product in total export of the Enterprise. for this is has been chosen to use indicators from 2017, as it is the latest year with available figures.

Table 2.1 Efficiency of exported production, 2017, thousand hryvnias.

Export item	Export share	Cost price (thsd.hryvnias)	Income (thsd.hryvnias)	Profit (thsd. hryvnias)
Crashing blade	13%	47,33	60,47	13,14
Packing knives	16%	58,25	74,43	16,18
Gear wheel	42%	152,91	195,37	42,46
Rubber seals	18%	65,53	83,73	18,2
Other	11%	40,05	51,17	11,12

So, as we can see, the most profitable product is gear wheel, which took 42% from the total export and brought 42,46 thsd. hryvnias in 2017, so it took the biggest share of export. Speaking about least profitable group of products, it was others that include such products as heat exchanger, gearbox, pulley and other products, which are exported but not in big amounts. So, this group of product was 11% from total export and brought 11,12 thsd. hryvnias in 2017.

Speaking about geographical structure of export, the Enterprise, in general, works with Russian Federation. It must be mentioned, that there were several contracts with other countries, but they do not take significant part in total export.

Before analyzing main indicators of export activity of the Enterprise, we need to investigate the question of export potential of an enterprise[48]. First, it must be said, that export potential of the country is an integral part of its economic potential, which also includes industrial, scientific, technical, labor, investment, informational potential, as well as the potential of sales. While evaluation the realization of export potential, it is necessary to consider its structure that determines the effectiveness of using the tools of its realizations[49, 50].

While speaking about factors, that ensure the effectiveness of using the instruments of export potential of an enterprise, there are internal and external ones[51]. As for external factors, they are:

- governmental policy of the development of research work in the country;
- governmental tax regulation,
- state currency regulation,
- formation of a chain of regular deliveries with foreign partners;
- conclusion of agreements on international cooperation with foreign partners (production and sales cooperation, outsourcing).

As for internal factors, they are:

- level of product innovation[52];
- level of product competitiveness;
- availability of highly qualified personnel;
- possibility of reducing production and marketing costs.

So, structural elements of export potential are further:

1. Availability and quality of resources.
2. The innovative nature of the development (innovation potential).
3. The presence and characteristics of the production capacities (production potential).
4. Production and commercial relations(availability of cooperation agreements with partners).
5. The level of competitiveness of goods, that are produced, that means the presence of "competitive potential", that is, the potential of competing profitability.
6. Availability of opportunities to provide services to ensure the functioning of goods that were realized.
7. Availability and skill level of staff.
8. The impact of government regulation.

9. Availability of financial resources for financial production and commercial operations (financial potential).
10. Characteristics of consumer influence on enterprise's research and development.
11. Availability of channels for sustainable sales of products abroad (part of the export potential activities).
12. Presence of commercial presence for abroad (part of the export potential activities).

Speaking about the Private Enterprise "Private Research and Production Enterprise "Praktyka", it fits such elements (from mentioned above) as:

- Availability and quality of resources, as it always works only with high quality materials and control their availability at the Enterprise;
- The innovative nature of the development, as it regularly increases its production opportunities and purchases respective equipment for this[53];
- Production and commercial relations(availability of cooperation agreements with partners), that involves permanent cooperation with consistent partners, that have good reputation, and thanks to this both entities can be sure in efficient cooperation[54];
- The presence and characteristics of the production capacities (production potential). As the Enterprise provides wide range of goods and services, it has all necessary equipment that allows it to comply all this activity effectively.
- The level of competitiveness of goods, that are produced, that means the presence of "competitive potential", that is, the potential of competing profitability, as all products are high quality[55].
- Availability and skill level of staff, as all staff in highly qualified. As for employees, who work in production hall, they all have necessary education and experience and regularly take part in different training.

- The impact of government regulation, that results in realization of different actions, implemented by Ukrainian government, that stimulate export activity of the Enterprise.

So, it can be said, that the Enterprise has a high level of export potential[56].

To continue with, it is necessary to investigate the rate of exports` growth, that can be defined as the ratio of output sold for export in a certain period to the volume of products that are sold for export in the previous period. For this we shall use further formula:

$$R_g = \frac{P_s}{P_{s-1}}(1)$$

Where R_g – rate of exports growth;

P_s – product sales, that were sold for export in certain period;

P_{s-1} – product sales, that were sold for export in previous period;

This indicator reflects the dynamics of export activity. Positive dynamics occurs when the value of the indicator is more than 1.

