

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE  
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Department of International Economic Relations

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## QUALIFICATION PAPER

**It is submitted for the Bachelor's degree**

on the topic " GEOSTRATEGIC PRIORITIES OF UKRAINE'S NATIONAL  
PARTICIPATION IN INTERNATIONAL TRADE "  
Specialty 292 "International Economic Relations"

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It is submitted for the Bachelor's degree requirements fulfillment.

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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## TASKS FOR BACHELOR'S DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations " )

student IV course, group ME-92a.an

Zaika Kateryna Volodymyrivna

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2. The term of completed paper submission by the student is «06» June 2023
3. The purpose of the qualification paper is to identify and analyse the main geostrategic priorities of Ukraine in international trade, their definition, justification.
4. The object of the research is mechanisms and processes of formation and implementation of Ukraine's geostrategic priorities in international trade.
5. The subject of research is geostrategic priorities of Ukraine in international trade.
6. The qualification paper is carried out on materials such as electronic resources (webpages, blogs, analytical databases, optimization software for marketplaces), articles from Ukrainian and foreign publishers, and statistical Ukrainian and foreign materials.

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Chapter 1 «Theoretical foundations of geostrategic priorities of Ukraine's national participation in international trade»-05.05.2023

Chapter 1 deals with concept and essence of geostrategy and geostrategic priorities, the development of the geostrategy of Ukraine, factors influencing the geostrategic course of Ukraine.

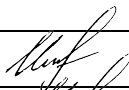

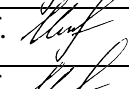



Chapter 2 «Current state of Ukraine`s participation in international trade »-23/05/2023

Chapter 2 deals with defining the place of Ukraine in international trade in 21st century, performing SWOT analysis of Ukraine`s participation in free trade agreements and analysis of it, describing and analysing the state and directions of foreign international trade of Ukraine in 2021-2022.

Chapter 3 «Further perspectives of development and implementation of geostrategic principles in Ukraine» -01/06/2023

Chapter 3 deals with assumptions regarding further perspectives of development of geostrategy of Ukraine and analysing existent cooperation of Ukrainian government in the sphere of defence.

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## ABSTRACT

on bachelor's degree qualification paper on the topic  
« GLOBAL MARKETPLACES AS AN EFFECTIVE TOOL FOR THE  
CURRENT STAGE OF TRADE DIGITALIZATION»

student Zaika Kateryna Volodymyrivna

(full name)

The main content of the bachelor's degree qualification paper is presented on 43 pages, including references consisted of 44 used sources, which is placed on 6 pages. The paper contains 2 tables and 7 figures.

The Ukrainian geopolitical worldview has undergone a long evolution and is strongly influenced by the history of Ukrainian statehood. In some historical sources until the early twentieth century, Ukrainian geopolitical information, and political and geographical knowledge about it were fragmentary and combined with other regional information. Though, by 2026 the direction of geostrategy of Ukraine was formulated and there was a plan of actions published and conducted. Nowadays, considering current situation of war, annexation and occupation of Ukrainian territories, as well as the expansionist politics of Russia, there is a need to define new ways of strategic cooperation arose.

The purpose of the bachelor's degree qualification paper is to analyse the main peculiarities and tendencies of foreign trade activity of Ukraine and identify main factors that influence country`s geopolitics, .

The purpose of the work is realized by accomplishing core tasks:

1. Identify the main definitions of the geopolitics;
2. Determine the factors influencing geopolitical course of Ukraine;
3. Provide the historical analysis of the development of foreign trade relations of Ukraine;
4. Consider key perspectives for Ukrainian participation in free trade agreements using SWOT analysis;

5. Appraise the optimal strategies further development of Ukraine as a participant of international trade relations considering ongoing war in the country.

In the framework of this study, methods of schematic analysis, graphical method, economic and statistical methods, as well as SWOT analysis were used.

The following conclusions are formulated based on the results of the study:

1. Throughout its history, Ukraine has fought for its full independence. During the 19th and 20th centuries, Ukraine was considered a dependent part first of the Russian Empire and then of the Soviet Union. Only after gaining independence in the 1990s was Ukraine able to build its own strategy.

2. One of the principal strategic directions of the already independent Ukraine has always been cooperation with the countries of Central and Eastern Europe (CEE), which is explained not only by their geographical proximity.

3. In implementing its geostrategy, Ukraine focuses on neighbouring countries, studies their strengths and weaknesses, adopts the best elements of development and internal governance, distances itself from negative trends and becomes a symbiosis, mediator, "golden mean" of cultural, mental, socio-demographic and political-economic impacts.

4. Changes in the general geopolitical situation in the world can be observed. The general trend is to reduce trade with Russia, although the main forces of influence among the EU countries.

The obtained results can be used in the process of strategy development of Ukraine`s foreign trade activity as well as in the development of the competitiveness of Ukraine in the world trade relations.

The results of approbation of the main provisions of the bachelor's qualification paper research were considered on the IV International Scientific and practical conference "INTERNATIONAL ECONOMIC RELATIONS AND SUSTAINABLE DEVELOPMENT".

Keywords: GEOSTRATEGY, DEVELOPMENT OF NATIONS' STRATEGY, COOPERATION, FOREIGN TRADE ACTIVITY.

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## INTRODUCTION

Geostrategy (geographical strategy) is a political science that determines the means and methods for achieving the geopolitical goal of a state or group of allied states - preserving and increasing the power of a state or union of states, and in adverse conditions of crisis - minimizing losses and restoring the original pre-crisis state.

The Ukrainian geopolitical worldview has undergone a long evolution and is strongly influenced by the history of Ukrainian statehood. In some historical sources until the early twentieth century, Ukrainian geopolitical information, and political and geographical knowledge about it were fragmentary and combined with other regional information. By the beginning of the twentieth century, we cannot talk about the development of national geopolitics, but only about the formation and development of geopolitical views and geopolitical ideas.

The question of the country's geopolitical and geostrategic peculiarities was being studied for the last decades by numerous scientists. Yet there are only a few scientific works that are devoted to studying the geostrategy of Ukraine and its peculiarities of it in international trade relations.

The purpose of this work is to define the main objectives of the national participation of Ukraine in international trade, study the influence of geostrategic factors of it and analyse to forecast possible perspectives of its development in conditions of the Russia-Ukraine war in 2022.

The subject of this work is the geostrategic feature of the national participation of Ukraine in international trade.

Methods and information base. Methods: analytical, logical, statistical, correlation and regression, Excel. The informational base of this work is the study and analysis of relevant scientific works, statistical information regarding the geographical structure of the international trade of Ukraine, and electronic resources.

# **1 THEORETICAL FOUNDATIONS OF GEOSTRATEGIC PRIORITIES OF UKRAINE'S NATIONAL PARTICIPATION IN INTERNATIONAL TRADE**

## **1.1 Concept and essence of geostrategy and geostrategic priorities**

Geostrategy, also known as geographical strategy, is a branch of political science that identifies the means and strategies for achieving a state's or a group of allied states' geopolitical objectives, which include maintaining and enhancing a state's or union of states' power and, in times of crisis, minimising losses and returning to the pre-crisis situation. Geostrategy works in the areas of society, economy, politics, national culture, military power, and other strategic elements, not only of the customer state or customer-the union of states, but also studies and considers the strategic potential of other states, subdividing them generally into potential allies, opponents, or neutrals, and always considers the strategic characteristics of the geographical environment in which geostrategy is realised.

