

Khmelnyskyi National University
Faculty of International Relations and Law
Department of International Economic Relations

MASTER'S THESIS

Master
Educational level

Field of Knowledge 29 International relations
Code and name of the industry

Speciality 292 International Economic Relations
Code and name of the specialty

Specialization International Economic Relations

On the topic "Trade cooperation of Ukraine with the countries of the Middle East and Africa"

Solved: 2nd year student, group MEVm-23-1



Mkhazo
Marshia
Zvanaka

Signature

Initials, surname

Head: Ph.D. in
Economics,
Associate Professor



20.12.2024

M. I. Dzuba

Signature

Date

Initials, surname

I admit to defense:

Head. of the
Department of
International
Economic
Relations

Doctor of
Economics,
Professor



20.12.2024

D. M.
Vasylkivskyi

Signature

Date

Initials, surname

21.12.2024

Khmelnyskyi, 2024

ABSTRACT

The diploma studies the theoretical and methodological foundations of trade cooperation between the countries, reveals the specifics of Ukraine's trade relations with the countries of the Middle East and Africa, substantiates the strategic directions of their transformations in the XXI century.

As a result of the analysis, scientific and methodological approaches to the study of trade cooperation between countries are systematized, its theoretical and practical aspects of formation and functioning are determined. It is proved that the strengthening of manifestations of such cooperation in the historical dimension contributed to the development of close economic and social contacts, cooperation and integration at different levels of economic relations.

This provides an opportunity both on the basis of the proposed approach to outline the level of cooperation between countries, and to carry out on this basis constant monitoring of the effectiveness of the proposed measures.

The development of trade cooperation between Ukraine and the countries of the Middle East and Africa in the sectoral context is analyzed and the complementarity index for the period 2018-2022 is calculated. To determine the degree of similarity in the commodity structure of Ukraine's exports and imports of trading partners, appropriate calculations were made (the following partner countries were selected for analysis: Turkey, Israel, Egypt, Tunisia, UAE, Saudi Arabia). The measurements were made on the basis of 20 product groups according to two signs, the most significant of which were the following: ferrous metals, cereals, meat and edible offal, fats and oils, etc. The SWOT analysis made it possible to identify the main threats and opportunities in the development of trade cooperation between the countries. It is proved that the shortage of labor force in the labor market of Ukraine can significantly affect the competitiveness of national goods in target markets, and can adjust the ability of the economic system to create both resource and innovative products.

The institutional and legal foundations and institutional structure of support for trade cooperation between Ukraine and the countries of the Middle East and Africa have been systematized. This made it possible to substantiate the need to establish a research institute of foreign trade in order to provide scientific and professional support to executive authorities and national exporters in the formation of priority areas for supporting cooperation. The assessment of the level of tariff protection of the countries' markets made it possible to determine that the countries of the Middle East and Africa have high tariff and non-tariff protection of domestic markets, especially for agricultural products, which creates asymmetric and unfavorable conditions for foreign trade by domestic economic entities, despite the existing level of cooperation.

Strategic guidelines for the economic development of trade relations of the countries of the regions have been formed and substantiated, on the basis of which appropriate measures can be applied to support domestic exporters. The toolkit for stimulating Ukraine's trade cooperation with the countries of the Middle East and Africa should include the following components: determining the priorities of medium- and long-term cooperation; formation of a system of financial and non-financial instruments to support exporters in target markets; agreeing on a list of potential innovative projects that can be implemented through the development of startup ecosystems, creating a platform to support innovative companies.

Keywords: international trade, international trade cooperation, African countries, countries of the Middle East, cooperation, foreign policy, economic development, national exporters, scenario of development of trade cooperation, post-war recovery.

INTRODUCTION

The master thesis is devoted to the study of theoretical and methodological principles of trade cooperation between countries, reveals the specifics of trade relations of Ukraine with the countries of the Middle East and Africa, justifies the strategic directions of their transformations in the 21st century.

Scientific and methodological approaches to the research of trade cooperation between countries were systematized, theoretical and practical aspects of its formation and functioning were identified as a result of the study. It has been proven that the strengthening of such cooperation in the historical dimension has contributed to the development of close economic and social contacts, cooperation and integration at various levels of economic relations. The approaches to the meaning of the concepts «international trade», «foreign policy», «protectionism», «free trade policy», etc. are systematized and summarized on the basis of the analysis. Taking this into account, it is suggested that the meaning of the category «international trade cooperation» might be clarified by emphasizing on the asymmetrical component of such cooperation, which should be understood as the creation and development of effective interaction between two or more countries in an asymmetric trade environment, that is caused by the presence or absence of international exchange of goods and services, as well as by different economic development dynamics.

The thesis identifies methodical approaches to assessment of countries trade cooperation performance on the basis of indicators identification that can be effectively used for analysis of trade cooperation between countries. The complex assessment model of trade cooperation was offered. It can provide an opportunity both on the basis of the suggested approach to determine the level of cooperation between countries, and on this basis to carry out constant effective monitoring of the proposed measures.

The development of trade cooperation between Ukraine and the countries of the Middle East and Africa in the sectoral section was analyzed and the complementarity index for the period 2017-2021 was calculated. To determine the

degree of similarity in the commodity structure of Ukrainian exports and imports of trading partners, calculations were made (the following partner countries were selected for analysis: Turkey, Israel, Egypt, Tunisia, UAE, Saudi Arabia).

Calculations were made on the basis of HS codes 2 digit (20 product groups), the most important of which were ferrous metals, cereals, meat and edible coproducts, fats and oils. The conducted SWOT-analysis allowed to identify the main threats and opportunities for the development of trade cooperation between countries. It has been proved that the labour shortage in Ukraine can have a significant impact on the competitiveness of national products in the target markets, and can adjust the ability of the economic system to create both resource-based and innovative products.

The legislative framework and institutional structure for supporting trade cooperation between Ukraine and the countries of the Middle East and Africa have been systematized. This allowed substantiating the creation of a research institute for foreign trade aiming to provide scientific and professional support to the executive agencies and national exporters in the formation of priority areas of support for cooperation.

It has been proved that the foreign trade policy of Ukraine should be transformed and expanded due to the system of support for domestic exports ahead market expectations, taking into account the current military risks and features of the post-war renewal. The methodological approach to the creation of the road map of trade cooperation of Ukraine with selected countries of the Middle East and Africa was suggested to improve in the thesis considering the abovementioned aspects. It will be followed by step-by-step identification of stages of cooperation between two or more parties on the basis of the formed vision and objectives of trade cooperation with a specific country in the region according to the type of scenario chosen.

Keywords: international trade, factors of production, international trade cooperation, African countries, the Middle Eastern countries, cooperation, foreign policy, protectionism, liberalism, economic development, institutional system,

complementarity index, national exporters, scenario of development of trade cooperation, post-war reconstruction.

TABLE OF CONTENTS

INTRODUCTION		12
CHAPTER 1. THEORETICAL AND METHODOLOGICAL PRINCIPLES OF FORMING TRADE COOPERATION		22
1.1.	Theoretical Principles of Trade Cooperation between Countries	22
1.2.	Conceptual Characteristics of the Formation and Development of Trade Cooperation between Countries	35
1.3.	Methodological Approaches to Assessing Trade Cooperation between Countries	54
Conclusion to Chapter 1		66
SECTION 2. STATE AND TRENDS OF TRADE COOPERATION BETWEEN UKRAINE AND THE COUNTRIES OF THE EAST AND AFRICA		69
2.1.	Development of trade cooperation between Ukraine and the countries of the Middle East and Africa	69
2.2.	Regional Features of the Formation of Trade Relations between Ukraine and the Countries of the Middle East and Africa	83
2.3.	Analysis of the sectoral structure of trade relations between Ukraine and the countries of the Middle East and Africa	94
Conclusion to Chapter 2		110
SECTION 3. PROSPECTS DEVELOPMENT TRADE COOPERATION BETWEEN UKRAINE AND THE COUNTRIES OF THE MIDDLE EAST AND AFRICA		112
3.1.	Institutional and Legal Foundations of Trade Cooperation between Ukraine and the Middle East and Africa	114
3.2.	Priority Directions and Strategic Guidelines of Economic Development for Trade Relations of Countries	126
3.3.	Stimulating trade cooperation between Ukraine and the countries of the Middle East and Africa	143
Conclusion to Chapter 3		152
CONCLUSION		155
REFERENCES		159
APPLICATIONS		178

INTRODUCTION

Relevance of the topic. The development of trade relations between Ukraine and the countries of the Middle East and Africa is significantly influenced by global trends in the development of the global economy. Among these should be noted: strengthening protectionist measures in international trade, digitalization of trade relations, formation of trade blocs within the framework of agreements on free trade zones, etc.

The traditional directions of trade relations between the countries of the Middle East and other countries are the export of mineral products and their processing. Despite the different conditions of economic development, most African countries are exporters of natural resources, which has had a tangible positive effect on the formation of most of these countries and impressive rates of economic growth.

The biggest constraints for the development of trade cooperation are the insufficient level of infrastructure development between countries, both transport and institutional.

Since February 24, the intensive development of foreign trade relations has remained an integral part of Ukraine's economic policy. Foreign trade activity turns into the most important factor of economic development, which is manifested in an increase in the volume of trade turnover, liberalization of trade relations, and active participation of the country in the processes of international economic integration.

Under these conditions, qualitative systematic studies designed to analyze the current state, trends and structural changes in Ukraine's foreign trade are of particular relevance, especially in the context of identifying individual countries (multidirectional geopolitical influence in the Middle East and Africa) to concentrate further efforts on the development of trade

cooperation. Conducting such studies requires appropriate theoretical and methodological support and objective statistical data.

The study of the basics of international trade cooperation is based on the works of well-known foreign and domestic scientists-economists in the field of international trade, including such as: Smith A., Leontiev V., Linder S., Vernon N., Krugman P., Porter M., Grubel G., Lloyd P., Mazaraki A., Melnyk T., Sidenko V., Reznikova N., Ankawi S., Sibian S., Lyashenko V., Osadcha N. and others.

The developments obtained by these scientists constitute the theoretical and methodological basis for conducting this study. But in the context of the transformation of world trade under the outflow of global imbalances of the XXI century. It is relevant to deepen the theoretical and methodological basis of the category of "international trade cooperation". Taking into account the need to increase the effectiveness of Ukraine's cooperation with the Middle Eastern states as a component of the strategy for the post-war reconstruction of the domestic economy, it becomes urgent to conduct a comprehensive assessment of the level of existing cooperation in order to substantiate the mechanisms for stimulating foreign trade cooperation, as well as to introduce systematic monitoring of the effectiveness of the proposed measures in the process of implementing this strategy.

The relevance and specificity of these provisions, as well as the insufficient level of their study in Ukrainian economic theory and practice, determined the choice of topic, purpose, tasks, object and subject of research.

The purpose of the thesis is to deepen the theoretical and methodological principles of trade cooperation between the countries, to identify Ukraine's trade relations with the countries of the Middle East and Africa,

In accordance with the purpose of the study, the following tasks are defined in the work:

– to explore characteristics formation and Development trade cooperation between countries.

– to analyze the development of trade cooperation between Ukraine and the countries of the Middle East and Africa.

– to form strategic guidelines for the development of trade relations between Ukraine and the countries of the Middle East and Africa and to substantiate the directions for stimulating such cooperation.

The object of research is the processes, patterns and trends of trade relations between countries.

The subject of the study is a set of theoretical, scientific, methodological and practical aspects of the formation and development of trade cooperation between Ukraine and the countries of the Middle East and Africa.

The structure and scope of the master's thesis. The work consists of an introduction, three sections, conclusions, a list of used sources and appendices. The total volume of the dissertation is [] pages. The work contains [] tables, [] figures and [] annexes. The list of sources used includes [] titles.

CHAPTER 1. THEORETICAL AND METHODOLOGICAL PRINCIPLES OF FORMING TRADE COOPERATION

1.1. Theoretical Principles of Trade Cooperation between Countries

The current state of development of the world economy is characterized by an increase in the scale of production and trade activities, the expansion of economic ties between different countries, the deepening of the processes of specialization and cooperation of production within the framework of the international division of labor. In such conditions, international economic relations become a key factor in the successful development of individual national economies, which, in turn, are becoming more and more integrated into the system of world economic relations. In this regard, today states seeking to gain a competitive advantage in the international arena cannot ignore the opportunities for economic cooperation and pursue a closed foreign economic policy.

International economic relations are a set of relations that arise between subjects of different countries in the field of production, distribution, exchange and consumption of goods, in the conditions of international division of labor and limited resources. They are implemented in such forms of interaction between countries as international trade in goods and services, international scientific and technical cooperation and industrial cooperation, international monetary and financial relations, international movement of capital and international migration of labor force []. All of these forms have a close relationship and ensure mutual development.