Table 2.2 Rate of the growth of exports

	2014	2015	2016	2017	2018 (6 months)
P_s	5, 234	54,340	203,700	465,175	418,749
P_{s-1}	-	5,234	54,340	203,700	465,175
R_g	-	10,382	3,749	2,284	0,900

So, as we can see, the highest rate was in 2015 and was 10,382. As for the lowest one, it occurred in 2018 (0.900).

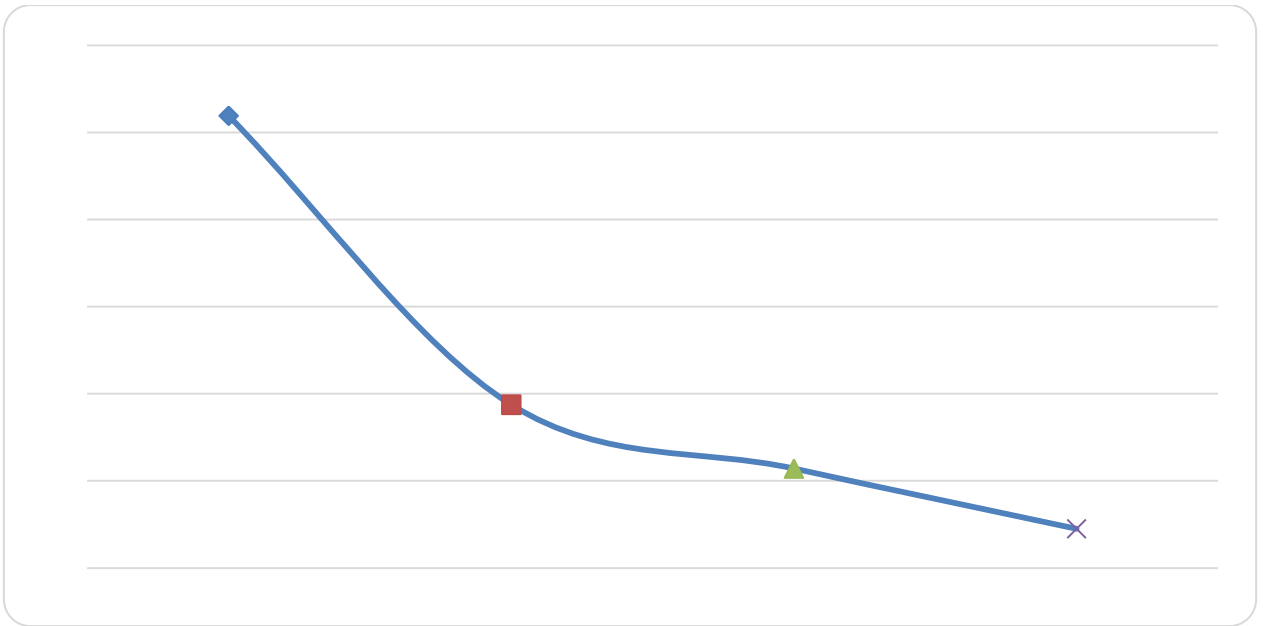


Figure 2.1 The rate of export growth

Thus, it is possible to observe general tendency of decreasing of the level of the indicator in the period from 2014 to 2018. The largest decrease of this indicator occurred in 2016, when it was -64% in relation to the previous year. The least drop can be seen in 2017 and it was -39% relatively to the previous period[57].

In 2014, the export volume was the lowest due to short-term export activity. Since 2015, export activity is much more active, which is why the available growth in 2015 was the largest in the period under investigation. Subsequently, exports grew, but at the same time, the growth rate declined every year[58].

Next, it is necessary to investigate the share of profit from the sale of exports in the total amount of profit from the sale of the enterprise, that can be defined as the ratio of profit from sales of products exported to the total profit from sales, that can be investigated with such formula:

$$S_p = \frac{P_s}{P_0}, \quad (2)$$

where S_p – the share of profit from the sale of exports in the total amount of profits from the sale of the enterprise;

P_s - profit from sales of exported products;

P_0 – profit from sales of products;

This indicator shows the share of profit from sales of exported products in the total amount of profits from sales of the organization; the higher the indicator, the greater the value of exports for the organization. The indicator reflects the impact of export activity on the formation of financial results of the organization.

Table 2.3 – Share of profit from the sale of exports in the total amount of profit from the sale of the enterprise

	2014	2015	2016	2017	2018 (6 mon)
P_s	4,900	3,500	7,400	22,700	41,500
P_0	16,600	84,100	104,500	262,200	399,300
S_p	0,295	0,042	0,071	0,087	0,104

We can see, that the highest level was reached in 2014 and amounted to 0.295. The smallest value was observed in 2015 and amounted to 0.042.

