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## QUALIFICATION PAPER

on the topic " UKRAINE IN THE INTERNATIONAL COMMODITY MARKET"

Specialty 292 "International Economic Relations"

Student 4<sup>th</sup> Course

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Sumy, 2021

## **ABSTRACT**

on bachelor's degree qualification paper on the topic  
« UKRAINE IN THE INTERNATIONAL COMMODITY MARKET»

student Hlushchenko Daniil

The main content of the bachelor's degree qualification paper is presented on 27 pages, including references consisted of 32 used sources, which is placed on 3 pages. The paper contains 5 tables, 4 pictures.

Keywords: INTERNATIONAL COMMODITY MARKET, INTERNATIONAL TRADE, UKRAINE EXPORTS, UKRAINE IMPORTS, TRADE BALANCE, INTERNATIONAL TRADE ORGANIZATIONS, FREE TRADE AREA, STATE SUPPORT.

The purpose of the bachelor's degree qualification paper is to study the theoretical foundations of the formation and operation of the international commodity market, to analyze the activities of Ukraine as a participant in the international commodity market, to reveal the country's potential, to give examples of ways and tools by which Ukraine can increase its potential.

The object of research is international trade activity of Ukraine.

The subject of research of this scientific work is "Ukraine in the international commodity market".

The information base of the work is legislative and regulatory documents on Ukraine's activities in the international commodity market, the State Statistics Service of Ukraine, the Cabinet of Ministers of Ukraine, the Ministry of Economy and Trade, articles of the Institute for Economic Research and Policy Consulting, reports of the official State Portal of Canada, sites of international trade organizations, as well as periodicals and scientific publications of domestic and foreign authors.

According to the results of the study the following conclusions are formulated

1. Five main commodity groups were identified, which are the most exported and imported to Ukraine.

2. Also, analyzing the statistical data, conclusions were made about Ukraine's main trading partners in both directions (exports, imports).

3. The dynamics of changes in the trade balance of Ukraine was studied. After analyzing the data, we can conclude that in the period from 2016 to 2019 inclusive, the trade balance has been steadily declining, but in 2020 the figure changed direction, declining to 48 million US dollars.

4. In studying the activities of Ukraine in the international commodity market, several major international trade organizations, of which Ukraine is a member, were identified. These were:

- The World Trade Organization (WTO);
- The World Customs Organization (WCO);
- The Black Sea Trade and Development Bank.

The obtained results can be used in the process of development of the strategy of international trade development of Ukraine.

The year of qualifying paper fulfillment is 2021.

The year of paper defense is 2021.

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«\_\_» \_\_\_\_\_ 20\_\_ .

TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations " )

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1. The theme of the paper is UKRAINE IN THE INTERNATIONAL COMMODITY MARKET

approved by the order of the university from «\_\_» \_\_\_\_\_ 2021 № \_\_\_\_\_

2. The term of completed paper submission by the student is «\_\_» \_\_\_\_\_ 20\_\_

3. The purpose of the qualification paper : to study the theoretical foundations of the formation and operation of the international commodity market, to analyze the activities of Ukraine as a participant in the international commodity market, to reveal the country's potential, to give examples of ways and tools by which Ukraine can increase its potential.

4. The object of the research is international trade activity of Ukraine.

5. The subject of research is Ukraine in the international commodity market

6. The qualification paper is carried out on materials, legislative and regulatory documents on Ukraine's activities in the international commodity market, the State Statistics Service of Ukraine, the Cabinet of Ministers of Ukraine, the Ministry of Economy and Trade, articles of the Institute for Economic Research and Policy Consulting, reports of the official State Portal of Canada, sites of international trade organizations, as well as periodicals and scientific publications of domestic and foreign authors.

7. Approximate qualifying bachelor's paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1. «International commodity market». The deadline is- «\_\_»\_\_\_\_2021.

Chapter 1. Tasks set to achieve the goal:

1. consider the concept of "international commodity market";
2. provide a description, consider the main functions and structure of the international commodity market, identify the main objectives of the participants;

Chapter 2. «Ukraine as a participant of international commodity market». The deadline is- «\_\_»\_\_\_\_2021.

Chapter 2. Tasks set to achieve the goal:

1. to characterize Ukraine as a participant in the international commodity market;
2. to analyze the activities of Ukraine by considering statistical data;
3. identify the main groups of goods for export and import;
4. identify key partners for exports and imports;
5. consider the concept of "trade balance", analysis of the Ukrainian indicator;
6. consider examples of international trade organizations in which Ukraine is a member;

Chapter 3. Opportunities of Ukraine in international commodity market. The deadline is- «\_\_»\_\_\_\_2021.

Chapter 3. Task set to achieve the goal:

- identify ways and tools to increase Ukraine's potential.