The formation of international economic relations took place throughout the economic history of mankind. At the same time, most of it existed mainly in the form of foreign trade. Trade relations between countries made it possible to

solve the problem of providing the population with those goods that the national economy did not produce in sufficient quantities or produced them inefficiently. In the process of evolution, foreign trade relations grew into international trade, which contributed to the strengthening of interrelations and interdependence of all national economies.

In order to clarify the essence and main advantages of international trade relations, it is necessary to refer to the main economic theories in the field of international trade, which are the theoretical and methodological basis for the implementation of national foreign trade policies.

The first attempt to substantiate the advantages of international trade and the need for economic expansion beyond the national economy was mercantilism. The essence of the theory was that the effective functioning of the economic system had to be ensured by the efforts of merchants, whose labor was recognized as one of the main production factors. At the same time, the economic system, according to mercantilists, consisted of three key elements: production, agriculture and foreign colonies.

The limitations of their views were that mercantilists considered the source of state enrichment only in the redistribution of already accumulated benefits [1].

An attempt to improve these shortcomings was the theory of absolute advantages. Its author, A. Smith, insisted that the decisive factor in increasing the wealth of a country is labor. Therefore, to form national wealth, countries must use the possibilities of their potential in the international division of labor, specializing in the production of goods in which they have advantages. Trade between countries should be mutually beneficial for all its participants.

In the real world, states do not always have specialization in the production and trade of goods that have a price advantage in foreign markets. The answer to the question of why they trade without having an absolute advantage was tried by D. Ricardo in the theory of comparative (relative) advantages developed by him.

The key thesis of the theory and its main difference from the theory of A. Smith was the provision that both exports and imports can bring benefits to the country even in the absence of an absolute advantage, when the production costs of imported goods exceed the production costs of exported goods.

The theory of D. Ricardo, as well as the theory of A. Smith, had a number of similar methodological assumptions that are not implemented in the practice of modern international trade relations. In particular, it did not take into account the possibility of diversification of imports and exports.

The next stage of development was the theory of the correlation of factors of production, the founders of which were E. Heckscher and B. Ohlin. Heckscher's theory is based on the assumption that the cost of factors of production in a particular country is directly determined by their excess and, in this regard, goods in the production of which excess and relatively cheap factors of production are mainly used will be relatively cheaper. Based on this, countries export goods produced by surplus factors, and vice versa, import goods produced using those factors that are limited in their economies [].

The discrepancy between the Heckscher-Ohlin model and the conditions of the real world was substantiated by the scientific community several decades later. The American economist V. Leontiev, studying the trade relations of the United States, found that the country's imports have a higher capital intensity than exports, while the labor intensity of exports and imports had opposite indicators. The revealed contradiction was called the "Leontief paradox" and radically changed scientific ideas about international trade. Leontief tried to solve the paradox with his own interpretation, according to which units of labor in the United States are equivalent to more than one unit of labor in other countries of the world [].

"Leontiev's paradox" became the starting point for the development of new theories of international trade outside the framework of classical schools.

The most famous of them are the new theory of trade, the theory of average demand, the theory of intra-industry trade, the theory of the product life cycle, the theory of the technological gap, theory of competitive advantages, the spatial theory of international trade.

Another alternative theory of trade relations, which he developed in the 1960s. R. Vernon, became the theory of the product life cycle. The provisions of the theory determined the main stages of the product: introduction, growth, maturity and departure from the market. The theory assumed that the production of a new product would be carried out entirely in the country that produced the innovation. Provided that the product is demanded in the domestic market, at the stage of growth, the country can switch to its export, using all the advantages of its monopoly position. Over time, at the stage of maturity, production technologies will gradually move to less developed countries with cheaper factors of production. At the final stage of the life cycle, the product is completely replaced by a new development. Thus, R. Vernon's theory determined that the specialization of countries in international trade is determined by different stages of the product life cycle. Countries that export goods or services in the early stages may subsequently abandon production and import them [].

In the early 1980s. a number of scientific works appeared (P. Krugman, A. Dixit, W. Norman, etc.), in which production specialization based on the effect of scale (cost reduction due to an increase in production volumes) was considered as a key prerequisite for the emergence of trade relations between countries. These works became the foundation of the "new theory of trade". According to the researchers, the economies of scale of production and the associated network effects can be so significant that they outweigh the possible comparative advantages. In some industries, the two countries may not have noticeable differences in opportunity costs at a given point in time. But, if one

country specializes in a certain field, it can get economies of scale, and other countries can benefit from its specialization.

Another basic element of the new trading theory is that companies that have gained the advantage of being one of the first entrants can become dominant in the market. This is because the early manufacturers receive significant economies of scale, so it is very difficult for new entrants to compete with them. All this leads to the fact that in global industries, which are characterized to a large extent by economies of scale, monopolistic competition is likely to be observed with the dominance of first-time companies [1].

The information technology revolution of the 1980s completely changed this picture. With telexes, fax and the Internet, as well as high-speed international communication networks, it has become cheaper and easier to coordinate production units in different locations [1].

In the process of evolution of theoretical approaches to understanding international trade, the core of research was individual companies as direct producers of goods and services. In particular, attention was paid to the identification of factors affecting the competitiveness of the enterprise in the international market. One of the results of theoretical research in this direction is the theory of competitive advantages, developed by M. Porter in 1990.

According to M. Porter's theory, the competitiveness of a country in a certain industry depends on the ability of the industry to innovate and modernize. The basis of the theory is the substantiation of the regularity of competitiveness of countries in certain industries through a system of interrelated determining factors of national competitiveness [1]:

The analysis of the evolution of the theoretical provisions of international trade allows us to conclude that the main theories of trade reflect a different understanding of the key prerequisites, factors and consequences of the international exchange of goods and services, which were formed in the process

of development of trade relations between countries. Historical transformation and complication of foreign trade operations were associated with asymmetric processes of international integration, regionalization and globalization. As a result of these processes, modern foreign trade began to represent not just single foreign trade operations, but rather large-scale and long-term trade and economic cooperation, which grew into international trade and has a significant impact on the development of national economies.

Table 1.1 shows the main modern approaches to the definition of international trade.

Table 1.1 - Basic approaches to the definition of the concept of "international trade"

Author	Definition
Busel V. T.	International trade is trade between countries, which includes the export and import of goods and services. At the same time, it is characterized by the participation of the country in the world trade turnover and the international division of labor.
Stupnytskyi O. I.	International trade is the process of exchange of goods and services between state-registered national economies of different countries, associated with the general internationalization of the world economy and the intensification of the international division of labor.
Hubersky L.V.	International trade is the exchange of goods and services between countries through exports and imports.
Terzeya E. R.	International trade is a revolutionary factor for both the promotion and stimulation of technical and economic progress and the development of economic thinking.
A. S. Filipenko	International trade is the sphere of international commodity and money relations, a specific form of exchange of labor products (goods and services) between buyers and sellers who are representatives of different countries.
A. P. Golikov, O.A. Dovgal	International trade is a set of transactions of exchange of goods and services between countries, which are associated with the internationalization of economic life and the intensification of the international division of labor in the context of increasingly strong globalization.

International trade is a system of international commodity relations, which includes foreign trade of all countries of the world involved in it. International and foreign trade are interrelated and similar concepts, but differ significantly in the scale of the countries' involvement. They correlate with each other, as international (international trade) and national (foreign trade) [].

A team of authors led by T. Tsygankova, considering the concept of "international trade", propose to interpret it using two main approaches – state-political and operational (Fig. 1.1).



Fig. 1.1 - Main approaches to the definition of the concept of "international trade"

From the point of view of the operational approach, international trade is directly the process of exchange of goods and services between business entities of different countries, states or international organizations. In this case, we are talking about cross-border movement of goods and services, expansion and improvement of the structure of trade turnover, planning and forecasting of

exports and imports, organization of work on concluding contracts, relevant financial and currency transactions.

Using the state-political approach, international trade is considered as a special type of relations that arise in the system of the world economy regarding the exchange (of goods and services) between states that act within the framework of their own foreign and foreign trade policies.

Since the object of this study is trade relations between countries, in the future it is the state-policy approach to understanding the essence of international trade that reveals the peculiarities of exchange relations at the level of individual states.

According to the team of authors, despite the fact that the phenomenon of international cooperation can be interpreted quite broadly, the rationalistic approach to the definition of this term has common analytical elements. Usually, actors and their goals are taken as the focus on which their strategic interaction is focused []. The process of cooperation should correspond to common interests

Meskhiya O. N., considering the concept of "international cooperation" from the standpoint of international law, defines it as voluntary, coordinated activity of two or more states, which takes place within a certain legal regime and is carried out in order to achieve a special goal.

A. E. Kireeva understands international cooperation as a mutually coordinated activity of economic entities at the level of two or more states (regions, regions), which is aimed at jointly solving issues of economic, social and environmental development of territories.

According to S. Paulo, international cooperation describes interactions to achieve common goals, when the preferences of actors are neither identical (harmony) nor irreconcilable (conflict).

Thus, international cooperation is a coordinated activity of two or more states and non-governmental actors aimed at achieving common goals, providing

assistance and support, increasing the effectiveness of interaction, as well as overcoming conflicts in various spheres of economic, political and social development.

1.2. Characteristics of the formation and development of trade cooperation between countries

An important stage in improving the institutional support of Ukraine's foreign trade in any direction is the preliminary strategic analysis and diagnostics of the development of each market, which involves the study of internal and external environmental factors. It should be noted that this analysis should be carried out based on the peculiarities of the macroeconomic, political, legal, socio-cultural and technological environment in each country of a certain region.

The evolutionary development and complication of the processes of international trade cooperation necessitated its regulation both at the national and interstate levels, which was reflected in the formation of an appropriate legal and institutional framework.

Measures to regulate international trade relations are implemented at three levels []:

- national – regulation of the activities of participants in trade relations is carried out by state legislative and executive authorities through the adoption of relevant regulatory legal acts and control over their implementation;
- international (interstate) – regulation carried out on the basis of concluded bilateral and multilateral interstate agreements;
- global – regulation of trade relations by statutes, conventions and other documents of relevant international organizations of a universal nature.

The institutional basis for global trade relations is provided by the World Trade Organization (WTO), which was built on existing structures in accordance with the General Agreement on Tariffs and Trade (GATT 1947). The main goals of the WTO are to reduce existing trade barriers and expand international trade, raise living standards, achieve sustainable development and ensure an adequate share in the growth of international trade for developing countries.

Interstate bilateral trade agreements have historically been one of the first forms of legal regulation of international economic relations. The agreements of the nineteenth and early twentieth centuries were often narrowly focused only on reducing tariffs, while modern ones contain a wide range of obligations regarding investments, intellectual property rights, environmental protection, public procurement, electronic commerce, etc. Today, these agreements range in content from free trade zones to customs unions and deeper forms of regional economic integration [].

The economic literature notes both advantages and individual disadvantages of bilateral trade agreements. Among the advantages are more effective planning and control capabilities, directing efforts to narrow areas of cooperation, differentiation of flows of goods and services through sectoral agreements with partner countries, where it is possible and profitable. The key disadvantage of this form of cooperation is the complexity of coordination and non-transparency of trade flows, which are the result of a large number of agreements and various preferences that differ from country to country within the framework of other agreements []. Bilateral trade agreements tend to favor countries with more developed economies and put the weaker partner at a disadvantage.

Multilateral trade agreements are trade agreements between three or more countries. As in the case of bilateral trade agreements, the purpose of a multilateral trade agreement is to promote, expand and regulate trade between partner

countries on an equal footing. No country can conclude more profitable trade agreements with one country than with another. This creates favorable conditions, especially for countries with economies in transition. The biggest disadvantage of multilateral agreements is that they are quite complex at the stage of mutual coordination of positions, which takes quite a lot of time [].

On the other hand, trade agreements can face specific, harmful consequences of excessive protectionism, which often leads to problems of inefficiency, since it can allow companies to survive, which ends up incurring greater costs than necessary. On the other hand, it can lead to inefficient consumption, since consumers are forced out of the market, who are willing to pay how much it costs to produce that product, without artificially inflating the price. Therefore, there is currently a growing enthusiasm of many countries seeking to reduce certain protectionist tendencies characterized by the excessive use of tariff and non-tariff barriers within trade flows around the world [].

The above division of international trade agreements on a bilateral and multilateral basis is rather superficial and reflects rather the organizational aspect of international trade cooperation. The most successful, in our opinion, classification is based on the level of liberalization of trade relations and mutual integration of countries in the field of trade (Fig. 1.2).

Preferential trade agreements provide for the provision of certain preferences in trade between states. At the same time, such preferences can be provided both on a reciprocal basis and unilaterally. This type of agreement provides a number of significant benefits for participants, among which the following can be distinguished: growth of trade turnover due to the reduction of tariff barriers and liberalization of non-tariff regulation, the creation of value chains in the process of production of industrial products, the development of cooperation in other areas of interaction. Thus, preferential agreements play the

role of not only protecting the existing production network, but also incentives for the further development of trade relations between partner countries [].