Geostrategy is a set of directions of foreign policy and foreign economic activity of the state in the international arena. An integral part of the doctrine of national security, including the technology of state behaviour to achieve its goals in the geopolitical or geoeconomic space. The art of neutralizing the destructive (for society) consequences of external or internal call (negative milestone energy) multidimensional communication space.

Geostrategy can create the basis for the development of technologies for the implementation of national or regional priorities and the prevention of social and environmental disasters originating on energy-saturated borders. Each geostrategy can have its own geopolitical, geoeconomic or sociocultural strategy. Unlike strategy (the art of managing contemporary social or political struggles), metastrategy (long-term strategy) stands out.

The term "geo-strategy" was first used by Frederick L. Schuman in his 1942 article "Let Us Learn Our Geopolitics." It was a translation of the German term



«Wehrgeopolitik" (translated from German as “Military Geopolitics”) as used by German geostrategist Karl Haushofer. Previous translations had been attempted, such as "defence-geopolitics". Robert Strausz-Hupé had coined and popularized "war geopolitics" as another alternate translation. [1]

According to the classic definition of Rear Admiral Pierre Celerie, geostrategy is "the study of the relationship between strategic issues and geographical factors" [2]

Jakub J. Grygiel in 2006 stated that “geostrategy is the geographic direction of a state's foreign policy. More precisely, geostrategy describes where a state concentrates its efforts by projecting military power and directing diplomatic activity. The underlying assumption is that states have limited resources and are unable, even if they are willing, to conduct a *tous azimuts* foreign policy. Instead, they must focus politically and militarily on specific areas of the world. Geostrategy describes this foreign policy thrust of a state and does not deal with motivation or decision-making processes. The geostrategy of a state, therefore, is not necessarily motivated by geographic or geopolitical factors. A state may project power to a location because of ideological reasons, interest groups, or simply the whim of its leader.” [3]

Geostrategy includes the geography of each state, its historical and political situation in relation to its neighbours, studied through strategic research. His research falls under geopolitics, although his views are limited to military aspects and their implications for natural resources, which are often the subject of conflicts of interest.

## 1.2 The development of the geostrategy of Ukraine

The Ukrainian geopolitical worldview has undergone a long evolution and is strongly influenced by the history of Ukrainian statehood. In some historical

sources until the early twentieth century, Ukrainian geopolitical information, and political and geographical knowledge about it were fragmentary and combined with other regional information. By the beginning of the twentieth century. It is almost impossible to talk about the development of national geopolitics, but only about the formation and development of geopolitical views and geopolitical ideas. At the turn of the 1920s, the first Ukrainian political plans began to emerge, which included and reaffirmed geopolitical principles. In the 20th century. Before Ukraine gained independence, the geopolitical worldview of Ukraine was formed, which took place under special conditions, in the territorial and socio-political spheres, and after gaining independence in 1991.

In general, the history of the formation of a geopolitical view of Ukraine can be divided into three key stages. [6,7]

- Historical stage 1. The beginning, began in the 9th century. and lasted until the early 20th century, characterized by the appearance of the first sources of territorial and political information; the appearance of the first ideas about the geopolitical subjectivity of Ukraine; substantiation of the principles of its political, legal and geopolitical views and the first attempts to establish Ukrainian statehood.

- Historical stage 2. Fundamental (early 20th century-1991) was characterized by the strengthening of national and political movements in the Ukrainian ethnic lands; the emergence of the first scientifically based geopolitical ideas and vision; scientific research of the first classics of the geopolitical view of Ukraine.

- Historical stage 3. Modernity (since Ukraine gained independence in 1991 to the present) is characterized not only by the formation of Ukraine as an independent subject of international relations, but also by an awareness of its own geopolitical importance; formation of geopolitical priorities for its development, geopolitical orientation at the regional and global levels; and, as a result, the transformation of the geopolitical view of the state on its geopolitical interest.

Ukraine's independence was recognized by all former Soviet republics, and the world community. States that were not republics of the USSR began to

recognize the independence of Ukraine after the referendum described above. The first (December 2, 1991) independence of Ukraine was recognized by Poland. On the same day, Canadian Prime Minister B. Mulroney stated that Canada recognizes Ukraine as an independent state.

On December 3, Hungary recognized Ukraine; on December 4 - Lithuania and Latvia; on December 5 – Russia, Bulgaria and Slovenia. By the end of December 1991 statements on the recognition of Ukraine's independence made the governments of 68 countries, including the United States, Germany, Britain, Sweden, Italy, and Japan.

The results of the All-Ukrainian referendum and the elections of the President of Ukraine created a qualitatively new political situation in the republic. The final liquidation of the USSR was accelerated.

In the first months of Ukrainian independence, the principle of multi-vector foreign policy, in particular international trade activities of the state, was proclaimed. This was due to the desire to distance itself from the post-Soviet space and, above all, to counteract Russia's attempts to maintain control over the former Soviet republics. In addition, the ideas of integration into the European community seemed unrealistic, therefore, nothing else could be the main slogan of the international economic orientation.

At the same time, the priority of relations with its closest neighbours was proclaimed, which, on the one hand, was quite natural, and on the other hand, referred to Russia, and the rest of the countries as "ordinary neighbours".

In general, active trading partners, which are direct geographical neighbours with which Ukraine has a land border or direct access to open Black Sea ports, are, in addition to the CIS countries (Moldova, Belarus, Russia, Georgia), former satellites of the USSR in the Eastern bloc (Poland, Slovakia, Hungary, Romania, Bulgaria), as well as Turkey. (Fig. 1.1)

According to this situation, as well as other foreign and domestic policy of Ukraine, and the actual division of Ukrainian society into two parts - western and

eastern - creates preconditions for a complete split of our country and as a reason for its loss of statehood.

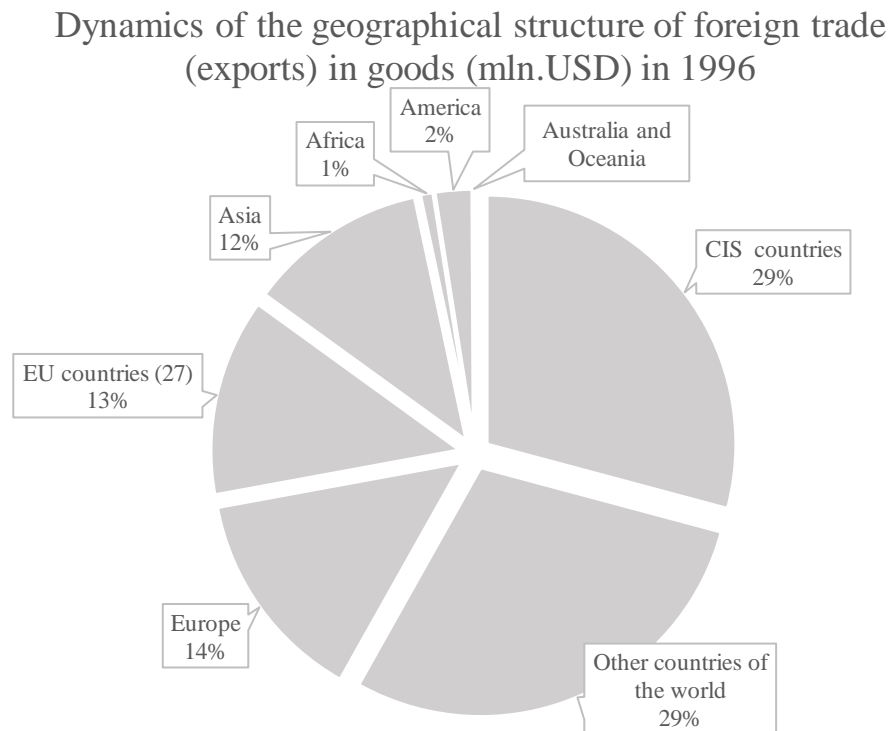


Figure 1.1 – Dynamics of the geographical structure of foreign trade (exports) in goods (mln.USD) in 1996.\*

\*Source: State Statistics Service of Ukraine. [6]

This is a brightly unprecedented increase in Russian pressure on the Ukraine (political, economic, and informational) at a time when the West has fully focused on the problems caused by the global financial and economic crisis. In addition, there is a de facto achievement of Ukraine by the United States and NATO and EU member states, which, having supported their time on the course of European and Euro-Atlantic integration of our state, subsequently blocked its implementation. [7] As a result, Ukraine has failed to realize its powerful potential and take its rightful place in the world, retreating to the unstable "grey zone" between the West and the East.

