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on the topic " UKRAINE'S PLACE IN THE GLOBAL SERVICE MARKET "

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Qualifying Bachelor's paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
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4. The object of the research is the process of development of international trade in services of Ukraine with regard to foreign economic policy

5. The subject of research is the theoretical, methodological and practical foundations of Ukraine's international trade in services in the context of achieving the goals of sustainable development

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ABSTRACT

qualification work for the bachelor's degree
on the topic

"UKRAINE'S PLACE IN THE WORLD MARKET OF SERVICES"

applicant Pihul Anastasiia Mykolaivna

The main content of the bachelor's thesis is set out on 57 pages, including a list of references of 56 titles, which is placed on 6 pages. The work contains 4 tables, 2 figures.

Keywords: UKRAINE ON THE WORLD MARKET, TRADE RELATIONS, EXPORTS AND IMPORTS OF UKRAINE, INTERNATIONAL ECONOMIC RELATIONS, WORLD TRADE.

The purpose of the bachelor's thesis is to create theoretical and methodological approaches and practical recommendations for the development of Ukraine's relations in the world market of services.

The object of the study is the process of development of international trade in services of Ukraine, taking into account foreign economic policy.

The subject of the study is the theoretical, methodological and practical foundations of Ukraine's international trade in services in the context of achieving sustainable development goals.

The analytical research and development of recommendations are based on the methods of scientific generalization, grouping methods, historical and systematic approaches, comparative, graphical methods, expert evaluation and hierarchical analysis.

The information base of the work consists of monographs, scientific articles of domestic and foreign scholars, analytical journals, regulations on the development of

foreign trade in services of Ukraine in the context of the transformation of the import-export regime, scientific publications of the authors, and data from official websites.

Based on the results of the study, the following conclusions were formulated:

1. The problems associated with the development of Ukraine's trade in foreign services during the wartime period and overcoming the consequences of military aggression are identified. Trade integration is a universal tool for optimizing cooperation between countries to realize mutual interests in foreign trade. The word "cooperation" is often used, which defines the etymology of the category and is interpreted as joint activities or cooperation in specific institutions. International economic integration can be defined as a higher level of development of international economic activity, characterized by the deepening of trade and economic interaction between states, resulting in the convergence of national economic mechanisms with mutual complementarity, interdependence, mutual coordination of actions and mutual obligations, institutionalization of interstate agreements and simultaneous creation of national trade and economic mechanisms.

2. Overall, Ukraine's foreign trade in services shows positive growth trends. Exports of services are growing faster than imports, which contributes to the positive balance. The growing share of services in total exports and imports indicates a gradual transition to a service-oriented economy. This may be due to an increase in demand for IT, consulting, and other high-tech services, which is an important aspect of the country's economic development.

The results obtained can be used in the process of developing a strategy for Ukraine's foreign economic development and improving its export potential.

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INTRODUCTION

Relevance of the study. International trade is a tool that allows countries to specialize, increase the efficiency of their resources and thus increase their overall output. Sovereign states, as well as individuals and regions of a country, can benefit by specializing in products that can be produced with relative maximum efficiency and trading goods that they cannot produce efficiently. An important aspect of Ukraine's development is its effective integration into the global economic space. The success of Ukraine's foreign economic activity determines its further economic and social development as a subsystem of the world economy, which makes this topic relevant.

Analysis of recent research and publications. L. M. Alaverdian, V. O. Boyko, A. A. Virkovska, V. H. Granovska and H. V. Zhosan, O. S. Kvasha, Y. E. Kyrylov, V. M. Krykunova, K. O. Nechyporuk, O. O. Prystupa, R. D. Rozanov, A. S. Suray, H. O. Shvets, A. I. Shershun and others have studied the development of Ukraine's trade in services after the transformation of the import-export regime. Theoretical and methodological studies of this topic are important in economic science. However, in the context of the development of market relations and further intensification of competition in global services markets, there is a need for a detailed study of the formation, functioning and development of global trade policy in this area.

The purpose of the study is to create theoretical and methodological approaches and practical recommendations for the development of Ukraine's relations in the global services market.

Based on the purpose of the study, **the following tasks** were identified:

- to study the origins of the international system of trade in services;
- to substantiate the transformation of international trade in services in the context of economic globalization and digitalization;
- to assess the state of international trade in services in the world;
- to determine Ukraine's position in the international services market through the structure of domestic imports and exports by type of service;

- to identify the problems of development of Ukraine's trade in services in the context of war and overcoming the consequences of military aggression;

- to forecast the development of Ukraine's trade in services in the context of the transformation of the import-export regime.

The object of the study is the process of development of international trade in services of Ukraine with regard to foreign economic policy.

The subject of the study is the theoretical, methodological and practical foundations of Ukraine's international trade in services in the context of achieving the goals of sustainable development.

Research methods. For the analytical research and development of recommendations, the methods of scientific generalization, grouping methods, historical and systematic approaches, comparative, graphical methods, expert evaluation and hierarchical analysis are used.

The practical significance of the results obtained lies in the development and economic justification of measures to improve the development of foreign trade in the services sector of Ukraine in the context of the transformation of the import-export regime.

The information base of the study consists of monographs, scientific articles by domestic and foreign scholars, analytical journals, regulatory acts on the development of foreign trade in services of Ukraine in the context of the transformation of the import-export regime, scientific publications of the authors, and data from official websites.

1. THEORETICAL AND METHODOLOGICAL FOUNDATIONS OF THE STUDY OF INTERNATIONAL TRADE IN SERVICES

1.1. Origin of the international system of trade in services

Current processes of global trade in services demonstrate a significant link between trade in services and productivity growth and the overall picture of industrial development. The functioning of key services sectors is an important component of economic growth and poverty reduction. Key services, such as financial services, telecommunications, and transportation services, affect the productivity potential of other sectors of the economy. Education and health services have a direct impact on people's well-being. International trade in services is a dynamic and important element of the globalization process and opens up new opportunities for countries.

Trade in services is a dynamic component of world trade. Modern advances in information and communication technologies, coupled with the rapid development of technology and the global spread of the Internet, have brought the characteristics of trade in services to a new level. Services play an important role in the production of goods and are also an independent product of consumption [9, p. 219]. International trade is a traditional and basic form of international economic relations. As a quantitative measure of the international division of labor, world trade has the advantage of increasing production efficiency, reducing production costs and ensuring the best realization of economic interests [14, p. 29]. Trade in services is one of the fastest growing and most promising sectors of the world economy. Today, services constitute an important part of economic activity both in individual countries and internationally [30].

Cooperation for the proper regulation of international trade at the national and international levels is a prerequisite for the sustainable development of the services sector. Governments should work together to improve the process of regulating international trade and manage the implementation of commitments by international organizations and further liberalization of the sector. Improving the implementation of

international trade policy in the services sector should be aimed at removing barriers and creating mechanisms for effective regulation [4, p. 51].

At the present stage, the services market in Ukraine is developing very dynamically. The differences between the markets for goods and services have been the subject of research since the 1950s. However, in modern conditions, due to the availability of a wide range of marketing tools, the problems of the service market have emerged as a new vision. Therefore, if companies today plan to work effectively and enter the global market, then this market should be given special attention [18, p. 5].

Trends in the development of the service sector differ significantly. The development of production and the rapid introduction of technological innovations not only contributed to the emergence of new insurance, financial, information and transportation services, but also gave impetus to the active development of services provided by companies during and after the sale of goods and services [22, p. 45].

World trade has been growing since the beginning of the 21st century and is outpacing the growth rate of world GDP. Thus, by the end of 2019, international trade turnover will reach about 14 trillion US dollars, and, according to economists, this figure will only grow and by 2040 will amount to 20 trillion US dollars. This is despite the fact that trade in services is considered "invisible" and intangible [19].

According to the World Trade Organization (WTO), the annual growth rate of goods sales in the period 2005-2020 is more than 4.5%, and the growth rate of trade in various services is more than 5% [51]. Among the world's largest exporters of services are: USA, China, Germany. According to the results of 2020, their share in the total service turnover index is almost 30% [56].

The main document that ensures the functioning of international trade in services is the General Agreement on Trade in Services, which is an annex to the WTO Agreement. The Agreement defines trade in services as the process of transferring services from one country to another. The services sector includes healthcare, tourism, education, construction, telecommunications, transportation, finance, and many other important economic sectors. Table 1.1 shows the types of services considered depending on the factors of influence.

Table 1.1 - Types of services in international markets

Factors	Types	Example
Type of ownership	Private	Recruiting, consulting companies, entertainment venues
	State	Pensions, railroad transportation services
Degree of contact with a person	High contact services	Medicine, beauty salons
	Low contact services	Communication services, shoe repair, banking services
Degree of skill	Highly skilled services	Legal services
	Those that do not require special skills	Entertainment services, clearing services
Purpose	For final, own (B2B) consumption	Entertainment and recreation, massage parlors
	Production services (B2B) Consumption	Development

Source: Grigorova-Berenda L.I., Shuba M.V. Theory and practice of foreign trade: a textbook. V. N. Karazin Kharkiv National University. Kharkiv. 2016. P. 53.

According to the classification introduced by the WTO, all types of services are divided into four groups [29, p. 212]:

Group 1 - cross-border delivery (a person in one country receives a service in another country - for example, via the Internet);

Group 2: consumption abroad (e.g., tourism);

Group 3: commercial presence (when a company opens a representative office or branch in another country);

Group 4: physical presence of people (some specialists working abroad) [31].

