Vol. 3 No. 3, 2022
DOI: https://doi.org/10.30525/2661-5150/2022-3-8

EXPORTS OF UKRAINIAN AGRICULTURAL PRODUCTS TO THE EUROPEAN UNION: ANALYTICAL ASSESSMENT, PROBLEMS AND PROSPECTS

Tetiana Mulyk[1], Yaroslavna Mulyk[2]

Abstract. The *purpose* of the work is to study the issue of domestic exports of agricultural products to the European Union (EU). *Methodology*. General scientific economic and mathematical methods as analysis, synthesis, abstraction, concretization and special methods as comparison, tabular were used. *Results*. It is noted that an important step in terms of deepening trade relations between Ukraine and the EU was the conclusion of the Association Agreement and the establishment of a free trade area in the framework of this Agreement. For Ukraine, this is both one of the greatest achievements (in terms of shaping the worldview and social development) and a challenge (in terms of ensuring economic growth of the country, search for internal sources and incentives). It is noted that European guidelines provide the agricultural sector with an effective direction of development and reveal modern opportunities for its recovery, create additional preferences in the agri-food market. It is investigated that since the beginning of 2014 there have been dramatic changes in the geographical structure of domestic exports. Before that, about a quarter of goods were sent to the EU countries, about a third – to the markets of the CIS countries, the rest – to other countries. During 2014–2020, this distribution changed towards a significant decrease in the share of the CIS countries and a gradual increase in the share of the EU and other countries of the world. The article provides an analytical assessment of the geographical structure of Ukraine's merchandise exports by three main blocks of countries – the EU, the CIS and the rest of the world. The role and importance of the free trade area between Ukraine and the EU, which is a powerful milestone in bilateral trade relations and opens new economic opportunities for both the EU and Ukraine, is determined. The main trading partners of Ukraine in the export of goods are characterized. The geographical structure of exports with the EU countries is investigated and it is noted that Ukraine supplies goods to almost all EU countries. The total value of exports in 2020 decreased by 1552103 thousand US dollars compared to 2018. The largest share of exports falls on Poland, Germany, Italy, the Netherlands and Spain. The commodity structure of agricultural exports with the EU countries during 2018–2020 was studied, a significant share of agricultural products was noted, which ranges from 34%. *Practical implications.* The factors that influenced the formation of exports in 2020 are identified. The problems that affect the development of exports and the prospects for its increase are identified.

Key words: export, agricultural products, export of agricultural products, commodity structure of export, geographical structure of export, Association Agreement, free trade zone, European Union, Ukraine.

JEL Classification: G10, G18, G20

1. Introduction

The development of European integration is a sign of progressive changes in the country as a whole and in its individual sectors. European guidelines provide the agricultural sector with an effective direction of development and open up modern opportunities for its recovery, create additional advantages in the agri-food market. An important step in deepening trade relations between Ukraine and the European Union (hereinafter – the EU) was the Association Agreement (Association Agreement, 2014), the establishment of a free trade area (hereinafter – the FTA) under

[1] Vinnytsia National Agrarian University, Ukraine *(corresponding author)*
E-mail: mulyk_t_o@ukr.net
ORCID: https://orcid.org/0000-0003-1109-2265
ResearcherID: L-5677-2018
[2] Vinnytsia National Agrarian University, Ukraine
E-mail: mulyk.yaroslavna@ukr.net
ORCID: https://orcid.org/0000-0002-8166-2481
ResearcherID: L-5837-2018

this Agreement and Ukraine's candidate status for accession to the European Union, which was adopted on June 23, 2022 in the context of a full-scale Russian invasion of Ukraine. For Ukraine, the Association Agreement is both one of the greatest achievements (in terms of shaping the worldview and social development) and a challenge (in terms of ensuring economic growth of the country, finding internal sources and motivations).

This Agreement contributes to the approximation of the agricultural sector of Ukraine to European standards and the expansion of the presence of new EU member states in the Ukrainian agri-food market. To fulfill the tasks of European integration, the domestic agrarian sector has a sufficiently rich resource potential, the qualitative properties of which and rational combination in the process of economic activity are the initial prerequisite for the production of competitive products. In addition, on the basis of its use, food, production, export, natural resources and infrastructure bases of balanced socio-economic development of the country are formed (Mulyk, 2017).

In view of the above, Ukraine faces the task of developing mechanisms of state policy to improve the efficiency of the use of natural resources and export potential of the agricultural sector and its adaptation to new conditions. In view of this, the issue of exporting Ukrainian agricultural products to the EU markets is quite important and relevant.

Theoretical and practical aspects of domestic agricultural exports to the EU countries, its problems, threats and directions of expansion are widely covered in scientific research. In particular, such scientists as I. Demchak, O. Mytchenok, S. Kovalchuk, Yu. Kashuba, T. Vasyltsiv, V. Boyko, and others paid attention to this issue. However, in modern conditions, the processes of formation of domestic exports of agricultural products to the EU countries, export potential of agricultural enterprises, identification and assessment of problems and threats to export operations, directions of export growth, prospects for its development, taking into account the current conditions, require a more comprehensive and in-depth study.