### 1.3 Factors influencing the geostrategic course of Ukraine

Analysing and defining the geostrategic course of the country requires deep understanding the factors influencing the formation of geostrategic priorities of the country. In case of Ukraine there are six main factors the deeply influence the priorities of geopolitics and vectors of development of Ukrainian foreign relations in the context of geostrategy.

The first, and the main factor influencing geostrategic course of Ukraine is its geographic location. Ukraine shares borders with Russia, the EU, NATO countries, the Black Sea and the Sea of Azov, and enjoys an important strategic position at the crossroads of Europe and Asia. This gives Ukraine the opportunity to expand its transport, energy and trade ties, but at the same time puts it at risk from Russia's attempts to subdue it and exclude it from the Euro-Atlantic Community. [8, 9]

Another important factor is Ukrainian historical heritage. Ukraine has a rich and complex history that includes periods of independence and subordination to various nations and empires. Ukraine has a diverse population of different ethnic, linguistic, religious and cultural groups. This affects the formation of the national identity and consciousness of Ukrainians, as well as their attitudes towards neighbouring countries and international organizations.

Regarding current ongoing full-scale Russia-Ukraine war, it is obvious that there is and will be no further contacts and relations established between Ukraine and aggressor country Russia, as well as with other countries, supporting occupant state. These countries are Russia, Belarus, Iran, Cuba, Nicaragua, Venezuela, and Kyrgyzstan.

Though, considering current situation with private or privatized businesses, we cannot ignore individual contacts, mainly from pro-Russian businessmen who do not hesitate to cooperate with the occupying country even during a full-scale war.

Ukrainian political system also defines the vector of establishing the relations on the global arena. Ukraine is a parliamentary presidential republic with a multi-party system. Ukraine has undergone her two revolutions, the 2004 Orange Revolution and her 2013 to her 2014 Dignity Revolution, which have contributed to the country's democratization and European orientation. However, Ukraine also faces challenges related to corruption, oligarchy, judicial reform, decentralization, and constitutional crisis. This affects the stability and efficiency of the political system and its ability to achieve Ukraine's geopolitical priorities.

Economic situation in Ukraine shows numerous problems within the country caused by poor governing and political situation as well. Ukraine suffered a deep recession as a result of Russia's invasion and annexation of Crimea, losing part of its territory, population, resources, and markets. Ukraine also suffers from high levels of external debt, inflation, unemployment, a shadow economy, and low competitiveness.

It is crucial to mention the state of small and medium businesses that suffered from lockdowns in 2020 and 2021, then from Russian aggression at the beginning of 2022 and electricity shutdowns at the end of 2022. Ukraine was an exporter of steel, coal and other various goods, and right now more than 60% of Ukrainian enterprises are closed because of destructions from bombs, shelling and some of them are still under occupation. Renovation and rebuilding of them may take decades and billions of dollars.

Ukrainian socio-cultural situation also adds to the formation of the national course. Ukraine is a multinational country with a rich cultural heritage. Ukraine has a strong private sector that actively participates in the social and political life of the country. Ukraine also has a high educational level and high scientific potential.

Analysing global geopolitical situation, it is understandable to have a necessity of creation new unviolent world, developing the new level of relations between countries, strengthening the trust between nations and eliminating armed forces as a way to resolve conflicts. [10]

Another important tendency in modern world is a confrontation and competition between European and Islam countries, created by strengthening of Islam countries on the world arena. This factor can make the world geopolitical situation more difficult and unpredictable in some way.

As it was mentioned before, one of the influencing factors of formation of geopolitical strategy of Ukraine is its geographical position. It is easy to observe that Ukraine is located between several poles in context of international relations. Thus, it becomes necessary to form a strategy considering multipolarity of global relations and create some conditions to build global transcontinental system of relations and cooperation. This, in turns, would be able to help with resolving main economic, social, humanitarian and other problems that are threatening both individual states and the whole society.

In addition, it is important to perform foreign policy of Ukraine considering its national interests.[11] They are proclaimed by Declaration of State Sovereignty (July 1990) and the Act of Declaration of Independence of Ukraine (August 1991).

The official position of the Ministry of Foreign Affairs of Ukraine is based on existing legal documents, such as the Main Directions of Ukraine's Foreign Policy, the Concept of National Security of Ukraine, and the Cabinet of Ministers Action Program.

There are also conceptual developments of the Ministry of Foreign Affairs regarding relations with each country with which Ukraine maintains diplomatic ties. [11] The basic documents of Ukraine's foreign policy are the Constitution of Ukraine and the Main Directions of Ukraine's Foreign Policy, which define the national interests of the Ukrainian state and the basic principles of its foreign policy.

## **2 CURRENT STATE OF UKRAINE'S PARTICIPATION IN INTERNATIONAL TRADE**

### **2.1 Ukraine as a part of foreign economic relations in 21<sup>st</sup> century**

In describing Ukraine's geopolitical strategy, we must take into account some factors that affect the course of external policy: there is a confrontation between the US, NATO and the EU and Russia for influence in the post-Soviet space and in the Black Sea region, accompanied by the strengthening of their military and political activity around our state and, as a result, the beginning of the Russian-Ukrainian War on February 24, 2022:

- authoritarianism of the Russian authorities, increased activity and aggressiveness of Russia's foreign policy;
- initiatives of Turkey, Poland and Romania to strengthen their regional positions are intensified;
- strengthened nationalist sentiments in some neighbouring countries, in particular, Hungary and Romania.

In 2008 Ukraine became a WTO member joining the multilateral international agreements that form the basis of the mechanism of international regulation of trade in services and the legal basis of globalization processes in this area.

Ukraine has joined the Marrakech Agreement Establishing the WTO, the integral parts of which are agreements and legal documents included in its annexes, including the General Agreement on Trade in Services (GATS). [12]

In international trade in services, Ukraine plays a small role, despite the existing technological potential and favourable transit and geographical position, but the share of highly technical services is very small.

