



ГЛАВА 3.³ МЕЖДУНАРОДНЫЙ БИЗНЕС КАК ФОРМА МЕЖДУНАРОДНЫХ ЭКОНОМИЧЕСКИХ ОТНОШЕНИЙ

*МІЖНАРОДНИЙ БІЗНЕС ЯК ФОРМА МІЖНАРОДНИХ ЕКОНОМІЧНИХ ВІДНОСИН
INTERNATIONAL BUSINESS AS A FORM OF INTERNATIONAL ECONOMIC RELATIONS*

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Introduction

In the latest twentieth and early twenty-first centuries, international business has become a comprehensive and widespread phenomenon of the modern world that has historically emerged as a result of the development and deepening of the international division of labor and the formation of the world market.

International business is the sphere of practical implementation of international economic relations, implementation of global production, building, trade, service programs and other activities of economic entities of two or more countries for mutually beneficial cooperation to achieve economic benefits and strong market positions [1].

International business is based on the opportunity of using interstate business transactions, i.e. the fact of selling goods in another country, or creating a company in one country of production in another country, or joint services by companies of two countries - third, etc., thus providing more benefits for business than they could have in their countries. This is a key point not only to understand the nature and specifics of international business itself, but also to explain the emergence and development of international management.

3.1. The essence, specificity and main features of international business

The economic essence of international business should be define in its plane as a phenomenon and process of international economic relations.

As a phenomenon of international economic relations, international business is a form of interaction between the subjects of international economic activity, aimed at benefiting from cross-border cooperation.

As a process, international business is a manifestation of a specific type of interaction of entities, characterized by a certain structure, techniques, conditions and rules of conduct, as well as the consequences and results achieved in the process of this type of interaction and only through this type.

International business entities are real participants in the process of interaction (individuals, contact groups or complex social structures), which are characterized by internal motives, interests, goals and ability to implement them in a particular area of international economic activity.

The main features of an international business entity are its internal motives, determination, will and ability to act for achieving its own strategic goals.

According to such criteria of definition, the subjects of international business

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may be individuals, enterprises, transnational structural entities, international organizations and associations, integration (regional) groups and states.

According to the Law of Ukraine “On Foreign Economic Activity” from 16 April 1991 № 959-XII as amended and supplemented by the Law of Ukraine from 14 January 2020 N 440-IX international business entities in our country includes [2]:

- natural persons - citizens of Ukraine, foreign citizens and stateless persons who have civil capacity and legal capacity in accordance with the laws of Ukraine and permanently reside in Ukraine;

- legal entities, who are registered in Ukraine and have a residence in Ukraine (enterprises, organizations and associations of all types, including joint-stock and other types of companies, associations, unions, concerns, consortia, trading houses, intermediaries and consulting firms, cooperatives, credit and financial institutions, international associations, organizations, etc.), including legal entities, whose property and / or capital is totally belongs to foreign economic entities;

- associations of individuals, legal entities, individuals and legal entities who are not legal according to the laws of Ukraine, but who have a residence in Ukraine and who are not prohibited by civil law of Ukraine to carry out economic activities;

- structural units of foreign economic entities that are not legal entities in accordance with the laws of Ukraine (branches, offices, etc.), but have a residence in Ukraine;

- joint enterprises with the participation of economic entities of Ukraine and foreign economic entities, who are registered in Ukraine and have a residence in Ukraine;

- other subjects of economic activity provided by the laws of Ukraine.

Ukraine, represented by its bodies, local authorities and administrations represented by foreign economic organizations created by them, which participate in foreign economic activity, as well as other states participating in economic activity on the territory of Ukraine, act as legal entities under article 2, paragraph 4 of this Law and the laws of Ukraine.

The main features of international business:

1. Profit in international business achieved by using the benefits of crossing national borders for cost-effective business operations.

2. Entrepreneurs are seek to use additional economic opportunities, which are arising from resource characteristics of foreign markets, capacity, legal characteristics of foreign countries, the specifics of interstate political and economic relations governed by appropriate forms of interstate cooperation.

3. International business varies significantly depending on the level of internationalization. The development axis of “national business - is multinational business” includes stages of growth of this level: from one-time deliveries to foreign markets up to the developed structure of multinational companies (TNC), for which R&D, production and distribution, are areas covering the whole globe and covering dozens of countries and hundreds of markets.

4. As a result, of internationalization, global business-service becomes the most accessible for any business, i.e. completely independent of nationality and focused



only on economic efficiency package of various services: from scientific up to financial and from transport up to selection of international teams, which allows today realize opportunities in business.

5. Taking into account the cultural factor in business, i.e. the set of requirements and restrictions imposed by the culture of the country on those who conduct business in it (or with it). This problem is acute insofar as the cultures of the country of origin of this firm and the country of its stay differ.

6. The most important feature of international business is its global nature: it covers the global information exchange system, global financial market, global structure of technological innovation, etc. As we move from level to level of internationalization, the importance of how this feature manifests itself in this business is growing, i.e. how the effectiveness of this business determined by the use of globalization.

7. International business is a system of professional knowledge of a fundamentally higher level than it is available in any national (domestic) business.