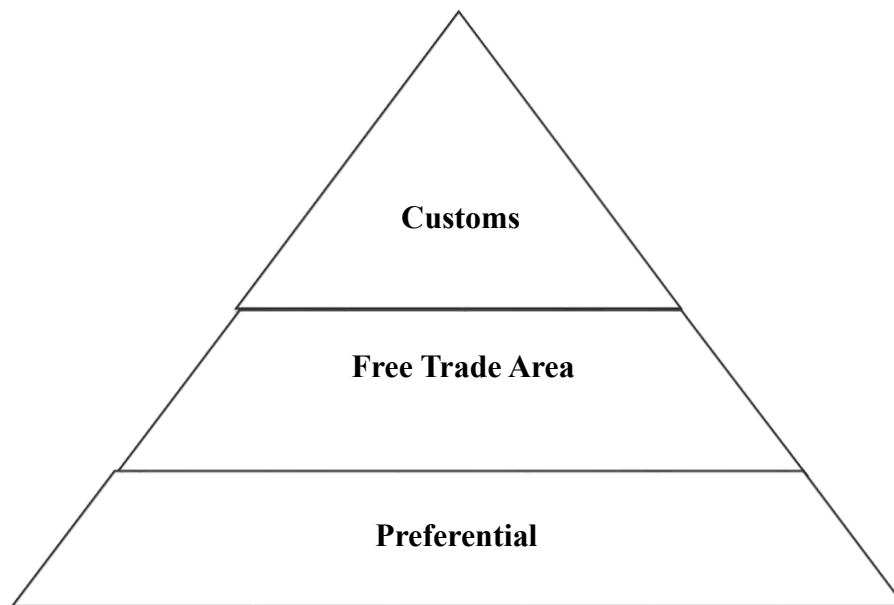


Fig. 1.2. Levels of economic integration of countries in the field of trade

A free trade area is a territorial association of two or more countries, which provides for the conclusion of an integration agreement between them to eliminate tariff and non-tariff restrictions in mutual trade in order to realize their national socio-economic and geopolitical interests. Free trade agreements are the most common in the world and account for almost 60% of the total number of preferential trade agreements between countries.

The highest form of integration in the field of trade is the customs union, which provides for the unification of several customs territories into one, subject to the elimination of customs duties on the territory of the customs union and the formation of a common customs tariff in relation to third countries. The creation of a customs union is a prerequisite for the formation of a common market, which, along with the unimpeded movement of goods and services, also provides for the free movement of capital and labor [].

Modern research confirms not only the importance of international trade relations in general, but also the need for their liberalization. In particular, the influence of trade on increasing labor productivity due to obtaining better resources, assistance in creating incentives for innovation, etc. is emphasized []. International trade also has important benefits for consumers, who gain access to a variety of products at lower prices. In addition to studies on the specific benefits of trade in individual countries, there is also evidence of its cumulative positive impact, proving the relationship of open trade with higher per capita incomes in the vast majority of countries [].

Thus, trade remains the most important form of international economic relations, since it is the structure and volumes of international trade turnover that determine the dynamics of the development of other forms of international economic relations. When carrying out foreign trade operations, countries get the opportunity to increase the productivity of their resources and, due to access to new markets, increase their own well-being.

An analysis of the development of trade relations between countries over the past few centuries allows us to confidently assert: countries that apply free trade policies achieve prosperity, and vice versa, the closure of markets and barriers to trade lead to economic decline. An argument in favor of this conclusion can be the history of the economic development of a number of countries that today are usually called developed, namely: Great Britain, Germany, the USA, Japan, etc.

Trade cooperation between countries has historically been formed due to the significant influence of established views on the priority of exchange between countries, the ability to master technological transformations and be a participant in international trade. At the present stage of development of international economic relations, trade aspects reflect the general importance of the role and vision of the country's place in the modern global world order. The

traditional separation of types of foreign trade policies with appropriate scientific and practical justification into liberal and protectionist in recent years has undergone significant scientific rethinking and adjustment.

Protectionism was the dominant approach in the formation of trade policy and approaches to the development of cooperation with other countries in the pre-industrial era, at the time of rapid colonization of other continents by empires. The industrial and post-industrial eras significantly transformed the views of states on how to build the foundations of trade cooperation with other countries. In general, industrialization as an economic and social phenomenon has expanded the opportunities of countries to be present in markets, and formed the foundations of what we now call the global market. However, protectionist thinking remains one of the dominant ones at the national level in countries with different levels of economic development, respectively, it is advisable to consider this type of policy in more detail.

Generalization of approaches makes it possible to form a definition that protectionist policy is a policy of restraining foreign trade flows in order to form a competitive domestic market. Such a policy can be implemented, as it was mentioned, by countries with different types of economic development, and, accordingly, protective mechanisms are concentrated in those areas and industries that are potentially most flexible and effective, or, on the contrary, are just emerging. The effectiveness of protectionist policies differs significantly from country to country, and largely depends on the government's overall ability to define long-term economic goals and implement them with appropriate tools. Scientists paid considerable attention to the definition of the concept of protectionism and its target orientation (Table 1.2.)

Summing up the views of a number of scientists, it can be argued that the criterion that determines the need for the introduction of protectionist measures is

the presence of industries and their weight in the structure of the economy that require intensive protection from foreign competition.

Protectionist measures can have a dual purpose. Firstly, the state promotes the growth of competition in those areas and industries where the capabilities of national producers are comparable to the potential of foreign economic players or due to the absolute backwardness of domestic sectors, the further development of which is impossible without attracting the experience, technologies and funds of foreign manufacturers. Secondly, the state blocks access to those spheres and industries that, on the one hand, are not ready for competition, but, on the other hand, whose activities are directly related to the needs of ensuring national security in general and economic security in particular. Such dialectical unity is able to initiate the processes of sustainable national development [1].

We can agree that the fundamental conditions for the implementation of the above goals are the concentration of efforts of government institutions in supporting industries with high added value, which can potentially be independently represented on world markets or as part of global value chains.

Table 1.2 - Theoretical approaches to the definition of the term protectionism

№	Author	Definition
1	B. A. Kormich	protection of the national industry from foreign competition by means of import duties, quantitative restrictions and other non-tariff measures on foreign goods
2	V. V. Bozhkova, D. S. Bozhkov	The policy of protectionism, although aimed at restricting international trade, nevertheless contributes to the support and development of the national producer.

3	Wen-Ching Wu	Protectionism refers to economic policies that impose restrictions on imports in order to isolate domestic producers from foreign competition.
4	Regina Adele Ngono Fouda	Country protectionism means protecting domestic industries or industries that are emerging (until they are large enough to achieve economies of scale and strong enough to compete on the international stage), producers and consumers.

According to O. A. Harun, protectionist policy can be implemented in the following ways: restraint of imports of highly competitive foreign products; stimulation of exports of domestic products [] With this understanding, it can be seen that the restraint of imports allows expanding the time horizons for local manufacturers of such products and ensuring the technological modernization of production capacities. Export stimulation through government support allows national competitive goods to increase their presence in foreign markets. On the other hand, protective instruments restrain the development of competition in the domestic market, increasing asymmetries and limiting incentives for development.

Complementing the above, G. P. Gonchar determines that protectionist policy measures should be carried out in two strategic directions:

1) promoting the development of foreign trade through the growth of exports, selective restriction of imports and rationalization of their geographical and commodity structure;

2) stimulation of the development of the national economy, primarily its real sector [].

From our positions, it is important in this list of areas to focus on stimulating measures for the development of the real sector of the economy with the dosed use of export-import instruments, which have become a source of

economic development of individual countries and territories, such as, for example, the "Asian tigers" (South Korea, Singapore, Taiwan, Hong Kong).

Based on the traditional classical approach to dividing protectionist measures into tariff and non-tariff measures, it should be noted that the implementation of these instruments in the foreign trade policy of countries has undergone significant transformations in recent economic history, in which the role of tariff measures has significantly decreased. This is connected, first of all, with the activities of the GATT-WTO institutions and the gradual reduction of tariff protection of domestic markets, and secondly, with the intensification of integration processes between countries and the formation of trade blocs at the level of the customs union and above.

Also, as the researchers note, the factors of protectionism have changed: the WTO has limited tariff protection to the level of "tying", which covers more than 95 % of the tariff lines of the member countries, and also determined the general liberalization direction regarding the use of tariffs in the practice of regulating countries' foreign trade []. Accordingly, we agree that open markets and a low level of tariff regulation have proven their economic efficiency, stimulating the development of international production networks and the transnationalization of the world economy.

However, the tendency to weaken the role of the customs and tariff component in the system of foreign trade relations led, on the one hand, to a decrease in barriers to free trade, on the other hand, to the loss of the fiscal component of filling state budgets and the regulatory and protective impact of the application of the customs tariff. The last two factors, taking into account the danger and threats to the economy, "turned on" its defense mechanism: the economic system compensates the fiscal component of the duty by creating additional taxes (in particular, value added tax), and the regulatory system – by developing new, not always market, components of the protection of the national

market (neo protectionism) []. We proceed from the fact that the use of the protective mechanism by various integration groups and individual states creates additional barriers to commodity flows, significantly restraining and reducing their competitiveness. Given the likely economic recession caused by the COVID-19 pandemic and Russia's military invasion of Ukraine, the economic consequences for countries' foreign trade due to the imposed restrictions may increase significantly.

According to Shlyakhova Y.V., along with the globalization of the world economy, there is a development of dualism of processes: on the one hand, trade liberalization continues, on the other hand, bilateralism becomes an instrument of preferential trade agreements. Under these conditions, such factors as historical ties, geographical proximity, convergence of national interests, similarity of origin of political parties and interconnection of peoples are decisive for successful bilateral foreign trade cooperation [].

Thus, despite the predominance of one or another approach in the formation of current and strategic trade policy, the interest of governments in international trade cooperation remains at a high level and forms the priorities of interaction at the bilateral and multilateral levels.

From our positions, it is also advisable to pay attention to the study of the impact of domestic policy on foreign trade efficiency. This has significant scientific potential due to the fact that most developing and least developed countries need significant improvement of domestic policy in terms of its compliance with modern economic realities and technological modes. For example, the development of human potential appears as an essential factor in the development of the economic system and a condition for its competitiveness at the international level, which is quite often not taken into account in strategic government documents or remains at the declarative level.

According to O. I. Struk, the main goal of forming an effective institutional environment is not improved institutions as such, but those positive economic phenomena that will be the consequences of the functioning of strong and transparent institutions (increasing investor confidence in the country, a favorable investment climate, increasing competitiveness and gross profit). Only under the conditions of a favorable institutional environment it is possible to effectively implement an export-oriented strategy and, as a result, achieve economic development of the state [1].

The implementation of the principles of economic diplomacy is carried out by subjects at the international and national levels. In addition to the state ones, there are ministries of foreign affairs, ministries of economy, finance, defense, agro-industrial complex, etc. – local authorities, regional associations, non-governmental organizations, industrial and trade associations, firms and individual businessmen are also involved in this. The ability of economic diplomacy to work in an anticipatory mode, to provide a political reserve for the promotion of economic interests is of great importance [1].

Increasing competitive pressure on developing countries and countries with transformative economies increases the expediency of forming a comprehensive foreign trade strategy, which will be formed on a regional basis and structured in accordance with the economic, social, cultural characteristics of a particular region.

Leading scientific schools have formed a fairly broad terminological apparatus for determining the foreign trade strategy of the state, as well as directions and tools for stimulating trade cooperation between countries, with the help of which it is possible to change the sectoral structure of the economic system of the state in order to achieve economic growth based on the optimization of economic mechanisms and labor productivity.

As for domestic scientists, most of the works are devoted to the definition of problems, prospects and possible directions of cooperation of Ukrainian enterprises in the trade and economic sphere with the countries of the Middle East [].

Accordingly, such attention of domestic and foreign researchers indicates the importance of the region in international economic relations as a whole, and in the formation of trade cooperation between countries directly.

The study of the peculiarities of the formation of approaches to trade cooperation between countries will not be complete without defining methodological approaches to the assessment of trade cooperation.

1.3. Methodical Approaches to Evaluation Trade Cooperation between Countries

The intensive development of world economic relations remains an integral part of the modern world economy. Foreign trade activity is turning into the most important factor of economic development, which is manifested in an increase in the volume of international trade turnover, liberalization of trade relations, active participation of countries in the processes of international economic integration. Under these conditions, qualitative systematic studies designed to analyze the current state, trends and structural changes of national economies under the influence of foreign trade are of particular relevance. Conducting such studies requires the availability of objective statistical data and appropriate methodological support.