2. Geographical structure of merchandise exports of Ukraine

At the present stage of economic management, an important problem of the Ukrainian economy is to promote the development of domestic production as the main direction of economic development (Mulyk, 2022).

Currently, Ukraine has all the prerequisites for establishing close relations with the EU, including in the field of trade, export-import operations. Changes in the direction of European integration became especially noticeable in 2014 after the signing and ratification of the Association Agreement, when Ukraine's relations with the EU gained significant importance and created a number of privileges for the domestic agricultural sector. Among them, are the following: the unification of phytosanitary and sanitary measures, the liberalization of trade in food products, which covers all methods of providing services, as well as investment provisions, protection of intellectual property, including geographical indications, public procurement, competition rules, sustainable and harmonious development, deepening of cooperation in the veterinary field and agriculture as a whole, elimination and prevention of non-tariff restrictions in trade, in particular technical barriers, standardization, metrology, accreditation and conformity assessment, etc.

Thus, since 2014, there have been fundamental changes in the geographical structure of Ukraine's foreign trade. Before that, about a quarter of domestic exports of goods were directed to the EU countries, about a third – to the markets of the CIS countries, and the rest – to other countries of the world. During 2014–2021, this distribution changed towards a significant decrease in the share of CIS countries and a gradual increase in the share of the EU and other countries of the world (Strategic guidelines for deepening trade and economic relations of Ukraine with the countries of the European Union under the terms of the association agreement, 2021) (Figure 1).

This change in the structure of Ukraine's export commodity flows was the result of the interaction of three interrelated factors:

– the granting of autonomous trade preferences to Ukraine by the EU in 2014 and the entry into force of the Deep and Comprehensive Free Trade Agreement (DCFTA) as part of the Association Agreement in 2016, which to some extent expanded the access of domestic products to the European market;

– closure of the Russian market for domestic producers of food and industrial products and, as a consequence, partial reorientation of export commodity flows to the markets of the EU and other countries (in particular, Southeast Asia);

– aggravation of the systemic crisis and macroeconomic problems due to the difficulties of finding alternative markets (to replace the lost Russian market) for many manufacturers of engineering products and due to the partial destruction of industrial potential in the temporarily uncontrolled territories of Donbas (Strategic Guidelines for Deepening Trade and Economic Relations between Ukraine and the European Union under the Association Agreement, 2021);

– closure of the Russian market for domestic producers of food and industrial products and, as a consequence, partial reorientation of export

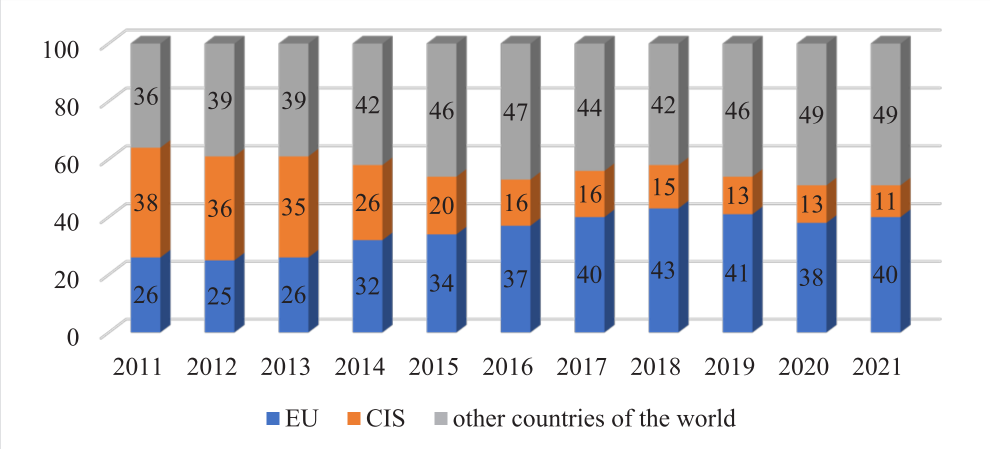

Figure 1. Geographical structure of merchandise exports of Ukraine by three main blocks of countries – EU, CIS and the rest of the world in 2011–2021, %

Source: built by the authors on the basis of (UNCTAD Stat. Merchandise trade matrix – exports of individual economies in thousands of United States dollars, annual; State Statistics Service of Ukraine)

commodity flows to the markets of the EU and other countries (in particular, Southeast Asia);

– aggravation of the systemic crisis and macroeconomic problems due to the difficulties of finding alternative markets (to replace the lost Russian market) for many manufacturers of engineering products and due to the partial destruction of industrial potential in the temporarily uncontrolled territories of Donbas (Strategic Guidelines for Deepening Trade and Economic Relations between Ukraine and the European Union under the Association Agreement, 2021).