8. International business absorbs the best national models, all the best in world practice.

9. Information is the main strategic resource, and adaptation is the main strategic weapon of international business.

10. The fundamental difference between international and national business is the inverse assessment of the domestic situation: negative trends in the economy (or a particular industry) can be assessed by an international firm differently, because they are able to open additional business opportunities.

11. In contrast to domestic competition, international business can feel the support of its state in the fight against competitors in many covert forms.

The most important feature of international business is its economic, legislative and political field of competition, as well as socio-cultural background, which significantly distinguishes it from domestic markets. The modern world market, despite the saturation of norms and rules of conduct of economic entities, the formation of international regulatory mechanisms and institutions, qualitatively and quantitatively differs from domestic national markets, the legal functioning of which is legislative in nature.

The complexity of international business as a process is due primarily to the fact that the realization of competitive advantages of the highest ring in the international environment based not on the principles and tenets of classical theories of international trade, but more on the complex strategic behavior of world markets.

The conflict of interests and goals of individual enterprises in international economic exchange complemented by the conflict of national interests related to ensuring the sovereignty and economic security and protection of the economic space of countries. The action of these factors distorts the market principles of interaction of the subjects of international economic exchange and can even turn the latter into a subject of confrontation between countries.

In spite of there are many examples of international business, where the partners are a private firm on the one hand and a government agency of another country on the other hand, it is still more typical to consider either inter-firm transactions of this kind



or intra-firm ones if different divisions of the firm are located in different countries and these divisions interact with each other (the most typical in this case - so called multinational corporations).

Considering the reasons of the formation and development of international business, it is advisable to divide them into two groups: the reasons that determine the need (inevitability) of such a category of business; reasons for the possibility of international business.

The first group contains the following reasons:

- intensification of competition in domestic markets, associated with increase of the number of entrepreneurs, limited effective demand;
- relative limitations of domestic markets (taking into account the population, size of the territory, etc.);
- limited economic resources, including natural, material, labor, technological, financial, in the national economy;
- imperfection of the national legislative system governing private enterprise;
- uneven socio-economic development of countries.

The second group includes the following reasons:

- constant development of productive forces, scientific and technical development (STD), including the communication system (transport, communications, information, etc.);
- the formation of large corporations, banks, which have huge production, commercial, scientific, technical, financial resources;
- liberalization of foreign economic policy of the world community, the formation of “open economy” in most countries.

3.2. Stages of international business development

International business as a form of cross-border interaction of the world economy involves the presence of its participants with their intentions, consciousness, determination and motives, all of which determine its effectiveness as a process of international economic life.

The whole set of types (forms) and levels of international business is determined by the time horizon, types (forms) of cross-border economic activity and the level of internationalization of its subject's life. Hence, in real time, international business covers all areas of international economic activity and types (kinds) of relationships of economic entities of different countries that exist in a certain period of development of international economic relations. It is clear that the palette of these relations in the era of industrial civilization, when the only form of international cooperation mostly was international trade, significantly differ from the forms of international economic activity at the beginning of the third millennium. In 1964, the American economist R. Robinson proposed a periodization of the historical development of international business, which included four stages (eras). Later, R. Robinson highlighted the fifth modern era of international business.

1. Commercial era (1500-1850) - begins with the great geographical discoveries



and ends in the mid-19th century. The search for enormous personal benefits associated with trade of colonial goods in Europe, was a powerful driving force that has defined the development of the basic form of international trade. The risks of this business were also extremely huge (associated with long sea voyages), but the very opportunity to make profits, that exceeded the costs, made it possible to attract more and more generations of entrepreneurs to this very first international business. In parallel, a wide range of areas were developed, which in modern language could be called a business service of international business - from investment and insurance (financing of trade expeditions and their insurance) to infrastructure (development of warehousing and transport management). The industry of European countries received a significant impetus: from shipbuilding and metalworking to the processing of overseas raw materials, (the leading countries in the development of international business were England, Holland, Spain, Germany, and France).

Basic difference between international and national business consists of two circumstances:

- a) the strong impact of relations between countries on the possibility and effectiveness of doing business between firms;
- b) support provided by the government to its own entrepreneurs in their foreign activities.

For the first time, the era of commerce raised the following key questions as for the international management to entrepreneurs in developed European countries (such as international business management systems): if there is an economic sense to transfer entrepreneurial activity and risks from the national environment outside the country, and is it possible to estimate relevant profits and damages beforehand; what are the main factors that really affect such decisions; how much the business is independent in its decisions and actions from the policy of its state, whether it can count on its support (take into account opposition); what should be taken into account, anticipate and implement during business operations in “foreign territory” for ensuring the long-term profitability of these operations and the safety of their conduct.

2. Era of expansion (1850-1914) – carried out the final design and structuring of colonial empires against the background of the rapid development of European countries, and later of the United States, caused by the industrial revolution of the early 19th century and subsequent advances in technological development. Transition from the export of exotic overseas goods to the extraction of raw materials and systematic plantation management in the colonial regions as more profitable and economically promising areas of foreign business.

The competitive advantages of developed European countries based on cheap raw materials produced in the colonies. That necessitated investment in the development of the colonial raw materials industry. At the same time, the role of state colonial administration was growing: protecting the colonies from external threats and preserving the colonial regime required the metropolises to take concerted action by the government and national business in the colony. As the masses of native workers began to involve, and the removal of skilled labor from the metropolises in the colony was economically unprofitable, the question of taking into account local



cultural features, education and social problems of the local population became acute.

