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GLOBAL VALUE CHAINS IN THE CONTEXT OF POST-WAR RECOVERY OF UKRAINE

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Abstract

The purpose of this work is to review the sectors of the Ukrainian economy in global value chains, their optimization in order to advance to the links with the highest added value, and the search for new sectors in view of the post-war recovery of Ukraine.

Key words: *structure of the Ukrainian economy, value chain, value-added activities, active recovery, post-war period.*

Nowadays Ukraine faces off difficult tasks in the field of national security and defence. It is obvious that their relevance will remain for many years, because, as the experience of this country shows, ignoring security problems can often be used by aggressive neighbours to temporarily occupy territories, destabilise the political situation, and artificially exacerbate various social conflicts. However, the dogma of safety factors should not be perceived in the context of decreasing attention to economic issues. Already in the first months of the war, it became evident that Ukraine has to strengthen the effectiveness of economic reforms, overcome existing imbalances in the economic sector. Such an approach will be especially significant during the period of post-war recovery of this country. Various scenarios of Ukraine's economic development after the end of hostilities are already being discussed in scientific circles. An important step on this path should be the "inclusion" of domestic business in global value chains (in specific sources – global added value chains).

For the first time, M. Porter introduced the concept of "value chain" into scientific circulation as a coordinated set of activities that create value for an enterprise, starting from the initial sources of raw materials for the suppliers of this enterprise up to the finished products delivered to the end buyer, including customer service [1]. From the given definition, it can be concluded that M. Porter considered the value chain in the context

of a certain set of activities that are characteristic of any enterprise. Added value is formed at each of the stages, which ultimately creates value for the business unit.

G. Gereffi and K. Fernandez-Stark give the following definition: "...it is a sequence of interrelated types of value-added activities located on at least two continents or within two trade blocs that ensure the production of a good or service, starting from an idea regarding their creation and ending with delivery to the end consumer" [2]. As we can see, the "globality" of the value chain implies that activities are located on at least two continents or within two trade blocs.

As noted by domestic authors I. Kravtsova and S. Sidenko, "...the focus is on the issue of creating added value, namely where and at what stages it is created in a certain industry, which firms create the most value and where they are located (geographically and relative to others links of the chain), as well as how firms and the countries in which they are based can move up the value chain to the links with the highest added value" [3].

Eventually this approach determines a clear task for domestic business units – to occupy a place in global value chains where the greatest added value is formed. One can agree with the position of domestic authors T. Melnyk and Y. Konrad, who claim: "The high growth rates of developing countries, as evidenced by world experience, became possible due to the increasing level of their involvement in global value chains, the use of imported materials, raw materials and semi-finished products for increasing production and export" [4]. This conclusion can be fully applied to Ukraine and its enterprises.

It is quite obvious that the beginning of open aggression against Ukraine also determined radical changes in the structure of the national economy. It must be objectively recognised that until February 2022, the architecture of the Ukrainian economy did not contribute to the rapid integration of domestic enterprises into global value chains. Therefore, according to the results of 2021, the share of agriculture in GDP production was 10.8%, processing industry – 10.28%, wholesale and retail trade – 13.6% [5]. Even more revealing are the data on exports from Ukraine in the specified period. Thus, the export of grain crops is 18.1% of the total volume of exports from Ukraine, a similar indicator for ready-made food products is 5.6%, for ore, slag and ash – 10.5%, ferrous metals – 20.5% [5]. It is clear that the active recovery of this state in the post-war period is possible solely due to changes in the structure of the Ukrainian economy. It is difficult to count on the growth of the state's competitiveness in conditions when the main specific weight of added value is produced in agriculture, processing

industry and trade, and exports are dominated by grain crops and ferrous metals.

Ultimately it is possible to conclude that in the context of the post-war recovery of the national economy of Ukraine, the “inclusion” of domestic enterprises in global value chains will play an important role. However, this approach determines the need to implement a package of structural reforms aimed at changes in the architecture of the economy of our state.

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