Thus, the main factors that have contributed to the growth of world trade in services in recent decades are as follows

- the impact of STP on the volume and variety of services;

- improvement of the openness of national economies and domestic markets;
- efforts of countries to liberalize world trade in services and create a normal competitive environment in most service sectors;
- Changes in the structure of consumption of the population (i.e., increased demand for services). In most cases, this is a feature of developed and newly industrialized countries, as it is primarily associated with higher living standards;
- transition of developed countries to the stage of formation of a "new information society". This is based on the growing consumption of various services, especially information services;
- since most goods and services are inseparable, the increase in world trade in goods contributes to the parallel growth of services;
- growing interconnection of world trade in various types of services;
- the development of Internet networks as an important factor in the development of e-commerce and the provision of financial services through telecommunications [13, p. 204].

At the present stage, the development of transnational corporations (TNCs) in the service sector is very relevant. This is due to the fact that this sector produces such important factors of economic growth as scientific knowledge, intangible forms of accumulation and information technology [10].

Thus, the study of international trade in services makes it clear that trade in services has certain peculiarities. First, it is due to the fact that services are characterized by different forms and essence. They are characterized not by common features integrated into the world market, but by general trends that give them a real opportunity to influence their functioning at the global level, taking into account new periods of their development. At present, the global services market is organized at four levels: international, sectoral, regional and national. All this contributes to accelerating the growth of the service sector both in the domestic and global markets of each country.

1.2. Transformation of international trade in services in the context of economic globalization and digitalization

In the context of globalization, international trade has become a comprehensive and pervasive phenomenon of the modern world, which historically results from the development and deepening of the international division of labor and the formation of world markets. The world market, which serves as a forum for the interstate exchange of goods and services, is a prerequisite for the emergence of international economic relations, the first form of which has historically been international trade, one of the most important components of foreign economic activity. The list of types of international trade, namely imports and exports of goods, capital and labor, is reflected in Article 4 of the Law of Ukraine [1]. Traditionally, Ukraine is considered to be a country with a very high resource potential, intellectual property, science and technology, but for more than a decade the balance of payments has been negative. Therefore, Ukraine's primary task is to achieve a strategically important goal: to switch from exporting raw materials to exporting manufactured goods, which would significantly fill the state budget deficit [32].

Today, the service sector, like the global economy, is in the midst of a major technological revolution. Over the past half-century, the economies of developed countries have become more scientifically inclusive, intellectually richer, provided with qualified and properly trained human resources, qualitatively developed, informatized and with a higher degree of communication services. An important aspect of this transformation process is that service and information network technologies occupy a special institutional position in economic and social development and have become the basis of the knowledge economy and society [15, p. 48].

In the service sector, the important role of human capital and knowledge capital as a driving force for economic development and the main factors that realize economic advantages and ensure the competitiveness of enterprises is increasingly understood. The basis of human capital development is determined by the requirements of the

transition to the "neo-economy" (new economy), "knowledge society", "education economy", "education society", "knowledge economy" and "information society" [3, p. 47].

Technological developments of the last two decades have had a significant impact on innovations in the service sector, from new types of goods to new customer service technologies. Two dominant trends in neo-economics are the acceleration of knowledge development and the globalization of economic and social institutions. The result of these trends was a change in the hierarchy of production factors towards the leadership of highly skilled creative labor, which resulted in the formation of the neo-economy [14, p. 29].

The absolute volume of services reflected in the IMF statistics, according to experts, is underestimated by 40-50% compared to their real value. The complexity of the calculation lies in the fact that services are generally bundled with goods, which makes it difficult to separate the price of services from the price of goods. Another reason that complicates the calculation is the unequal classification of services: according to the IMF classification, services are divided into four groups: freight transportation, other transportation, tourism and other [11, p. 204].

It is worth noting that UNCTAD lists eight main groups: financial, communication, construction and design, transport, professional and business, trade, tourism and audiovisual services [54]. Within the WTO, twelve groups are distinguished: business, communication, construction and related services, environmental services, financial services, medical and social services, tourism, recreation, culture, sports, transportation and other services [33].

At the current stage of globalization and integration, the process of liberalization of trade in services is one of the main potential sources of national welfare. Key factors such as service sector productivity and trade policy are important determinants of trade flows, trade distribution, and overall economic growth.

The study of the evolution of trade policy shows that protectionist principles were applied at the stage of formation of international relations. The idea of free trade

was further developed and protectionist approaches were applied in accordance with the need to protect promising industries and protect national interests [4].

There is a need for cooperation on proper regulation of the services sector at the national, supranational and global levels. The development and improvement of trade policy, negotiations at the bilateral, multilateral and global levels, coordination of actions and intensification of efforts aimed at eliminating trade barriers and creating mechanisms for further liberalization are the way to the future prosperity of this industry [34].

At the beginning of the twenty-first century, the Ukrainian economy entered a new path of development. This is an innovative path characterized by fundamentally new features and priorities. In this context, the issue of the essence and significance of softwareization is of great interest to scientists, practicing economists and managers [27]. This term comes from the English word soft and means the process of transforming intangible resources into an important factor of economic development, i.e. the development of "soft" infrastructure as opposed to production. In the modern economic context, the emphasis on the development of intangible resources, their effective use and adaptation to innovative processes determines not only the level of competitiveness of economic entities, but also their ability to further economic growth [16, p. 43].

It is clear that this term is far-reaching, since softwareization involves the accelerated development of these resources in all areas of activity. These include servitization, informatization, intellectual capital of society, optimization and efficiency of business management [35]. Service provision involves the development of the service sector. This concept is characterized, on the one hand, by the growing weight of services in the general economic indicators characterizing the state of development of the national economy, and, on the other hand, by the process of penetration of the service sector into sectors that are not typical, such as material production. Indeed, today, economic growth in the major countries of the world is occurring with a gradual decrease in the share of traditional services in total production and employment [17]. The concept of informatization is based on the creation,

development and processes in which enterprises use the latest information technologies, information systems, information networks and resources created using the latest computing, electronic and communication technologies to ensure their effective functioning [5].

A feature of modern society is the production of services and knowledge, which now far exceeds the production of commodities. This is evidenced, for example, by statistical data from Western Europe, the United States and the Asia-Pacific region. In modern post-industrial societies, information services at different levels of economic activity are increasingly integrated into the material structures of production and consumption. The prerequisites for the integration of information services and consulting into material production are based on the following principles [36]:

- availability of infrastructure elements in the system of productive forces. The functioning of infrastructure elements creates general conditions for production and is a powerful dynamic factor in the organization of production processes;

- the development of objective processes of strengthening interconnection and interdependence in the economic system, on this basis, the redistribution of role functions and responsibilities of the service sector;

- the emergence of unknown new and previously insignificant resources and their inclusion in economic activity. In this context, services (especially information services) are distinguished as intangible resources;

- the intensification of the process of diffusion of intangible production into the sphere of material production is due to the growing complexity of the economic environment and the need for business entities to adapt to it in order to reduce direct and indirect costs [22].

International trade in services has certain characteristics compared to traditional trade in goods in its usual forms:

- 1) Unlike goods, the production and consumption of services are almost simultaneous, and their results are neither stored nor returned. Therefore, intermediary activities in the service sector are not widespread;

2) Trade in services has always been linked to trade in goods. The supply of goods to the market requires a variety of related services, ranging from analyzing the market in which they are sold to the maintenance of the goods sold. In other words, trade in services involves the movement of both capital and labor [26];

3) The service sector is more protected by the state from external competition than the production of goods. In addition, in most countries, science, communications, transportation, education, and health care services are fully or partially owned or controlled by the state [37];

4) Services, unlike commodity products, are well suited for almost complete inclusion in the international trade arena [22, p. 219].

The growth of international trade in services increases the need to regulate this trade at the international level. This can take several forms. First, in the form of sectoral (e.g., transportation) and trade and economic bilateral agreements [23]. Second, in the form of multilateral agreements within integrated groups. Third, agreements within international organizations. Today, the digital (digitized) economy is penetrating all areas of the economy and economic activity, not only in the information and communications sector, but also in all major industrial sectors, construction, and agriculture. It permeates all sectors of different categories: public and private, material, non-productive, financial, processing, service, etc. Today, the digital trend is a sphere of digital technology development [24, p. 62]. The main goals of modern digital trends are as follows [20]:

- information data as a source of competitiveness;
- individual entrepreneurship and digital transformation processes in business sectors;
- sharing economy;
- full virtualization of all infrastructure IT systems;
- artificial intelligence (AI) [25];
- formation and use of digital platforms. However, some factors have also been identified that hinder the development of digital trends in Ukraine and the process of digitalization of the national economy. In particular, institutional factors (low interest

of state institutions in the process of implementing the concept of digital economy and social development (the so-called Digital Agenda of Ukraine) [38], lack of adaptation of special legislation to global requirements and modern capabilities (even the formulated individual bills have not yet been enacted), as well as mismatches between software development strategies at different levels and real digital capabilities)

- insufficient territorial coverage of digital infrastructure;
- lack of certain digital infrastructures (e.g., Internet of Things, electronic identification cards), unequal access of society members to digital technologies and opportunities (the so-called "digital divide"), and weak focus of public policy;
- lack of emphasis on STEM education, soft skills and practical skills, incomplete transfer of the latest technologies, lack of qualified personnel for the proper development of digitalization in general and the digital economy in particular [28, p. 215].