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1			
2			
3			

9. Date of issue of the task: « \_\_\_\_ » \_\_\_\_\_ 20 \_\_

Research Advisor:

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The tasks has been received:

\_\_\_\_\_

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## INTRODUCTION

Today the concepts of international activity, international cooperation are not new. Over a long period of time, countries, companies and organizations have established their international relations or brought existing ones to a new level, for greater profit or in certain interests.

The subject of research of this scientific work is "Ukraine in the international commodity market".

The concept of international trade in goods arose as a result of trade between representatives of different states. International trade in goods involves the movement of goods across the customs borders of different states.

The consequence of international trade is the emergence of international commodity market.

The relevance of this topic is that the country is on the way to finding its advantageous place in the world economy, despite the internal and external economic and political everyday problems.

Purpose: to study the theoretical foundations of the formation and operation of the international commodity market, to analyze the activities of Ukraine as a participant in the international commodity market, to reveal the country's potential, to give examples of ways and tools by which Ukraine can increase its potential.

Tasks set to achieve the goal:

- consider the concept of "international commodity market";
- provide a description, consider the main functions and structure of the international commodity market, identify the main objectives of the participants;
- to characterize Ukraine as a participant in the international commodity market;
- to analyze the activities of Ukraine by considering statistical data;
- identify the main groups of goods for export and import;
- identify key partners for exports and imports;

- consider the concept of "trade balance", analysis of the Ukrainian indicator;
- consider examples of international trade organizations in which Ukraine is a member;
- identify ways and tools to increase Ukraine's potential.

The object of study - Ukraine and its activities in the international commodity market.

Work structure. The work consists of an introduction, main part, conclusion and a list of references. The introduction considers the relevance of the study of the selected topic, determines the purpose, objectives and subject of the study. The main part of the work consists of three sections. The first chapter considers the theoretical basis of the international commodity market and international trade. The second section analyzes the international commodity trade of Ukraine, both exporter and importer. The third section analyzes the tools for positive problem solving and ways to develop Ukraine's potential.



# 1 INTERNATIONAL COMODITY MARKET

## 1.1 Definition of the international commodity

The international commodity market is an area of goods relations between market participants (individual states, organizations, enterprises). The activity of market participants is the exchange, purchase and sale of goods. In this situation, the goods are objects of the international market [1, 2].

The formation of the international market of goods is due to the development of international trade as a form of international economic relations [2].

The international commodity market is a space in which competitive products are sold at a lower cost and with greater consumer potential [2].

The main task of participants in the international commodity market is to find and conquer the markets of other countries in a particular niche [2].



Picture 1.1 - International market [2].

1) The international exchange is a market of mass sale of goods, while the sale and purchase is performed without the presence of the goods on the exchange [2].

2) International fairs are markets for goods of periodic activity, during which participants have the opportunity to communicate with each other, agreements are concluded [2].

3) International commodity auctions are recurring markets during which bidding takes place publicly and alternately (goods are inspected before the auction) [2].

4) Exhibitions are public demonstrations of achievements in a particular field. During the exhibitions there is an opportunity to conclude an agreement on the sale of goods and cooperation [2].

Every year the international commodity market becomes more regulated. The main regulators of markets are:

-OPEC;

-European Free Trade Association;

-Association of Southeast Asian Nations and others [2].

## 1.2 Functions of international commodity market

The essence of the international commodity market is its main functions:

- 1) Pricing -determining the world market price of goods;
- 2) Indicative -presence and availability of information for participants of trade processes, about supply and demand inside the market;
- 3) Regulatory -the function of influencing the movement of world prices;
- 4) Communicative –a function that provides communication between market participants;
- 5) Sanitizing -the function of eliminating inefficient firms;
- 6) Reproductive -maintaining the continuity of production processes [2].

### 1.3 Characteristics of the international commodity market

The main characteristics of the international commodity market:

- World commodity trade, movement of goods between countries;
- The highest stage of development of commodity production;
- Improving the quality and customer focus through the use of standards during production;
- Based on a system of economic laws, as well as political factors, including;
- Optimal use of factors of production;
- Structure of segments;
- Many prices are used [2].

### 1.4 International trade

International trade is the most developed form of international economic relations [3].

International trade is based on the international division of labor (specialization of certain countries, national economies, certain industries and organizations) [3].

The development of international trade is based on the development of globalization (which is becoming wider every year, and affects an increasing range of areas of life). In the process of globalization, international trade flows are increasing every day [3].

International commodity trade is a general concept based on opposite flows: exports, imports, re-exports, re-imports [3].

Exports are goods and services that were manufactured by one country and then transported to another for further sale [4].

Imports are goods and services that were manufactured abroad, in relation to a particular country, and transported to that country for further sale [4].

Re-import is the process of transporting goods to the country from which they were previously transported, within a certain period of time without taxation [5].

Re-export -the process of transporting goods from a certain country to the country from which they were previously transported, for a certain period of time, without taxation [5].

There are situations when the product loses its quality, or the buyer is unable to pay for the product. Then the seller has the opportunity to return the goods that were previously exported, for a certain period of time, to solve all problems, without taxation [6].