There is also an intensive development of intra-European international business is happening. Different development rates of European countries in this period, differences in the availability of natural resources, different levels of education and other factors have identified, on the one hand, countries-producers of industrial products, on the other - countries-markets for these products (the last one produced mostly cheap agricultural products).

This is an era of continuous trade wars. The result was the development of manufacturing enterprises and branches abroad. Both international financial service and international transport developed. At this point, the main motives of international business were identified fairly well, which have survived to this day: the use of more efficient resources (raw materials, natural, energy); expansion of markets; new areas of free financial resources application (use); use of favorable conditions of local legislation (tax, customs, etc.).

The era of concessions (1914-1945) - qualitatively changed the role of the largest companies operating in the colonial markets. Whether it is about the famous United Fruit, the Belgians in the Congo or the first oil concessions in the Middle East, everywhere the relevant companies-concessionaires are transformed into autonomous economic states, that implement production, trade, education, medical, transport, police functions not only for their workers, and often for all residents of concession areas.

There is a formation of a significant layer of native middle managers at concession enterprises going on, who had specially trained, often at enterprises and educational institutions of the metropolis itself. At the same time, the national consciousness of the colonial peoples grew.

Regarding international business in the neocolonial sphere, should be noted some of the most characteristic points. The first was the defeat of Germany in the First World War and, consequently, the redistribution of world markets, and the second was the Great Depression of 1929-1932, which raised the question of the effectiveness of international business in comparison with domestic business. The internationalization of human resources (characteristic of the era of globalization) first time manifested itself in these years. There were noted first mass migrations of workers from Asia, Africa and Latin America to Western enterprises. The emergence of two strong totalitarian regimes (in the USSR and Germany) showed significant opportunities for public administration of foreign economic activity, but at the same time all the weaknesses of the state as an “international entrepreneur”.

The concession era has set the stage for the self-determination of colonial and semi-colonial countries in economic aspect, and World War II provided significant political impetus to these processes. On the other hand, phenomena like the internationalization of the world labor market and intensifying competition in world markets for raw materials, semi-finished and finished products, the main participants of which seek to gain a competitive advantage using the increasingly complex structure of international business, meant approaching not only nation states, but also to the globalization of business in general.

The era of nation-states (1945-1970) - the two main directions of international



business. First, the formation and rapid development of new nation-states, which received as a result of the concession era in a sense developed economic base and some personnel and technological structure, and secondly, all the shortcomings of colonial economic development - from mono-food economies to difficult financial problems. This gave impetus to the development of international business: independent states actively sought markets for traditional products of their exports and were active recipients of any investment, which contributed to the development of international capital markets, new financial instruments, international auditing and consulting.

On the other hand, the most powerful American corporations, taking advantage of US dominance in the postwar period, for the first time made a breakthrough in multinational business, i.e. to a qualitatively new stage of international business, when the world becomes essentially an arena of competition interests. In 1960-1970 European and Japanese rivals overtook them. The conquest of goods and services markets is always mediated, which in turn leads to an even fiercer struggle of the same rivals in international, regional and national capital markets, technologies, labor, information, etc.

The real advancement of the national economy to efficient production and services requires a certain complex, called the “development package”, and includes technology, capital, information, skills and competence of staff, consulting support and others. Nevertheless, getting it “all at once” was difficult in the 1970s, which is why developing countries and their firms took different elements of the package in different countries and in different firms, making it “optimal for themselves”. Since for the real multinational business the whole world is the field of its business game, the formation of such a package for their own purposes or in the interests of partners may be committed most effectively.

The era of globalization (since 1970 to the present day).

Globalization is the strengthening of the interdependence of national economies, the intertwining of socio-economic processes taking place in different regions of the world and encouraging firms to seek better working conditions.

This period of civilization development in general and international business in particular marked by revolutionary technological changes, followed by economic, social and political changes. The computer revolution and the significant development of telecommunications have virtually changed the face of all traditional technologies by taking them to a completely new level. Today there are almost no zones and topics closed to international business on the planet. Real globalization characterized by the fact that international economic relations have covered almost all countries, and each of them depends on international business. The consequences are twofold: on the one hand, the country can enjoy all the benefits without experiencing the negative consequences of lack of certain resources, opportunities, etc. On the other hand, the innate price for this is a significant dependence of the country on world markets as a whole: it is impossible only to enjoy the benefits of integration in the world economy, simultaneously we must bear the risks of this process (the global financial crisis of 1998 and 2008) [3].

Thus, according to the historical approach, the following forms of modern



international business can be identify, which are associated with:

- international trade of goods and services;
- International capital movements;
- international movement of labor;
- international monetary, financial and credit relations;
- international cooperation in production, science and technology, environmental and economic spheres and solving global development problems.

The growing role of international business in modern conditions is reflected in the following main processes, namely: differentiation of its forms, which is stimulated by the achievements of modern STR and the deepening of WFP; increasing the autonomy and separation of its personalized subject from the home countries; growing interdependence and reproductive openness of national-state economic organisms; increasing the level of internationalization of business at the microeconomic level.