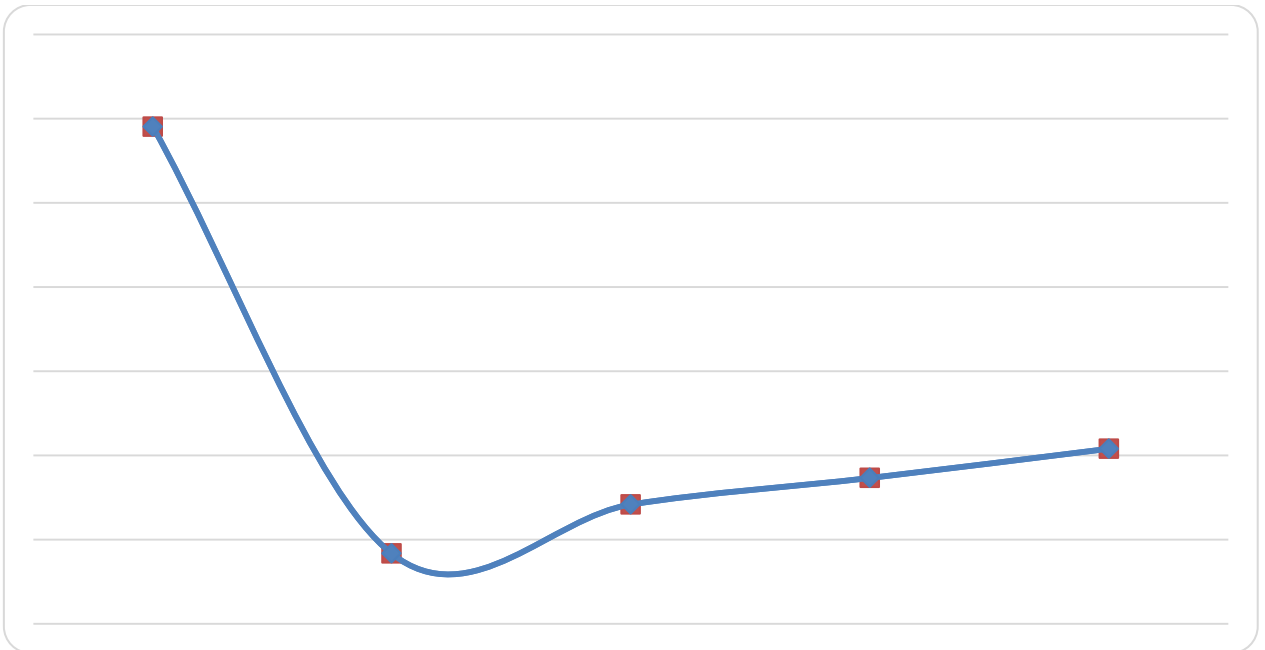


Figure 2.2 Share of profit from the sale of exports in the total amount of profit from the sale of the enterprise

The largest increase in the indicator of the profit share from export in the total amount of profits from sale of the organization occurred in 2016, - 70.2% in relation to the previous year, and the smallest - in 2015 (-86%) in relation to the previous period.

The next indicator, that is worth investigating, is the competitiveness of products in the foreign market, that is a ratio of profits[59, 60], received by the manufacturer in the sale of goods on the world market to the costs of the manufacturer associated with the production and sale of goods on the world market. For this we are using the further formula:

$$C_p = \frac{P}{C} \quad , \quad (3)$$

where C_p - the competitiveness of the product for the manufacturer;

P - profit, received by the manufacturer when selling goods on the world market;

C - producer`s costs, connected with the production and sale of goods on the world market.

This indicator reflects the level of competitiveness of the goods. In accordance with this formula, the more profit, the higher the competitiveness of the product for the manufacturer[61].

Table 2.4 – Competitiveness of products in the foreign market

	2014	2015	2016	2017	2018 (6 mic)
P	4,900	3,500	8,700	22,700	41,500
C	6,800	43,100	180,700	439,000	379,000
C_p	0,721	0,081	0,048	0,052	0,109

So, the highest level is observed in 2014 and is 0,721. Accordingly, the smallest indicator can be seen in 2016 when it was zero as much as 0.048.