Table 2.1 shows, that from 2000 till 2010 there were changes in the geographical structure of Ukraine's foreign trade: if in the mid-1990s. the main trading partners of Ukraine were the CIS countries, then in the 2010s the volume



of trade between Ukraine and the CIS countries and with the EU countries was close and increased by 2019. There was a deepening imbalance between exports and imports – there is a negative balance of trade. (Table 2.1)

Table 2.1 - Dynamics of the geographical structure of foreign trade in goods 2010-2021 in mln.USD. \*

	CIS countries	% from total	Europe	% from total	Asia	% from total	Africa	% from total	Total
Exports									
2010	18740,6	19,44%	13830	14,34%	13715	14,23%	3019	3,13%	96409,2
2013	22077,3	18,31%	17064	14,16%	16813	13,95%	5095	4,23%	120545
2015	7806,1	9,64%	13248	16,36%	12379	15,28%	3803	4,70%	81004,1
2016	6031,5	7,56%	13790	17,29%	11796	14,79%	3865	4,85%	79745,2
2020	–	0,00%	23736	35,41%	19699	29,39%	4048	6,04%	67037,2
2021	–	0,00%	34214	36,12%	24762	26,14%	5627	5,94%	94727,9
Imports									
2010	26697,4	23,63%	20005	17,71%	10023	8,87%	874,4	0,77%	112973
2013	27941,6	18,43%	28566	18,84%	15237	10,05%	749,8	0,49%	151614
2015	10485,5	13,23%	16665	21,02%	7235,8	9,13%	601,7	0,76%	79285,4
2016	8565,4	9,92%	18470	21,39%	8920,5	10,33%	553,9	0,64%	86341,4
2020	–	0,00%	32812	42,38%	16390	21,17%	810,3	1,05%	77422,5
2021	–	0,00%	44328	43,56%	22245	21,86%	1213	1,19%	101751

\*Source: State Statistics Service of Ukraine. [6]

Regarding the peculiarities of the commodity structure of exports, the predominance in the export of metallurgical products, the dependence of industry on oil and gas imports can be distinguished; high share of export of goods of low degree of the processing; excessive share of finished industrial products, including consumer goods, in imports, etc. In imports, mineral fuel and petroleum products occupy a leading place. [7]

It is also important to note the peculiarities of economic relations with China. From the very beginning of the establishment of diplomatic relations

between China and Ukraine on January 4, 1992, both countries were ready for active political dialogue and the development of full-scale cooperation in all areas and directions.

There has been a pendulum trend in Ukraine's relations with China during the 21st century. It is due to changes in Ukraine's foreign policy in different periods. Thus, we can identify several stages of the development of relations:

- Stage 1 - 1994-2010 - the development of relations with independent Ukraine, which was characterized by bilateral relations between Ukraine and China, which were in the nature of the strategic partnership, reflect the long tradition of friendship and cooperation between the two countries.

- Stage 2 - 2010-2013 - fluctuations towards maximum rapprochement, the culmination of the development of bilateral relations

- Stage 3 - 2014-2019 - deviation and even reorientation of the vector. Ukraine has paused the Chinese vector, sometimes violating the "silence regime" with scattered diplomatic curtseys. During this time, no official visit took place at the level of heads of state, with no initiative from either side. It can be argued that one of the reasons for this was the Revolution of Dignity in Ukraine and the reorientation of Ukraine's geopolitical strategy to the EU instead of the CIS, while China expressed support for Russia.

- Stage 4 - from May 2019 - to 2022 - a clear push towards rapprochement that began with another change of top leadership in Ukraine.[6]

According to the results of 2019, China has become the main and largest trading partner for Ukraine. The trade turnover between the states reached a record 12.8 billion US dollars [13] Despite the fact that imports from China to Ukraine did not even double in the eight years from 2013 to 2021, the Ukrainian economy was able to create reasonably robust export connections with China, as indicated by a more than threefold rise in Ukrainian products exports to China. [14]

Since the very beginning of Russian aggression - the annexation of Crimea, and consequently the occupation of Donbas - the United States has been a critical partner for Ukraine. State cooperation is founded on shared democratic ideals,

respect for human rights and the rule of law, and a commitment to Ukraine implementing deep and complete reforms.

The US will continue to strengthen its support to Ukraine and deepen its strategic relationship by extending bilateral cooperation in the areas of politics, security, defence, economics, energy, science, education, culture, humanitarian aid, and development. Cooperation between the United States and Ukraine in the subject of military education is one of the nations' areas of cooperation. For example, at a meeting of foreign professionals with the leadership of Ukraine's National Defence University, topics of cooperation in the sphere of military education were discussed and coordinated.[15]

For example, on a visit to the United States in September 2021, Ukrainian President Volodymyr Zelenskyi and the Ukrainian delegation signed a number of major agreements, including the Memorandum on Defence Cooperation. [16]

As for the type of geostrategy, it is clearly outlined by those main tasks, the solution of which was and still is a priority for Ukraine: to get rid of pressure and military aggression from Russia, the struggle for the liberation of the occupied territories, as well as the formation of information security to minimize the impact of elements of the "hybrid war" on society. In the 21<sup>st</sup> century alongside with cooperating considering unifies standards of WTO, there has been signed numerous agreements regarding free trade areas, that helps to resolve numerous issues occurring during international trade relations.

In order to resolve such issues, in 2016 the Ministry of economic development issued the export strategy of Ukraine for 2017-2021 years. The Export Strategy of Ukraine project was launched in 2016. It consists of three stages:

- 1) The roadmap for the strategic development of Ukraine's trade for the period 2017-2021 and the Plan of tasks and measures for its implementation, approved by the order of the Cabinet of Ministers of Ukraine No. 1017 in December 2017.

- 2) Sectoral and cross-sectoral export strategies.

3) Consolidation of the Roadmap of the strategic development of Ukraine's trade, sectoral and cross-sectoral export strategies.

The first stage of the Export Strategy, the development and approval of the Road Map was implemented with the support of the Western NIS Enterprise Fund in cooperation with the experts of the International Trade Centre, which has a unique experience in facilitating development of export strategies for more than 50 countries of the world. [17]

The main priority of the Strategy is to increase the share of Ukrainian exports of knowledge-intensive innovative products in the structure of total exports. There are 3 main goals for its implementation:

- 1) creation of favourable conditions that stimulate trade and innovation for export diversification;
- 2) development of business and trade support services that can increase the competitiveness of enterprises, including small and medium-sized enterprises;
- 3) improving the skills and competencies of enterprises, in particular small and medium-sized ones, necessary for participation in international trade [18]

In order to create additional opportunities to expand the presence of domestic goods in the world markets of Ukraine, 18 free trade agreements were concluded (EU, CIS, EFTA, GUAM, Canada, Georgia, Montenegro, Macedonia), covering 45 countries and opening access to markets with 800 million potential consumers.

The largest neighbour of Ukraine is the European Union. The EU unites 28 member countries with a population of over 550 million people, and the length of our common border with the EU reaches 1,400 km. Naturally, Ukraine's connections with the EU have several dimensions and involve the areas of information, energy, humanitarian aid, security, politics, and economics.

The need to establish the proper framework for EU relations with Ukraine emerged as soon as that country attained independence. According to the information in the "Basic Directions of Ukraine's Foreign Policy" approved by the

Verkhovna Rada of Ukraine in 1993, Ukrainian membership in European structures is a promising foreign policy objective. The strategy of Ukraine's integration into the EU was based on the EU's position and strategy towards Ukraine, which were defined in 1994 and 1999, as well as in other decisions of the EU Council on Ukraine.

The main objective of this strategy was to create preconditions for Ukraine to gain full membership in the European Union and enter the European political, informational, economic, and legal space. Obtaining the status of an associate member of the EU was identified by this strategy as the main foreign policy priority of Ukraine in the medium term.