Thus, in the context of the globalization of the world economy, the level of socio-economic development of countries largely depends on foreign economic sectors. The international turnover of goods and services is increasing, and the movement of capital and financial resources is accelerating [39]. The current stage of development of the world market is characterized by rapid technological innovations, intellectualization of the workforce and informatization of social and industrial relations, as well as rapid growth in trade in services. The direction of foreign trade flows and the specific structure of the services market are constantly changing. The volume of services related to the production and export of many capital- and knowledge-intensive goods (software, design, engineering, logistics, and marketing services) is increasing. Hospitality, advertising, consulting, insurance, finance, agencies, brokerage, real estate, legal services, rental services, franchising, licensing and patent agreements, and know-how are becoming increasingly important in the service mix. The services market is becoming one of the most promising sectors of the global market. The services sector accounts for about 20% of each country's payments, and it is becoming the largest recipient of international investment.

2. ANALYSIS OF INTERNATIONAL TRADE IN SERVICES: GLOBAL TRENDS AND DEVELOPMENT IN UKRAINE

2.1. Assessment of the current state of international trade in services in the world

International trade is the main application of the international division of labor and is based on the production of goods and services. The international division of labor facilitates the regular exchange of goods and services between different countries. In contrast to the sale of goods, international trade in services is characterized by the simultaneous production and consumption of services, the need for service producers to remain in other countries or for consumers to remain in their own territory; and by its close connection with the international movement of capital and labor. It is impossible to provide certain services without providing others (transportation, banking, information, etc.), which require a higher level of government control and security than the sale of goods.

In 2021, global trade reached USD 28.5 trillion, up 25% compared to 2020; in the fourth quarter of 2021, imports and exports exceeded pre-pandemic levels in almost all countries. At the same time, the growth rate of merchandise trade in developing countries was significantly higher than in developed countries. Globally, trade in goods increased by USD 200 billion to USD 5.8 trillion.

On the other hand, trade in services increased by USD 50 billion to reach USD 1.6 trillion, returning to pre-COVID-19 levels. Overall, in 2021, global trade reached its highest level ever - about USD 28.5 trillion. This is 25% more than in 2020 and 13% more than before the pandemic in 2019. The positive dynamics of international trade in 2021 is largely due to higher commodity prices associated with deregulation and a recovery in demand due to economic stimulus measures. The structure of demand for services in Europe is shown in Figure 2.1:

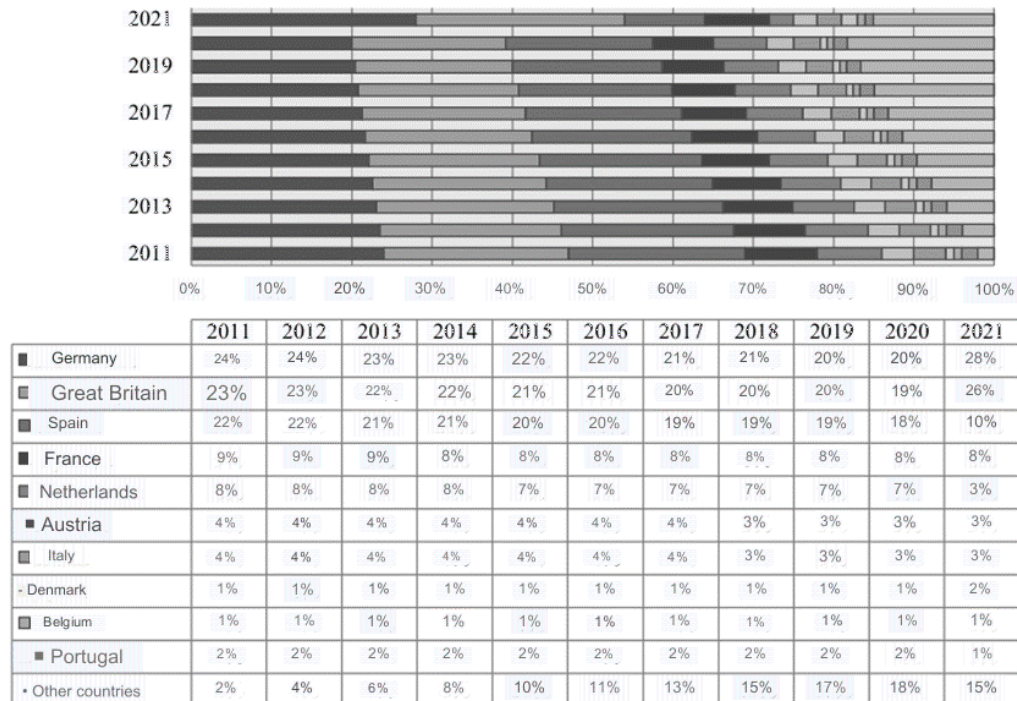


Fig. 2.1 - Structure of demand for services in Europe in 2011-2021, %.

Source: prepared by the author according to [54].

In 2021, most developed countries showed growth after the recession due to the pandemic response. The challenge is to determine the direction and nature of medium- and long-term economic growth [54]. In trade in services, the shocks caused by the pandemic were more severe, and key sectors in this broad category continued to be severely affected by pandemic-related disruptions. Tourism, which accounted for a quarter of total trade in services before the pandemic and was the largest component, fell to a tenth by 2020 due to reduced travel and continues to experience a serious decline. According to the latest estimates, global financial losses will reach USD 2.4 trillion in 2020 and USD 1.7 to 2.4 trillion in 2021.

As in 2020, the Asia-Pacific region saw the largest decline in foreign tourist arrivals during 2021. In the first five months of 2021, there was a 95% decline in foreign tourist arrivals compared to the previous year. In North America and the Caribbean, the situation has improved somewhat, but the dynamics of these indicators show a decrease of 70% and 60%, respectively. The outlook for the sector is gradually improving, as mass vaccinations in some key foreign markets and measures to safely

resume tourism have raised hopes for a recovery in some destinations. In this context, almost half of the experts predict that a return to 2019 levels will occur only in 2024 or later [54].

By mid-2021, some other types of trade in services will also decline. These include business services, maintenance and repair, construction, and, to a lesser extent, personal, cultural, and leisure services. At the same time, ICT services, insurance, pensions, and financial services have benefited to some extent from the pandemic, including a shift to remote work due to increased Internet use and reduced social distancing [40]. Beyond these specific events, international trade experienced several disruptions in 2020-2021. Some of these disruptions are still affecting the outlook. Severe bottlenecks in the supply chain have increased transportation profitability, but also increased tensions in the supply chain and thus in trade as a whole: in early 2021, sea freight tariffs rose sharply, surcharges became widespread, service reliability declined, port congestion increased, and delays and downtime increased simultaneously [54].

The G20's exports and imports of services in the first quarter of 2022 are estimated to have increased by about 2.0% and 1.1%, respectively, measured in current US dollars, compared to the previous quarter. These preliminary figures are significantly lower than the 6.2% and 3.1% for exports and imports, respectively, in Q4 2021 (Appendix A), reflecting a slowdown in East Asian transport trade and a general slowdown in services trade to most G20 economies.

It is worth noting that North American trade in services has slowed. U.S. exports and imports grew by 2.3% in the first quarter of 2022, with strong business and financial services offsetting weak transportation and computer services. Canada's exports (-1.3%) declined slightly in all categories, especially travel. Imports grew by 2.3%, with significant growth in transportation and travel (+7.5% and +6.2%, respectively) [56].

After several quarters of steady growth, a slowdown in transportation weakened trade in services in East Asia. In Japan, exports continued to weaken (-4.4%) due to a drop in transportation, computer, and business services, while imports grew by 2.3%.

South Korea's exports grew moderately (+1.6%) as strong business services and transportation services were partially offset by a drop in computer services and construction sales. South Korea's imports were unchanged. In China, exports of services grew by 4.1%, the slowest pace in six quarters, while imports grew by 3.5%. Australia lifted travel restrictions and increased trade in services. Exports grew moderately (+1.5%), while imports grew (+9.5%), driven by transportation and travel [56].

Most European countries experienced a slowdown in trade in services. Germany and Italy's exports of services grew by 1.1% and 1.8%, respectively, while imports remained unchanged (up 0.4% in Germany and down 0.8% in Italy). In the United Kingdom, exports of services fell by 1.3%, while imports fell sharply (-11.5%). In France, on the other hand, exports of services grew by 4.9%, driven by a 14.0% increase in travel income, while imports grew by 2.0%. Turkey recorded double-digit growth in exports (+22.8%) and imports (+15.1%), reflecting the high level of passenger travel and transportation services [56].

Therefore, the rapid development of the service sector is a characteristic feature of the modern global economy. For most countries, the service sector is one of the most important components of the economy and is becoming increasingly important. For many countries, the service sector is a source of long-term economic growth, and for some it is more important than industry. The growth of service markets on an international scale is explained by the dematerialization of production, the intellectualization of labor, and the informatization of economic relations.

2.2. Ukraine's place in the international market of services: structure of domestic exports and imports by types of services

Today, Ukraine is a developing country. Foreign trade activity is an important aspect of economic activity, which is based on multilateral relations between the state

and foreign economic operators. The service sector plays an important role in the Ukrainian economy, accounting for 23% of GDP, 33% of employment, and 17% of tax revenues in 2019, according to various estimates. However, the situation caused by the Covid-19 pandemic and related restrictions have affected the current situation in the service sector. The main threats are as follows [56]:

- loss of work;
- loss of customers [56];
- long-term business recovery due to loss of consumer income;
- destruction of trade relations between states at the previous favorable level and obstruction of the development of new relations [12].