The main achievements for the agricultural sector within the Free Trade Area (FTA) with the EU are as follows:

– in 2014, there was a rapid increase in poultry meat export to the EU;

– in 2015, Ukraine was included in the list of third countries that are allowed to export milk and dairy products and table eggs to the European Union market;

– in 2019, the Agreement in the form of an exchange of letters on poultry meat was signed and ratified;

– in January-November 2020, customs authorities issued 98,124 EUR.1 certificates. In total, since the beginning of the application of FTA 415,329 EUR.1 certificates have been issued;

– the number of European-oriented exporters who have received the status of an authorized exporter and can export to the EU without issuing a EUR.1 certificate is also increasing. Currently, there are 266 such enterprises already (Ukraine's foreign trade in goods and services in 2020).

Exporters of agricultural products were: in 2014 – 10002 Ukrainian enterprises, in 2019 – 14545, January-November 2020 – 13329. In 2014, 185 Ukrainian enterprises had the right to export their products to the EU, in 2019 – 319 enterprises, in 2020 – 333 (153 enterprises – producers of products for consumption, 180 – enterprises – producers of non-food products) (Foreign trade of Ukraine in goods and services in 2020, 2021). That is, as can be seen, the number of business entities that export their products to the EU is constantly growing.

3. Main trade partners of Ukraine in export of goods

Today the EU is an important trading partner of Ukraine. This is confirmed by the data presented in Table 1, which shows that the main share of trade (39.7%) falls on the EU countries. At the same time, according to experts, over the past five years, the EU has become the main trading partner of Ukraine in the agricultural market – 34% of Ukrainian agricultural exports go to Europe. The structure of agricultural exports is dominated by such goods as cereals, oilseeds and oils (Foreign trade of Ukraine in goods and services in 2020, 2021).

Last year, Ukraine exported the most goods to China ($ 8 billion; 12.7% more than in 2020), Poland ($ 5.23 billion; 59.7% more) and Turkey ($ 4.14 billion; 70.0% more).

The main commodity items of Ukrainian imports in 2021 were: mineral fuels, petroleum and products of its distillation (by $ 14.33 billion, which is 79.5% more than in 2020), machinery, equipment and mechanisms (by $ 14.20 billion, which is 22.9% more), products of chemical and related industries (by $ 9.74 billion, which is 32.8% more).

4. Evaluation of exports to EU countries

Analytical assessment of the geographical structure of exports with the EU countries (Table 2) shows

Table 1
The main trade partners of Ukraine in the export of goods, 2021

№	The name of the country	Export of goods, million USD	Growth / decline rate, 2021 to 2020, %	Specific weight of the country in the total volume of exports of Ukraine, %
1	EU countries (27)	26794,7	149,4	39,7
2	China	8003,6	112,7	11,8
3	Turkey	4142,7	170,0	6,1
4	India	2494,4	126,5	3,7
5	Egypt	1944,6	120,2	2,9
6	USA	1622,3	164,9	2,4
7	United Kingdom	1083,2	162,4	1,6
	Republic of Moldova	864,2	127,2	1,3
8	Indonesia	809,9	110,1	1,2
9	Saudi Arabia	768,6	106,9	1,1
10	Israel	731,1	129,7	1,0

Source: (State Statistics Service of Ukraine)

Table 2
Geographical structure of exports with EU countries during 2019–2021

EU countries	2019		2020		2021		Deviation 2021/2019	
	thousand US dollars	specific weight, %	thousand US dollars	specific weight, %	thousand US dollars	specific weight, %	thousand US dollars	The pace of change, %
Total	20750741,7	100,0	18604909,8	100,0	26792969,3	100,0	6042227,6	21,7
including								
Austria	598319,5	2,9	579988,3	3,1	915155,5	5,6	316836,0	42,1
Belgium	680704,4	3,3	560930,3	3,0	659034,3	3,1	-21670,1	20,4
Bulgaria	482168,2	2,3	511502,7	2,7	835270,9	1,5	353102,7	13,5
Greece	274211,5	1,3	178809,9	1,0	212785,1	0,8	-61426,4	13,1
Denmark	254684,7	1,2	216888,6	1,2	285816,4	5,1	31131,7	90,0
Estonia	139859,9	0,7	109748	0,6	168628,9	3,2	28769,0	101,8
Ireland	153235,2	0,7	94365,8	0,5	97882,3	2,7	-55352,9	77,8
Spain	1500801,3	7,2	1250213,7	6,7	1677241,7	1,7	176440,4	5,0
Italy	2418875,4	11,7	1928906,3	10,4	3469269,2	2,8	1050393,8	5,2
Cyprus	43043,5	0,2	31820,8	0,2	47441,0	8,8	4397,5	920,0
Latvia	300080,9	1,4	229426,4	1,2	288575,1	1,1	-11505,8	16,7
Lithuania	410796,4	2,0	431448,5	2,3	576917,6	1,6	166121,2	17,4
Luxembourg	20179	14,4	17423,1	0,1	15743,2	0,7	-4435,8	154,6
Malta	41427,2	4,5	8851,6	0,05	30209,6	5,7	-11217,6	613,2
The Netherlands	1848424,7	8,9	1802205,9	9,7	2262530,2	7,2	414105,5	17,6
Germany	2383003,1	11,5	2071739,4	11,1	2866373,4	16,0	483370,3	30,1
Poland	3295846,6	15,9	3272683,1	17,6	5227413,1	10,3	1931566,5	14,0
Portugal	282174,2	1,4	233971,3	1,3	341202,1	0,4	59027,9	6,6
Romania	1005591,3	4,8	1080954,2	5,8	1543445,3	2,8	537854,0	12,4
Slovakia	709620,1	3,4	446759,5	2,4	999275,1	1,0	289655,0	6,5
Slovenia	38945,3	0,2	40280,9	0,2	75524,5	0,6	36579,2	66,9
Great Britain	628087,7	3,0	666851,9	3,6		0,0	-628087,7	0,0
Hungary	1562809,4	7,5	1263810,4	6,8	1622073,1	5,7	59263,7	16,3
Finland	46178,7	0,2	54540,1	0,3	110813,2	0,8	64634,5	78,0
France	596505,8	2,9	592395,2	3,2	896493,5	5,6	299987,7	41,9
Croatia	37197,4	0,2	29593,1	0,2	45742,3	0,2	8544,9	29,7
Czech Republic	920901,6	4,4	826278,3	4,4	1414558,4	2,7	493656,8	13,3
Sweden	77068,7	0,4	72522,5	0,4	107554,5	2,6	30485,8	148,8