### 1.5 Structure of international commodity markets

When studying international commodity markets, it is worth to analyze the structure of these markets. Market leadership depends on the number of competing suppliers and buyers, or more precisely on the number of offers available to buyers and suppliers [7].

Market structures differ in the competitiveness of established firms. It is necessary to take into account not only the number of firms, but also their size.

It should be noted that the market can have a large number of evenly balanced firms, with one leading [7].

There are the following quantitative indicators that characterize the structure of commodity markets:

- Number of market participants (information is needed to determine the share of market participants);
- The share of market participants (calculations of the total volume of sold goods, and the of sold goods by an individual seller) ;

$$1) V_{\text{market}} = V_{\text{implementation}};$$

$V_{\text{market}}$  –volume of the market,

$V_{\text{implementation}}$  -volume of implemented goods by all sellers.

$$2) D_{\text{implementation}} = V_{\text{implementation}} / V_{\text{market}}$$

$D_{\text{implementation}}$  –the share of market participant,

$V_{\text{implementation}}$  -volume of implemented goods by one seller;

- Indicators of market competition [7].

At the end, data analysis is carried out, on the basis of which a ranked list of market participants is drawn up, thanks to which it is possible to determine the spread of market shares, formulate a conclusion about the equality of participants and determine the leaders [7].

The information obtained (calculations and analysis) makes it possible to judge the degree of market monopolization.

- Monopoly -the presence of one seller in the market.

Monopolization -the maximum level of concentration (determined by the concentration coefficient, reflects the nature of the market and the results of competition) [7].

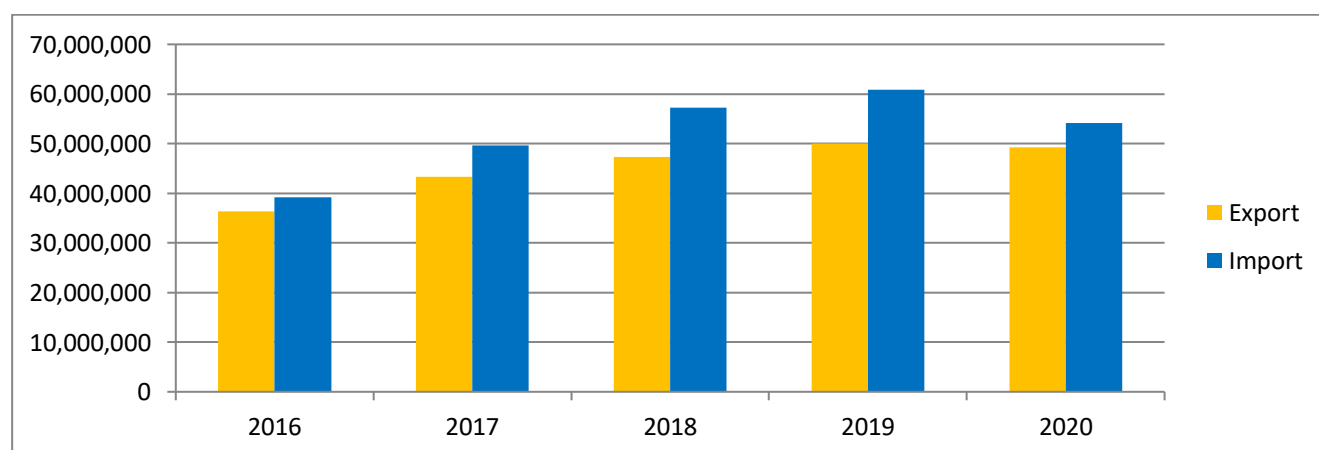
## 2 UKRAINE AS A PARTICIPANT OF INTERNATIONAL COMODITY MARKET

### 2.1 Foreign commodity trade of Ukraine

One of the most important features of the modern economy is the comprehensive transformation of human society [8].

In recent years, the impact of new information and communication technologies is growing steadily; this is a hallmark of globalization. This in turn changes the amount of costs in favor of producers, affects the growth of welfare of countries, determines the arrival of investment, as well as brings labor productivity to a new level. Due to this, humanity has wide prospects for cooperation and comprehensive use of the achievements of civilization . Foreign trade provides an opportunity for participants, countries, to specialize in those activities in which they have a comparative advantage, and puts domestic producers in a certain framework to maintain the discipline in trade, as required by trade in foreign markets. Almost all countries of the world depend on international trade in one way or another [8].

It is difficult to say that Ukraine has easily become a participant in the international market of goods. But even now Ukraine is not a leader, because compared to Western European countries Ukraine is an exporter of raw materials and semi-finished products [8].



Picture 2.1- Statistics. Changes in export and import of Ukraine during the last five years, USD [9].

Table 2.1- Statistics. Export of Ukraine during the last five years. Countries with the highest rate, USD [9].