The main challenge for the service sector is effective adaptation to the current situation, which is why it is so important to formulate ways to adapt the service sector to the pandemic situation. Thus, the study selected five key service sectors in Ukraine that have been significantly affected by quarantine restrictions and therefore suffered the most:

- cultural and entertainment sector - cinemas, exhibition and sports halls have completely or partially ceased their operations;
- catering industry - direct restrictions have been imposed on work in this area and work is possible only through delivery to customers;
- beauty industry - the number of visitors decreased by more than 50%;
- education - transition to distance learning.

The question is no longer how to get as much as it was before the introduction of quarantine measures, but how to minimize losses from the "quarantine".

Table 2.1 shows the volume of Ukraine's services exports in 2017-2021.

Based on the data in Table 2.2, we can conclude that exports of services increased by USD 3.7 billion in 2019. This amount exceeded the previous year's figure. However, by 2020, exports of services to the United States will decline by \$4.1 billion.

Table 2.1 - The volume of services provided by Ukraine in 2017-2021, billion USD USD

Indicator	2017	2018	2019	2020	2021
The volume of services provided to Ukraine, billion dollars. USA	11,79	11,90	15,60	11,50	12,30
Absolute deviation relative to the previous year, billion dollars.	-	0,11	3,70	-4,10	0,80
Relative deviation relative to the previous one year, %	-	0,97%	31,09%	-26,28%	6,96%

Source: compiled by the author based on [53]

Since independence, one of the main directions of Ukraine's foreign economic activity has been the creation of a trade regime that would subsequently integrate into the global economy. Foreign trade is a system of economic relations between states whose main activity is the import and export of services and goods. The objects of foreign trade include: raw materials, finished and semi-finished products, services (insurance, transportation, international tourism, intermediary services, intellectual property products: licenses, patents, trademarks, construction projects, etc.)

Foreign trade allows countries to specialize in activities in which they have competitive advantages, which increases the discipline of domestic producers and leads to an increase in labor productivity. Foreign trade satisfies the needs of the population, increases the competitiveness of national economies and contributes to the improvement of living standards of citizens of countries participating in foreign trade. The effectiveness of foreign economic activity depends on the state policy, which regulates the conditions for policy implementation and uses appropriate instruments of state influence.

The growth (decline) rates of Ukraine's exports of services are shown in Figure 2.2:

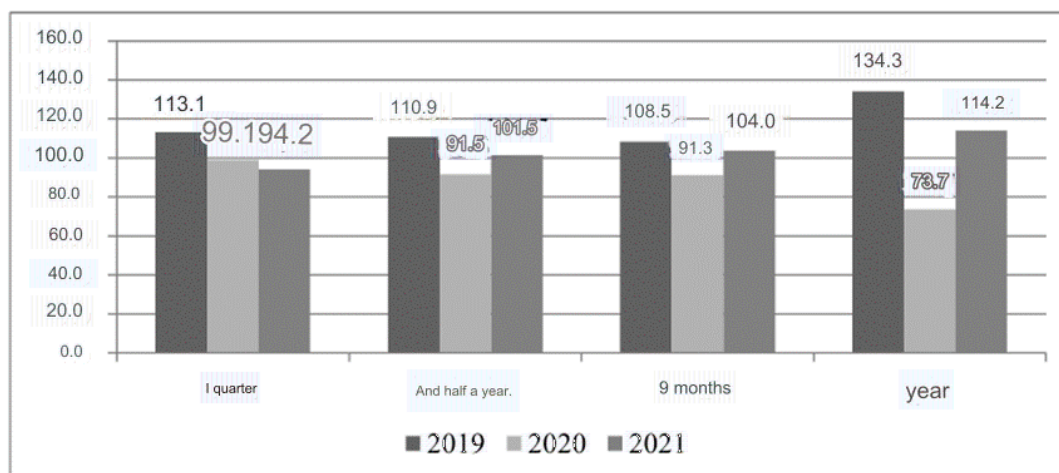


Fig. 2.2 - Growth (decline) rates of exports of services in Ukraine (in % to the corresponding period of the previous year, cumulative total).

Source: compiled by the author based on [53]

In 2021, Ukraine's exports of services amounted to USD 13,156.5 million, or 114.2% compared to 2020, and imports amounted to USD 7,593.4 million, or 132.9%.

In 2020, the surplus amounted to 5957.9 million USD. In 2019, it was also positive - USD 8686.7 million. The import-export coverage ratio amounted to 2.14 (2.25 in 2019). Foreign economic operations were carried out with 220 partners.

The growth of the international services market is attributed to the dematerialization of production, the informatization of relations, and the intellectualization of labor. Foreign economic activity plays an important role in Ukraine's balance of payments. Given the high requirements and standards of the European Union's consumer market, the export of services has a positive balance of payments.

Over the past decade, as Russia's share in service exports has declined, Ukraine's exports of services (mainly natural gas transportation) have also declined [41].

The structure of service imports has changed significantly over the two decades under consideration. In 2001, Ukraine imported a significant amount of services from Canada, Belgium, and Cyprus. Hungary and Israel were among Ukraine's top 20 service suppliers in 2001 and 2011, but not in 2021. Turkey has significantly increased

its sales of services to Ukrainians (mainly travel services), and Germany has remained stable at around 6-7%. The good news is that imports of services from Russia have decreased. In 2021, 42.5% of all services were purchased by Ukrainians in the EU.

Let's analyze the trends in the development of the Ukrainian services market by dividing it into separate sectors. In particular, the export of IT services in the Ukrainian economy exceeds USD 5 billion annually. In general, the IT sector accounts for more than 8% of the national economy and is constantly developing. Even in the crisis year of 2020, exports grew by \$853 million, which implies an annual growth rate of 20% [44]. In general, the Ukrainian IT market is extremely active and competitive. The market is characterized by high professionalism, focus on automation, price attractiveness for buyers, and high quality of products [22, p. 107]. However, despite the positive trends and optimistic forecasts, the Ukrainian IT industry faces a number of problems that may become serious obstacles in the future. First, outdated legislation in the areas of labor, taxation, and labor relations. Secondly, there is an almost complete focus on exporting services, with little attention to the development of high-quality domestic products. Third, there is a lack of competent personnel. Ukrainian universities do not have educational programs that meet the modern requirements for working in Ukrainian IT companies [21, p. 238].

Analyzing the entertainment and cultural sector, we observe that since the beginning of the quarantine restrictions in March 2020, there have been significant losses, estimated at more than UAH 300 million. And it's not over yet. Attendance is falling, profits are low, and maintenance costs are rising [42]. Possible solutions were noted, such as the creation of virtual cinemas and theaters, which can be accessed via links; online visits to museums and exhibitions, where visitors can enjoy works of art for a fee, e.g. online yoga/fitness with personal trainers (e.g., the online portal WOMO); online concerts (Tina Karol and Dan Balan), etc.

In 2020, losses in the country's tourism sector exceeded \$1 billion. Although the share of inbound tourism in Ukraine is insignificant, losses from prolonged quarantine restrictions are already approaching \$3-6 billion. The Ukrainian hospitality industry is particularly affected, as more than 80% of them are small businesses [3]. Especially

after March 2020, when the situation with the coronavirus was not yet fully understood and travel agencies tried to sell tickets even for free, the situation has now changed dramatically, and travel prices have increased significantly despite the decline in demand.

The next trend is a partial reorientation to domestic tourism, and it is generally agreed that 2020 was the year of regional tourism. Experts note that domestic tourism is growing, but this phenomenon cannot be permanent [45].

Another trend in 2020 is the tendency to travel by car, organizing your own routes instead of buying ready-made escorted tours. Popular destinations include Turkey, Egypt, Albania, and Zanzibar [46].

The catering sector. Although delivery seems to be the solution to this problem, it should be noted that the share of delivery-oriented businesses in Ukraine is low. Most restaurants and cafes derive their main income from serving customers in the hall. A comparison of the turnover of restaurants and delivery services during business hours shows that it never exceeds 20% and usually ranges from 10 to 15%. Moreover, to date, the volume has remained more or less at the same level without growth. Most businesses have not been able to switch to takeout. According to a study by Posta, two weeks after the quarantine, 63% of businesses, or 2,500, stopped working [54]. Many small coffee shops could not stand it and closed their doors, and even restaurant and coffee shop chains were forced to consider closing, especially in the food courts of shopping malls and entertainment centers. Among them are particularly well-known restaurants and chains such as Sushi, il Molino, CITY ZEN, TBILISO and Sam's Steak House. Today, most of these businesses are in a very difficult situation. After all, even the organization of delivery requires the work of almost the entire restaurant. Then there are the problems with electricity, employee transfers, and rent. It is also worth noting that conventional delivery has adapted to a new service: contactless delivery.

The main feature is that couriers are equipped with all protective equipment, such as gloves, masks, and disinfectants. To increase the volume of orders, restaurants, cafes, and other food establishments are increasing their presence on social media. This

includes mass advertising on Instagram, Facebook, and YouTube, as well as a system of discounts and contests.

Beauty industry. When the quarantine restrictions first came into effect, hairdressing salons serving men who only go for a haircut lost 570 million a month. If you add to this amount similar services in beauty salons for women, you get more than 1 billion euros per month, and this figure is calculated only for hairdressers. As you know, the beauty industry offers a wide range of services, most of which you cannot provide on your own.

Of course, a year after the pandemics, the situation has improved a bit, especially in hairdressing and salon shops that now accept clients by appointment only. But, of course, they are still in the red. One of the ways to reorient their activities is to open online schools/ courses in makeup/hairdressing, etc. Another good idea is places where clients can buy various cosmetic products for procedures: peels/masks/gel polish removal kits, etc.