Source: (State Statistics Service of Ukraine) that Ukraine supplies goods to almost all countries. The total value of exports in 2021 increased by $ 6042227.6 thousand or 21.7% compared to 2019. However, countries such as Belgium, Ireland, Latvia, Luxembourg, Malta are characterized by a decrease in exports.

The largest share of exports falls on the following EU countries and varies from: Poland – 15,5 – 10,3%, Germany – 11,5 – 16,0%, Italy – 11,7 – 2,8%, the Netherlands – 8,9 – 7,2%, Spain – 7,2 – 1,7%, Romania – 4,8 – 2,8%, Hungary – 7,5 – 5,7%.

A small share of exports falls on such countries as: Portugal, Greece, Luxembourg, Slovenia, Finland, Croatia.

The commodity structure of agricultural exports to the EU countries (Table 3) shows that the most exported products are of plant origin (21.6% in 2019, 18.1% in 2020, 14.3% in 2021). Among them, in 2021, the largest share is accounted for cereals – 9.6%, seeds and fruits of oilseeds – 7.2%.

The commodity is live animals; products of animal origin occupy an insignificant share in the structure of exports and ranges from 1.7% to 1.5%. Fats and oils of animal or vegetable origin occupy a slightly larger share in the export structure, their share ranges from 7.4% to 8.8%.

In general, the commodity structure of exports with the EU countries in 2021 (Figure 2).

Indicates a significant share of agricultural products. It fluctuates within 34%. In 2021, exports of Ukrainian agri-food products to the EU countries increased by 33% in monetary terms compared to last year and amounted to USD 8.3 billion. This growth is partly due to an increase in the cost of most categories of goods on the world market, partly due to an increase in supply volumes. Further in the structure of exports to the EU countries are the following goods: non-precious metals – 23.7%, products of metallurgical complex – 16.7%, products of machine building – 11.9%, mineral products – 14.5%, wood and pulp – 5.4%, various industrial goods – 3.9%, light industry products – 4.8% and chemical industry products – 3.5%.

The basis of agricultural exports was the supply of cereals – 7.2%, seeds and fruits of oilseeds – 5.5% of total exports. Exports of natural honey, animal feed and fruit juices also increased significantly. The basis for the increase in the share of vegetable fats was the growth of sunflower oil exports by 3.9 times – from 489 thousand tons to 1 million 904 thousand tons. Exports of oilseed waste, in particular sunflower cake, also increased significantly (State Statistics Service of Ukraine).