№	Country	Export				
		2016	2017	2018	2019	2020
1	Russian Federation	3 592 918	3 936 464	3 652 604	3 242 816	2 706 012
2	Egypt	2 266 493	1 831 313	1 556 938	2 254 076	1 618 176
3	Poland	2 200 010	2 724 589	3 257 248	3 295 8546	3 273 145
4	Turkey	2 049 065	2 519 134	2 352 356	2 619 024	2 436 279
5	India	1 903 066	2 205 656	2 175 941	2 024 052	1 972 095
Total, per year		36 361 171,2	43 264 736,0	47 334 987,0	50 054 605,8	49 212 901,3

Table 2.2- Statistics. Import of Ukraine during the last five years. Countries with the highest rate, USD [9].

№	Country	Import				
		2016	2017	2018	2019	2020
1	Russian Federation	5 149 314	7 204 013	8 090 391	6 985 013	4 542 391
2	China	4 687 697	5 648 673	7 608 356	9 204 805	8 305 686
3	Germany	4 318 446	5 445 028	5 983 348	5 986 873	5 337 952
4	Republic of Belarus	2 777 793	3 205 313	3 786 930	3 751 923	2 874 437
5	Poland	2 693 326	3 453 816	3 641 921	4 109 083	4 088 751
Total, per year		39 249 797,2	49 607 173,9	57 187 578,0	60 800 173,1	54 091 267,8

According to the above statistics (in Picture 2.1, Tables 2.1 and 2.2), the following conclusions can be drawn:

1) Since 2016, Ukraine's export and import have been increasing every year, but in 2020 there has been a marked decline. Most likely, this is due to the global crisis provoked by COVID-19.

2) Despite the military conflict, the Russian Federation still occupies a leading position as a trading partner of Ukraine in both directions. But every year, the rate of imported goods from China is ahead of the Russian Federation.

Table 2.3- Statistics. Commodity structure of Ukraine's export during the last five years. Products with the highest rate, USD [9].

№	Commodity	Export				
		2016	2017	2018	2019	2020
1	Products of plant origin	8 093 694	9 215 708	9 886 060	12 914 543	11 890 050
	- grain	6 073 915	6 501 134	7 240 558	9 633 334	9 417 314
	- oil seeds	1 534 995	2 060 121	1 954 150	2 563 242	1 842 436
2	Base metals and articles thereof	8 338 854	10 124 613	11 632 692	10 255 685	9 030 291
	- ferrous metals	7 247 250	8 666 248	9 936 987	8 735 988	7 690 724
3	Fats and oils of plant and animal origin	3 962 976	4 605 666	4 496 511	4 732 238	5 759 600
4	Machines, equipment and mechanisms	3 637 946	4 276 832	4 654 717	4 464 446	4 487 095
	- electric machines	2 076 690	2 548 778	2 930 412	2 772 044	2 572 871
	- nuclear reactors, boilers	1 561 256	1 728 053	1 728 305	1 692 401	1 914 223
5	Mineral products	2 728 765	3 947 722	4 339 620	4 866 480	5 331 945

The table shows statistical data on goods, or rather their groups and subgroups, which have the highest sales from Ukraine abroad.

According to published statistics, the leading product is "Products of plant origin", namely grain, seeds, fruits of oilseeds.

According to statistics published by the State Customs Service of Ukraine, in the 2019/2020 marketing year, a record number of grains, legumes and flour was sold on the foreign markets of Ukraine, namely 57.2 million tons. That is 6.8 million tons more than in the previous marketing year [10].

- Grain and legumes were exported in the amount of 56.7 million tons.



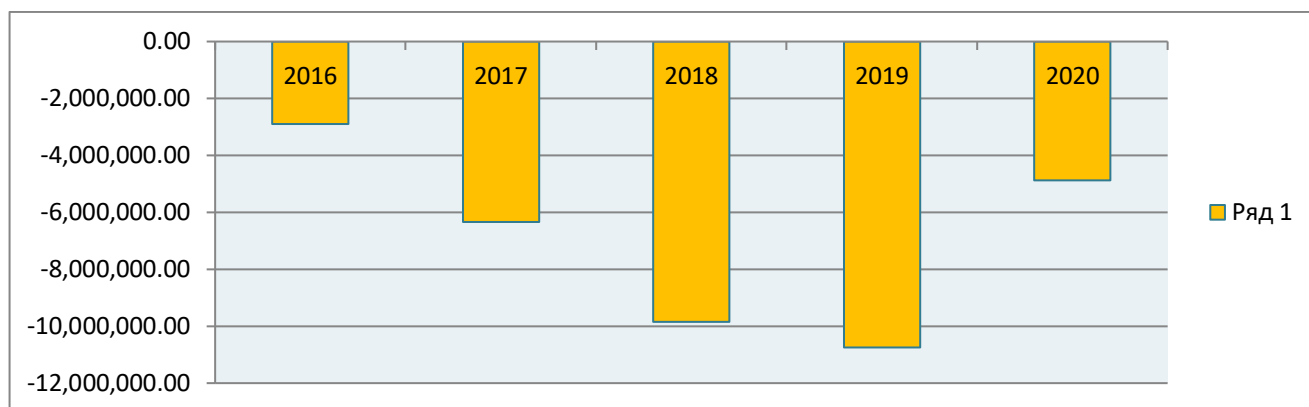
- Flour was exported in the amount of 334.2 thousand tons [10].