Unlike previous service sectors, the education sector is finding a way to prosper. Kyrylo Vihai, founder and president of Preply.com, notes that online education is becoming increasingly popular in a generally isolated context, and this can be seen in the statistics of the use of resources for self-education. Online foreign language learning is especially popular [51].

Despite widespread dissatisfaction with online learning in schools, the sector managed to return to online education during the year. Online learning uses the Moodle platform, Zoom meetings, the Aquarius school server, TV video classes for primary school children, Google Classes, etc.

Of course, the general question is not how to generate more revenue, but how to minimize losses due to the quarantine. It is interesting that even in this difficult time, many people are worried about their customers. After all, the quarantine will end someday and a good name will save you from its consequences faster.

Here are some creative ways out of the crisis in the service sector:

- new payment and delivery methods;

- SMM marketing + greater use of creative forms (to influence the emotional intelligence of potential consumers);
- effective communication technologies, including digital ones;
- innovative technologies for working with consumers to maintain market share and gain new market share;
- expansion of international forms of trade in subjective interaction [47].

Most experts agree that quarantine restrictions due to the Covid-19 pandemic are stressful for the economy, with services and non-food trade being the most affected. Stress in the services sector will have mixed effects, as its actual impact on the global economy is greater than its share of GDP. Therefore, it is crucial for companies in the service sector to adapt their operations to the new international trade situation [48].

Despite the COVID-19 crisis, which affected almost all businesses and sectors, Ukraine's IT services exports continued to grow: in 2020, this figure reached a record \$6.8 billion (in 2016, it was only \$1.98 billion). IT services accounted for 37% of Ukraine's exports of services [52].

The Ukrainian IT market is notable not only for the value of exports but also for the growth in the number of employees: in 2017, there were 157.7 thousand specialists in the country; by 2021, this number will reach 285 thousand (IT Association of Ukraine).

According to the Ministry for Development of Economy, Trade and Agriculture of Ukraine, 50% of Ukrainian IT services are exported to the United States and 35% to Western Europe (including the UK and Scandinavian countries).

According to the latest report by the Ukrainian IT Association, Ukraine's IT sector could reach USD 14.9 billion by 2025 under the baseline scenario (CAGR of 21.6%) [52].

Ukraine is also an attractive country for investment, with annual investments of USD 300-700 million. Most of the deals are for startups (initial and preliminary stages), but larger financial deals are often made with larger companies such as GitLab, Grammarly, and People.ai.

Finally, Ukrainian IT companies, including CHI Software, are concerned with day-to-day business operations and have developed detailed contingency plans for this purpose. Such documents often include various emergency scenarios for relocating employees [52].

After the pandemic, Ukrainian IT companies have successfully created a remote work infrastructure and equipped their employees with the necessary tools and devices. Thanks to relocation planning and a culture of remote work, IT companies have become highly adaptive to potential risks [49].

Over the past eight years, IT companies have recovered and created a positive image of Ukraine on the international stage. The figures you have just seen are only the beginning of significant progress. The whole country, including thousands of IT companies, is working for this [52].

Despite the tension and uncertainty, the Ukrainian IT business continued to thrive even during the pandemic crisis. Successful remote and hybrid working infrastructures have made businesses more resilient in the face of political and economic instability. We do not know what lies ahead, but we are ready to provide the best services, increase exports, and join forces in the face of uncertainty [50].

According to the National Bank of Ukraine, exports of computer services in the first half of 2022 increased by 23% year-on-year to USD 3.74 billion. This is about UAH 110 billion in revenue for the Ukrainian economy. At the same time, taxes and fees paid by the IT industry in the first half of the year amounted to UAH 32.6 billion [52].

Since the beginning of 2022, despite the war, the country's IT industry has been developing steadily. The sector actively helps the Armed Forces of Ukraine and humanitarian projects, pays taxes on time, and maintains its position in the international market [55].

The IT Ukraine Association is the largest community of IT companies, uniting more than 120 companies and 82,000 Ukrainian IT professionals. The Association unites the interests of business, government, and international partners to develop the IT industry in Ukraine. Together with its member companies and partners, it protects

business interests and promotes the brand of Ukraine as a technologically developed country [52].

Some problems can be solved with active government support. For this purpose, the City of Action project was launched. The relevant draft law (No. 4303) was registered in the Verkhovna Rada at the end of 2020 [15, p. 61]. According to the bill, the main differences from the current situation are as follows

- residents of Diia. City residents must pay personal income tax at a rate of 5% and military duty;
- residents submit an annual report together with an audit report;
- in addition to traditional employment, a new form of employer-employee relations is offered - a gig contract;
- participation of project participants in the Diia.City Residents' Association with a mandatory contribution of USD 14 to 21 per employee per month;
- elimination of the model of cooperation between IT companies and individual entrepreneurs.

The provisions of labor contracts are not defined in this system. This is complicated by the concepts of "workplace", "working time" and "temporary disability". As a result, the concept of work can be completely or partially eliminated by returning to a standard employment contract with taxes and all other burdens. The idea of obliging all project participants to join the "Association of Diia.City Residents" - a mandatory monthly contribution to the organization and the procedures for its use are rather vague [18, p. 5].

Due to the demand for IT services and relatively high salaries, the number of IT staff in Ukraine is growing significantly; since IT often involves project work, cooperation with private entrepreneurs (PEs) is attractive to companies. The IT industry is actively attracting young people, and 80% of IT employees are aged 18-32.

In the future, the main areas of development of the international IT services market will be: development and application of artificial intelligence; machine programming; game development, Internet of Things; robotics; development, optimization and support of cloud technologies; modernization of IT systems;

application of analytics and big data. E-commerce will be an important area, as will solutions related to entertainment, gaming, health monitoring, and sports. The sectors listed here are of growing interest not only to households but also to companies from various sectors of the economy. The development of the Ukrainian market requires the application of the experience of other countries focused on business optimization, effective IT solutions, and ensuring the quality of goods and services. The experience of developed countries in this area shows that competitive markets can only exist in democratic states with clear legislation. The state policy aimed at developing such markets should provide for a comprehensive approach, including active state support, participation and interest in market development, public awareness and implementation of foreign experience adapted to the national economy. Ukraine's IT sector is in an uncertain position. Particular attention should be paid to the fight against corruption, updating legislation in the field of economic activities of IT companies, taxation and accounting, creating modern educational programs for higher education institutions, public investment in science and technology to create conditions for companies (technology parks, satellite support, infrastructure, increasing the penetration of high-speed Internet, etc.

An analysis of the structure and characteristics of the services market in general and the IT services market in particular leads to the conclusion that its development is characteristic of developed and developing countries. The main players are the United States, European countries and some Asian countries, where the development of the IT sector is inextricably linked to public investment in the scientific and technical sector, technology and innovation.

3. STUDY OF UKRAINE'S PLACE IN THE WORLD SERVICES MARKET

3.1. Overcoming problems in the development of Ukraine's trade in services in the context of war and the consequences of military aggression

The war in Ukraine has also affected the international payment system, with significant implications for cross-border remittance flows to Central Asian countries that are heavily dependent on remittances from Russia. The exclusion of Russia from the SWIFT payment system has added a national security dimension to an international payment system that is likely to become multipolar in the future. Maintaining or further diversifying and fragmenting the various payment systems could delay progress in promoting payment system interoperability and reducing remittance fees.

Before the war, the service sector in Ukraine was quite developed and covered a variety of areas, including the following main segments:

1. Financial services: banking, insurance, and financial consulting.

Before the war, the banking system of Ukraine consisted of numerous commercial banks, both state-owned and private, providing a wide range of services: deposit services (placing funds on deposit accounts with different terms (maturities, interest rates)); lending (consumer loans, mortgages, business loans); cash and settlement services (opening and maintaining accounts, processing payments, servicing card accounts); investment services (asset management, investment funds, investment advice); currency exchange services (

The insurance market in Ukraine was well developed, including both compulsory and voluntary insurance: motor third party liability insurance (MTPL) (motor vehicle liability insurance); health insurance for foreigners; health insurance: individual and corporate policies; life insurance (policies that include both life insurance and savings programs); property insurance; travel insurance (policies for tourists covering medical expenses and travel risks); business insurance (property and liability insurance).

2. Tourism and hospitality: domestic and inbound tourism, hotels, restaurants, transportation services.

The tourism sector in Ukraine was diverse. Cultural tourism included visits to historic cities such as Kyiv, Lviv, and Odesa, with their rich historical heritage and architectural monuments. Festivals, music events, and cultural fairs were also popular, attracting tourists from all over the world.

Ecotourism and active recreation were concentrated in the Carpathian Mountains, where tourists could go mountain hiking, skiing, and health tourism. Ukraine's lakes and rivers offered opportunities for recreation, rafting, and fishing.

Seaside tourism developed on the Black Sea coast, where resorts in Odesa, Mykolaiv, and Kherson regions offered beach vacations. Rural tourism, including vacations in green estates, allowed tourists to get acquainted with the traditions and culture of rural life.

The hotel business in Ukraine included a variety of establishments. International chains such as Hilton, Radisson, and InterContinental were represented in major cities, as well as local hotels with a high level of service. In resort areas and popular tourist destinations, there were resort complexes and sanatoriums offering wellness programs and spa services.

Budget hotels, hostels, and private apartments provided affordable accommodation for tourists with different income levels. Rural estates and agritourism complexes offered accommodation in authentic Ukrainian houses, attracting tourists to rural tourism.