Updating and improving the architecture of national and international, political and economic systems is a defining task of today's generation.

3.3. Ukraine in the system of modern international business

Providing sustainable economic growth in Ukraine, integration processes of EU accession, the Organization for Economic Cooperation and Development (OECD) require the introduction of modern mechanisms of interaction between state and business, as well as business and society, which will strengthen mutual responsibility of all social participants, create conditions for the further socio-economic development of the state and society.

Ukraine has joined the implementation of the Sustainable Development Goals, which are defined in the final document “Transformation of our world: the agenda for sustainable development until 2030”, adopted in 2015 by the UN General Assembly. The document recognizes the role of all economic entities (from micro-enterprises and cooperatives to multinational enterprises) in ensuring the sustainable development of each state and encourages entrepreneurs to use their creative and innovative potential to solve sustainable development problems.

In 2017, Ukraine joined the OECD Declaration on International Investment and Multinational Enterprises. An integral part of which is the Guidelines for Responsible Business Conduct. The OECD Guidelines set out the principles of voluntary action and standards of responsible business conduct in accordance with the law and are worldwide recognized.

Ukraine, like every country that has acceded to the OECD Declaration, is pursuing a policy of socially responsible business. The main principles of the OECD Declaration are the ensuring of human rights protection, employment, environmental protection, disclosure of economic activities, combating proceeds of crime, consumer protection, development of science and technology, protection of competition and transparency of taxation. These principles applied in all spheres of activity and approved by the governments of the states, which have acceded to the OECD



Declaration.

The development of international business in Ukraine is taking place in conditions of market transformation of the national economy. Therefore, general economic problems cannot but lead to aggravation or the emergence of certain problems in every sector or branch of the economy, including international business. Most often, organizers of international business deal with political and legal, organizational and structural, economic and socio-psychological problems.

Political and legal problems arise because of imperfection or lack of necessary legislative acts, their arbitrary interpretation, and preservation of potential opportunities for violation of political stability both in our country and for our foreign partners.

Organizational and structural problems of international business development are mainly due to such reasons as imperfection and underdevelopment of domestic market infrastructure institutions, slow entry of Ukraine into international political and economic structures, conservatism in decision-making and more.

Economic problems of international business development are caused by insufficient convertibility of the national currency, violation of market pricing principles, imperfection of the system of real economic incentives, lack of an effective system of international marketing as a condition of effective relationship between supply and demand internationally.

Socio-economic problems of international business development are due to conservative economic thinking, lack of professional management experience in many subjects of international economic relations, rejection by some society sections of certain forms of international business, ignorance of foreign languages and more.

The problems caused by these reasons ultimately turn to curbing the inflow of investment into Ukraine and determine certain trends in the development of international business in our country. First, partners from industrialized countries, whose capital is characterized by high mobility, carry out the most active business activities in Ukraine. Second, joint ventures are set up mainly on a bilateral basis and for the purpose of industrial activities. Third, there is a small amount of initial foreign investment, as foreign partners feel insecure in the unfamiliar Ukrainian market. Fourth, most foreign firms, especially small and medium-sized ones, focus on the rapid return on small investments and the commercial benefits of one-time transactions, often speculative. Fifth, the concentration of international business in scientific, technical and industrial centers of Ukraine.

According to the practice of modern management, these problems and trends to some extent occur at all levels of management of joint ventures - domestic, sectoral, regional, state, international. Therefore, their solution requires joint action of each level of entrepreneurial activity, the formation of an appropriate development strategy and an effective management system.

However, despite the existing problems and negative trends in international business development, Ukraine is certainly of interest to foreign investors in terms of long-term prospects. This interest is determined both by the general scope of foreign investment and by the positive developments in market transformation and stabilization of political circumstances [4-8].



Ukraine's economic ties with the CIS and Eastern Europe are quite promising. After all, our country once had the closest economic ties with these countries. It is very easy to restore and strengthen them today, because each side feels the need to do so. With this on mind, the country's leadership is taking steps to restore them based on an effective market mechanism of economic cooperation.

The National Export Strategy of Ukraine has determined 48 countries until 2021. At the same time, now Ukraine has more than 10 free trade agreements with other countries. These documents simplify many issues, including customs duties, which often stop businesses from exporting.

No less promising area of international business development is joint ventures with developing countries. So far, Ukraine has not even declared the goals and objectives of Ukraine's foreign economic policy in this region. In addition, this is at the time when the markets of developing countries are virtually open to Ukrainian enterprises. The development of mutually beneficial economic ties with developing countries may also contribute to the fact that many of them have to solve the same problems that Ukraine is solving today.

It is clear that there are certain prerequisites for deepening and expanding the business of developing countries. Under certain conditions, many of them could become, if not large, then average investors in Ukraine's economy. In other words, our state needs to develop the concept of economic relations with developing countries as soon as possible, both as a whole and with groups of countries and individual partner countries.

If we talk about the prospects for international business development in Ukraine, most generally, it will be determined mainly by the general level of economic development, real results of reforms, significant renewal of social production and development of export potential.