«The marketing period in the agricultural sector is a period that begins with a certain month, beginning with the sale / delivery of certain agricultural products, and ends a year later» [11].

Table 2.4- Statistics. Commodity structure of Ukraine's import during the last five years. Products with the highest rate, USD [9].

№	Commodity	Import				
		2016	2017	2018	2019	2020
1	Mineral products	8 495 024	12 504 732	14 191 945	12 984 566	8 402 744
	- mineral fuels, oil	7 851 500	11 699 572	13 398 588	12 172 489	7 753 160
2	Machines, equipment and mechanisms	7 889 365	9 902 623	11 955 216	13 312 838	11 544 172
	- nuclear reactors, boilers	4 686 140	5 776 818	6 475 933	6 658 108	6 074 212
3	Chemical industry products	5 619 505	6 545 865	7 058 290	7 483 373	7 331 503
	- pharmaceutical chemical products	1 606 956	1 767 456	1 947 012	2 143 147	2 522 804
	- various chemical products	1 091 830	1 255 032	1 350 193	1 329 905	1 334 573
4	Polymeric materials	2 866 880	3 245 800	3 558 577	3 564 600	3 409 029
	- plastics, polymeric materials	2 201 117	2 460 340	2 701 117	2 638 845	2 481 452
5	Land transport (except raillyway)	2 952 500	4 182 087	4 554 048	6 162 771	5 743 416

According to the statistics given in Table 2.4, the main group of imported goods in Ukraine are mineral products, namely mineral fuels and oil. Thus, from 2016 to 2019, the import of this group of goods increased by almost \$ 4.5 million, but in 2020 it became lower than in 2016.



Picture 2.2- Statistics. Changes in the trade balance of Ukraine (in commodity market) during the last five years, USD [9].

Table 2.5- Statistics. Changes in the trade balance of Ukraine (in commodity market) during the last five years, USD [9].

	Trade balance				
	2016	2017	2018	2019	2020
Total, per year	-2 888 086,00	-6 342 437,90	-9 852 591,00	-10 745 567,30	-4 878 366,50

The statistics shown in Figure 2.2, as well as in Table 2.5 visualize and show the change in the trade balance of Ukraine (in the goods market). After analyzing the data, we can conclude that in the period from 2016 to 2019 inclusive, the trade balance has been steadily declining, but in 2020 the figure changed direction, declining to 48 million US dollars.

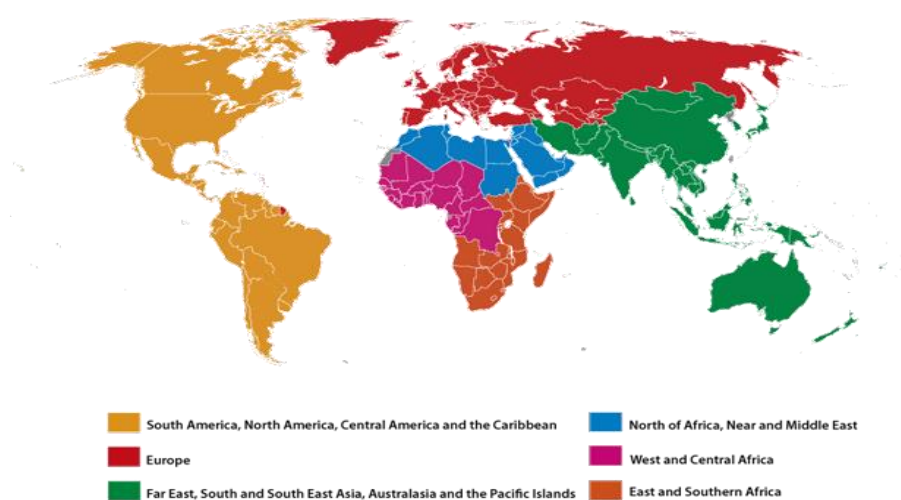
## 2.2 Ukraine as a member of international trade organizations

«The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services,

exporters, and importers conduct their business. There are a number of ways of looking at the World Trade Organization. It is an organization for trade opening. It is a forum for governments to negotiate trade agreements. It is a place for them to settle trade disputes. It operates a system of trade rules. Essentially, the WTO is a place where member governments try to sort out the trade problems they face with each other» [12].