3. Information technology and telecommunications: software development, outsourcing of IT services, telecommunications services.

Before the war, Ukraine's IT sector was one of the most dynamic and promising areas of the economy. One of the key aspects was Ukraine's role as an important player in the global IT outsourcing market, where the country offered highly qualified specialists in programming, web development, software testing and support. Local companies were actively developing software products for various industries, including finance, healthcare, education, and retail.

Ukraine's startup ecosystem was also developing rapidly. New companies emerged offering innovative solutions in areas such as financial technology (fintech), agtech, biotech, and the Internet of Things (IoT). This helped attract investment and create new jobs. An important part of the IT sector's development was education and training: a system of educational institutions and courses was developed to train IT specialists, and many IT companies offered internal training programs and internships.

Ukraine's telecommunications sector had significant achievements. Mobile communications were well developed and covered almost the entire territory of the country. Leading operators, such as Kyivstar, Vodafone Ukraine, and lifecell, provided communication and mobile Internet services, allowing the population to have stable access to information. The spread of high-speed Internet, in particular fiber-optic networks, increased significantly, providing stable Internet connectivity in large cities and small towns.

The development of 4G technologies and preparations for the introduction of 5G improved the quality of mobile Internet and opened up new opportunities for the development of the Internet of Things (IoT) and other innovative solutions. Innovations in telecommunications provided more efficient and secure connections, which was important for both businesses and private users.⁴ Healthcare and medical services: hospitals, clinics, private medical offices, dental services.

4. Trade and logistics: retail and wholesale trade, warehousing services, transportation companies.

Before the war broke out in Ukraine, the trade and logistics sectors were developing dynamically, focusing on integration into global markets and increasing efficiency.

The Ukrainian trade market has been actively adapting to global trends, including e-commerce. In the period up to 2022, there was an increase in online sales, especially in such categories as food, electronics, and fashion. Online retailers and eCommerce platforms such as Rozetka and Prom.ua significantly increased their turnover, driven by growing consumer confidence in online shopping. This was

supported by the development of payment systems and logistics services that ensured fast and reliable delivery of goods across the country.

Before the war, the logistics sector in Ukraine was characterized by infrastructure modernization and the introduction of innovative solutions. Significant investments were made in the development of warehouse complexes, logistics hubs, and transportation corridors. Ukrainian companies actively used the latest technologies to optimize supply chains, including process automation and the use of analytical data to manage inventory and delivery routes. An important aspect was also the introduction of international logistics standards, which facilitated Ukraine's integration into global trade chains.

Ukraine was an important transit hub for goods between Europe and Asia, taking advantage of its geographical location. The main directions were rail transportation, Black Sea seaports, and air transportation. Before the war, cooperation with international logistics companies was actively developing, which ensured high quality services and compliance with international standards.

In general, before the war, trade and logistics in Ukraine were on the rise, contributing to the country's economic growth and integration into global markets.

In 2020, the world was at a standstill during the Covid-19 pandemic, but the global economy began to recover and grow rapidly in 2021. While in 2020, the decline in global consumption led to a large decline in production and, consequently, a decrease in the need for raw materials, in 2021, demand jumped so fast that producers did not have time to meet it, which led to a global rise in raw material prices.

For Ukraine's commodity-oriented economy, this meant economic recovery and growth of nominal gross domestic product (GDP) by more than 3% in 2021 [11].

Thus, in 2021, Ukraine's foreign economy showed positive dynamics of recovery after the Covid-19 pandemic, during which trade operations between countries around the world were reduced. In 2021, exports increased by 38% and imports by 35% compared to 2020 [19]. At the same time, in 2021, the negative balance of foreign trade in goods increased, namely, the difference between exports and imports amounted to USD 5.2 billion. compared to the balance in 2020 of USD 5.0 billion.

Significant percentage growth in 2021 compared to 2020 is due to the effect of a low comparison base, as trade turnover declined globally due to pandemic restrictions.

Therefore, it was more appropriate to consider the increase in trade turnover since 2019, compared to which the increase in 2021 was 28% [11].

In 2022, as a result of the full-scale invasion, Ukraine's foreign economy collapsed due to a reduction in export production, as well as complications, and in some areas, the impossibility of export logistics, while the only border through which Ukraine's foreign economic relations with the world were maintained was the western border, which had limited capacity due to overload. Accordingly, the balance of foreign trade in goods not only maintained a negative trend, but also increased significantly in monetary terms and amounted to 15.3 billion dollars. USA [19]. The reasons for such a sharp increase in the negative balance were the increase in the value of imports of a number of products to meet the needs in Ukraine, namely: fuel and energy products, machinery, equipment and transport, as well as chemical products.

Even a two percentage point reduction in remittance fees could result in savings of \$12 billion per year for CIS migrants. Proportionate and simplified anti-money laundering and countering the financing of terrorism (AML/CFT) procedures based on risk assessment, customer due diligence, and the application of AML/CFT procedures to small transfers can reduce remittance costs and mobilize investment. The global goodwill towards refugees and migrants from Ukraine provides an opportunity to develop and pilot programs to facilitate access to employment and social services in host countries. The COVID-19 pandemic and the crisis in Ukraine further emphasize the need for frequent and timely data. In April 2022, the World Bank, under the auspices of KNOMAD and in collaboration with countries where remittances are a source of financial assistance, established the International Working Group on Improving Remittance Flow Data. This initiative supports the main goal of the Global Compact on Migration.

The war is not the only factor currently affecting global trade: the blockade of China to prevent the spread of COVID-19 is again disrupting maritime trade at a time

when pressure on supply chains is easing. This could lead to a return of input shortages and higher inflation.

The war in Ukraine has caused tremendous human suffering, but it has also damaged the global economy at a critical time. The impact will be felt around the world, especially in low-income countries where food accounts for a large share of household expenditures. Reduced supplies and rising food prices mean that the world's poor will go without food. In times of crisis, trade needs to be revitalized to ensure stable and equitable access to basic commodities. Restrictions on trade threaten the well-being of households and businesses, and complicate attempts to build a sustainable economic recovery from COVID-19.

With little reliable data on the economic impact of the conflict, WTO economists had to rely on modeling to make empirical estimates of GDP growth in 2022 and 2023: the direct impact of the war in Ukraine, including the destruction of infrastructure and increased trade costs; the impact of sanctions against Russia, including the blocking of Russian banks' SWIFT payment systems; and a decline in aggregate global demand due to lower business and consumer confidence and increased uncertainty [2].

Under these assumptions, global GDP (at market exchange rates) is expected to grow by 2.8% in 2022, down 1.3 percentage points from the previous forecast of 4.1%. In 2023, growth is expected to pick up to 3.2%, approaching the average growth rate of 3.0% for the period 2010-2019. In 2023, the growth rate is expected to increase by 1.3% compared to the previous forecast of 4.1%. Production in the Commonwealth of Independent States (CIS) region, excluding Ukraine, is expected to fall by 7.9% before imports from the region decline by 12.0% [56].

Russia's invasion of Ukraine has become the most serious security crisis for Europe in decades and has forced the EU to make unprecedented decisions on security, defense, and EU enlargement. They have also begun to shape the EU's external activities more broadly, creating new challenges for Brussels and its member states.

In what has become the largest war in Europe in decades, the EU and its member states have abandoned some long-standing policies and taken measures that would normally have been strongly opposed by all sides. These include the EU's decision to

finance the supply of lethal weapons to third countries for the first time; increased defense cooperation in the face of new threat perceptions; and the first implementation of the 2001 Temporary Protection Directive, which grants Ukrainian refugees the right to temporary residence. The EU's entry into new territory with regard to Ukraine could create momentum for a bolder EU foreign policy beyond the immediate response to the current crisis.

However, for this to happen in a positive way, it will need to find answers to difficult questions that have been largely pushed aside while the EU operates in crisis mode. These include dilemmas over the scope and purpose of defense programs, the strategic use of broad-based sanctions, the guarantees required for the provision of lethal equipment, and the pros and cons of further EU enlargement. If the EU wants to develop a more effective European diplomacy, it will have to address these issues directly [6].

The EU's decision to use the European Peace Facility (EPF), a fund for military and defense assistance to third countries and allies created to provide lethal equipment to Ukraine, is one of the major changes in foreign policy caused by the war. It was not conceived as a means of intervening in the war, but rather as a means of supporting partner countries fighting insurgents and other armed groups. Its use in Ukraine meant that for the first time the EU financed the supply of arms to a third country, especially a country at war.

Although some member states are major arms exporters, the EU has no experience in dealing with the dangerous consequences of such military aid. Earlier, Brussels discussed whether to significantly reduce the provision of non-lethal equipment to partner countries due to concerns about supporting armed forces with poor human rights records and the possibility that the equipment could fall into the wrong hands. In terms of support to Kyiv, EU member states spent most of last year negotiating an EPF package worth €31 million over three years to provide non-lethal military, medical, and logistical equipment to the Ukrainian armed forces [56].

In the immediate aftermath of the invasion of Ukraine, there was little time to develop a clear strategy for sanctions against Russia. But now the EU must make sure

that they do everything in their power to create incentives for a negotiated end to the conflict. In this context, it is important to reach a compromise with Europe and other NATO allies on the conditions necessary to lift some sanctions aimed at restraining the Russian economy. Clarifying that sanctions could be partially lifted if Russia takes steps to end the war (e.g., confirming that it has withdrawn its troops from Ukraine) would be more in line with the EU's strategy than treating sanctions as purely punitive measures. The European Council should be able to provide evidence that Russia has committed war crimes in Bucha and other towns. European diplomats should emphasize that sanctions can be lifted under certain conditions, while additional sanctions are considered if there is evidence that Russia has committed war crimes in Ukraine.