A common point of view has not yet been formed among domestic and foreign scientists both on the methods of assessing international trade cooperation and on the list of relevant indicators.

Vichevych A.M. and Maksymets O.V. distinguish the following indicators of foreign trade analysis []:

- absolute indicators (volume of foreign economic turnover, volume of imports (re-imports), volume of exports (re-exports), balance: trade balance, balance of current operations, balance of services);
- relative indicators (balance sheet index, index of export and import dynamics, coefficient of import dependence, index of "terms of trade", index of export concentration);
- indicators of the structure of trade (commodity structure of exports and imports, index of export diversification, regional structures of exports and imports, index of geographical concentration of exports and imports);
- indicators of trade intensity (volume of exports and imports, foreign trade turnover per capita);
- efficiency indicators (economic efficiency of exports and imports, efficiency of foreign trade turnover, budget efficiency of exports and imports, effect of the state budget from foreign trade exchange).

Kramarev G. V., Shlykova V. O. and Levanda O. M. analyzing the foreign trade activity of Ukraine use three groups of indicators []:

- dynamics of the main quantitative indicators of the characteristics of foreign trade (export volumes, import volumes, foreign trade balance);
- structural shifts in foreign trade (changes in the structure of exports and imports, changes in the geographical structure);
- the structure of foreign trade by regions (export, import, balance (of foreign trade)).

Considering foreign trade activity through the prism of economic security, A. V. Chesnokov developed and proposed the author's model for assessing

foreign economic security, which includes a set of indicators, namely: the coefficient of openness of the national economy, the integral coefficient of coverage of imports by exports, the coefficient of coverage of imports by exports of goods, the coefficient of coverage of imports by the export of services, the export quota, the import quota, the coefficients of Grubel-Lloyd and Balass, as well as integral coefficient of foreign economic security of the state based on the assessment of the weighted average rating of coefficients. The integral indicator proposed by the author reflects the state of Ukraine's foreign economic activity with different groups of countries and makes it possible to determine the priority of foreign economic activity by different groups of countries or other subjects of international economic relations [].

In the study, M. Kalashnyk cites the following groups of indicators for the analysis of international trade relations []:

1. Volume indicators (import, export, volume of foreign trade turnover, volume of re-export and re-import).
2. Indicators Structure International Trade Relations (geographical, commodity, institutional structure).
3. Indicators of the dynamics of trade relations (growth rates and growth of foreign trade turnover, imports and exports).
4. Indicators of the effectiveness of international trade relations (trade balance, balance of the balance of services, volumes of imports, exports and turnover per capita, import, export and foreign trade quota).

It should be noted that the above approaches to assessing foreign trade relations do not use international trade indices, which are recognized and used at the level of leading international institutions, in particular UNCTAD, IMF and the World Bank. Among the wide list of such indices characterizing the qualitative parameters of trade between countries, the following should be noted: the index of foreign trade intensity (TII), the index of detected comparative

advantage (RCA), the index of intra-industry trade (GL), the index of complementarity of trade (TCI) and the index of trade specialization (TSI). The use of these indices provides an opportunity to assess not only the quantitative, but also the qualitative dimension of international trade relations, to identify negative trends and to determine promising directions for the development of trade cooperation between cranes.

The Trade Intensity Index (TII) characterizes the intensity of trade flows between countries in comparison with their positions in world trade. TII is used mainly to analyze the level of mega-regional trade, as an indicator of the efficiency of trade turnover, or to determine the level of consistency and stability of trade relations between countries []. The trade intensity index is defined as the share of exports of country i to country j of the total exports of country i and the share of exports directed to country j to the total volume of world exports. The calculation of TII is carried out according to the formula 1.1:

$$TII_{ij} = \frac{x_{ij}/X_i}{x_{wj}/X_w} \quad (1.1)$$

where, i and j are the countries that are the object of bilateral trade analysis; x_{ij} is the total volume of exports from country I to country J ; x_{wj} total exports to country j ; X_i is the total export volume of the country i ; X_w is the total volume of world exports. Thus, the trade intensity index reflects the ratio of exports of country i to country j with the total volume of exports of other countries to country j . If the share of exports of country i to country j is higher than the share of country i in world exports, then trade between these countries can be considered intensive.

TII can be valued from 0 to $+\infty$. If the index value is 1, it means that country i exports a certain amount of goods to country j , based on its share of

exports in the world market. If the index is greater than 1, then trade flows are higher than would be expected given the country's position in the world economy, i.e. country i exports to country j . In relation to the whole world, there are more goods. This can be an argument in favor of deepening trade cooperation and creating a free trade zone. If the value is less than 1, then it is considered that countries do not sufficiently realize their trade potential, and the intensity of trade is at a lower level than could be expected [1].

One of the key tasks of the analysis and evaluation of international trade cooperation is to identify promising sectors of the national economy that have competitive advantages in foreign markets. An important stage of such analysis is the ranking of individual commodity products according to the degree of comparative advantages in international trade. Quantitative measurement of comparative advantages is carried out using the corresponding index (Revealed Comparative Advantages – RCA), the essence of which is to determine the level of competitiveness of individual product groups and export specialization of countries in the world market. This index, which is also called the Balassa index, which is calculated as the ratio of exports of a particular country of a particular commodity group in the total volume of exports of this country to the share of this commodity group in the total volume of world exports. Thus, the relationship between a certain specialization of one country and, accordingly, the specialization of another country is determined. The index is calculated according to the formula 1.2 [1]:

$$RCA = \frac{x_{ij}/X_j}{x_{wi}/X_w} \quad (1.2)$$

where x_{ij} is the volume of exports of country j in commodity group i ; X_j is the total export of the country j ; x_{wi} is the volume of world exports in commodity group i ; X_w is the total volume of world exports. The existence of a country's comparative advantages in the export of a certain commodity group is

shown by the value of the RCA index greater than 1. If the index is less than 1, this indicates the absence of comparative advantages, that is, that the country exports less goods of this group than the world average.

In the context of determining the prospects for the development of trade cooperation between partner countries, the use of the RCA index allows comparing their profiles and making informed decisions on the feasibility of trade in certain groups of goods. Thus, the presence of significant index values for similar groups of goods in both countries indicates the similarity of specialization of export potential and the inexpediency of expanding and deepening existing trade relations.

Among the disadvantages of using the index of identified competitive advantage, it is noted that it may not reflect the real competitiveness of a certain group of goods, which is distorted under the influence of the state's foreign trade policy (granting subsidies, tax benefits, etc.) [].

The indicators we have considered, despite a number of limitations, are quite meaningful and informative, which allows us to conclude that it is necessary to use them in the process of analyzing the existing potential of foreign trade relations between countries. The inclusion of a set of the above indices in the algorithm for assessing bilateral trade cooperation will allow to obtain reasonable conclusions not only about the qualitative characteristics of its current state, but also about possible prospects for further development of mutually beneficial cooperation.

We have proposed our own algorithm for assessing trade cooperation between the two countries and a list of relevant indicators (Table 1.3).

Table 1.3 - Algorithm for assessing bilateral trade cooperation between countries

Evaluation stage	Evaluation Indicators
1. Analysis of the volume, structure and dynamics of bilateral trade	<ol style="list-style-type: none"> 1. Volume of exports (re-exports), imports (re-imports) and foreign trade turnover between countries. 2. Absolute and relative changes in foreign trade turnover. 3. Dynamics of exports, imports and changes in their share. 4. Indices of physical volume and terms of trade. 5. Commodity structure of exports, imports and foreign trade turnover between countries. 6. Export concentration index.
2. Analysis of the effectiveness of trade relations	<ol style="list-style-type: none"> 1. The share of the partner country in foreign trade turnover. 2. Trade balance. 3. Balance of services balance. 4. Volumes of imports, exports and turnover per capita. 5. Import, export and foreign trade quota
3. Analysis of relative parameters of trade relations	<ol style="list-style-type: none"> 1. The share of the partner country in foreign trade turnover. 2. Import Coverage Factor by Export. 3. Foreign Trade Intensity Index (TII). 4. Export and import similarity indices. 5. Regional Orientation Index (RP). 6. Comparative Advantage Index (RCA). 7. Trade Complementarity Index (TCI). 8. Index of Sectoral Specialization of Trade (TSI). 9. Intra-Industry Trade Index (IIT).

In our opinion, the combination of the above indicators provides a comprehensive assessment of the quantitative and qualitative parameters of trade relations, the result of which is the identification of the potential for the development of bilateral trade, as well as

"bottlenecks" that create obstacles to its implementation. With certain modifications to the list of indicators, the algorithm can also be applied to a group of countries.

It should be noted that the assessment of trade cooperation between countries is not limited only to the calculation of relevant indices, but also involves the use of more complex methods of analysis.

One such approach is the method of gravitational modeling, which has been formulated and used by researchers since the 1960-s. The description of the method is as follows: the strength of interaction between economic entities (integration entities, countries, regions, etc.) is directly proportional to the product of the indicators of their significance (economic potential) and inversely proportional to the distance between them [1].

For example, the calculated parameter of GDP in a gravitational equation estimated in logarithms is the elasticity of trade to GDP, which indicates a percentage deviation in trade after a 1% increase in GDP [1]. The use of gravitational models makes it possible to determine the influence of individual variables on trade cooperation of countries, among which may be the number of population, GDP per capita, exchange rates, national savings, etc.

Cluster analysis allows you to take a comprehensive approach to solving the problem of the correct grouping of countries. Cluster analysis is a set of models and methods for aggregating (combining) rows of a data matrix. A cluster is a cluster of points-objects in the space of variables (columns of the data matrix). The purpose of cluster analysis is to divide objects into relatively homogeneous clusters, based on the considered set of variables, in such a way that similar, close, and distant objects fall into different clusters [1].

The following data were selected for cluster analysis as part of our study:

- foreign trade turnover;
- trade balance;
- share of exports to the country in the total volume of exports of Ukraine;

– the share of imports from the country in the total volume of imports of Ukraine;

– trade intensity index.

Also, in the context of our study, it is advisable to pay attention to the concept of benchmarking. Benchmarking in public administration is a set of actions for comparative analysis of indicators of territorial development, identification and assessment of the main factors influencing the effectiveness of managerial decisions, in order to identify reserves for increasing the level of economic and social development of territories [97].

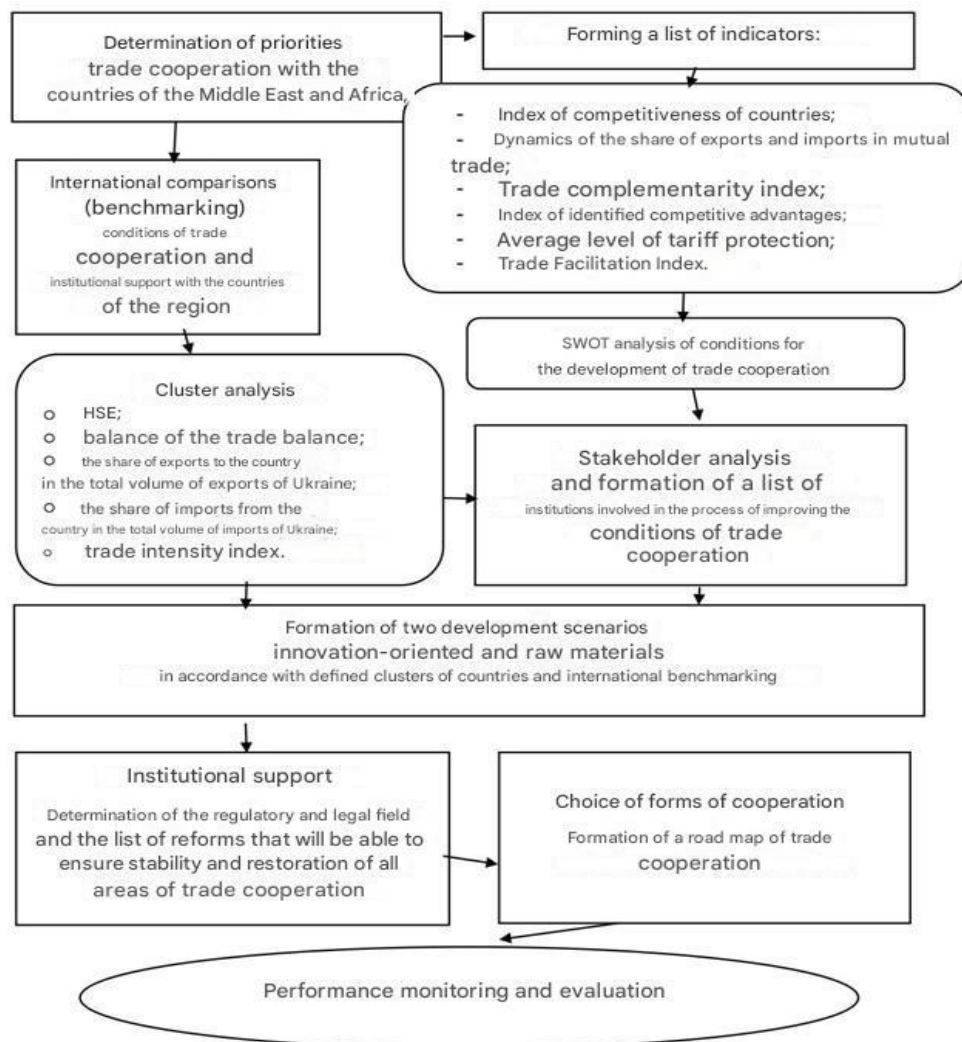


Fig. 1.3- A comprehensive model for evaluating trade cooperation

The given system for determining the effectiveness of trade cooperation will allow not only to conduct a comprehensive assessment of the level of cooperation, but also to monitor the effectiveness of the proposed measures on this basis.