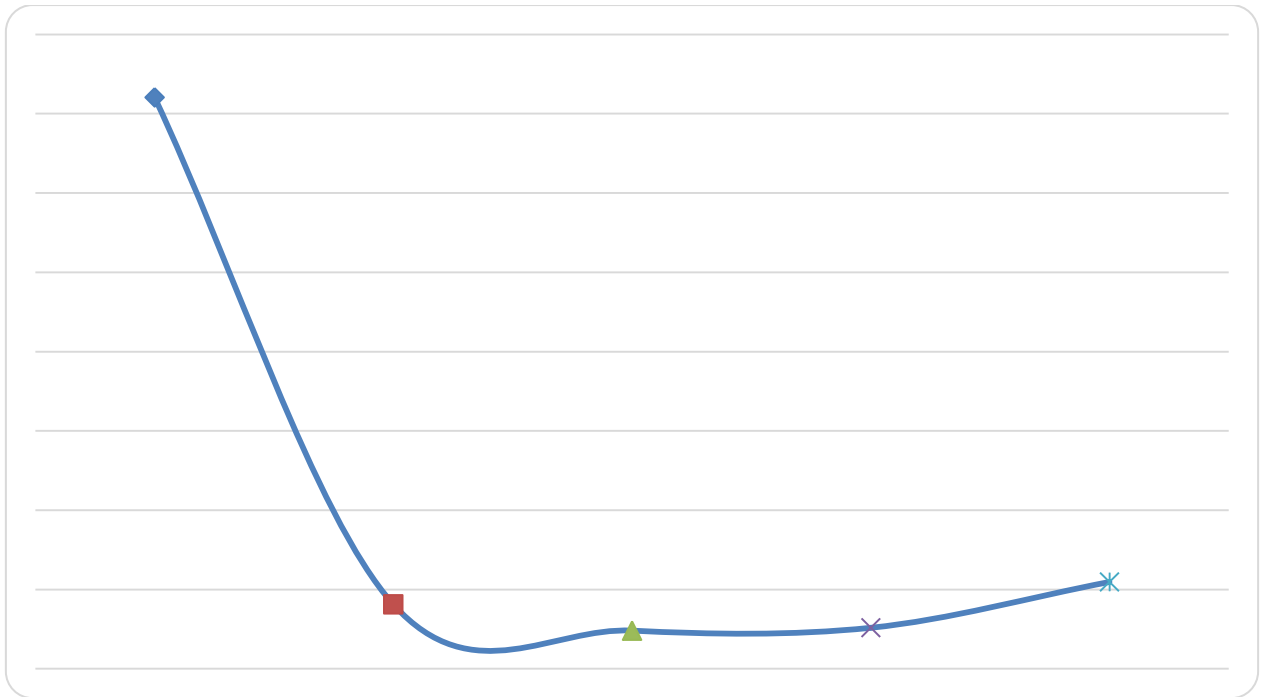


Figure 2.3 Competitiveness of products in the foreign market

As it is shown, the increase in the indicator occurred only in 2018, and amounted to 111.8% in relation to the previous year. The largest decrease in the level of the indicator was recorded in 2015 and was -88.7% compared to the previous year. This can be explained by the fact that in 2015 the political and economical situation between Ukraine and Russian Federation was very rough, that directly influences the competitiveness of enterprise`s products. After investigating this indicator we conclude that the highest level of competitiveness was in 2014. Thereafter, there is a significant decline, but from 2018 there is a gradual recovery of the level of the indicator.

CONCLUSION TO SECTION II

So, The Private Enterprise “Private Research and Production Enterprise “Practyca” was founded in 2002, but in fact it has been operating since December 2014.

The enterprise carries out the following types of work: manufacturing of machinery and equipment for agriculture and forestry, manufacturing of other machinery and equipment for special purposes, specialized wholesale trade, engineering, geology and geodesy activities, provision of technical advisory services in these areas, repair and maintenance of machinery and equipment for industrial use.

The organizational structure of the company consists of the following structural divisions:

- Production hall.
- Procurement department.
- Accounting department.
- Legal department.

Also, the company carries out the promotion of its products. This function is performed by a separate employee, who is responsible for conducting activities on the company's own website and its cabinet in the online store "Prom.ua".

Separate positions can be distinguished such persons as engineer, chief engineer and director of an enterprise, which perform mostly organizational and supervisory functions.

After analyzing the Enterprise`s export activity, it can be seen, that its export activity is successful and every year it becomes more and more profitable, though not as rapidly, as it was in 2014-2015.