3.4. The current state of Ukraine's international trade as the main form of international business

The foreign policy of states consists of a set of different links and relationships of subjects and objects of policy and a significant share in these relations belongs to international trade. Today, Ukraine is intensifying its foreign economic activity, which includes foreign trade in goods and services, direct investment in the state and the economy of other countries. The basis of the country's foreign economic activity is its foreign trade, which carried out in two main forms: exports and imports. It will be possible to form a positive balance of payments of the state due to their rational ratio (Table 1, Fig. 1).

The negative balance on trade in goods and services in 2020 decreased compared to 2019 to 255.5 million dollars USA. The rate of reduction was 93.1% from 3689.1 million dollars USA. Official trade statistics in 2020 confirm that exports of goods from Ukraine fell by 1.7% last year to \$ 49.2 billion. Due to a much more significant reduction in imports, the trade deficit fell from 10.7 billion dollars USA up to 5.1 billion dollars USA.



Table 1 - Dynamics of Ukraine's balance of payments

Year	Exports, thousand dollars USA	Imports, thousand dollars USA	Balance, thousand dollars USA
2010	51430521.6	60739969.3	-9309447.7
2011	68394195.7	82608240.0	-14214044.3
2012	68809810.6	84658059.9	-15848249.3
2013	63312022.1	76963965.4	-13651943.3
2014	53901689.1	54428716.9	-527027.8
2015	38127149.7	37516443.0	610706.7
2016	36361711.2	39249797.2	-2888086.0
2017	43264736.0	49607173.9	-6342437.9
2018	47334987.0	57187578.0	-9852591.0
2019	50060335.5	60783662.3	-10723326.8
2020	49191824.5	54336136.7	-5144312.2

Source: State Statistics Service of Ukraine [9]

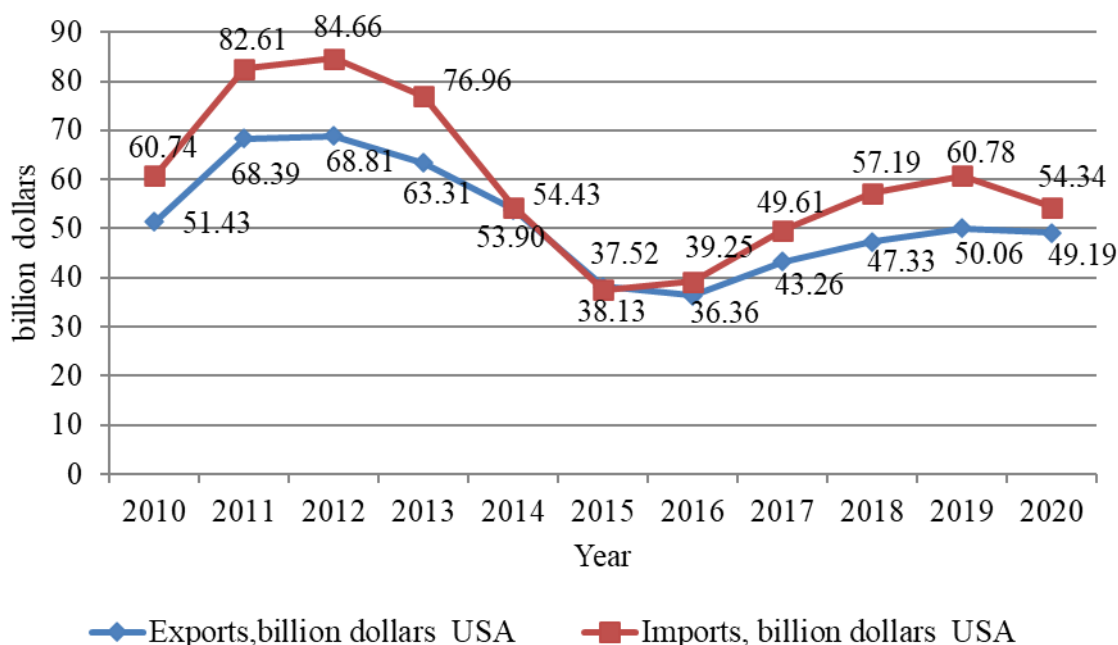


Figure 1 - Dynamics of Ukraine's balance of payments

The impact of the pandemic on international trade in services was expected to be greater. Exports of services decreased by 28.5% to 11,167.1 million dollars USA. At the same time, the balance on services is still positive and amounted to 5957.9. Taking into account the methodology of the State Statistics Service on the difference in the joint statistics on goods and services of the cost of services for processing goods for sale abroad, the total balance amounted to - 255.5 million dollars USA.

It is important to note that the largest decline in exports occurred in March-May 2020, after which exports stabilized, and since August there has been a steady increase in exports.

Statistics confirm that Ukraine is a global player in world trade. Foreign trade operations were conducted with 234 countries and jurisdictions. The most important indicators are the phenomenal growth of exports of Ukrainian products to Vietnam and China - 93% and 98% respectively.



At the same time, for the first time in several years, exports to the EU decreased by 10.3%. At the same time, we have the largest negative balance in trade with the EU - 4.8 billion dollars USA (3.26 of which are in Germany).

The foreign trade turnover of goods and services in 2020 compared to 2019 decreased by 9.4% (by 12.4 billion dollars) and amounted to 119.4 billion dollars.