Generalization of the experience of studying and researching trade and economic cooperation between countries confirmed the relevance of this direction, which has significant potential and acquires significant importance in the current historical period of Ukraine's development. The proposed methodology will allow us to form a toolkit for stimulating foreign economic cooperation and maintaining existing ties between countries.

Conclusions to Chapter 1

1. The development of globalization processes contributed to the intensification of manifestations of trade cooperation between countries. Strengthening cooperation and integration processes have become factors of effective development of the countries of the world and contribute to obtaining competitive advantages at the regional and global levels. The formation of trade relations and cooperation was carried out throughout the historical development of mankind and attracted the attention of researchers from different countries.

2. Classical and modern theories of international trade covered the processes of trade cooperation and their effectiveness at the macro and micro levels. The paper analyzes and systematizes the main approaches to defining the concepts of "international trade", "foreign policy".

It is proposed to use a state-political approach to understanding the essence of international trade, which reveals the features of exchange relations at the level of individual states.

3. The institutional basis of trade cooperation is formed at three levels: national, international (interstate), global. The features and features of trade cooperation between countries at each level have been studied.

4. Based on the study of the main indicators, an algorithm for assessing trade cooperation of countries is proposed, which will include the following stages: analysis of the volume, structure and dynamics of bilateral trade, analysis of the effectiveness of trade relations, analysis of qualitative parameters of trade relations, which will provide a comprehensive assessment of quantitative and qualitative parameters of trade relations and identify the potential for the development of bilateral trade, as well as "bottlenecks" that create obstacles to its implementation.

CHAPTER 2. STATE AND TRENDS OF TRADE COOPERATION BETWEEN UKRAINE AND THE COUNTRIES OF THE MIDDLE EAST AND AFRICA

2.1. Development of trade cooperation between Ukraine and the countries of the Middle East and Africa

In the context of transformational changes, reinforced by the global pandemic that began at the end of 2019 and the armed attack of the Russian Federation on Ukraine on February 24, 2022, the strategic confrontation between the leading countries in world trade is increasingly leading to decentralization processes in international economic relations and fragmentation of production networks. Given that the restrictive measures taken in response to trigger events stimulated a decrease in the number of interactions, and led to significant economic costs in the current and future periods, governments and non-governmental organizations need to continue the policy of maintaining the liquidity of economic entities to ensure a gradual recovery of the economy while stabilizing the macroeconomic situation.

This opens up opportunities for the development of trade relations not only with already established partners, but also for the establishment of ties in new areas. Under these conditions, the institutional system of ensuring foreign trade, which is represented by a system of interacting governmental and non-state institutions, is a priority task of the economic policy of most countries of the world.

According to the study "Prospects for Ukraine's Entry into the Markets of Emerging Countries", the following global factors will have the greatest impact on the change in foreign trade vectors:

- income growth and the corresponding evolution of consumer preferences of the population of developing countries.
- cultural globalization, which leads to the unification of consumer preferences and the "export" of the standards of the "consumer society".
- the "low start" of most of the "third world" countries (as well as the inclusion of lower-income countries in this cohort), with the persistence of significant underconsumption, causes in the medium term outstripping the growth rate of demand for food products.
- developing countries should concentrate mainly on catching up with the industrial model – this is prompted by the specifics of growing domestic and external (primarily regional) demand. Meanwhile, industrial development will take place in developing countries in sync with catching up with the "digital divide" [].

Accordingly, the growth of the influence of the above factors in the short-term and long-term horizons of planning Ukraine's foreign economic policy can be embodied in determining an effective export support system and establishing effective support for foreign economic cooperation.

The creation of a modern institutional system that is able to respond effectively to challenges determines the identification of potential markets and their opportunities for expansion. The list of traditional and established areas of trade cooperation of national actors of foreign economic activity requires significant revision. It can be complemented by the growing markets of the Middle East and Africa.

The socio-economic development of the countries of the Middle East has a significant differentiation, but among them three main groups can be distinguished according to the degree of participation in international trade in energy resources: oil exporters, oil developing countries and oil-importing countries. A general trend for the region in recent years has been a gradual

strengthening of economic growth, following the slow growth rates observed in the post-crisis period []. It is advisable to add that the post-crisis recovery in this region may also be at risk due to the conflict caused by the Russian Federation in Ukraine.

Taking into account the territorial location of the markets of the Middle East and Africa and their potential capacity, the strategy of cooperation of the Government of Ukraine with this region should contribute to strengthening mutual trade, including through its institutional support. The importance of this area of cooperation is also evidenced by the data of analytical reports over the past few years. Thus, according to the results of July-December 2020/2021. A total of 6.3 million tons of major grain crops (wheat, barley, corn) were exported from Ukraine to the Middle East. This volume accounts for almost 21% of total exports from Ukraine for the reporting period (30.5 million tons). In addition, the figure is 70% higher than the volume of supplies to the Middle East for the same period of the previous season (3.7 million tons) [].

These goods actually form the basis of the commodity structure of Ukraine's foreign trade with the region, but an urgent issue in the third decade of the XXI century. There will be a need to achieve parity trade in goods and services with high added value. And such parity will be difficult to achieve without improving the institutional support of Ukraine's foreign trade.

Taking into account the peculiarities of the region due to historical, political, cultural factors that influenced its development, it is advisable to study the approaches of international organizations to the classification of the countries of the Middle East and Africa (the Middle East and North Africa subregion was chosen in order to increase the effectiveness of research) according to the classification of international institutions (Table 2.1.)

Table 2.1 - Middle East and Africa Country Classification

No	Organization	Quantity	Country
1	Organization for Economic Co-operation and Development (OECD)	20	Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.
2	World Bank	20	Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza Strip, and Yemen.
3	Organization of the United Nations (UN)	19	Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen.
4	European Union (EU)	21	Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Syria, Sudan, Tunisia, Turkey, United Arab Emirates, and Yemen.
5	World Economic Forum (WEF)	20	Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia, Syria, Sudan, Tunisia, Turkey, United Arab Emirates, and Yemen.

The classification proposed by the European Union was chosen as the basis for further research.

According to the Competitiveness Index, which was compiled annually by the World Economic Forum (the last one published in 2020 and dedicated to the COVID-19 pandemic), the largest increase in the index was in pre-pandemic 2019 (the last year of publication of the report) was demonstrated by two regions: the Middle East and North Africa (2.77%), which continues the trend of increasing the role of this region among other developing countries. According to the World Bank, in the period from 2010 to 2021, in the countries of the Middle East and North Africa, this figure was 4.2 % (Fig. 2.1).

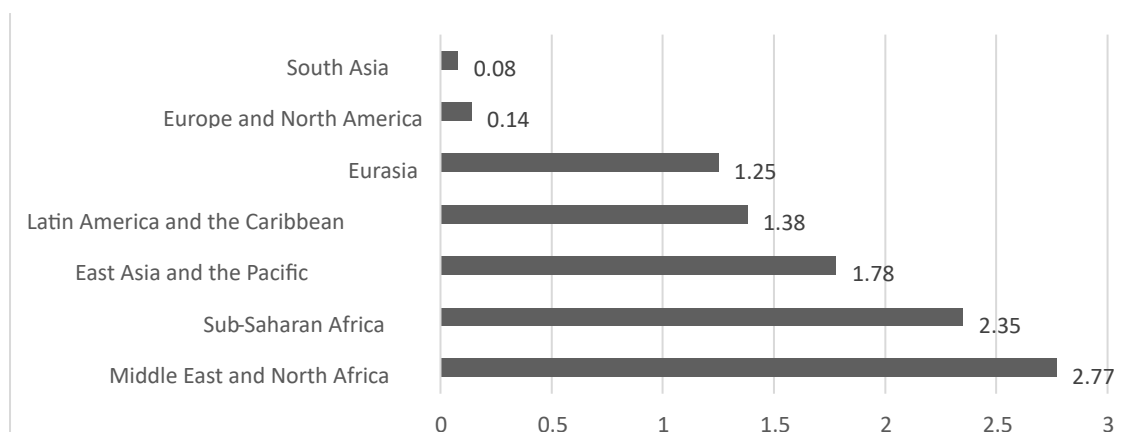


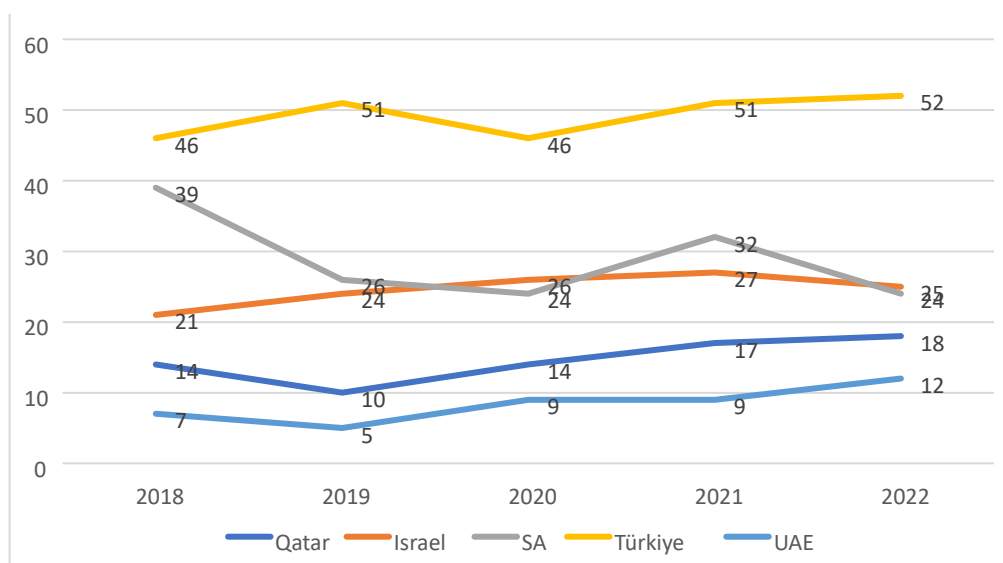
Fig. 2.1- Competitiveness index by regions of the world, changes in 2018-2019, %

Accordingly, the growth of the economic and social potential of these regions forms new economic and social conditions in countries, consolidates their place in global economic processes by including them in value chains, and stimulates the revision of standards and living conditions and changes in the processes of governance of public spheres.

The regional leaders in the Middle East and Africa according to the Competitiveness Index 2019 are the United Arab Emirates (UAE) – 25th place, Qatar – 29th place and Saudi Arabia – 36th place, the last position in this region is occupied by Yemen – 140th place (Fig. 2.2). The basis of economic development of this group of countries is world leadership in the energy sector and the stability of institutions. By expanding the list of industries in the non-energy sector, they are building the knowledge economy, actively creating innovations, and building infrastructure in order to consolidate their place in global trade flows.

The countries of this group differ significantly in their economic and social potentials, but the structure of the economy is mainly agro-industrial. One of the leading trends in the socio-economic development of this region is the rapid pace of urbanization (according to UN forecasts, 6 out of 43 global

cities of the world (with a population of more than 10 million people) will be located in this territory, which will cause changes in consumer preferences and concentration of economic activity in urban agglomerations.



Rice. 2.2- Middle East and Africa Competitiveness Index, 2018-2022

The main goal of the policies of economic development of the countries of the Middle East is the diversification of the economy and the development of regional integration ties, which is associated with high dependence on the export of petroleum products and low rates of development of the domestic markets of the countries [].

African countries are focused on increasing participation in international intraregional trade (as evidenced by the creation of the African Continental Free Trade Area, the ratification and implementation of which will significantly increase the capacity of domestic markets of countries), but in their export strategies they are mainly focused on increasing the export of raw materials and semi-finished products. Unfavorable conditions for agriculture and low innovation capacity on average across countries create additional

opportunities for the promotion and export of Ukrainian goods to these markets.