The competitiveness of the Enterprise`s products is also high, which proves its high quality and effectiveness of their sale on the world market. At the same time its export takes a certain share from the total profit of the Enterprise. From all this we can make a conclusion, that export its export activity is profitable enough.

However, we can see, that export activity of the Enterprise is significantly influenced by the economical and political relations with Russian Federation. This situation caused the decline of export, especially lately.

According to this, we can conclude that Russian market is profitable enough, but, as it is not stable, it is expedient to diversify foreign markets.

SECTION III PROBLEMS AND WAYS OF IMPROVEMENT OF EXPORT ACTIVITY OF PRIVATE ENTERPRISE “PRIVATE RESEARCH AND PRODUCTION ENTERPRISE “PRAKTYKA”

3.1 Problems and solutions of export activity of Private Enterprise “Private Research and Production Enterprise “Praktyka”

First of all, in order identify main factors of internal environment of the Enterprise, it is necessary to highlight its main strengths, weaknesses, opportunities and threats of the Enterprise. For this we should make SWOT analysis.

Table 3.1 SWOT analysis of Private Enterprise “Private Research and Production Enterprise “Praktyka”

Strengths	Weaknesses
Specialized production; Permanent update of production equipment; Highly qualified staff; Good reputation among consumers; High quality of products and services; Taxation benefits; Growing export volume; Cooperation with permanent customers; Constant staff development.	Absence of information adaptation on the web-site for foreign partners; Lack of ways for foreign customers to learn about the Enterprise`s activity; Low level of awareness of foreign customers about enterprise`s products; Orientation only on Russian market.
Opportunities	Threats
Searching for new foreign markets; Leasing of new equipment; Making localization of web-site for countries, where production is exported. Foundation of subsidiaries in the county of import.	Rising prices for raw materials to the level of world prices; Technological changes and innovations; Getting Russian partners into sanction lists; Increasing of competition after Ukraine's accession to the EU free trade zone.

So, as we can see the Enterprise has such strengths, as specialized production, whereby it specializes on certain type of production, that allows it to produce high quality products, which is also influenced by the fact, that production equipment is always updated and new kinds of it is purchased. This also creates good reputation of an Enterprise among its customers, that results in its cooperation with same partners during several years and growing volume of

export. Speaking about Enterprise`s employees, they all are highly qualified and constantly attend trainings and increase their knowledge. As for taxation, it is also a very good reason for the company to provide export activity, as according to the article 200 of the Tax Code of Ukraine, companies, that provide export activity, have a right for a budget reimbursement of VAT. This means , that if the enterprise, that conducts export activity can provide documentary confirmation of the actual sale of goods though the customs territory of Ukraine, as well as export calculations of export refunds on the results of the tax period, it has the right to receive certain compensation within 30 calendar days from the date of presentation of documents[62].

While speaking about weaknesses of the Enterprise, one of them is that fact, that company`s web-site does not have any adapted information for partners from other countries[63]. As a result, foreign customers do not have opportunities to learn about the Enterprise`s activity, that, in its turn, causes low level of awareness of foreign customers about enterprise`s products. Taking into account all of the above, the Enterprise focuses only on Russian market.

As for threats, that the Enterprise may face, the first of them is rising prices for raw materials to the level of world prices, that would cause increase of production costs, that would, in its turn, increase final cost of production[64, 65]. Another threat is technological changes and innovations, in case, the Enterprise does not fit certain level of their technology`s development, that would reduce their competitiveness on the world market. This is also connected with the threat of competition increasing after Ukraine's accession to the EU free trade zone, as there are many companies, that provide similar activity at the European market, that mat also reduce the Enterprise`s competitiveness. And the last threat is getting Russian partners into sanction lists, that should be explain in more detail.

As political situation between Ukraine and Russian Federation is rough enough, it also influences economical relations between these countries. So, according to the decision of the Council on National Security and Defense of Ukraine from 21.06.2018 “About application and introduction of amendments to

personal special economic and other restrictive measures (sanctions)”, it was decided to implement personal special economic and other restrictive measures (sanctions) to certain individuals and legal entities. According to the article 5 of the Law of Ukraine from 14.08.2014 “About sanctions”, proposals for the application, cancellation and amendment of sanctions should be submitted to the National Security and Defense Council of Ukraine, by the Verkhovna Rada of Ukraine, the President of Ukraine, the Cabinet of Ministers of Ukraine, the National Bank of Ukraine, and the Security Service of Ukraine. The decision on the application of sanctions should include the period of their application, except for the application of sanctions that result in the termination of rights, that in content can not be applied temporarily.