Table 3

Commodity structure of agricultural exports with EU countries in 2019–2021

Code and name of the goods according to the Ukrainian classification of goods of foreign economic activity	2019		2020		2021		Deviation 2021/2019	
	thousand US dollars	specific weight, %	thousand US dollars	specific weight, %	thousand US dollars	specific weight, %	thousand US dollars	rRate of change, %
Total	20750741,6	100,0	18604909,9	100,0	26792969,3	100,0	6042227,7	129,1
including								
I. Live animals; products of animal origin	347127,6	1,7	304072,1	1,6	395786,6	1,5	48659,0	114,0
01 live animals	824,4	0,004	1669,2	0,009	800,1	0,003	-24,3	97,1
02 meat and edible offal	198164,6	57,1	128462,7	42,2	198139,0	50,1	-25,6	100,0
03 fish and shellfish	23709,9	0,1	25894,7	0,1	35547,0	0,1	11837,1	149,9
04 milk and dairy products, poultry eggs; natural honey	117573,9	0,6	140167,5	0,8	149420,1	0,6	31846,2	127,1
05 other products of animal origin	6854,8	0,03	7878,1	0,04	11880,5	0,04	5025,7	173,3
II. Products of plant origin	4480008,9	21,6	3369306,5	18,1	3835689,3	14,3	-644319,6	85,6
06 live trees and other plants	2084,0	0,01	2116,2	0,01	4968,9	0,02	2884,9	238,4
07 vegetables	70399,7	0,3	80266,5	0,4	60130,7	0,2	-10269,0	85,4
08 edible fruits and nuts	161463,2	0,8	184431,8	1,0	310041,4	1,2	148578,2	192,0
09 coffee, tea	2919,2	0,01	3704,1	0,02	4366,8	0,02	1447,6	149,6
10 grain crops	2628520,4	12,7	1780410,0	9,6	1934847,6	7,2	-693672,8	73,6
11 products of flour milling and grain industry	23678,4	0,1	19177,3	0,1	22313,4	0,1	-1365,0	94,2
12 seeds and fruits of oil plants	1539434,1	7,4	1254246,4	6,7	1479166,9	5,5	-60267,2	96,1
13 natural shellac	159,6	0,001	262,3	0,001	2202,3	0,008	2042,7	1379,9
14 plant materials for production	51350,2	0,2	44692,0	0,2	17651,3	0,1	-33698,9	34,4
III. 15 fats and oils of animal or vegetable origin	1544502,7	7,4	1845670,4	9,9	2362555,5	8,8	818052,8	153,0

Source: (State Statistics Service of Ukraine)

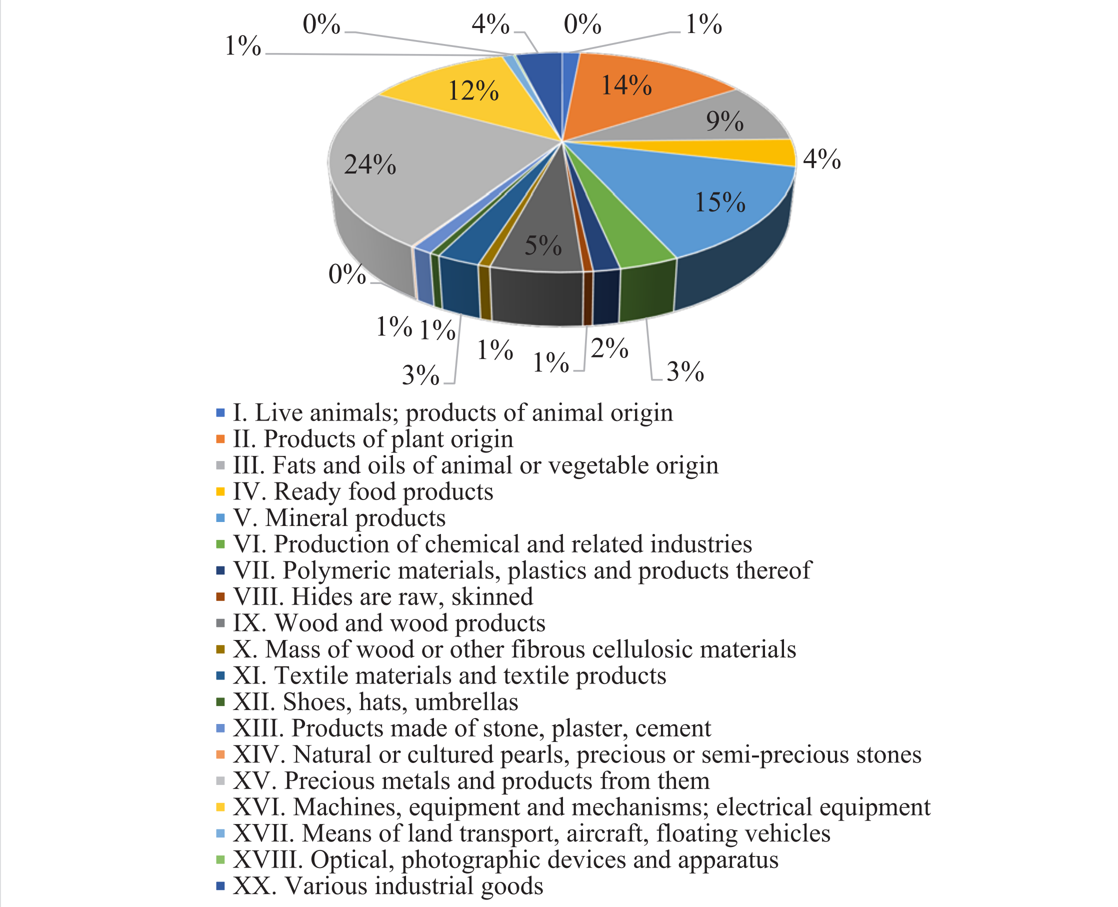

Figure 2. Commodity structure of exports with EU countries in 2021, %

Source: (State Statistics Service of Ukraine)

Export-import operations are systematically affected by various factors that arise or take place in a certain period of time.