Analysis of international trade indicators in developing countries by regions of the world, according to WTO data, indicates the highest growth rates in 2020-2021. In Africa by 30.92%, in the Middle East by 23.06%, respectively, in terms of exports, which demonstrates a significant increase in the contribution of the countries of the region to global trade processes and expansion of economic and trade potential (Table 2.2).

Table 2.2 - Exports of goods in developing countries by region, annual change, %

	2018/2017	2019/2018	2020/2019	2021/2020
World	10,21	-2,66	-7,24	27,15
Developed countries	9,90	-3,02	-6,65	24,44
Eurozone	11,78	-3,65	-8,17	27,62
Transition economies and developing countries	10,07	-1,99	-7,92	31,57
Transition economies and developing countries in Asia	12,82	-2,60	-5,96	33,05
Transition economies and developing countries in Europe	9,80	-0,93	-3,21	26,55
Middle East and Central Asia	2,48	-0,20	-12,44	24,16
Africa	8,67	-0,23	-10,55	30,92
Middle East	0,25	-0,19	-13,01	23,06
European Union	12,07	-3,44	-7,35	27,27
Transition economies and developing countries by export item: fuel	2,46	0,50	-11,20	22,87
Transition economies and developing countries by export item: other goods and services	11,42	-2,39	-7,37	32,97

The share in world exports of the Middle East and Africa also gradually decreased during the period under study. The share in world exports of the Middle East decreased from 3.95% to 3.42%, African countries remained almost unchanged from 2.57% to 2.60%. Also, it is advisable to note that the share of developing countries exporting fuel is gradually decreasing – from 5.58 to 4.83%. The causes of such changes are both the energy transition to new, non-fossil fuels and the likelihood of a global recession and a decrease in demand due to high volatility in the markets (Table 2.3).

Table 2.3 - Exports of goods in developing countries by region, share in world exports, %

	2017	2018	2019	2020	2021	2022
World	100	100	100	100	100	100
Developed countries	62,08	61,91	61,68	62,08	60,75	60,87
Eurozone	24,17	24,52	24,27	24,03	24,11	25,09
Transition economies and developing countries	37,05	37,00	37,26	36,99	38,27	37,96
Transition economies and developing countries in Asia	18,03	18,46	18,47	18,73	19,59	19,28
Transition economies and developing countries in Europe	6,07	6,05	6,16	6,43	6,40	6,32
Middle East and Central Asia	5,53	5,14	5,27	4,98	4,86	4,98
Middle East	3,95	3,59	3,69	3,46	3,34	3,42
Africa	2,57	2,53	2,60	2,50	2,58	2,60
European Union	29,26	29,76	29,52	29,48	29,51	30,52
Transition economies and developing countries by export: fuel	5,58	5,19	5,36	5,13	4,96	4,83
Transition economies and developing countries by export: other goods and services	31,47	31,81	31,90	31,86	33,31	33,12

Accordingly, the formation of priority areas for the development of foreign trade cooperation of Ukraine creates new challenges for the main actors. The pace of economic and social development of the leading African and Middle Eastern countries indicates the further growth of the markets of these countries and the increase in their role in global economic processes. The study of Ukraine's partners in imports of goods and services shows that the unevenness in relations is a reflection of the place of the national economy in these relations (Table 2.4.)

Table. 2.4 - Ukraine's partner countries in imports of goods and services, 2017-2021, %

	2017	2018	2019	2020	2021
World	24,17	17,18	5,95	-10,87	33,3
PRC	17,80	37,68	20,93	-10,23	12,45
Germany	24,97	10,86	0,14	-10,99	33,02
Poland	27,11	6,19	12,87	-0,44	44,63
USA	46,58	19,67	2,61	-2,99	57,77
Türkiye	13,57	37,22	37,36	2,24	65,64
Italy	18,19	26,47	2,15	2,42	67,93
France	-6,41	3,09	11,94	-10,73	41,32

The trade balance is negative and tends to grow both with the world as a whole and with the main trading partners, including: the EU, China, Germany, Poland. Only one country from the list below is positive, and this is one of the countries of our target region (Table 2.5).

Table 2.5 - Trade balance of Ukraine by individual partner countries (million US dollars)

	2017	2018	2019	2020	2021
World	-6 377,62	-9 904,07	-10 595,65	-4 690,32	-4,092,540
PRC	-3 531,17	-5 403,71	-5 601,95	-1 137,24	-2,645,342
Germany	-3 665,31	-3 774,76	-3 608,13	-3 260,31	-3,278,155
Poland	-707,65	-377,04	-806,03	-809,56	84,311
USA	-1 673,46	-1 854,58	-2 060,53	-1 965,81	-1,860,170
Türkiye	1 257,33	638,17	264,32	27,89	845,734
Italy	741,03	597,70	344,13	-199,48	621,470
France	-1 022,62	-935,97	-1 052,75	-876,39	-879,663

Identification of the features of stimulating trade cooperation between Ukraine and other countries provides for the determination of the main indicators that characterize trends in the foreign trade of the state (Fig. 2.3.).

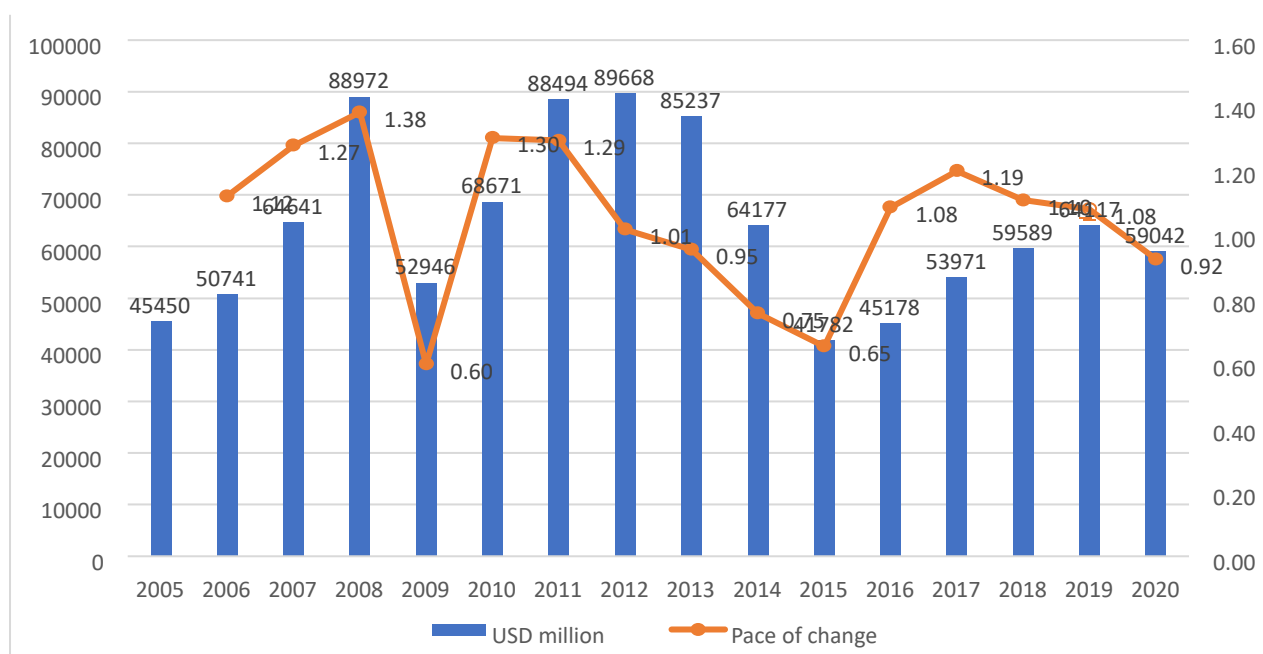


Fig. 2.3 - Dynamics of exports of goods and services from Ukraine from 2005 to 2021 (million US dollars)

As we can see from the above data, the dynamics of exports of goods and services from Ukraine during the period from 2005 to 2012 had a general

upward trend. Thus, compared to 2005, the value of this indicator in 2019 increased by 98%. However, for the period from 2012 to 2015, the volume of exports from Ukraine decreased by 102%, which is due to the consequences of the economic crisis.

In 2016-2019, there was a tendency to stabilize exports from Ukraine and their gradual growth. In 2017, compared to the previous year, exports from Ukraine increased by 19.0%, in 2018 – by 9.4%, in 2019 – by 5.7%. Meanwhile, in 2020, exports of goods and services decreased by almost 8% compared to 2019 [].

And this is a consequence, in our opinion, of a reduction in business activity in the context of a global pandemic.

As demonstrated by the indicators of exports of goods and services by the main trading partners for 2018-2022, the formation of export destinations in Ukraine has a trend diversification over the past 5 years (Fig. 2.4.). Only exports to the EU rank first in volumes over the past 5 years, and accordingly in the infographic depicted.

According to the results of the analysis of the data given in figure 2.4, it should be noted that the stable share of Turkey, Egypt, Israel, the UAE, Saudi Arabia and Iraq among the main consumers of Ukrainian goods and services.

Diversification of export market reflects changes in Ukraine's export products. Traditionally share of agricultural goods and ferrous metals in exports to these countries coincided, covering approximately 40-45%.

Meanwhile, it should be noted that in the structure of Ukrainian exports to the countries of the Middle East there are almost no innovative goods [].

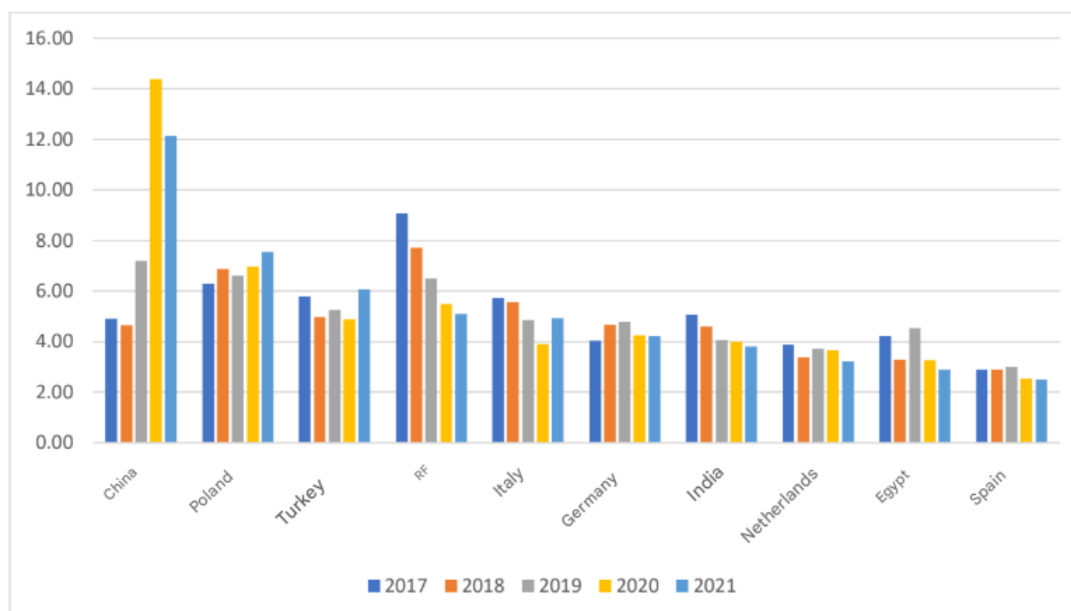


Fig. 2.4 - Main trade partners of Ukraine in the export of goods and services, %

Meanwhile, in the process of developing and substantiating areas of cooperation with the countries of the Middle East and Africa, it is necessary to take into account that, firstly, the consequences of the global pandemic, and secondly, the spread of political conflicts over the past two years, which periodically turn into military confrontation in the region (Muslim Brotherhood, ISIS, Al-Qaeda, Taliban, Hamas, etc.) can have a deeper and more lasting impact on the economies of the countries of the region, than previous recessions. This is because the unique features characteristic of the global shock caused by the pandemic were superimposed on long-term vulnerabilities in the region. Thus, a significant share of the service sector (including tourism) in the economies of the countries of the region, the deterioration of the balance sheets of enterprises, limited opportunities to work remotely and dependence on remittances can seriously restrain the prospects for recovery.

As a result, the region is projected to have a real GDP value of 4.8% at the end of 2022. This is 1% lower compared to the previous year 2021. With the global economic recovery at a moderate pace, the risks of deterioration prevail, while the pandemic and military conflicts continue to add to the region's challenges. In the Ukrainian economy, according to preliminary forecasts, GDP is expected to fall by up to 33% at the end of 2022, according to the NBU [1].

It should be noted that economic factors of national interests are always present in the current foreign policy priorities of all countries of the world, since they are a source of well-being of citizens, ensure the development and prosperity of the state. Therefore, the strategy of expanding sales markets and effectively supporting domestic business abroad should be constantly updated.