As for the types of sanctions, they are:

- 1) asset blocking - temporary limitation of the right of a person to use and dispose of his property;
- 2) restriction of trading operations;
- 3) restriction, partial or complete termination of transit of resources, flights and transportation on the territory of Ukraine;
- 4) prevention of withdrawal of capital outside of Ukraine;
- 5) suspension of execution of economic and financial obligations;
- 6) cancellation or suspension of licenses and other permissions, receipt (presence) of which is a condition for realization of certain activity, in particular, cancellation or suspension of special permits for use of subsoil;
- 7) a ban on participation in privatization, lease of state property by residents of a foreign state and persons who are directly or indirectly controlled by residents of the foreign state or act in their interests;
- 8) restriction or termination of provision of telecommunication services and use of telecommunication networks of general use;
- 9) prohibition of the implementation of state procurement of goods, works and services from legal entities-residents of a foreign state-owned form of ownership and legal entities whose share capital is owned by a foreign state, as

well as public procurement from other entities conducting the sale of goods , works, services originating from a foreign state to which sanctions have been applied in accordance with mentioned above Law;

10) a total or partial prohibition on the performance of transactions in securities issued by persons who are subject to sanctions pursuant to this Law;

11) a ban on issuing permits, licenses of the National Bank of Ukraine for investments in a foreign state, placement of currency values in accounts and deposits in the territory of a foreign state;

12) termination of permits, licenses to import into Ukraine of a foreign state or export of Ukraine currency values and cash withdrawal limit on payment cards issued by residents of a foreign country[66].

Currently the list of legal entities, to whom economic and other restrictive measures (sanctions) were implemented consists of 468 legal entities[67].

So, as we can see, Private Enterprise “Private Research and Production Enterprise “Praktyka”, as it works with Russian enterprises has a risk, that its partner would get into such list and loose the opportunity of further cooperation and, what is the most damaging to company`s activity, loose an opportunity to conduct monetary transactions.

After the analysis of main threats of the Enterprise, it is necessary to propose ways of eliminating these problems. First of all, speaking about web-site problem, it is essential to making localization of web-site for countries, where production will be exported. After these actions, foreign companies would have more opportunities to learn about the Enterprises activity, especially if it carries out more active promotion of the web-site. As for technological changes and innovations, company should always fit international level of quality. Though, it always updates its equipment, it could have use leasing. In this case the Enterprise can purchase new equipment without sharp waste of its assets.

If we speak about the problem of the Enterprise`s orientation only on Russian market. It is necessary to find new foreign markets. It should ne said, that

currently Ukraine has good economical relations with European countries, that gives Ukrainian companies a good opportunity to diversify markets.

According to the “Association agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their Member States, on the other hand” from 21.03.2014, the Parties gradually establish a free trade area during a transitional period not exceeding 10 years from the date of entry into force of this Agreement[68]. Each Party reduces or cancel the import duty on products originating from the other Party. None Party may increase the existing duty or approve the levying of any new customs duty on goods originating from the other Party. So, according to this document, Ukrainian enterprises have good conditions of international trade with European countries, which means that

It should also be mentioned, that Private Enterprise “Private Research and Production Enterprise “Praktyka” should focus also on European market[69].

In case of cooperation with such counties in would be profitable to found subsidiaries of the Enterprise in the country of export and, may be, even establish production there, as it would reduce costs on transportation of the products[70].

CONCLUSION TO SECTION III

So, the Private Enterprise “Private Research and Production Enterprise “Practyca” has many strengths, that allows it to be competitive at foreign market. As its main importers are situated in Russian Federation, there is a risk of inefficient export activity with them, as there are many obstacles that prevent permanent activity with Russian Enterprises. Since this situation takes place, it would be much safer and more profitable for the Enterprise to draw its attention on European markets, as there are legal and economic factors that enable such activity. In order to solve the problem with extra expenses on transportation it was proposed to establish subsidiaries of the Enterprise in the country of export, as well as production hall. In this case it transportation would be much cheaper.

CONCLUSIONS

Government regulation is extremely important for export activity of the country as it defines its main directions. Government can use many tools to provide such regulation, but legal ones are one of the most important because through them government establish such conditions that make enterprises act in a certain way and adapt their activity to current rules. As nowadays political situation is permanently changing, enterprises have to analyse their export activity and search for new ways of its efficiency increasing .