The trade balance of goods and services was negative at \$ 677.8 million, but improved by \$ 3.0 billion compared to 2019. The foreign trade balance of goods was negative at \$ 5.1 billion, but has improved compared to 2019 at \$ 5.6 billion.

Exports of goods and services in 2020 decreased by 7.3% (by 4.7 billion dollars) compared to 2019 and amounted to 59.4 billion dollars. Exports of goods in 2020 decreased compared to 2019 by 1.7% (by 862.8 million dollars) and amounted to 49.2 billion dollars. (Table 2, Fig. 2).

Table 2 - Ukraine's main trading partners in exports of goods in 2020

№	The name of the country	Export of goods million dollars	2020 to 2019, in%	The share of the country in total exports of goods from Ukraine, in%
1	EU	18604.9	89.7	37.8
2	China	7 099.9	197.6	14.4
3	Russian Federation	2 706.0	83.4	5.5
4	Turkey	2 436.3	93.0	5.0
5	India	1 972.1	97.4	4.0
6	Egypt	1 617.8	71.8	3.3
7	Belarus	1 335.3	86.2	2.7
8	USA	983.9	100.5	2.0
9	Indonesia	735.6	100.1	1.5
10	Saudi Arabia	719.0	96.6	1.5

Source: [10]

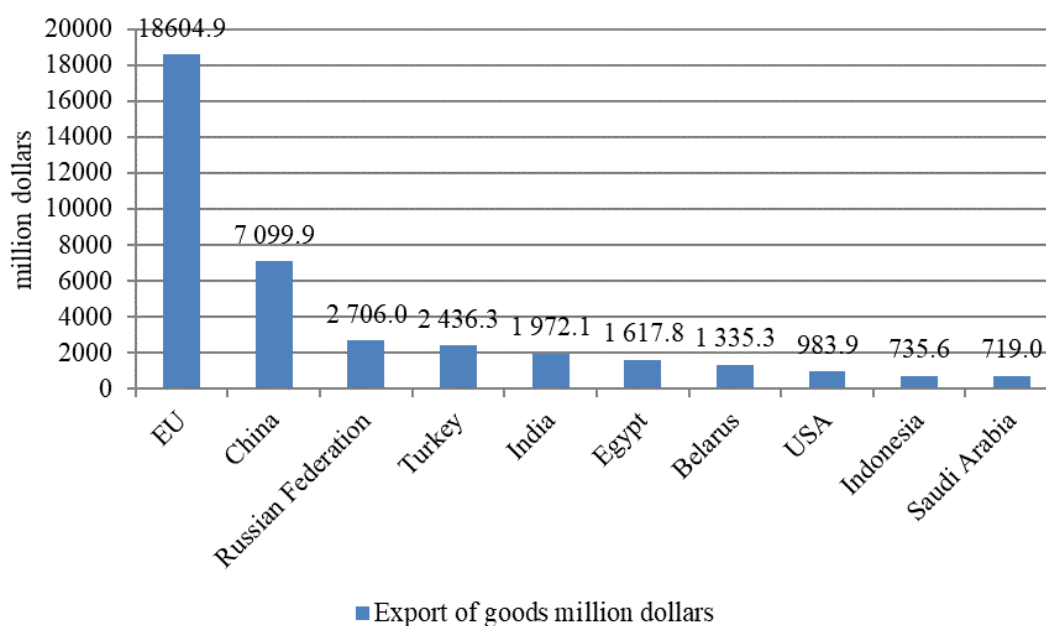


Figure 2 - Ukraine's main trading partners in exports of goods in 2020



The largest share in Ukrainian exports belongs to:

- agro-industrial products and food industry (45.1%);
- products of the metallurgical complex (18.4%);
- mechanical engineering products (11.0%);
- mineral products (10.8%);
- products of the chemical industry (5.5%).

Exports of goods decreased to the following countries: Africa - by 18.6%; CIS - by 12.1%; Europe - by 10.4%. Exports of goods increased to the following countries: Asia - by 19.9%; Australia and Oceania - by 13.8%; America - by 5.5%.

Imports of goods and services in 2020 decreased by 11.4% (by 7.7 billion dollars) compared to 2019 and amounted to 60.0 billion dollars. Imports of goods in 2020 decreased compared to 2019 by 10.6% (by 6.5 billion dollars) and amounted to 54.3 billion dollars.

The decrease in import revenues in 2020 was due to the following product groups:

The largest share in total imports is account for by:

- mechanical engineering products (34.2%);
- products of the chemical industry (19.8%);
- mineral products (15.9%);
- products of agro-industrial complex and food industry (12.0%);
- products of the metallurgical complex (5.8%);
- light industry products (5.5%).

EU countries are Ukraine's largest trading partners. The share of these countries in the foreign trade turnover of goods and services of Ukraine in 2020 was 40.9%. The foreign trade turnover of goods and services with the EU in 2020 decreased by 7.6% (by 4.0 billion dollars) and amounted to 48.9 billion dollars. Exports of goods and services to the EU (28) decreased by 8.6% (by 2.1 billion dollars) and amounted to 22.1 billion dollars. Imports of goods and services decreased by 6.8% (by \$ 2.0 billion) and amounted \$ 26.8 billion. The balance of trade in goods and services with the EU (28) was negative with the amount of 4.7 billion dollars and worsened compared to 2019 by 125.0 million dollars. The foreign trade turnover of goods with the EU in 2020 decreased by 7.2% (by 3.3 billion dollars) compared to 2019 and amounted to 42.5 billion dollars. Exports of goods to the EU (28) decreased by 10.3% (by 2.1 billion dollars) and amounted to 18.6 billion dollars. Imports of goods decreased by 4.6% (by 1.2 billion dollars) and amounted to 23.9 billion dollars. The balance of trade in goods with the EU was negative with the amount of 5.3 billion dollars and deteriorated by \$ 1.0 billion relative to 2019.