Experts identify the following factors that influenced the formation of exports in 2020 and 2021:

– the spread of the COVID-19 pandemic in the world, which has caused significant changes in the life of many countries (the role of public administration in emergency situations has been enhanced; sanitary and epidemiological measures have been introduced; restrictions on the movement of citizens and their work activities have been established; distance learning and work have been introduced);

– a decline in business activity of industrial enterprises and a reduction in production in all countries where measures are being taken to counter the spread of COVID-19, which has led to a global decline in demand and, as a result, a drop in prices in world commodity markets (Mulyk T., Mulyk Ya., 2020);

– significant raw materials orientation of Ukrainian exports and significant dependence of domestic enterprises on the foreign market, given the current volatility of the world market conditions, which causes the dependence of foreign exchange resources on fluctuations in foreign prices (Pravdyuk N., Mulyk T., Mulyk Ya., 2019);

– continuation of Russia's trade aggression (embargo and other restrictions on the supply of Ukrainian goods to the Russian market, Russia's ban on the transit of goods of Ukrainian origin to third countries through its territory);

– continuation of Russia's military aggression against Ukraine (Infographics on the general results of exports of goods and services of Ukraine in 2020, 2021).

Another significant obstacle from 24 February 2022 is the war and its consequences. Many companies in Ukraine have been affected by the hostilities. Some production facilities have been destroyed, and some enterprises are under temporary occupation, from where they cannot export goods to the government-controlled part of the country, let alone to the EU.

Many surviving businesses faced a number of other problems. The war cut Ukraine off from the sea, which accounted for 60% of exports (Vinokurov, 2022). According to experts, the economic losses from the month-long blockade of Ukrainian ports may range from 25 to 170 million dollars per day. In addition, fuel shortages, queues at the borders, destruction of logistics centers have complicated the export of goods to the EU.

It is practically impossible to export millions of tons of Ukrainian agricultural and metallurgical products by rail and road, in particular, due to the different gauge of the tracks in Ukraine and the EU. Probably, according to experts, logistics problems will remain even after the release of Ukrainian exports from restrictions on imports to the EU, so for many producers the opening of their market by the European Union may go unnoticed (Vinokurov, 2022).

Thus, after the outbreak of active hostilities and the loss of access to sea transportation, the border with the EU became the only window for Ukraine's trade with the outside world.

It is not only about the EU. Ukraine continues to sell goods, in particular agricultural products, to Africa and Asia in transit through the ports of European countries.

Often goods in transit through the EU are subject to the import regime. That is, now the EU countries apply to them the same quotas and duties as to the goods that Ukraine sells to the EU. Now they will be temporarily abolished, and Ukrainian goods will arrive at their final destinations at duty-free prices.

Therefore, the EU's decision to open the market will greatly simplify the life of transit exports and reduce administrative costs associated with the payment of customs duties, increase the profits of exporters and increase the competitiveness of their products.

5. Problems and directions of increasing domestic exports of agricultural products to the EU countries.

Analytical assessment of agricultural exports to the EU countries makes it possible to summarize the problems in this area and identify areas of development.

Among the problems of the development of domestic export of agricultural products to EU countries scientists (Kashuba, 2017; Vasyltsiv, Boyko, 2018) identify the following ones:

– low level of support for agricultural producers from the state, which makes it impossible for them to fully develop in order to enter foreign markets;

– non-compliance of the quality of agricultural products with international standards, which is caused by non-compliance with environmental norms for the use of mineral fertilizers, herbicides, pesticides, etc. in the production of agricultural products;

– painstaking procedure of certification of agricultural products;

– low level of use of scientific developments in the field of agriculture and involvement of scientific potential for the development of agricultural production;

– ignorance of agricultural producers about the possibilities of exporting agricultural products;

– excessive focus on raw materials and a low share of agricultural products with high added value in the structure of domestic agricultural exports;

– insufficient efficiency of integration of the domestic agricultural industry into the food segments of the world agricultural market;

– lack of a systematic policy of forming a positive image and promotion of products of the domestic agricultural industry on foreign markets;

– underdevelopment of the network of agricultural logistics facilities to support the export activity of agribusiness entities;

– underdevelopment of horizontal and vertical cooperative relations between producers of agricultural products.

Taking into account these problems, it is possible to determine the directions of export growth and prospects for its development. The authors support the opinion of scientists Yu. P. Kashuba, T. G. Vasyltsiv and V. V. Boyko, who note the following directions (Kashuba, 2017; Vasyltsiv, Boyko, 2018):

– stimulation of the development of agricultural production by the state, which will make it possible to increase the number of export-oriented producers of agricultural products;

– increasing the level of environmental safety of agricultural products of domestic producers;

– creation of a proper certification system for export-oriented agricultural products;

– involvement of scientific potential for the formation of an effective export-oriented strategy;

– formation of a positive image of Ukrainian producers of agricultural products;

– the introduction of advisory services that can be provided by district departments of agri-industrial development, which will contribute to the rise of agricultural production;

– overcoming the raw material orientation of domestic agricultural exports, increasing the share of products with high added value in its structure and reducing the sectoral imbalance of food exports;

– strengthening the integration of the domestic agri-industrial complex into the world agricultural market, opposition to existing institutional barriers to food exports and diversification of target agricultural export markets;

– harmonization of domestic standards for guaranteeing the quality and safety of food with international requirements, improvement of the national system of certification of food products, approximation of the norms of production and technological processes in the agricultural sector to advanced world practices;

– development of a network of logistical and infrastructural facilities supporting the export activity of agribusiness entities, increasing the efficiency of the agrarian logistics system, diversifying channels for transporting products to foreign markets;

– formation of a system of socio-economic motivational mechanisms and incentives for the establishment and development of horizontal and vertical cooperative structures in the agricultural sector.