As for the trade balance with the countries of the region, it is positive, the growth of exports to most countries in 2021 (base year 2017) averaged more than 50% (Table 2.6). In 2021, the total volume of exports to the countries of the Middle East and North Africa amounted to USD 11.3 billion, which decreased by USD 3 million compared to 2017. There is a rapid increase in exports compared to 2017 to Qatar (231.35%), Yemen (638.39%), Oman (439.77%), Libya (105.27%), Israel (17.62%). The largest importers of Ukrainian products in 2021 were: Turkey (3.9 billion US dollars), Egypt (1.9 billion US dollars), Saudi Arabia (779 million US dollars), Israel (711 million US dollars).

The main trading partners in 2021, as mentioned above, are Egypt, Turkey, Israel, Morocco, Saudi Arabia with trends towards an increase in trade turnover. According to NISS experts, further increase in economic presence should take place primarily in priority areas, which are determined by the criticality of local needs and the availability of appropriate potential in

Ukraine. In other words: export as many goods/services as possible, import as few problems as possible [].

The purpose of Ukraine's cooperation with the countries of the Middle East and Africa is trade cooperation with further expansion of export-import positions and the creation of sustainable economic, diplomatic and social ties between the countries.

Table 2.6 - Export to the Middle East and Africa in 2017-2021, thousand USD

	2017	2018	2019	2020	2021	in % to 2017
Türkiye	2 513 563	2 352 353	2 617 099	2 416 037	3 999 618	59,12
Egypt	1 831 539	1 556 938	2 254 076	1 618 057	1 909 978	4,28
Saudi Arabia	517 619	749 020	606 300	718 900	779 546	50,60
Iraq	479 480	644 038	584 012	596 904	686 667	43,21
Israel	605 100	579 994	620 076	563 069	711 704	17,62
UAE	384 773	486 155	524 951	434 970	516 974	34,36
Tunisia	289 570	392 009	362 586	414 788	386 055	33,32
Morocco	221 306	363 208	294 070	357 095	520 873	135,36
Algeria	535 886	390 648	580 607	356 096	410 228	-23,45
Libya	207 049	325 667	316 891	327 835	425 007	105,27
Lebanon	427 140	404 840	372 125	327 273	386 038	-9,62
Jordan	153 943	158 513	154 402	158 613	193 812	25,90
Qatar	42 318	59 932	71 693	129 210	140 219	231,35
Oman	33 991	59 116	79 459	85 065	183 473	439,77
Kuwait	20 319	15 068	34 695	36 303	38 151	87,76
Bahrain	4 669	14 402	12 390	8 221	6 253	33,93
Palestine	21,884	24,164	27,294	26,300	21,729	-0,71
Sudan	72,077	45,390	55,094	65,870	53,027	-26,43
Yemen	31,786	114,154	136,715	172,703	234,705	638,39

Accordingly, taking into account Ukraine's position in the world economy and its geographical location, the integration of our country into the EU also

provides for the creation of additional opportunities for the development of economic relations with other countries and regions of the world. Therefore, it is the economic direction of the countries of the Middle East and Africa that is seen as a priority for the following reasons:

1. The Middle East and Africa are important for the European Union as a growing market and supplier of products, including competitive high-tech products, as well as a region of profitable investments. In this context, the geographical location allows us to consider Ukraine as an important transit center ("hub") in the system of economic relations between Europe and the Middle East and Africa.

2. From the point of view of the strategy for the development of foreign economic relations, it should be taken into account that the market of the countries of the Middle East and Africa is important not only in itself, but also as a potential platform for exit (consolidation of Ukraine's positions) in neighboring directions, namely:

- Central and Central Asia;
- African (through Egypt);
- American (through the countries of the Persian Gulf).

3. The countries of the Middle East and Africa, due to their rapid economic development, are increasing their status in the international economic arena. This determines the long-term prospects for entering the market of the region for domestic producers.

4. As a result of the analysis of the terms of trade of Ukraine with other markets of the world in 2019-2020, it was determined that the ratio of import coverage by exports in the Middle East is 2.6, which is 2.5 billion rubles in absolute figures. It was also determined that Ukraine does not have a negative balance of foreign trade with any of the countries that are part of this region, and this has a positive effect, first of all, on the balance of payments and on GDP.

2.2. Regional features of the formation of trade relations between Ukraine and the countries of the Middle East and Africa

The conditions and factors of individual development of each of the countries of the Middle East and Africa lead to the formation of its own trajectory for the development of trade relations with Ukraine. In order to determine the prospects and strategic priorities in the formation of relations with these countries, it is necessary to conduct a comparative analysis of trade cooperation with each of them.

As it was noted in the first section of the dissertation, the level of development of bilateral trade cooperation is determined, among other things, by indicators of trade intensity. The indicators of the current state of trade flows and the structure of trade are the corresponding indices and coefficients. The calculated indices can be used not only for the purpose of primary analysis of trade relations, but also when making decisions on the country's trade policy. These indicators also make it possible to determine the feasibility of developing cooperation in separate, most promising industries.

The analysis of the volume of mutual trade between Ukraine and the countries of the Middle East and Africa for the period from 2000 to 2020 indicates an increase in its share (Fig. 2.5).

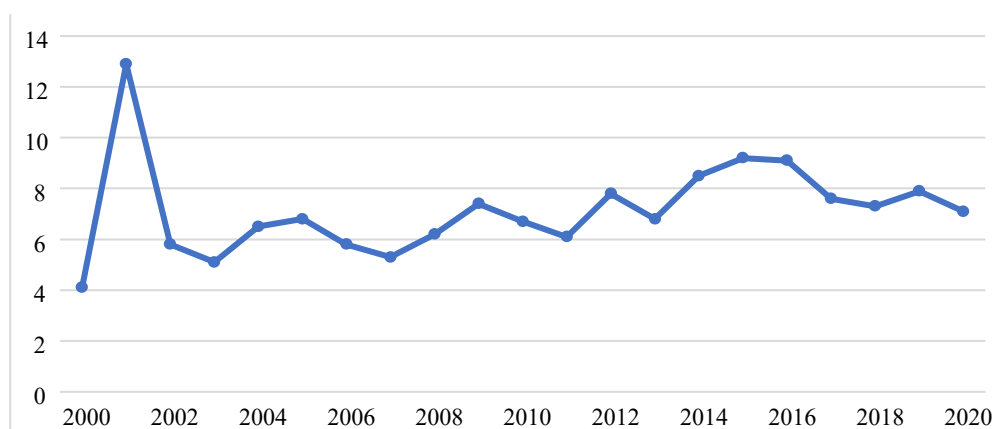


Fig. 2.5 - Dynamics of the share of mutual trade in goods and services between Ukraine and the countries of the Middle East and Africa, %

It is important to analyze the trade balance between these countries, the calculations show a positive situation regarding the development of trade relations, since exports from Ukraine exceed imports from most countries (Table 2.7), while in general the balance of trade of Ukraine is negative.

Table 2.7 - Trade balance of Ukraine with the countries of the Middle East and Africa, thousand US dollars

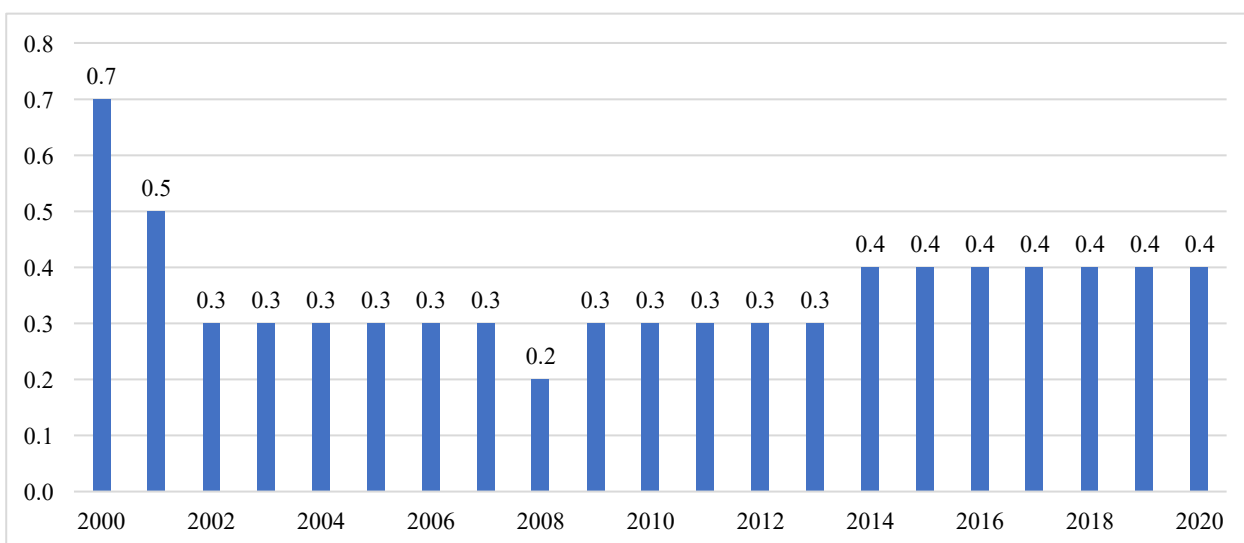
Countries/Years	2000	2005	2010	2015	2020
Algeria	136325,4	613315,1	154473,1	188550,8	350097,1
Bahrain	0,0	5857,2	2186,7	664,4	7809,1
Egypt	0,0	765435,3	1243811,1	2024171,4	1536850,1
Yemen	0,0	28246,4	0,0	14689,0	172486,4
Jordan	36828,4	171296,2	497872,9	131056,4	174930,0
Israel	43933,0	227744,3	376107,9	427121,2	392480,4
Iraq	0,0	83104,2	344538,5	472495,4	597331,2
Iran	30015,6	558823,5	980833,6	503053,9	210627,1
Qatar	798,9	12850,3	10274,7	7637,7	124067,5
Kuwait	0,0	16026,5	22402,2	6870,1	35485,2
Lebanon	86236,3	100548,2	1029083,5	298824,7	323007,4
Libya	0,0	62814,9	201128,5	182646,8	285862,4
Morocco	0,0	123331,8	94305,5	184020,9	281029,1
UAE	0,0	335310,5	226391,2	244159,7	378151,8
Oman	33028,3	47444,8	15245,9	22075,6	62755,7
Palestine	0,0	0,0	1467,1	13667,2	26299,2
Saudi Arabia	27732,6	383444,4	607189,8	616602,8	617139,8
Syria	0,0	648437,4	602247,0	128042,4	-6143,6
Tunisia	22747,5	186359,4	228376,3	325026,0	401899,3
Türkiye	1039,801	1419,022	1728,319	1920,015	4,322
Sudan	13,677	51,173	96,291	74,986	63,522

The largest quantitative excess of Ukrainian exports over imports in 2020 was observed in trade with Egypt, Israel, Saudi Arabia, and Tunisia. The value of the coefficient less than 1 in 2020 was only for Malta and Syria – 0.6 and 0.4, which indicates a negative trade balance (Table 2.8).

Table 2.8 - Import coverage ratio by exports in 2017-2021

	2017	2018	2019	2020	2021
Türkiye	1,99	1,37	1,12	1,00	1,27
Egypt	23,80	16,09	19,92	20,04	13,18
Saudi Arabia	2,83	4,01	3,47	7,06	4,41
Iraq	2708,93	29274,45	9573,97	2065,41	5364,59
Israel	3,61	2,73	3,01	3,30	3,36
UAE	6,49	6,14	6,52	7,14	6,33
Tunisia	22,87	16,61	19,10	32,13	9,22
Morocco	5,67	8,49	2,92	3,98	4,15
Algeria	96,16	19,16	43,24	49,56	9,16
Libya	1882,26	3072,33	101,70	7,81	2,89
Lebanon	183,80	145,10	118,32	76,59	87,72
Jordan	16,60	11,80	7,89	25,89	25,44
Qatar	3,78	7,16	9,76	17,13	8,05
Oman	6,49	8,37	8,24	3,77	11,12
Kuwait	11,76	2,88	4,31	46,25	18,92
Bahrain	81,91	42,36	38,96	20,60	12,97

To characterize the intensity of trade flows between countries in comparison with their positions in world trade, the Trade Intensity Index (TII) was calculated (Fig. 2.6).

**Fig. 2.6 - Index of Trade Intensity of Ukraine with the Middle East and Africa**

The value of the trade intensity index in the Middle East and Africa region as a whole is less than 1, which indicates a low intensity of trade flows, but trade volumes differ significantly by country, so it is advisable to make similar calculations for each of the countries of the region (Fig. 2.7, Annex B).

The highest index value in 2020 is observed for trade relations with Lebanon (TII = 10.3), Egypt (TII = 9.5), Libya (TII = 8.8), Tunisia (TII = 8.1). The lowest trade intensity is noted with Bahrain (TII = 0.2), Syria (TII = 0.3), Kuwait (TII = 0.4).