Ukraine's foreign trade turnover with the Customs Union (Russian Federation, Belarus, Kazakhstan, Armenia, and Kyrgyzstan) in 2020 decreased by 33.9% (by 7.9 billion dollars) and amounted to 15.5 billion dollars. The share of the Customs Union countries in the foreign trade turnover of goods and services of Ukraine in 2020 was 13.0%. Exports of goods and services to the countries of the Customs Union decreased by 37.7% (by 4.4 billion dollars) and amounted to 7.3 billion dollars. Imports of goods and services decreased by 30.1% (by \$ 3.5 billion) and amounted to \$ 8.2 billion. The balance of foreign trade turnover of goods and services with these



countries was negative with the amount of 844.7 million dollars against the positive one with the amount of 54.3 million dollars in 2019. The foreign trade turnover with the Customs Union decreased by 25.1% (by 4.1 billion dollars) compared to 2019 and amounted to 12.4 billion dollars. Exports of goods to the countries of the Customs Union decreased by 14.9% (by 796.4 million dollars) and amounted to 4.5 billion dollars. Imports of goods decreased by 29.9% (by 3.3 billion dollars) and amounted to 7.9 billion dollars. The balance of foreign trade turnover with these countries in 2020 was negative with the amount of 3.3 billion dollars, but improved by 2.6 billion dollars relative to 2019.

The foreign trade turnover of goods and services with the CIS countries in 2020 decreased by 31.5% (by \$ 8.1 billion) and amounted to \$ 17.6 billion. The share of these countries in the foreign trade turnover of goods and services of Ukraine in 2020 was 14.8%. Exports of goods and services to the CIS countries decreased by 33.6% (by 4.5 billion dollars) and amounted to 8.8 billion dollars. Imports of goods and services decreased by 29.2% (by 3.6 billion dollars) and amounted to 8.8 billion dollars. The balance of trade in goods and services with these countries was positive with the amount of \$ 39.9 million, but compared to 2019 it deteriorated by \$ 849.0 million. The foreign trade turnover of goods with the CIS countries in 2020 decreased by 23.0% (by 4.3 billion dollars) compared to 2019 and amounted to 14.4 billion dollars. Exports of goods decreased by 12.1% (by \$ 819.9 million) and amounted to \$ 5.9 billion. Imports of goods decreased by 29.1% (by 3.5 billion dollars) and amounted to 8.4 billion dollars. The balance of trade in goods with these countries was negative at \$ 2.5 billion, but improved by \$ 2.6 billion relative to 2019.

The Russian Federation remained among Ukraine's main trading partners. The share of the Russian Federation in the foreign trade turnover of goods and services of Ukraine in 2020 was 8.4%. The foreign trade turnover of goods and services with the Russian Federation in 2020 decreased by 39.9% (by 6.7 billion dollars) and amounted to 10.1 billion dollars. Exports of goods and services to Russia decreased by 43.4% (by 4.1 billion dollars) and amounted to 5.3 billion dollars. Imports of goods and services decreased by 35.3% (by 2.6 billion dollars) and amounted to 4.7 billion dollars. The balance of trade in goods and services with the Russian Federation was positive with the amount of 622.6 million dollars, but deteriorated by 1.5 billion dollars. The foreign trade turnover of goods with the Russian Federation in 2020 decreased by 29.1% (by 3.0 billion dollars) and amounted to 7.2 billion dollars. Exports of goods to the Russian Federation decreased by 16.6% (by 536.8 million dollars) and amounted to 2.7 billion dollars. Imports of goods decreased by 35.0% (by \$ 2.4 billion) and amounted to \$ 4.5 billion. The balance of trade in goods with the Russian Federation was negative with the amount of 1.8 billion dollars, but improved compared to 2019 by 1.9 billion dollars.

Ukraine's main trading partners are also China, the United States and Turkey. Their share accounts for 13.2%, 5.2% and 4.6% of the foreign trade turnover of goods and services in 2020. The foreign trade turnover of goods and services with China in 2020 increased by 19.1% (by 2.5 billion dollars) and amounted to 15.7 billion dollars. Exports of goods and services increased by 90.9% (by 3.4 billion dollars) and amounted to 7.2 billion dollars. Imports of goods and services decreased



by 9.7% (by \$ 915.9 million) and amounted to \$ 8.5 billion. The balance of trade in goods and services was negative at \$ 1.3 billion, but improved by \$ 4.4 billion compared to 2019. The foreign trade turnover of goods and services with the United States in 2020 increased by 1.8% (by 106.6 million dollars) and amounted to 6.2 billion dollars. Exports of goods and services increased by 6.0% (by 136.6 million dollars) and amounted to 2.4 billion dollars. Imports of goods and services decreased by 0.8% (by \$ 30.0 million) to \$ 3.8 billion. The trade balance in goods and services was negative at \$ 1.4 billion, but improved by \$ 166.5 million compared to 2019. The foreign trade turnover of goods and services with Turkey in 2020 decreased by 5.2% (by 297.1 million dollars) and amounted to 5.4 billion dollars. Exports of goods and services decreased by 8.3% (by 234.3 million dollars) and amounted to 2.6 billion dollars. Imports of goods and services decreased by 2.2% (by \$ 62.9 million) and amounted to \$ 2.9 billion. The balance of trade in goods and services was negative with the amount of 278.2 million dollars and worsened compared to 2019 by 171.4 million dollars [10].