With the beginning of the military aggression of the Russian Federation, other problems that require immediate solutions, especially regarding the export of agricultural products, have come to the fore.

First, this is a physical reduction of sown areas in 2022 by at least 25% of the usual amount of agricultural land that was sown annually, due to the fact that some regions are under occupation, and some fields are mined and unsuitable for cultivation in the near future. Part of this problem is the large-scale theft of grain by Russia from the occupied territories of Ukraine with further attempts to sell it.

Second, it is an unbalanced domestic market due to the lack of full exports and imports. Rising prices for all components of production, from fuel to seeds, and unclear prospects for the sale of grown products at a competitive price due to blocked ports.

Third, the destruction of infrastructure (elevators, port terminals) and logistics and a significant increase in the cost of logistics both within the country and international transportation. On the example of grain, we can say that due to the lack of sea export routes, logistics costs per ton of grain have increased by about 5 times since pre-war times, which leads to a significant increase in the final price of Ukrainian products on world markets (Trofimtseva, 2022).

6. Conclusions

Export of domestic agricultural products is a significant source of foreign exchange earnings and an instrument of macroeconomic stabilization of the economy. The dynamics of export operations with the EU countries convincingly testifies to the deepening of economic relations between Ukraine and the EU, strengthening the position of domestic agricultural products in the European market. In recent years, the EU has become the main trading partner of Ukraine in the agricultural market – 34% of Ukrainian agricultural exports are directed to Europe. The structure of agricultural exports is dominated by such goods as grains, oilseeds and oils.

An analytical assessment of the commodity structure of agricultural exports with the EU countries suggests that the most exported products are of plant origin. Among them, in 2021, the largest share is accounted for cereals – 9.6%, seeds and fruits of oilseeds – 7.2%. Live animals, products of animal origin, as well as fats and oils of animal or vegetable origin occupy an insignificant share in the structure of domestic exports.

The analytical assessment of agricultural exports to the EU countries, the study of the opinions of experts and scientists allowed to summarize the problems and identify priority areas for increasing exports: overcoming the raw material orientation of domestic agricultural exports, increasing the share of high value-added products in its structure, reducing the sectoral imbalance of food exports; strengthening the integration of the domestic agri-industrial complex into the world agricultural market, counteracting existing institutional barriers to food exports, diversification of target markets for agricultural exports; harmonization of domestic standards for quality assurance and food safety with international requirements, improvement of the national system of food certification, approximation of norms of production and technological processes in the agricultural sector to the best world practices; formation of a consistent policy of improving the image of the domestic agricultural sector, intensifying the promotion of agricultural products to world agricultural markets, positioning Ukraine as a reliable world exporter of quality and safe food; development of a network of logistics and infrastructural support facilities for export activities of agribusiness entities, improvement of the efficiency of the agrarian logistics system, diversification of channels of transportation of products to foreign markets; formation of a system of socio-economic motivational mechanisms and incentives for the formation and development of horizontal and vertical cooperative structures in the agricultural sector.

Since the beginning of the military aggression of the Russian Federation, problems related to the production and export of agricultural products have become acute: reduction of sown areas, replacement of fields, theft of grain from the occupied territories of Ukraine by Russia, imbalance of the domestic market due to the lack of full export and import (rise in price of all components of production, from fuel to seeds, and unclear prospects for the sale of grown products at a competitive price through blocked ports), destruction of infrastructure (elevators, port terminals) and logistics and a significant increase in the cost of logistics both within the country and international transportation. Therefore, the longer Russia's aggression and war against Ukraine lasts, the more difficult the situation becomes both for the domestic agricultural sector and for the world markets, which are increasingly out of balance.