Ukraine became a full member of the World Trade Organization on May 16, 2008, after 15 years of negotiations. In 1993, when Ukraine's accession to this international organization was first initiated, its main partners were those countries that were not members of the WTO. But in 2007 the situation was different. The WTO member countries accounted for 62% of exports, as well as 58% of imports, which actually made Ukraine a member of the organization. The main reasons for Ukraine's accession to the WTO were positive forecasts for Ukraine. These were: growth in GDP, growth in the country's welfare, growth in foreign investment, as well as expansion of markets [13].

«The World Customs Organization (WCO), established in 1952 as the Customs Co-operation Council (CCC) is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administrations. Today, the WCO represents 183 Customs administrations across the globe that collectively process approximately 98% of world trade » [14].



Picture 2.3- Regions that are members of WCO [15].

«WCO 183 Members, three-quarters of which are developing countries, are responsible for managing more than 98% of world trade. They are divided into six

regions (see list of regional websites at the end of this page) » [15]. Ukraine became a full member of the World Trade Organization on May 16, 2008 [16].

The Black Sea Trade and Development Bank.

The Black Sea Trade and Development Bank is a financial organization (international), created to support the development and cooperation of the countries of the Black Sea region. The main goals of the organization are:

- implementation of international projects,
- development of trade,
- attracting foreign investment to the region,
- assistance, assistance, and provision of guarantees in the development of trade and economic relations [17].

### 2.3 Free trade areas of Ukraine

CUFTA.

The Canada-Ukraine Free Trade Agreement is an agreement between two countries, Ukraine and Canada, which entered into force in August 2017. This agreement is a new stage in the development of international relations between the aforementioned countries. The main objectives of CUFTA are:

- 1) Commercial benefits for both parties;
- 2) Canada's support for economic reforms in Ukraine;
- 3) Development and maintenance of relationships between participants [18].

The initiative to create CUFTA began in 2010. This was followed by negotiations, with the help of which the main goals of the agreements were determined. Ukraine is a promising market that is rapidly developing, and provides an opportunity for greater implementation for Canadian exporters [18].

Tariff Elimination. CUFTA has significantly simplified access to the Ukrainian market for Canadian exporters. Within the framework of CUFTA:

- 1) Cancellation of tariffs for agricultural products;
- 2) Cancellation of tariffs for forest products;
- 3) Cancellation of tariffs for the export of fish and seafood [18].

The main advantage of CUFTA is that market access for both exporters is easier than for countries with which a similar agreement has not been signed [18].

Free trade with Israel.

This agreement between the two countries will enter into force in 2021. This is a new step in the development of relations between Ukraine and Israel, it provides an opportunity for close cooperation in the sphere of high technologies, engineering, as well as a significant plus in the matter of foreign investments in Ukraine. As part of the agreement, Israel will abolish: 80% of duties for industrial goods, and also 90% for the agricultural industry exported by Ukraine. Also, Ukraine will abolish more than 70% of duties for industrial products, and 6% for the agricultural sector [19].

Free trade with EU.

The free trade zone between Ukraine and the European Union began its existence on January 1, 2016, but entered into force in September 2017. A characteristic feature of this trade area is that it accelerates the opening of markets and the development of favorable conditions for trade and investment [20].

At the very beginning of the free trade zone, an electronic procurement system was introduced, which in turn will increase efficiency and reduce corruption in Ukraine [20].

«In March 2019, the Director General of the European Commission for Enlargement and Neighborhood Affairs, at press conference, announced that: «The agreement with Ukraine is one of the most ambitious ever developed by the EU in any of the partners. As a result of our joint efforts, bilateral trade flows between the EU and Ukraine increased by 49% in the first three years of the Agreement» [21].

Free trade with Great Britain.

In October 2020, the President of Ukraine V. Zelensky and the Prime Minister of Great Britain Boris Jones signed an agreement on a free trade zone between the two countries [22].

In past years, the policy of the European Union created some problems for Great Britain in that, unlike the rest of the Union, Britain was an importer of food products, but not an exporter [22].

The signing of an agreement between Ukraine and Great Britain makes it possible for the latter to solve the problem with its food safety. It also makes it possible for manufacturers of agricultural machinery in Britain to export their products to Ukraine on a larger scale. The free trade zone opens up new opportunities for cooperation in the following areas:

- aerospace;
- mechanical engineering;
- energetics;
- mechanical engineering [22].

To summarize what has been analyzed in this section, the following should be said.

Every year, international relations reach a new level, new ways of cooperation are found, as well as ways of human development. International trade is an integral part of this process, and Ukraine is a full-fledged participant in the international trade process.

The statistics presented in this section show that Ukraine's foreign trade reaches new heights every year, that the country finds new partners, and makes efforts to develop its own production capacity.

Also, thanks to statistical data, five main commodity groups for export and import were identified. These are natural products and mineral products, respectively.

Also, the main partners of Ukraine in the field of international commodity trade in both directions (export, import) were identified. Despite the internal and external problems of Ukraine, it continues to improve relations and conclude agreements with many countries and unions, which allows diversifying the internal market, disciplines domestic producer, and gives the opportunity for goods from Ukraine to compete all over the world.