According to the goal of the paper, the export activity of the Private Enterprise “Private Research and Production Enterprise “Praktyka” was investigated with further analysis of its problems. We have also proposed some ways to increase the efficiency of export activity of this Enterprise. For the achievement of the established goal several tasks were complete: there were some theoretical aspects of government regulation of export activity investigated, as well as methods, that are used for it; the organizational structure of the Private Enterprise “Private Research and Production Enterprise “Praktyka” was described; export activity of the Enterprise was analysed; there were main problems of the Enterprise's export activity determined, after with some proposals for its increasing were made.

It has been found out that export can defined as selling of goods by Ukrainian subjects of foreign economic activity to foreign subjects of economic activity (including payment in non-monetary form) with the export or without the export of these goods through customs border of Ukraine, including the re-export of goods.

Essence of export consists of several structural elements, such as basic enterprise's resources, restructuring of an enterprise and export itself.

While speaking about the purpose of government regulation of export activity, it was found that while conducting export, countries can meet different problems, that should be solved by government foreign economic policy. This can

be defined as a system of measures, that are conducted by a government, concerning different operations, carried out by business entities at the foreign market, and that are to support foreign economic relations and effective participation of the country in international processes of labor division according to national interests.

While carrying out foreign economic policy government can use different kinds of methods. The main purpose of conducting economic measures by the government, is to encourage produces to export their goods at the foreign market in order to stabilise and improve internal economy.

There have been determined different kinds of economic methods. One of their most popular division is into fiscal and more monetary methods. As for fiscal methods, there are: customs payments, tax benefits, subsidies, grants, export awards, etc. While speaking about monetary ones, they are preferential loans, exchange rate regulation, currency restrictions, export insurance and guarantees.

Export activity is regulated by a number of legislative acts. They can be divided into two main groups: those, that regulate the realisation of export operations and those, that regulate taxation of such operations. Speaking about legislative acts, that regulate export operations, here are some of them: the Constitution of Ukraine, the Law of Ukraine “On Foreign Economic Activity”, the Customs Code, the Order of the Ministry of Finance of Ukraine “On approval of the Procedure for filling customs declarations on the form of a single administrative document”, the Order of the Cabinet of Ministers of Ukraine “Questions related to the application of customs declarations”, the Law of Ukraine “On the procedure for making settlements in foreign currency”, the Law of Ukraine “About currency and currency transactions”, the Decree of the Cabinet of Ministers of Ukraine "On the System of Currency Regulation and Currency Control", “Instruction on the procedure of opening, using and closing accounts in national and foreign currencies”, approved by the decision of the Board of the National Bank of Ukraine and others.

As for those legislative acts, that regulate questions, connected with taxation of export operations, it should be said, that several years ago there were a number of separate laws, that regulated each sphere of taxation and each kind of taxes. But now they have expired and all these issues are covered by the Customs Code and the Tax Code.

After that we have investigated organizational structure of The Private Enterprise "Private Research and Production Enterprise "Praktyka" and investigated its main indicators of export activity.

So, the Enterprise carries out the following types of work: manufacturing of machinery and equipment for agriculture and forestry, manufacturing of other machinery and equipment for special purposes, specialized wholesale trade, engineering, geology and geodesy activities, provision of technical advisory services in these areas, repair and maintenance of machinery and equipment for industrial use.

The organizational structure of the company consists of the following structural divisions: production hall, procurement department, accounting department, legal department.

After analyzing the Enterprise`s export activity, it was discovered, that its export activity is successful and every year it becomes more and more profitable, though not as rapidly, as it was in 2014-2015.

The competitiveness of the Enterprise`s products is also high, which proves its high quality and effectiveness of their sale on the world market. At the same time its export takes a certain share from the total profit of the Enterprise. From all this we can make a conclusion, that export its export activity is profitable enough.

However, we can see, that export activity of the Enterprise is significantly influenced by the economical and political relations with Russian Federation. This situation caused the decline of export, especially lately.

According to this, we can conclude that Russian market is profitable enough, but, as it is not stable, it is expedient to diversify foreign markets.

After this it has been SWOT-analysis carried out, with the help of which it has been decided that the Private Enterprise “Private Research and Production Enterprise “Praktyka” has many strengths, that allows it to be competitive at foreign market. As its main importers are situated in Russian Federation, there is a risk of inefficient export activity with them, as there are many obstacles that prevent permanent activity with Russian Enterprises. Since this situation takes place, it would be much safer and more profitable for the Enterprise to draw its attention on European markets, as there are legal and economic factors that enable such activity. In order to solve the problem with extra expenses on transportation it was proposed to establish subsidiaries of the Enterprise in the country of export, as well as production hall. In this case it transportation would be much cheaper.