## 2.2 SWOT analysis of Ukraine's participation in free trade agreements

Currently, the most informative method of studying the advantages and disadvantages of free trade agreements in the context of Ukraine's international relations can be considered a SWOT analysis. This method reveals both strengths and opportunities, as well as weaknesses and threats. After conducting a SWOT analysis of the signing of free trade agreements, considering the economic situation in Ukraine now, the following table was obtained (Table 2.2).

In the context of analysing the strengths of the SWOT analysis of the situation of implementation of the terms of the free trade agreement between Ukraine and other countries, and primarily with the EU countries, a comparative analysis of the geographical structure of Ukraine's international trade exports for 2018 and 2021 was conducted.

Such data were chosen in view of the signing of the free trade agreement with the EU and its entry into force in 2017 and 2021 was chosen in view of the accuracy of statistical data compared to 2022, due to the beginning of Russia's full-scale invasion of Ukraine.

Table 2.2 - SWOT-analysis of the impact of free trade agreements on the country's economy.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Reducing the protection of the domestic market from imports;</li> <li>• Competition from foreign manufacturers in the domestic market;</li> <li>• Dependence on external demand for export goods;</li> <li>• Loss of market for domestic producers;</li> <li>• Negative impact on certain sectors of the economy that are not ready to compete with foreign producers.</li> </ul>	<ul style="list-style-type: none"> <li>• Growth of exports of goods and services;</li> <li>• Reduction of tariff barriers for Ukrainian producers;</li> <li>• Increase in foreign investment;</li> <li>• Expanding access to new markets;</li> <li>• Improvement of production quality standards and introduction of new technologies;</li> <li>• Reducing the cost of importing raw materials and components from foreign countries.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Development of new commodity export directions;</li> <li>• Development of the domestic market through competition with foreign manufacturers;</li> <li>• Attracting foreign investment in domestic industries;</li> <li>• Improving the quality of production and increasing the competitiveness of manufacturers.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in imports to the domestic market;</li> <li>• Increased competition in foreign markets;</li> <li>• Decrease in demand for domestic export goods;</li> <li>• Decline in production in certain sectors of the economy due to competition with foreign manufacturers.</li> </ul>

Analysing statistical data by the Governmental statistics bureau [19, 20, 21], the top 10 countries in terms of exports in 2018 were selected. These countries are

the Russian Federation, Poland, Italy, Turkey, Germany, China, India, Hungary, the Netherlands, and Egypt.

The largest trading partners of Ukraine in 2018 were Russia, Poland, and Italy, having respectively a 16-, 14- and 11% share in the export structure of Ukraine's international trade. (Fig. 2.1)

Geographical structure of export of Ukraine in 2018



Figure 2.1 - Geographical structure of Ukraine's exports for 2018. \*

\*Source: State Statistics Service of Ukraine.[20

At the same time, analysing the export structure of Ukraine's international trade in 2021, we can see positive changes in Ukraine's trade policy. Graph (Fig. 2.2) shows, that the main partners of Ukraine were China, with a 22% share, Poland - 15%, and Turkey - 12%, while Russia had only 10% of exports.

This may indicate a gradual cessation of Ukraine's dependence on a trading partner such as Russia, and given the situation with a full-scale invasion, this process was very slow.

### Geographical structure of export of Ukraine in 2021

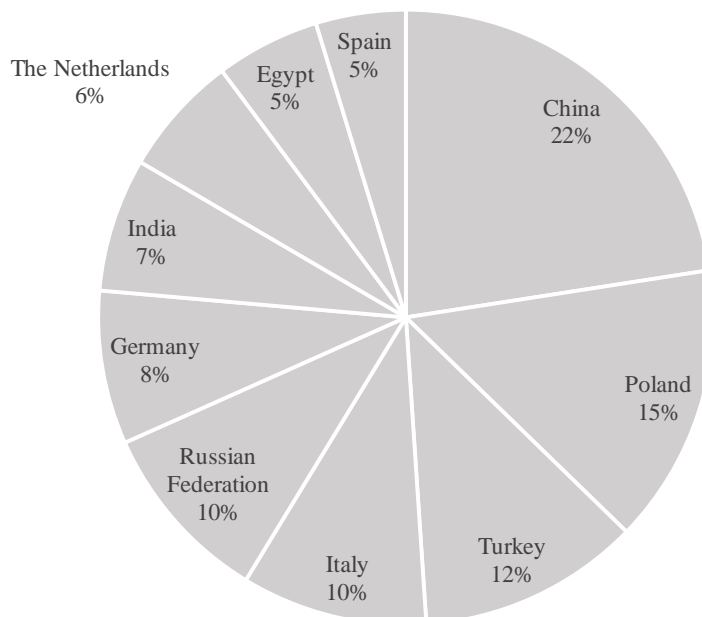


Figure 2.2 - Geographical structure of Ukraine's exports for 2021. \*

\*Source: State Statistics Service of Ukraine.[21]

In general, analysing these data, it is also very important that after the signing of the free trade agreement, the share of the Russian Federation in the geographical structure of Ukrainian exports only decreased, while for Ukrainian goods sales markets only expanded.

Considering the weaknesses of free trade, we can point out the two most threatening factors of influence - a decrease in the protection of the domestic market from imports and dependence on external demand for export goods.

At the initial stage of establishing relations within the framework of free trade, most domestic producers in Ukraine may suffer from the emergence of new companies in the domestic market.

This can be expressed in the emergence of greater competition for the consumer and, as a result, subject to a well-thought-out state policy and favourable



economic conditions within the state, lead to stimulation of the development of individual sectors of the economy of this state.

Due to the fact that, even now there is a very popular opinion that European goods are of higher quality, the popularity on them has grown. Now, in the conditions of war, most Ukrainians are trying to choose goods of domestic producers, as well as domestic producers themselves are trying to improve the quality of goods and services, this issue may no longer be so acute.

Speaking about the goods used to produce the final product, such as steel, coal and oil, in a free trade environment, the country needs a moderate policy on the use of these resources.

Moreover, most of Ukraine's plants and enterprises have stopped their work due to the war and logistics difficulties, the import of such components is necessary for further maintenance of the country's life, not to mention development.

Analysing the opportunities provided by free trade, it is important to point out that the development of new export directions directly affects the development of the country's economy, due to the fact that according to the structural component of the economy, developed countries rely on exports. In this way, it is possible to achieve a revival of economic growth.

The signing of free trade agreements with countries that have strong positions on the world stage contributes to improving the investment climate in the country, causing foreign investors' confidence in investments in domestic industries. Also, domestic producers have access to foreign raw materials, which may be of higher quality or lower price than currently available.

Speaking about threats, the main thing is increased competition in foreign markets. Thus, domestic producers planning to enter the markets of countries within the framework of a free trade agreement should provide competitive quality of goods and services and, at the same time, a competitive price for them. In conclusion, this still leads to the development of industries within the exporting country and has a positive impact on the country's economy.

However, this is only possible if there is a moderate and stable state policy within the country, as well as support from the government. It is the obstacles exerted by the government that can be considered the greatest threat to domestic producers.

### 2.3 State and directions of foreign international trade of Ukraine in 2021-2022

The statistical information states that in 2021, compared to 2020, the import of goods increased by 34%, to 72.82 billion dollars, exports - by 38.4%, to 68.09 billion dollars. In 2021, Ukraine conducted foreign trade operations with 235 countries. The balance of foreign trade in goods was negative and amounted to 4.728 billion dollars, which is less than in 2020, when this figure was 5.144 billion dollars. Figure 2.3 and Figure 2.4 demonstrate the rate of growth and decrease in the export and import of goods in %.[22] These graphs clearly demonstrates that by the end of 2021, the volume of Ukraine's foreign trade has returned to the state it was at the beginning of 2020 before the introduction of the lockdown.