### 3 OPPORTUNITIES OF UKRAINE IN INTERNATIONAL COMODITY MARKET

#### 3.1 The current state and problems of Ukraine

After analyzing the activities of Ukraine as a participant in the international commodity market, and drawing certain conclusions, we should pay attention to the main directions of movement, tools and strategies, the use of which, in the future, will take Ukraine to a new level.

As you know, exports are an integral part of Gross Domestic Product. The share of exports in the total GDP in recent years is about 50% [23]. Therefore, it is not surprising that the development of export potential is one of the main tasks in improving Ukraine's economy.

As mentioned in the previous section, namely in Table 2.3, the main export industries of Ukraine are: agricultural, metallurgical, machine-building and chemical industries. The share of which in 2020, for example, is about 75% of total exports.

"A feature of the modern development of domestic export-oriented industries is their raw material nature and a fairly high level of dependence on market fluctuations in world markets" [24].

Over the years, Ukraine has not only continued to be one of the world's leading exporters of raw materials, but also increased its potential. As mentioned above, the world market for raw materials is highly dependent on market fluctuations. Therefore, Ukraine should implement a policy of support and development of production of those goods, the prices of which are less dependent on the situation in major world commodity markets [24].

Among the total problems of Ukraine in the field of exports, the main ones are the following:

- tax evasion of exporting enterprises by moving capital and conducting settlement operations through offshore companies;
- poor quality, outdated, transport infrastructure;

- non-modernization of production equipment of exporting enterprises, lack of investment in equipment;
- growing inequality between the technologies of production of Ukraine and other participants in the international commodity market;
- lack of structural changes in the material and technical base;
- raw materials - as the main part of exports;
- the presence of risks of financial losses;
- delay in production and supply of products;
- poor quality of the legal system of Ukraine, which would allow participants on the other hand to feel safe, and will not worry about financial losses;
- protectionism policy of other participants in the international commodity market [24].

State support of exporting enterprises.

State support for exporting enterprises is a state policy aimed at improving exports in the country by implementing certain measures. State support for exporting enterprises includes:

- financial support of enterprises (direct financing, lending, grants ...);
- information support (networking, signing trade agreements, trainings, consultations, entering new markets) [25].

The main institutions involved in the support and development of exports at the national level are: Export Credit Agencies, Export Promotion Organizations [25].

- «Export Credit Agencies- agencies that should develop exports by providing financial support: insurance, guaranteeing international transactions, lending and grants» [26].

- «Export Promotion Organizations- it is an organization whose activities should promote existing exporters in international markets by providing information services» [27]. «The main types of information support are: favoring the interests of exporters, supporting exporters abroad, providing trade information, market research and products» [28].

International experience.



USA. In the United States, the main export promotion and export support organizations are: the Export-Import Bank of the United States, and the Trade and Development Agency. The first is supported by financial assistance. And the second provides technical assistance, specialized research, conference and information assistance. As a result of the activities of both organizations, the country is actively implementing export support policies [29].

Japan. Various export support and development programs have been implemented in this country. There are three main programs: tax-special deductions on export earnings, a favorable exchange rate, the creation of a Japanese bank of export-import operations [29].

In conclusion, state support for exporting enterprises, through the introduction of institutions that in turn will provide financial and informational assistance to exporters, is effective and therefore necessary for Ukraine.

### 3.2 Tools for increasing exports and open new markets

Environmental friendliness.

As noted earlier, a characteristic feature of today's international relations is globalization. That is, the movement of production processes resources, end products and the internationalization of economic activity, if we talk about international trade [30].

Along with moving the above, there is a risk of moving environmental risks. As a result, humanity is faced with the issue of product quality control, as well as control of the impact of products on the environment, which is not new [30].

A clear example is the policy of the European Union, which requires sustainable development in all areas of activity, including environmental issues. Therefore, Ukrainian exporters should be prepared for active competition in European markets. To meet and improve environmental standards, the European Union uses trade agreements.

Trade agreements include special items and sections, which clearly regulate the environmental issues of production processes, products and their impact on the environment [31].

In order to enter new international commodity markets, as well as increase exports, Ukraine should immediately address the issue of standardization of production in the field of environmental protection [31].

Establishing clear rules on the environment and sustainable trade will help the country not only improve its export potential, but also improve the environment within the country [31].

Modernization of production equipment.

One of the main problems of non-competitiveness of Ukrainian export products in the international commodity market is old production equipment. Therefore, the issue of equipment modernization is relevant.

A large number of enterprises located on the territory of Ukraine were built and opened during the Soviet era. The equipment installed at the enterprises was repaired, restored, and was repeatedly the object of investment.