References:

Ughoda pro asociaciju mizh Ukrajinoju, z odnijeji storony, ta Jevropejsjkym Sojuzom, Jevropejsjkym s pivtovarystvom z atomnoji energhiji i jikhnimy derzhavamy-chlenamy, z inshoji storony [Association agreement between Ukraine, on the one hand, and the European Union, the European Atomic Energy Community and their member states, on the other hand]. Available at: https://zakon.rada.gov.ua/laws/show/984_011/ed20140321#Text (in Ukrainian)

Mulyk, T. O. (2017). Analitychna ocinka skladu ta struktury zemeljnykh resursiv Vinnycjkoji oblasti: stan ta perspektyvy [Analytical assessment of the composition and structure of land resources of the Vinnytsia region: state and prospects]. *Economy, finances, management: topical issues of science and practice,* vol. 12, pp. 30–39. (in Ukrainian)

Mulyk, T. O. (2022). Kapitaljne investuvannja v Ukrajini: stan, problemy ta perspektyvy rozvytku [Capital investment in Ukraine: state, problems and development prospects]. *Scientific innovations and advanced technologies,* vol. 1(3), pp. 165–182. DOI: https://doi.org/10.52058/2786-5274-2022-1(3)-165-182 (in Ukrainian)

Strateghichni orijentyry poghlyblennja torghoveljno-ekonomichnykh vidnosyn Ukrajiny z krajinamy Jevropejsjkogho Sojuzu v umovakh ughody pro asociaciju [Strategic guidelines for deepening trade and economic relations of Ukraine with the countries of the European Union under the terms of the association agreement]. Available at: https://fru.ua/images/doc/analitics/2021/NDR_Ukr-EU.pdf (in Ukrainian)

UNCTAD Stat. Merchandise trade matrix – exports of individual economies in thousands United States dollars, annual. Available at: https://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx

Derzhavna sluzhba statystyky Ukrajiny [State Statistics Service of Ukraine]. Available at: http://www.ukrstat.gov.ua/ (in Ukrainian)

Kovalchuk, S.Ia. (2017). Uchast ahrarnykh pidpryiemstv u mizhnarodnii spetsializatsii kriz pryzmu hlobalizatsiinykh protsesiv [Participation of agricultural enterprises in international specialization through the prism of globalization processes]. *Global and national economic problems,* vol. 15, pp. 20–26. (in Ukrainian)

Vidnosyny mizh YeS ta Ukrainoiu: informatsiina dovidka [EU-Ukraine relations: background]. Available at: https://eeas.europa.eu/headquarters/headquarters-Homepage/29685/node/29685_uk (in Ukrainian)

Zovnishnia torhivlia Ukrainy tovaramy ta posluhamy u 2020 rotsi [Ukraine's foreign trade in goods and services in 2020]. Available at: https://www.me.gov.ua/Documents/Detail?lang=uk-UA&id=76438c62-5e54-4931-ad98-7fe59d004a2a&title=ZovnishniaTorgivliaUkrainiTovaramiTaPoslugamiU2020-Rotsi&isSpecial=true (in Ukrainian)

Mulyk, T. & Mulyk, Ya (2020). Innovations in the agricultural business: problems and prospectsin Ukraine. *International Journal of Innovative Technologies in Economy,* vol. 1(28), pp. 9–18. DOI: https://doi.org/10.31435/rsglobal_ijite/31032020/6959

Pravdiuk, N. L., Mulyk, T. O., & Mulyk, Ya. I. (2019). *Upravlinnia finansovoiu bezpekoiu pidpryiemstv: oblikovo-analitychnyi aspekt* [Management of financial security of enterprises: accounting and analytical aspect]. Kyiv: Tsentr uchbovoi literatury. (in Ukrainian)

Infohrafika shchodo zahalnykh pidsumkiv eksportu tovariv i posluh Ukrainy u 2020 rotsi [Infographics on the overall results of exports of goods and services of Ukraine in 2020]. Available at: https://www.me.gov.ua/Documents/List?lang=uk-UA&id=e3c3c882-4b68-4f23-8e25-88526eb71c3&tag=TendentsiiEksportuInfografika-eksport- (in Ukrainian)

Vinokurov, Ja (2022). JeS skasuje vsi torghoveljni obmezhennja dlja Ukrajiny. Khto vid cjogho mozhe vyghraty [The EU will cancel all trade restrictions for Ukraine. Who can win from this?]. Available at: https://www.epravda.com.ua/publications/2022/05/2/686503/ (in Ukrainian)

Kashuba, Yu. P. (2017). Eksportni mozhlyvosti ahrarnykh pidpryiemstv Ukrainy na rynkakh YS [Export opportunities of Ukrainian agricultural enterprises in EU markets]. *Economics of agri-industrial complex,* vol. 10, pp. 70–74. (in Ukrainian)

Vasyltsiv, T. H., & Boiko, V. V. (2018). Priorytety ta instrumenty naroshchuvannia eksportu produktsii APK Ukrainy [Priorities and tools for increasing exports of agricultural products of Ukraine]. Available at: https://niss.gov.ua/sites/default/files/2019-01/111Zapiska-eksport-APK-22.12-APU-323c8.pdf (in Ukrainian)

Trofimceva, O. (2022). Vijna pokazala vazhlyvistj aghrosektoru. Jak uzjaty novi vysoty? [The war showed the importance of the agricultural sector. How to take a new height?]. *Interfax-Ukraine News Agency*. Available at: https://interfax.com.ua/news/blog/839762.html (in Ukrainian)

Received on: 29th of August, 2022
Accepted on: 26th of September, 2022
Published on: 31th of October, 2022