The trend of growth in trade volumes until the end of 2021 is also observed. First, it is related to the general trend to restore trade and logistics ties, which were disrupted during the lockdown and in the process of implementing new health regulations related to the situation with COVID-19 morbidity.

Secondly, it is related to the seasonal increase in the volume of foreign trade, which depends on the volume of exports of grain and seasonal goods abroad, as well as the import of necessary goods for farmers to prepare for the winter season, raw materials and other seasonal goods.

China (8 billion dollars), Poland (5.23 billion dollars) and Turkey (4.14 billion dollars) were the largest partners of Ukraine in terms of export of goods in 2021. The main export items were ferrous metals (\$13.95 billion), grain (\$12.34 billion), and fats and oils of animal or vegetable origin (\$7.04 billion).

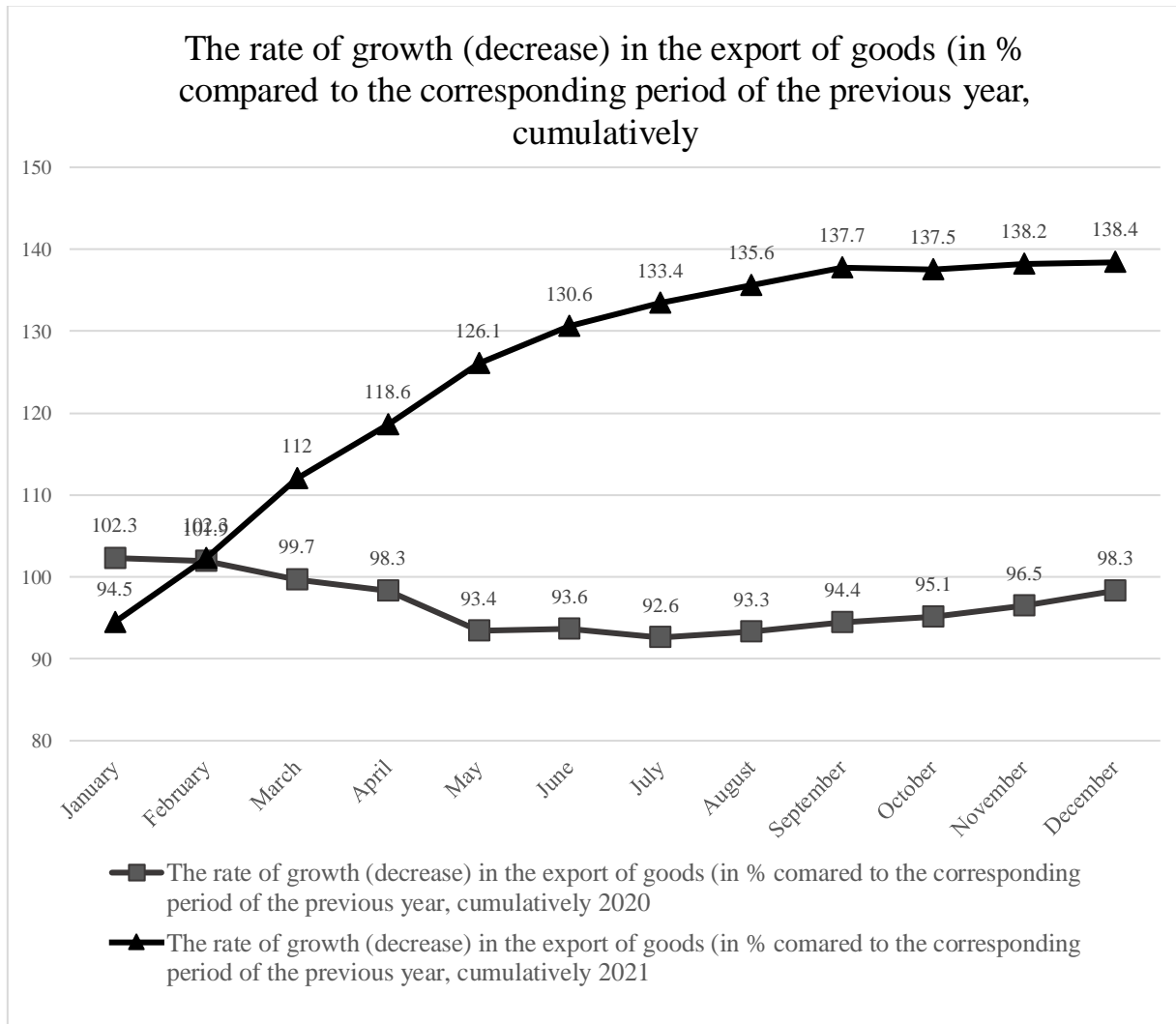


Figure 2.3 – The rate of growth (decrease) in the export of goods in 2020 - 2021 (in % compared to the corresponding period of the previous year, cumulatively).\*

\*Source: State Statistics Service of Ukraine [22]

The largest partners of Ukraine in terms of import of goods in 2021 were China (\$10.97 billion), Germany (\$6.28 billion) and the Russian Federation (\$6.08 billion). The main imported commodity items were mineral fuels, oil, and products of its distillation (\$14.33 billion), machines, equipment and mechanisms (\$14.20 billion) and products of the chemical and related industries (\$9.74 billion dollars). [23]