The main goals of modernization of production equipment of enterprises can be:

1. Improving the quality of new products;
2. Introduction to the production process of a new product;
3. Improving the efficiency of equipment;

and:

4. The company's entry into a new market, the rules of which regulate the quality and standardization of production.

Modernization of equipment will allow companies not only to improve the quality, competitiveness of the product and standardize it under the regulations of a particular market, but also reduce production costs:

- reducing the complexity of the production process;
- optimization of the number of staff;
- reducing the duration of the production cycle.

All this will reduce the cost of the product.

Modernization of transport infrastructure.

Modernization of transport infrastructure is one of the components to a significant increase in Ukraine's export potential [32].

In times of globalization, Ukraine should be a part of global transport network. It can improve the conditions for doing business and taken Ukraine's economy to a new level [35].

The geographical location of the country makes it possible to connect the borders of Europe and Asia [32].

Modernization processes should affect the following infrastructure:

- railways;
- aviation, road transport;
- maritime and river industries [32].

Reforming these areas of infrastructure will reduce the cost of transportation, given the current state of infrastructure, and diversify transportation routes [32].

As a result, Ukraine will receive a reformed transport infrastructure in various areas, which will allow not only to conduct export-import operations but also meet the needs of the population [32].

## CONCLUSIONS

There are many interpretations of the concept of "international commodity market", but we have suggested the following: is an area of goods relations between market participants (individual states, organizations, enterprises), the international commodity market is a space in which competitive products are sold at a lower cost and with greater consumer potential.

In the study of the international commodity market were identified: the main tasks of the participants, types, main functions, structure of the international commodity market.

Considering Ukraine in the international commodity market, the dynamics of changes in the country's exports and imports over the past five years was analyzed. Since 2016, Ukraine's export and import have been increasing every year, but in 2020 there has been a marked decline. Most likely, this is due to the global crisis provoked by COVID-19.

Five main commodity groups were identified, which are the most exported and imported to Ukraine. According to published statistics, the leading product for export is "Products of plant origin", namely grain, seeds, fruits of oilseeds. According to the statistics, the main group of imported goods in Ukraine are mineral products, namely mineral fuels and oil.

Also, analyzing the statistical data, conclusions were made about Ukraine's main trading partners in both directions (exports, imports). Despite the military conflict, the Russian Federation still occupies a leading position as a trading partner of Ukraine in both directions. But every year, the rate of imported goods from China is ahead of the Russian Federation.

The dynamics of changes in the trade balance of Ukraine was studied. After analyzing the data, we can conclude that in the period from 2016 to 2019 inclusive, the trade balance has been steadily declining, but in 2020 the figure changed direction, declining to 48 million US dollars.

In studying the activities of Ukraine in the international commodity market, several major international trade organizations, of which Ukraine is a member, were identified. These were:

- The World Trade Organization (WTO);
- The World Customs Organization (WCO);
- The Black Sea Trade and Development Bank.

Ukraine's trade agreements with certain countries regarding the free trade zone were also analyzed. Such agreements were:

- (CUFTA) The Canada-Ukraine Free Trade Agreement;
- Free trade zone with Israel;
- Free trade zone with EU;
- Free trade zone with Great Britain.

The third section identified problems that, in our opinion, are those that prevent Ukraine from developing its trade potential as a participant in the international commodity market. Therefore, ways and tools to solve these problems have been proposed.

As a result of the above we can say the following. Every year, international relations reach a new level, new ways of cooperation are found, as well as ways of human development. International trade is an integral part of this process, and Ukraine is a full-fledged participant in the international trade process. Presented statistics show that Ukraine's foreign trade reaches new heights every year, that the country finds new partners, and makes efforts to develop its own production capacity.

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## ANNEX A

### SUMMARY

Hlushchenko D.T. Ukraine in the international commodity market. - Qualifying bachelor's paper. Sumy State University, Sumy 2021.

The final work is devoted to studying the activity and analyzing the existing indicators of Ukraine as a participant in the international commodity market. The definition of the international commodity market was given. Analyzed indicators of international trade of Ukraine (exports, imports). The main problems, ways and tools through which Ukraine will be able to increase its export potential are considered.

Keywords: international commodity market , international trade, Ukraine exports, Ukraine imports, trade balance, international trade organizations, free trade area, state support.

## АНОТАЦІЯ

Глушченко Д.Т. Україна на міжнародному товарному ринку. - Кваліфікаційна бакалаврська робота. Сумський Державний Університет, Суми 2021.

Підсумкова робота присвячена вивченню діяльності, та аналізу існуючих показників України, як учасника міжнародного товарного ринку. Дано визначення міжнародного товарного ринку. Проаналізовано показники міжнародної торгівлі (експорту, імпорту). Розглянуто основні проблеми, визначені шляхи та інструменти завдяки яким Україна зможе збільшити свій експортний потенціал.

Ключові слова: міжнародний товарний ринок, міжнародна торгівля, експорт України, імпорт України, торговий баланс, міжнародні торговельні організації, зона вільної торгівлі, державна підтримка.