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APPENDIXES

Appendix A

SUMMARY

Zhytelna O.V. Economic and legal regulation of an enterprise's export activities. – Masters-level Qualification Thesis. Sumy State University, Sumy, 2018.

The paper investigates the efficiency of an enterprise's export activity on the example of the Private Enterprise "Private Research and Production Enterprise "Praktyka" and its main problems. The results of the study show main weaknesses of the Enterprise and its export activity and propose ways of their solving.

Key words: export activity, enterprise, legislative acts, sanction lists, evaluation of export activity efficiency, international market.

АНОТАЦІЯ

Жительна О.В. Економіко-правове регулювання експортної діяльності підприємства. - Магістерська кваліфікаційна робота. Сумський державний університет, Суми, 2018.

Досліджено ефективність експортної діяльності підприємства на прикладі приватного підприємства «Приватне науково-виробниче підприємство «Практика» та його основні проблеми. Результати дослідження показують основні недоліки підприємства та його експортної діяльності та пропонують шляхи їх вирішення.

Ключові слова: експортна діяльність, підприємство, законодавчі акти, санкційні списки, оцінка ефективності експортної діяльності, міжнародний ринок.

Appendix B

Abstracting foreign literary sources

1. David Arnold “Seven Rules of International Distribution”[51]

In this article the author investigates main problems that multinational companies face while entering the international market and proposes several ways of their solving.

The main problem appears when companies hire distributors, who manage to achieve initial sales growth but in time sales fall and companies do not achieve expected rate of sales. In this case there is one more option, that lies in the fact that it would be more profitable to maintain desirable rate of growth by having subsidiaries in the country-importer.

The author determines several reasons why the distributor loses his effectiveness: he does not invest in business growth; he is not ambitious enough; he does not know how to grow the market.

After this several solution are made:

1. To look for highly-qualified distributors instead of hiring those, who propose their services themselves, as in practice, in very often turns out that such distributors present interests of companies-competitors.
2. To look for distributors capable of developing markets, rather than those with a few obvious customer contacts.
3. To treat the local distributors as long-term partners, not temporary market-entry vehicles.
4. To support market entry by committing money, managers, and proven marketing ideas.
5. From the start, to maintain control over marketing strategy.
6. Make sure distributors provide you with detailed market and financial performance data.

7. Build links among national distributors at the earliest opportunity.

2. Shankar Ganesan “Determinants of long-term orientation in buyer–seller relationships”[54]

In the article the author investigates factors that influence long-term relationships between enterprises, as most companies overlook the sustainable competitive advantage that can be created through long-term relationships with their suppliers.

The author suggests that long-term orientation in a buyer/seller relationship is a function of two main factors: mutual dependence and the extent to which they trust one another. Dependence and trust are related to environmental uncertainty, transaction-specific investments, reputation, and satisfaction in a buyer/seller relationship. The framework presented in this work has been tested with 124 retail buyers and 52 vendors supplying to those retailers.

The results indicate that trust and dependence play key roles in determining the long-term orientation of both retail buyers and their vendors. The results also indicate that both similarities and differences exist across retailers and vendors with respect to the effects of several variables on long-term orientation, dependence, and trust.

The author also claims that both retailer and vendor perspectives indicate that long-term orientation is determined by the extent to which a retailer or vendor trusts the channel partner as an element of trust is necessary for parties to have a long-term orientation.

3. Bonaccorsi A. On the Relationship Between Firm Size and Export Intensity[57]

The goal of the article is to examine the impact of firm size on export performance, by using different proxies for the variable ‘firm size’ and diverse indicators for the ‘export performance’ variable, as well as create a better

understanding of the relationship between firm size and export performance using a sample of Portuguese firms, of different industries, to explicitly control for possible sectorial factors influencing the relationship in analysis.

Speaking about product adaptation, it has been found out that this indicator has relevant importance for all firms. “Lower than average” firms, considering sales volume and number and employees, attribute more importance to promotion and price adaptation than “higher than average firms”. “Lower than average” firms typically rely on a local distributor in the country of destination.

Concerning geographic factor. it is the most relevant is all groups as it is followed by language differences and cultural similarity. The authors note that firms “higher than average” considering sales volume or the number of employees do not go to very distant countries when they start exporting.

As for competitiveness in the domestic market, it is considered an important factor in the decision to internationalize. “Higher than average” firms attribute more importance to competitiveness in domestic market than “lower than average firms”.