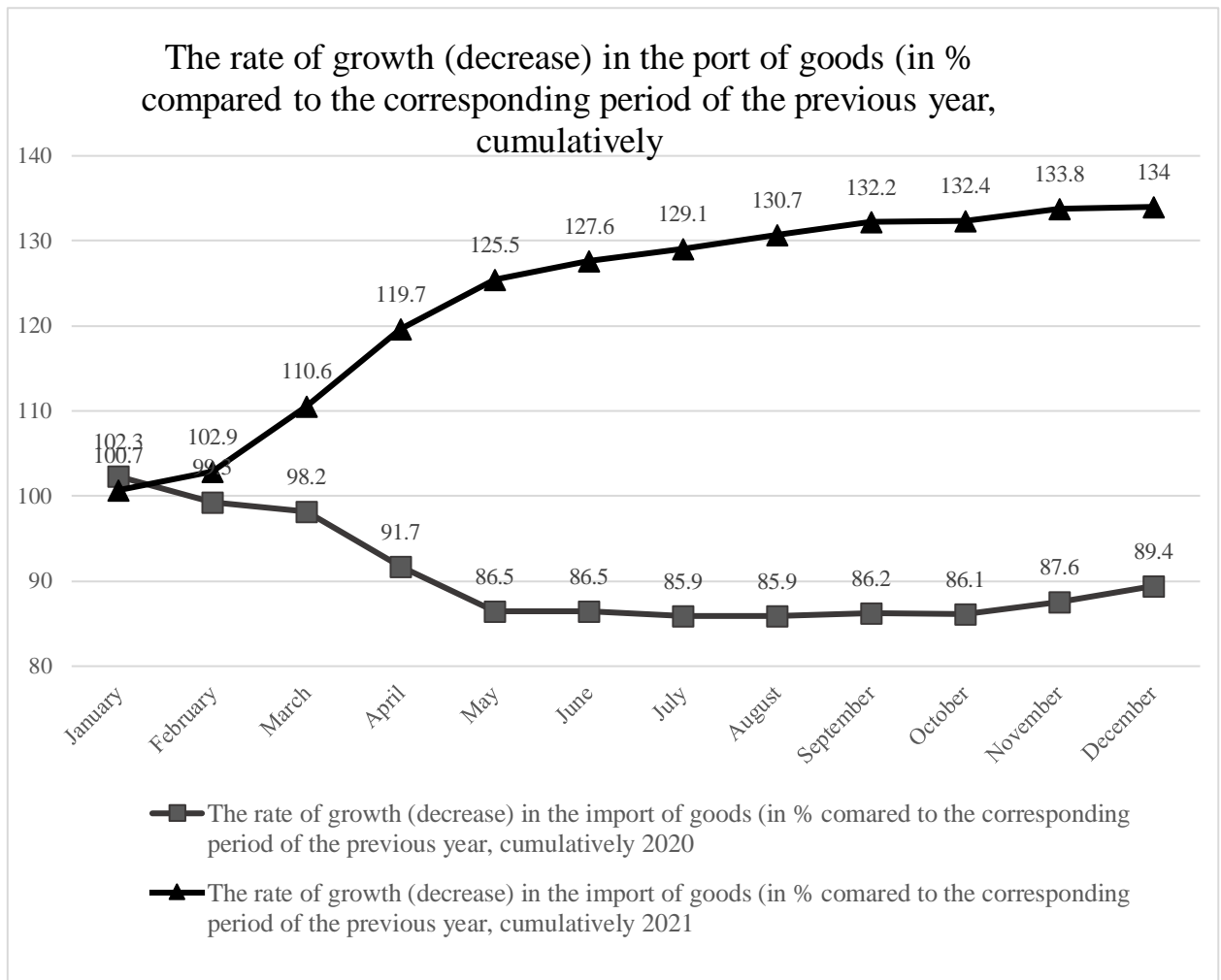


Figure 2.4— The rate of growth (decrease) in the port of goods in 2020-2021 (in % compared to the corresponding period of the previous year, cumulatively).

*\*Source: State Statistics Service of Ukraine [22]*

Ukraine has always been considered an agrarian country that has no significant impact on the world situation. However, after the feeling of war in February 2022, the world community realized that this was not the case.

Two weeks after the start of the war, many goods, such as oil and flour, Ukraine's largest exporter, disappeared from store shelves, as did the general rise in prices for almost all goods due to disruptions in logistics chains. The biggest problem is that the majority of the world's population did not know about Ukraine until February this year, and now believe that the reason for the lack of certain goods is the blockade of Ukraine's seaports, not occupation and war. But many

analysts say the countries will be hardest hit, especially in Africa, where people live on less than \$ 1 a day.

Due to the occupation, mining and destruction of Ukraine's seaports, a large part of the country's trade and logistics potential is unavailable. The main exports and imports are food, fuel, and other basic necessities.

Exports in various areas of the Ukrainian economy fell significantly in 2022. The top three goods with the greatest decline in exports are ferrous metals (down 67.5% from the previous year by \$9.4 billion), ores, slag, and ash (down 57.6% from the previous year by \$4 billion), and grains culture (down 26.2% from the previous year to \$3.2 billion).

At the same time, certain product groupings reported favourable export trends. Exports of "mineral fuels; oil and products of its distillation" climbed by 32.6% (by \$0.26 billion), while exports of "seeds and fruits of oleaginous plants" increased by 54.4% (by \$1.3 billion).

In terms of imports, the top three groups of goods with the greatest decrease are nuclear reactors, boilers, and machines (down 47.5% from the previous year to \$3.8 billion), modes of land transport other than railways (down 26.1% from the previous year to \$1.8 billion), and electric cars (down 19.7% from the previous year to \$1.2 billion).[24]

But above all, it is military ammunition, weapons, and all war-related goods. The Government of Ukraine has abolished customs duties on the import of humanitarian aid.

Ukraine has completely closed trade with Russia and Belarus, although private entrepreneurs and oligarchs still have assets at the enemy territory.

Poland and Great Britain remain Ukraine's main partners in foreign trade, the latter even abolishing customs duties on Ukrainian products for a year. In May 2023 the EU prolonged the free trade regime with Ukraine for one more year.

According to the facts presented above, Ukraine's economy experienced significant losses as a result of Russia's armed action in 2022. Such huge changes reflect to the country's terrible financial conditions. The drop in turnover has a

negative influence on Ukraine's employment and output levels, as well as the country's balance of payments.

To improve the situation, it is required to actively work on making Ukrainian goods more appealing to international consumers, to develop new sales markets, and to strengthen infrastructure and logistics. It is also critical to preserve economic stability and openness, as well as the battle against corruption. Ukraine needs strong measures to restore its economic potential and development in post-war conditions. This requires extensive cooperation between the state, business, and international organizations.

### **3 FURTHER PERSPECTIVES OF DEVELOPMENT AND IMPLEMENTATION OF GEOSTRATEGIC PRINCIPLES IN UKRAINE**

#### **3.1 Further perspectives of development of geostrategy of Ukraine**

There are several directions for the development of Ukraine's foreign trade potential. The first is food because for many years Ukraine has been and is an agrarian state with a large share of agricultural supplies to the international market.

The second aspect is the fact that since the metal and ore processing plants in Ukraine were almost destroyed, only Kryvorizhstal ("ArcelorMittal" in Kryvyi Rih) remained, and all the others were destroyed. Accordingly, a large share of scrap metal will be exported. Scrap metal is also an important part of metallurgical production, as scrap metal is a major component of cast iron. Possibly, remained production plant will be renewed and reprofiled for the production of scientific extensive goods.

In 2022 and 2023, the list of trading partners has changed somewhat due to Russia's full-scale invasion.[19] According to the State Statistics Service, goods exports declined by 35.1% in 2022 compared to the previous year, with a total volume of exports of around \$44.2 billion in value terms. [25; 26] Imports were hit less severely, falling "only" by 24.1%. Imports of goods were around \$55.3 billion. As a consequence, the monetary losses for 2022 were \$23.9 billion for exports and \$17.6 billion for imports.

In January-February 2023, goods exports were \$6.459 billion, up 57.2% from January-February 2022, while imports were \$1.0172 billion, up 82.1%. The negative balance was \$3.712 billion (it was also negative in January-February 2022 - \$1.082 billion). [25]

The geographical restrictions on Ukraine's trade have become a fundamental aspect of military operations. Belarus barred the northern route, and Russia obstructed the eastern route. Furthermore, the latter closed all Ukrainian seaports,

preventing Ukraine from accessing the southern route (through the Black Sea) for its international commerce.

As a result, the western direction became the exclusive direction of international commerce. In this context, it was rather reasonable that the EU's part of the geographical structure of international trade in products increased to 52.2% in the first half of 2022 (compared to 40.8% in the same period of 2021). [27]

The loss of marine connectivity impacted commerce with other countries as well. Their turnover was 34.5% lower than in the first half of 2021, and their share fell from 47.5% to 39.5%. First and foremost, we're talking about a 42.6% drop in trade with China, a 33% drop with India, and a 19.1% drop with Turkey. This decline resulted in 36.1% lower trade volumes with Asian countries. Furthermore, commerce with North and South American nations fell by 40%, while trade with African countries fell by 32.6%. [27]

According to the Ukrainian customs service, if in February 2022 imports from Russia to Ukraine amounted to \$548 million, and exports - \$240 million, then in March of the same year the figures fell to \$43 million and \$4.2 million, respectively. [28]

Thus, exports to Russia, Belarus and countries supporting Russia decreased almost to zero level. In contrast, exports of goods to Europe increased. In addition, following the blockade of Ukrainian ports in Odesa and the occupation of Kherson, Ukraine signed a grain deal with Turkey allowing Ukrainian grain to be exported to Turkey and further to other countries around the world.