The upheaval in Europe caused by Russia's aggression in Ukraine has prompted many EU countries and governments of their eastern neighbors to seek a way out of the enlargement impasse. After Zelenskyy's accession bid, Ukraine, Georgia, and Moldova also submitted their applications, and EU member states instructed the European Commission to formally consider these three accession requests—a largely technical step, but one of great symbolic importance. Meanwhile, a series of high-level meetings of EU heads of state and government took place in the Western Balkans to demonstrate the EU's commitment to a region that has been seeking accession for more than a decade. However, despite these positive signals, the accession process is unlikely to be completed in the short term. Despite (and partly because of) the rapidly changing security situation in Europe, EU membership for the Western Balkans or the Troika Pact will not happen quickly: in many European capitals that are skeptical of EU enlargement, the war in Ukraine will not be enough to overcome opposition. The opposition believes that the disadvantages of enlargement outweigh the advantages. However, the EU can use enlargement as a tool to strengthen relations with neighboring countries, provide incentives to align their policies with those of the EU, and balance pressure from other countries through bilateral cooperation. Currently, special attention is being paid to relations with Ukraine. Some diplomats in Brussels predict that it will be difficult for the EU to resist granting Ukraine a certain membership status.

Furthermore, given the ongoing negotiations to end the war, the prospect of greater cooperation between Brussels and Kyiv may be part of Ukraine's calculus. Without full membership, European countries could create the conditions for closer cooperation between Ukraine and the EU and continue to manage Kyiv's membership prospects.

In sum, with its response to the war in Ukraine, the EU has shown that it can act decisively and cohesively even in a serious crisis that could undermine European security. However, the show of unity hides the uncomfortable reality that Brussels often lacks the will and cohesion to act in its day-to-day foreign policy.

3.2. Forecasting the development of Ukraine's trade in services in the period of transformation of the import-export regime

Increasing international competition and deepening international division of labor require national economies to participate effectively in global trade flows. In this context, the traditional paradigm of the state's foreign trade policy does not meet the geopolitical requirements of each country, as it contains only standard tools for regulating import and export operations. This issue is especially important for developed countries that face fierce competition for leadership positions on the global stage. In addition, digital transformation and the transition to sustainable development require changes in foreign trade policy [7].

For Ukraine, trade relations with the EU are a new step towards its membership and an opportunity to open new markets. Free trade offers Ukraine the following opportunities: increased exports through access to new markets; equal competition with other countries; expanding the range of partners and diversification of supplies to reduce the risk of limited access to CIS markets; attracting new technological and innovative solutions from the EU; reducing non-tariff barriers to trade; high-quality imported equipment, seeds, plant protection products, etc. and preserving sovereignty in the implementation of foreign economic policy [8].

The socio-economic environment in Ukraine during the war was characterized by huge human losses, an unprecedented flow of IDPs (internal and external), significant destruction of cities and towns, buildings and infrastructure, and a persistent currency and price imbalance. Today, a significant number of experts share the opinion that due to the gradual withdrawal of Russian aggressors from Ukraine, real GDP will decrease by about a third by the end of the year. Today, the state of Ukraine's customs policy plays a very important role as it affects the development of all sectors of the country's economy. Implementation and effective functioning of Ukraine's customs policy is a prerequisite for improving the customs and tax situation and has a significant impact on the country's socio-economic development. However, today's Ukraine is characterized by an unstable situation, the war in the east, a negative trade balance, a growing consolidated budget deficit and the transformation of international trade, which has changed the main goals in the implementation of customs policy. The main macroeconomic indicators of the development of Ukraine's trade in services in the context of the transformation of the import-export regime are shown in Table 3.1.

Table 3.1 - The main macroeconomic indicators of Ukraine's foreign trade in services in the context of the transformation of the export-import regime for 2021-2024

Indicator	2021	2022	2023	2024
Total exports of services, billion USD	16.0	17.0	17.5	18.3
Total imports of services, billion USD	9,0	9,3	9.5	10.0
Balance of foreign trade in services, billion USD	7,0	7,7	8.0	8.3
Growth rate of services exports, %	6,7	6,3	7.5	4.6
Growth rate of imports of services, %	4,5	3,3	5.0	5.3
Share of services in total exports, %	43,0	44,0	45.0	46.0
Share of services in total imports, %	28,0	29,0	30.0	31.0

Source: [54]

It should be noted that an inflation rate lower than the decline in real GDP may not "compensate" for the decline in nominal value added, so not only real but also nominal GDP may fall. Given some calming of the economic environment, the rate of GDP decline in dollar terms will also reach about 35% and will be less than USD 130 billion. (below the critical levels for calculating external debt repayments under restructured options) [54].

Analyzing data on Ukraine's foreign trade in services for 2021-2024, the following conclusions can be drawn:

In 2021, the volume of services exports amounted to USD 16.0 billion. In 2022, the volume of exports of services amounted to USD 16.0 billion, and in 2022 - USD 17.0 billion. This represents an increase of 6.3%. Forecasts for 2023 and 2024 show further growth to USD 17.5 billion (by 7.5%). USD (by 7.5%) and 18.3 billion USD (by 4.6%), respectively. USD (by 4.6%), respectively.

The steady growth in exports indicates an improvement in the competitiveness of Ukrainian services in international markets.

The volume of imports of services increased from USD 9.0 billion in 2021 to USD 9.3 billion in 2022. USD in 2021 to 9.3 billion USD in 2022 (by 3.3%). USD in 2022 (by 3.3%). Forecasts for 2023 and 2024 also indicate growth: up to USD 9.5 billion (by 5.0%) and USD 9.5 billion (by 5.3%). USD (by 5.0%) and up to USD 10.0 billion (by 5.3%). USD (by 5.3%). The increase in imports of services may indicate an increase in the need for foreign services, which may be related to economic development and investment.

The surplus of foreign trade in services is growing: from USD 7.0 billion in 2021 to USD 7.7 billion in 2022. USD in 2021 to 7.7 billion USD in 2022. USD in 2022. Forecasts for 2023 and 2024 show further growth to USD 8.0 billion and USD 8.3 billion. USD and 8.3 billion USD, respectively. USD, respectively. The positive balance indicates that Ukraine exports more services than it imports, which contributes to a balanced foreign trade account and the strengthening of the national currency.

The growth rate of services exports is fairly stable, with a slight decline in 2024. Import growth rates also show stability, with a slight increase in 2024. Stable growth rates may indicate a balanced foreign trade policy and adaptation to changes in the global economy.

The share of services in total exports increases from 43.0% in 2021 to 46.0% in 2024, indicating an increase in the role of services in Ukraine's foreign trade balance.

The share of services in total imports is also growing, but at a more moderate pace - from 28.0% in 2021 to 31.0% in 2024.

Overall, Ukraine's foreign trade in services shows positive growth trends. Exports of services are growing faster than imports, which contributes to the positive balance. The growing share of services in total exports and imports indicates a gradual transition to a service-oriented economy. This may be due to an increase in demand for IT, consulting, and other high-tech services, which is an important aspect of the country's economic development.

The direction of Ukraine's foreign trade policy is changing in the context of the free trade agreement with the EU: Ukraine should accelerate the implementation of the Association Agreement, as delays in Ukraine will limit the potential of the free trade area with the EU and thus hinder investment and economic growth. Attracting investments in the agricultural sector and processing industries will weaken the raw material orientation of Ukraine's exports, while meeting the technical requirements of services under the Association Agreement; development of e-government and e-services. It is also necessary to integrate Ukraine into the global market in order to overcome the accumulated socio-economic problems and stimulate foreign economic activity to change the raw material orientation of exports. Industrial facilities and agricultural land are being destroyed every day. This affects the global supply market and food security. Therefore, all the proposals and recommendations will only make sense if the conflict in Ukraine ends as soon as possible.

Promising areas for development in the context of war and post-war recovery:

1. Information technology and cybersecurity:

- development of IT outsourcing. Ukraine has already been one of the leaders in the outsourcing of IT services, and this industry may continue to grow given the demand for digital solutions;

- cybersecurity. Given the growing threats in cyberspace, cybersecurity services will become even more important.

2. Infrastructure restoration:

- construction services. Restoration of damaged buildings and infrastructure will require significant resources and services;

- engineering services: planning and designing new infrastructure.

3. Healthcare:

- medical services and rehabilitation. There will be an increased need for services for war victims, including physical and psychological rehabilitation;

- telemedicine. Remote medical consultations and services will become more popular.

4. Education and training:

- online education. Development of distance learning to ensure continuity of education in times of crisis;

- vocational training. Courses and programs to train specialists needed for the country's recovery.

5. Restoration and development of the agricultural sector:

- agricultural services. Modern agricultural technologies, consulting, support for farmers;

- agricultural exports. Increase production and exports of agricultural products.

6. Energy and environment:

- development of renewable energy sources. Investments in solar and wind energy;

- environmental services. Restoration of natural resources, environmental monitoring.

7. Social and volunteer services: support for the population. Programs to help internally displaced persons, social projects; volunteer initiatives. Coordination and support of volunteer organizations that help in various areas.

These areas will not only help rebuild the country, but also create new jobs and contribute to economic growth in the long run.