According to official data of the State Statistics Service, in a six-month period in 2021 exports of goods and services amounted to \$ 34.9 billion, which is 25% more than in the corresponding period of 2020. Imports for the reporting period amounted to \$ 34.5 billion, which is 27.6% more in accordance with 2020.

Traditionally, with the increase in demand for domestic products abroad and the corresponding growth in exports, imports to Ukraine are growing, which acts as an additional source of resources needed to support export growth. At the same time, the issue of maintaining balance in trade remains important. Thus, in the first half of the year Ukraine has a positive balance in foreign trade - \$ 413.6 million. In addition to the development of agriculture, Ukraine has set a course for industrial development, production and domestic processing, which reflected in increased supplies of domestic goods to foreign markets. Significant growth in exports indicates positive trends in Ukraine's economic recovery during the quarantine period. Like other countries, Ukraine has already adapted to life in the pandemic and is trying to resume its trade and economic activities.

In the first half of this year, Ukraine carried out export and import operations with partners from 227 countries. At the same time, exports of goods amounted to \$ 29.9 billion, which is 30.7% more than in the first half of 2020.

In a six-month period most Ukrainian products were imported:

- EU countries - \$ 11.9 billion (39.7% of exports of goods from Ukraine);
- China - \$ 4.3 billion (14.3%);
- Turkey - \$ 1.8 billion (6%).

The largest exports were of ferrous metals and their products, cereals, ores, oils, electric machines, finished food products, some chemical products, furniture, etc.

The European Union remains Ukraine's largest trading partner, with which it is strengthening cooperation not only in trade but also in many other areas of the economy. According to the results of the first half of the year, the supply of Ukrainian products to the EU increased by 43.9%. This positive trend is provided, in particular, by the existence of the EU-Ukraine Free Trade Agreement, the establishment of direct contacts between Ukrainian and European business, the



removal of technical barriers to trade and the improvement of the food safety control system. These and other steps taken by the Government provide free access for Ukrainian products to European markets [11].

International business is growing rapidly around the world, and Ukraine is actively involved in these transformations. One of the drivers of change is the active development of digital transactions: if in 2010 the volume of international payments amounted to \$ 15 trillion, in 2022 the figure will reach \$ 156 trillion. The volume of online payments has increased in 10 times over 10 years and continues to gain momentum. The digital transformation of Ukraine is a huge investment resource, as it allows freeing up a significant amount of time that people spend in queues, paperwork, and reconciliation of registers or certificates and direct them to economic development [12].

Today, under quarantine restrictions, the development of international business in Ukraine will be determined mainly by the general level of economic development, real results of reforms, significant recovery of social production and development of export potential, which will give the country a significant replenishment of the state budget.

Conclusions

Today, the influence of the technological environment determines the functioning of international business. The motive of international business ceases to be profit, and the creation and implementation of commercial innovations. The current level of development of the international economy in the context of globalization characterized as a system of scientific, technical and sectoral functional links.

The creation of new elements of productive forces in the form of information and communication technologies has led to the emergence of new forms and methods of international business, their modification. This conclusion based on the principle of the interaction of the level of productive forces with the nature of production relations. New elements of productive forces in the form of information and communication technologies affect economic relations, resulting in appear more modern technological forms of international business, new products, new seller-buyer relations, new competitive and business strategies.

Among the global business transformations in Ukraine, there are five main trends. The entry of small and medium-sized businesses into the international market has become a much simpler and faster process, understandable to any entrepreneur.

There is a rapid shift in focus from the domestic market of Ukraine and the CIS countries to Western markets: the EU, the United States, as well as Japan, South Korea, the Far East and others. Imports from China is replace by locally produced goods.

Opening new markets on international online marketplaces already known to Ukrainian businesses, such as Amazon Europe, as well as opening new platforms such as Walmart and Etsy. This is facilitated by the parallel development of international logistics services, which deliver goods quickly and efficiently: Ukrposhta, Nova Poshta, Meest Express.



Large-scale growth of the market of local IT specialists. That is facilitate by new technologies, the development of the creative industry, labor exchanges and freelance. Today, more than 230.000 IT specialists work in Ukraine. According to PwC forecasts, by 2025 the number of specialists will grow to 242 thousand, and the size of the industry market will reach \$ 8.4 billion. In addition, it has become the norm for IT businesses to open offices in the US and Europe to attract international clients in Ukraine.

All these factors stimulate domestic production, increase export potential and encourage Ukrainian entrepreneurs to globalize actively business on international platforms.