It can also be added that after the signing of Lend-Lease with the United States and arms supply agreements from European countries, new logistics routes can be created, and they can be used further to establish trade routes.

In the event of a positive outcome of the war - Ukraine's victory - an important aspect of foreign action will be the development and supply of modern weapons. A logical continuation of this will be the knowledge of military experience and skills with other countries and training.



With the worst-case scenario and protracted war, Ukraine could become a testing ground for new military technologies, dragging the country and the economic pit.

In the geopolitical course, numerous actions of foreign politics and their statements suggest that the geostrategic course of Ukraine will change. It is possible to logically develop closer relations with those countries that have expressed support for Ukraine.

The biggest problem now is the cessation of war, the de-occupation of territories and the prevention of new attacks. Thus, as long as the war continues, Ukraine cannot fully participate in international trade and loses millions of dollars every day, and above all - human potential due to a large number of military losses. As well, one of the most strategic actions to be implemented is the development of new logistics chains and the search for new suppliers and new ways of trade.

There are 3 main directions of development Ukraine's geopolitics are formulated. [10] The one that is believed to be the most optimal under existing circumstances is non-accession of Ukraine to any bloc, construction of foreign policy on the basis of bilateral relations with different states. This direction was formulated before the events of 2022, though it is still believed to be one of the most suitable and profitable for Ukraine. Though, nowadays the direction towards entering NATO is also widely discussed.

The second option is integration with Western countries with the hope of investment, new technologies and involvement in an appropriate way of life.

The third possibility is the establishment of the Baltic-Black Sea Community, sometimes known as Intermarium, which would include certain Central European states and the Baltic nations. There are certain nations that Russia threatens and who are the targets of Russian expansionist politics. Poland, Georgia, Moldova, Azerbaijan, and Turkey, as well as Lithuania, Latvia, Estonia, and Sweden (and perhaps Finland). And in this case, Ukraine ought to be made the subject—not the object—of at least a regional policy as well as the principal

architect or co-architect of any system or subsystem of collective defence established in this region.

### 3.2 Cooperation of Ukrainian government in the sphere of defence

In the spring of 2023, the German defence company Rheinmetall announced the creation of a repair centre for Western equipment in Romania. Most likely, it is intended for the maintenance of equipment that is transferred to Ukraine. However, as early as May 13, information about the company's strategic cooperation with Ukroboronprom appeared on the Rheinmetall website. [29, 30] The press release states that the purpose of the cooperation is to repair vehicles that are transferred to Ukraine as part of assistance from the Bundeswehr. But in an interview with the German media, the head of Rheinmetall said that the company is ready to organize the production of vehicles in Ukraine as soon as possible, in particular the Fuchs armoured personnel carrier.

Rheinmetall will own 51 percent of the new company and will also take over its management.

The cooperation between Rheinmetall and Ukraine involves the maintenance and repair of armoured vehicles in Ukraine, while the production of tanks is being prepared in parallel. This means that the specific field of cooperation between Ukraine and Rheinmetall is the repair and maintenance of armoured vehicles and the production of tanks.

Rheinmetall announced the creation of a repair centre for Western equipment in Romania, as well as strategic cooperation with Ukroboronprom. The purpose of cooperation is to repair vehicles that are transferred to Ukraine as part of assistance from the Bundeswehr. The head of Rheinmetall said that the company

is ready to organize the production of vehicles in Ukraine as soon as possible, in particular the Fuchs armoured personnel carrier.

On the 9<sup>th</sup> of September 2022 President of Ukraine and Director General of Baykar discussed cooperation in defence sphere.

Baykar Makina (also known as Baykar defence or Baykar) is a Turkish military firm that was created in 1986 as an automobile component assembly operation, but has subsequently moved its focus to the development of unmanned aerial vehicles. [31]

In June 2022, Ukraine launched the "People's Bayraktar" fundraising project, within the framework of which it was possible to raise funds for four UAVs of the company through donations in three days; however, after learning about this, the company decided to transfer the desired amount of its products to Ukraine for free, instead directing the collected funds to other needs of the Ukrainian people in the fight against the Russian invasion. [32]

In July of that year, the business made a similar gesture about donations raised for the purchase of one Bayraktar TB2 for the Ukrainian army in Poland, requesting that the funds be directed to humanitarian help. [33]

In 2022, the Government of Ukraine approved a bilateral agreement on the construction of the Bayraktar plant in Ukraine. The company's owner, who intends to build a plant, has already purchased the land and created a plant project. According to Ukraine's ambassador in Turkey, the factory's development is not only a political commitment, but also a practical one, because a large amount of the components used for a construction of a Bayraktars will be created in Ukraine.[34]

## CONCLUSIONS

Geostrategy is a set of directions of foreign policy and foreign economic activity of the state in the international arena. An integral part of the doctrine of national security, including the technology of state behaviour to achieve its goals in the geopolitical or geoeconomics space.

Throughout its history, Ukraine has fought for its full independence. During the 19th and 20th centuries, Ukraine was considered a dependent part first of the Russian Empire and then of the Soviet Union. Only after gaining independence in the 1990s was Ukraine able to build its own strategy.

Thus, one of the principal strategic directions of the already independent Ukraine has always been cooperation with the countries of Central and Eastern Europe (CEE), which is explained not only by their geographical proximity.

From 2000-2010, there were changes in the geographical structure of Ukraine's foreign trade: if in the mid-1990s. the main trading partners of Ukraine were the CIS countries, then in the 2010s the volume of trade between Ukraine and the CIS countries and with the EU countries was close and increased by 2019. There was a deepening imbalance between exports and imports - there is a negative balance of trade.

In implementing its geostrategy, Ukraine focuses on neighbouring countries, studies their strengths and weaknesses, adopts the best elements of development and internal governance, distances itself from negative trends and becomes a symbiosis, mediator, "golden mean" of cultural, mental, socio-demographic and political-economic impacts.

Now we can observe a change in the general geopolitical situation in the world. The general trend is to reduce trade with Russia, although the main forces of influence among the EU countries - Germany and France - it is important to give up economic security because of the sanctions pressure on Russia.

Ukraine has always been considered an agrarian country that has no significant impact on the world situation. However, after the feeling of war in February 2022, the world community realized that this was not the case. Two weeks after the start of the war, many goods, such as oil and flour, Ukraine's largest exporter, disappeared from store shelves, as did the general rise in prices for almost all goods due to disruptions in logistics chains. Thus, Ukraine directly influences the distribution of forces on the world stage.

According to the facts presented above, Ukraine's economy experienced significant losses as a result of Russia's armed action in 2022. Such huge changes reflect to the country's terrible financial conditions.

The drop in turnover has a negative influence on Ukraine's employment and output levels, as well as the country's balance of payments. To improve the situation, it is required to actively work on making Ukrainian goods more appealing to international consumers, to develop new sales markets, and to strengthen infrastructure and logistics.

It is also critical to preserve economic stability and openness, as well as the battle against corruption. Ukraine needs strong measures to restore its economic potential and development in post-war conditions.

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