Ukraine is therefore facing new and extremely difficult challenges. But this is not a reason for pessimism. Ukraine has long been at the crossroads of a civilizational election: Ukraine must seize this opportunity to become an economically friendly country for Euro-Atlantic countries. Victory in the war and acceleration of socio-economic reconstruction are important not only for our country, but also for the strategic direction of human development based on democracy and humane values.

CONCLUSIONS

The article analyzes Ukraine's place in the global services market.

Studies of international trade in services have shown that it has certain peculiarities. First and foremost, it is the fact that services are characterized by different forms and essence. This is a global market characterized not by common features, but by general trends, which gives it a real opportunity to influence its functioning at the global level, taking into account new moments of its development. At present, the global services market is organized at four levels: international, sectoral, regional and national. All this contributes to accelerating the growth of the service sector both in the domestic market of each country and in the world market.

The author shows the transformation of international trade in services in the context of economic globalization and digitalization. In the context of globalization of the world economy, the level of socio-economic development of countries largely depends on the foreign economic sphere. The international turnover of goods and services is increasing, and the movement of capital and financial resources is accelerating. The current stage of global market development is characterized by rapid technological innovations, intellectualization of the workforce and informatization of social and industrial relations, as well as rapid growth in trade in services. The direction of foreign trade flows and the specific structure of the services market are constantly changing. While the volume of services related to the production and export of many capital- and knowledge-intensive goods (software, design, engineering, logistics, marketing services, hotel, advertising, consulting, insurance, financial, agency, brokerage, real estate, legal and rental services, franchising, licensing and patenting, and know-how) is becoming increasingly important in the complex of services. The service market is becoming one of the most promising sectors of the global market. The services sector accounts for about 20% of each country's payments, and the services sector itself is becoming the largest recipient of international investment.

The current state of international trade in services worldwide is assessed. Trade in services has slowed down in most European countries. Exports of services in Germany and Italy grew by 1.1% and 1.8%, respectively, while imports remained unchanged (by 0.4% in Germany and 0.8% in Italy). In the United Kingdom, exports of services fell by 1.3%, while imports also declined sharply (-11.5%). On the other hand, France's exports of services grew by 4.9%, driven by a 14.0% increase in travel income, while imports grew by 2.0%. Turkey recorded double-digit growth in exports (+22.8%) and imports (+15.1%), reflecting the high level of passenger travel and transportation services.

Ukraine's position in the international services market is determined by the structure of domestic exports and imports by type of service. The modern global economy is characterized by the rapid development of the service sector as a result of globalization and liberalization of global economic processes. Indeed, for most countries, the service sector is one of the most important components of the economy. The service sector is a source of long-term economic growth for a country and is sometimes more important than industry. An analysis of the structure and characteristics of the services market in general and the IT services market in particular leads to the conclusion that its development is characteristic of developed and developing countries. The main players are the United States, European countries and some Asian countries. It is established that the development of the IT sector is inextricably linked to public investment in the scientific and technical sector, technology and innovation.

The problems associated with the development of trade in external services of Ukraine in wartime and overcoming the consequences of military aggression are identified. Trade integration is a universal tool for optimizing cooperation between countries to realize mutual interests in foreign trade. The word "cooperation" is often used, which defines the etymology of the category and is interpreted as joint activities or cooperation in specific institutions. International economic integration can be defined as a higher level of development of international economic activity, characterized by the deepening of trade and economic interaction between states,

resulting in the convergence of national economic mechanisms with mutual complementarity, interdependence, mutual coordination of actions and mutual obligations, institutionalization of interstate agreements, cooperation, and simultaneous creation of national trade and economic mechanisms.

Overall, Ukraine's foreign trade in services shows positive growth trends. Exports of services are growing faster than imports, which contributes to the positive balance. The growing share of services in total exports and imports indicates a gradual transition to a service-oriented economy. This may be due to an increase in demand for IT, consulting, and other high-tech services, which is an important aspect of the country's economic development.

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APPENDICES

Appendix A

Dynamics of trade in services in the world, billion USD US DOLLARS

Country	3rd quarter 2020	4rd quarter 2020	1rd quarter 2021	2rd quarter 2021	3-й quarter 2021	4rd quarter 2021	1rd quarter 2022	2rd quarter 2022
Australia	6 481,5	11 477,3	14981,2	15494,6	14153,5	7 042,3	2 006,6	13113,4
Austria	3 588,8	1 917,5	-1 002,6	380,3	1 657,6	626,5	-210,6	1 310,9
Belgium	1 155,1	2 501,8	1 685,5	2 392,9	3 137,4	-4 446,2	-4 744,7	-10342,5
Canada	-8 269,5	-3 446,9	254,2	-296,4	997,2	-108,7	2 093,3	2 109,1
Chile	-710,7	-786,8	-4 408,0	-3 609,1	-5 655,9	-6 634,0	-7 685,6	-7 374,6
Colombia	-2 017,4	-2 771,6	-2 944,1	-4 481,6	-4 785,4	-5 410,3	-5 074,5	-5 750,0
Costa Rica	-431,0	62,3	-422,0	-435,2	-543,6	-736,3	-845,8	-510,6
Czech Republic	4 724,0	-505,4	993,7	476,2	-2 057,8	-1 720,7	-2 785,2	-3 454,1
Denmark	7 481,3	5 905,1	8 999,2	7 676,8	8 609,7	10 605,7	11 194,2	11 851,0
Estonia	-170,9	-931,9	-424,1	-577,9	-28,1	329,1	245,5	194,6
Finland	-175,1	2 613,0	1 244,2	1 931,0	1 705,8	-2 824,9	-1 321,9	-2 825,3
France	- 15708,7	-12 788,4	-4 438,9	15 963,6	9 530,9	-9 932,7	143,6	-2 992,9
Germany	84 811,4	81 474,0	82095,7	82617,4	85816,7	63483,7	43055,3	36425,7
Greece	-4 056,4	-2 628,2	-2 228,6	-4 042,7	-3 574,7	-4 613,1	-4 567,7	-1 434,4
Hungary	663,6	102,9	6,5	-1 396,1	-3 234,4	-2 627,6	-3 527,8	-2 860,2
Iceland	-60,2	225,4	-107,8	-121,4	23,6	-202,7	-222,4	-97,0
Ireland	701,4	21 903,4	16 295,5	12 334,2	16981,5	25 729,9	14 897,4	7 346,5
Israel	5 947,4	6 173,0	5 664,1	4 429,9	3 699,1	7 122,3	4 766,5	4 149,0
Italy	24458,4	25 736,7	21059,0	21374,1	17208,6	5 299,9	5 828,0	-5 894,2
Japan	34731,1	54 071,0	48331,2	40967,5	27038,9	24980,6	19548,9	10471,8
Korea	17938,2	34 436,2	28373,8	22746,8	19456,9	17725,2	22210,2	11663,7
Latvia	44,4	442,3	-243,5	-736,4	-576,4	-106,3	-723,0	-766,6
Lithuania	1 077,7	846,6	1 035,7	122,9	122,5	-474,6	-744,5	-776,0
Luxembourg	1 601,1	2 453,6	-948,8	4 851,3	2 245,9	-2 021,8	1 000,9	223,5
Mexico	16121,7	15 392,6	-1 068,9	800,7	-3 653,5	-894,9	-2 151,4	-7 180,3
Netherlands	13245,3	15 834,1	19 354,2	23 309,1	15 207,0	15 106,4	15 846,3	9 701,1
New Zealand	-536,7	-1 501,2	-3 801,5	-2 340,3	-3 576,4	-4 742,3	-5 947,4	-4 629,5
Norway	1 469,6	1 590,0	9 410,7	13235,6	19884,4	28962,5	32421,6	32656,4

Poland	4 034,6	4 460,5	568,9	534,6	-3 730,8	-6 865,4	-8 404,6	-5 771,5
Portugal	-485,5	-699,9	-2,9	-814,2	-1 237,5	-896,7	-1 147,3	-630,6
Republic of Slovak	823,9	-206,8	253,2	-102,4	-1 670,6	-1 341,1	-2 627,2	-1 065,3
Slovenia	981,0	1 536,9	1 365,2	377,9	439,1	190,8	108,5	-180,8
Spain	255,0	3 262,6	3 121,0	2 222,8	4 206,4	4 023,8	3 612,0	4 346,8
Sweden	8 724,4	9 748,4	9 424,7	8 766,7	7 220,5	8 642,4	4 141,9	3 160,5
Switzerland	8 663,6	-12 324,6	6 859,7	17983,0	16938,7	17293,9	16682,8	14592,2
Turkey	- 10692,0	-9 440,8	-5 562,4	-1 009,1	-1 875,8	-5 782,3	- 14805,1	-6 797,9
United Kingdom	- 18076,3	-47 277,4	-17010,6	-9 690,0	-31868,0	-4 363,2	- 58879,6	-42 400,1
United States	- 171293,0	-188 702,0	-188740,0	-206402,0	-226 375,0	-224837,0	- 282540,0	-251090,0
Eurozone (19 countries)	70141,9	95 886,0	119622,4	107540,2	80538,7	28024,1	19497,4	-39409,6
European Union - 27 countries (from 01.02.2020)	82173,4	145 719,6	141558,8	126360,0	82948,7	68525,6	9 834,6	-39846,3
G7	- 69346,7	-90 933,0	-58449,3	-55465,8	-117650,7	-145477,4	- 270750,6	-253370,6
OECD - 27 COUNTRIES Total	17041,3	20 155,3	48022,6	64935,1	-18162,1	-54417,9	- 209152,8	-201507,9

Source: Official website of the World Bank. URL: <https://data.worldbank.org>