Characterizing the dynamics of trade intensity by country, it should be noted that for the period from 2000 to 2020. there is a stable growth for Qatar, Morocco, Palestine, Tunisia.

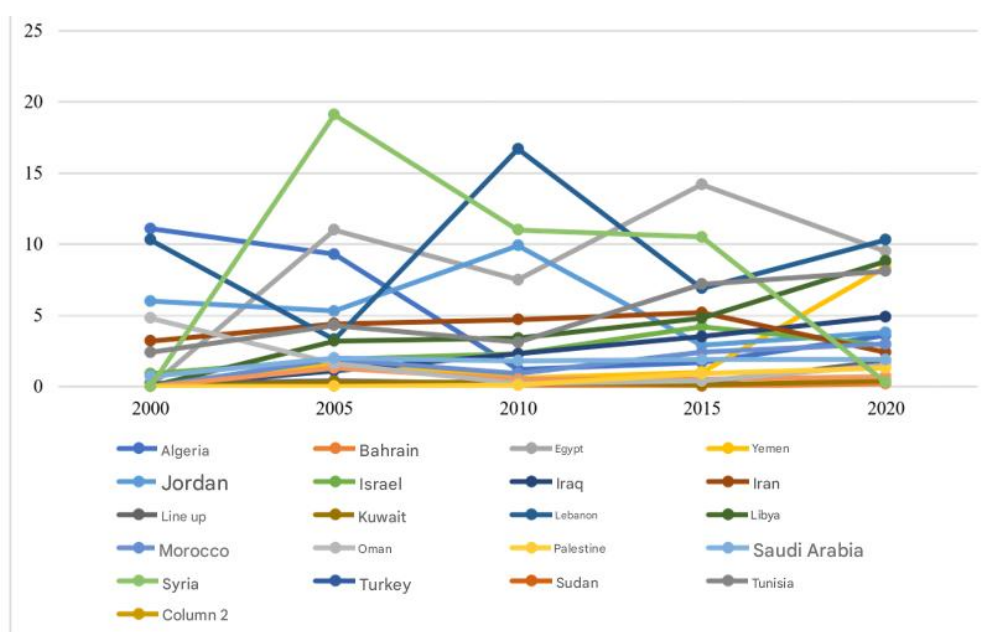


Fig. 2.7. Trade Intensity Index

A significant decrease in trade intensity during this period is characteristic of Algeria, Jordan and Syria.

2.3. Analysis of the sectoral structure of trade relations between Ukraine and the countries of the Middle East and Africa

In the context of growing economic and technological imbalances, strengthening protectionist measures in international trade relations, increasing the impact of non-economic factors on global processes, gradual slowdown in economic growth in the leading economies, the expediency of revising the economic strategy of Ukraine's development and determining an effective foreign trade policy is actualized. The formation of growth points determines the vector of expansion of foreign trade activity and new approaches to measuring trade policy.

As calculations show, Ukraine has a pronounced comparative advantage in the production of many types of products. The highest indicators of this index for group 10 are "grain crops" (26.2), 15 "fats and oils" (19.5), 14 "plant materials for the production of wicker products" (13.4), 72 "ferrous metals" (9.6), etc.

The countries of the Middle East have a comparative advantage in the production of plant products (Egypt, Yemen, Iraq, Iran, Jordan, Palestine, Syria, Turkey), mineral fuels (Bahrain, Yemen, Iraq, Iran, Qatar, Kuwait, UAE, Oman, Saudi Arabia), fertilizers (Bahrain, Egypt, Israel, Jordan, Qatar, Kuwait, Lebanon, Oman) and base metals. Thus, in case of trade liberalization, there is a possibility of increasing supplies of these products to Ukraine, especially vegetables, oil, organic chemical compounds, fertilizers, aluminum, lead, etc. [].

Accordingly, the sectoral section of trade cooperation between Ukraine and the countries of the Middle East and Africa has significant potential for further building a mutually beneficial partnership between the countries on a bilateral and multilateral basis. The study of the commodity nomenclature of exports made it possible to determine whether raw materials for semi-raw materials in the groups of metals and minerals, agricultural products, fossil fuels, forestry products and

fertilizers continue to be the most competitive products in the markets target countries (Table. 2.9.)

Table 2.9 - Exports to the countries of the Middle East and Africa by commodity groups in 2017-2021, million tons USD USA

	Cargo group	2021	2020	2019	2018	2017
1	Agricultural products	6.4 billion	5.2 billion	4.5 billion	4.4 billion	4.4 billion
2	Metals and minerals	2.9 billion	2.2 billion	3.3 billion	2.8 billion	1.7 billion
3	Forest products	98	112	50,7	36,6	12,5
4	Combustible minerals	39.9	36,7	61,4	29,4	29,7
5	Fertilizers	29.6	22,1	3,8	5,2	20,9

Since 2019, the region has been renamed North Africa and Western Asia

In the commodity context, the leading positions are occupied by the products of the metallurgical industry (ferrous and non-ferrous metals), the agro-industrial complex (grains, sunflower seeds, meat, dairy products, sugar), and mining industries (coal, oil, gas), forestry (wood products, charcoal), and chemical (fertilizer) industries. The largest reduction among export items in the period from 2013 to 2018 in the countries of the region was experienced by chemical products, exports of fertilizers decreased by 75% and 47%, respectively, due to the rise in the cost of their production (primarily due to the increase in gas prices). In second place are the products of the mining industry – 13 % and 29 %, namely: coal – 3.2 million tons. and 36.8 million, petroleum products – 1.7 million and 16.1, gas – 59 million. and 2.7 mln USD respectively.

The products of the agro-industrial complex continue to consolidate their positions in all markets of the region, but these achievements are possible due to the increase in exports of wheat (approximately USD 4 billion in 2018) and sunflower (approximately USD 2 billion in 2018).

It should be noted that the list of the largest importers of agricultural products on a par with India, China, and the Netherlands among the countries of the region includes Egypt and Saudi Arabia.

Based on the provision that Ukraine produces mainly low- and medium-low-tech industrial products, which include up to 67% of raw materials, 14% of investment products, 18% of consumer goods and 1% of durable use [], it is advisable to note that statistical studies of the structure of imports of the countries of the region in the historical retrospective of 2010-2021. (in relation to the total volume of exports from Ukraine) testify to the confirmation of this thesis.

The largest share in the total volume of imports of the countries of the Middle East and North Africa from Ukraine is made up of commodity groups: raw materials, vegetables, metals and intermediate products.

In the period under study, the share of raw materials increased annually, from 33.1 in 2010 to 56.6 % in 2021(Fig. 2.8).

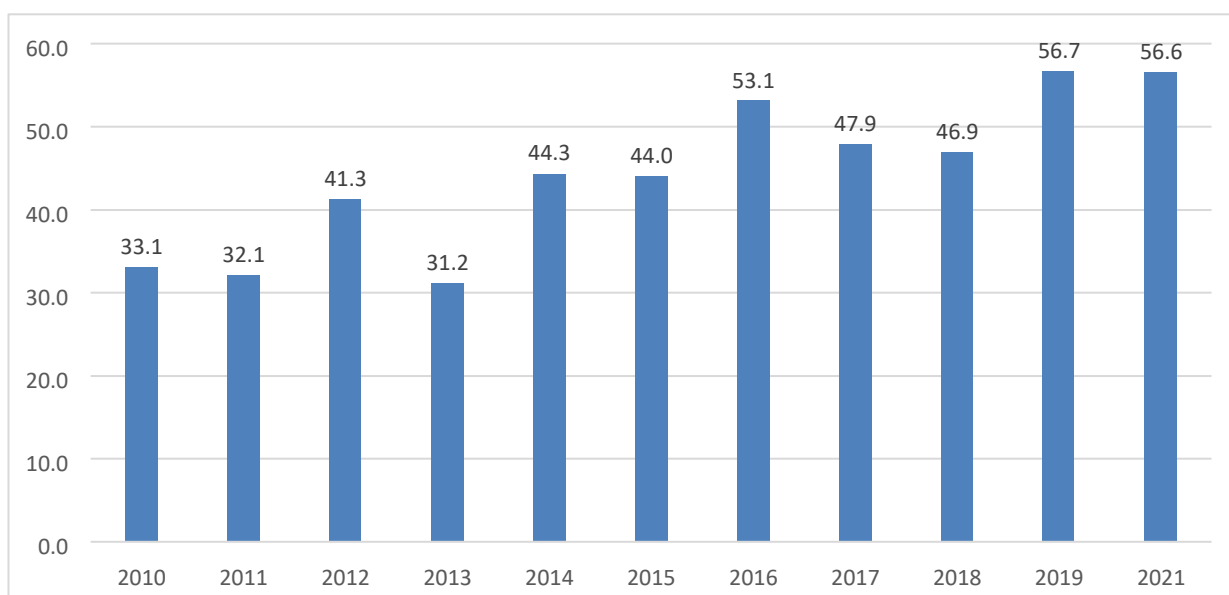


Fig. 2.8 - Share in the total volume of imports of raw materials from Ukraine to the countries of the Middle East and Africa in %, 2010-2021.

The dynamics indicates the low competitiveness of finished products of national production in certain markets of countries and increases the urgency of

implementing structural reforms for innovative re-equipment of the domestic economy.

The share of the "vegetables" food group showed significant and steady growth from 39.2% in 2010 to 56.1% in 2020 (the latest available annual data on this indicator as of 2022) (Fig. 2.9) The analysis was carried out by commodity groups 06-15 in accordance with the HS, including: live trees and other plants; bulbs, roots and other similar parts of plants; cut flowers and ornamental greenery, vegetables and some edible root crops and tubers, edible fruits and nuts; peels of citrus fruits or melons, coffee, tea, mate or Paraguayan tea, spices, etc. In general, this reflects the general dynamics of growth of the positions of the agro-industrial complex and world markets, including in the Middle East and North Africa.

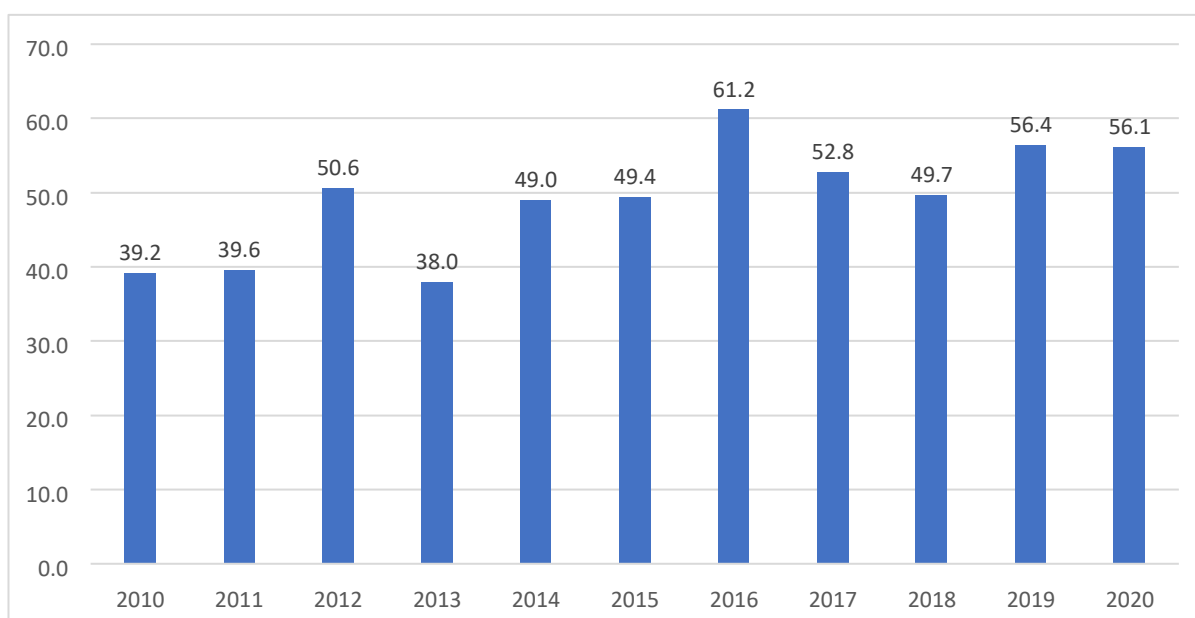


Fig. 2.9 - Share in the total volume of imports of vegetables from Ukraine to the countries of the Middle East and North Africa in %, 2010-2020

Commodity groups according to HS 72-83 (section 15 according to the UCG FEA – base metals and products made from them), which include: ferrous metals and products from them, copper and products from it, nickel, aluminum, lead, zinc, tin, and others (Fig. 2.9).

The growth of the competitiveness of the national agro-industrial complex also had a positive impact on the increase in the share of imports of finished food products, taking into account the increased requirements for product quality and special certification (obtaining halal certificates).

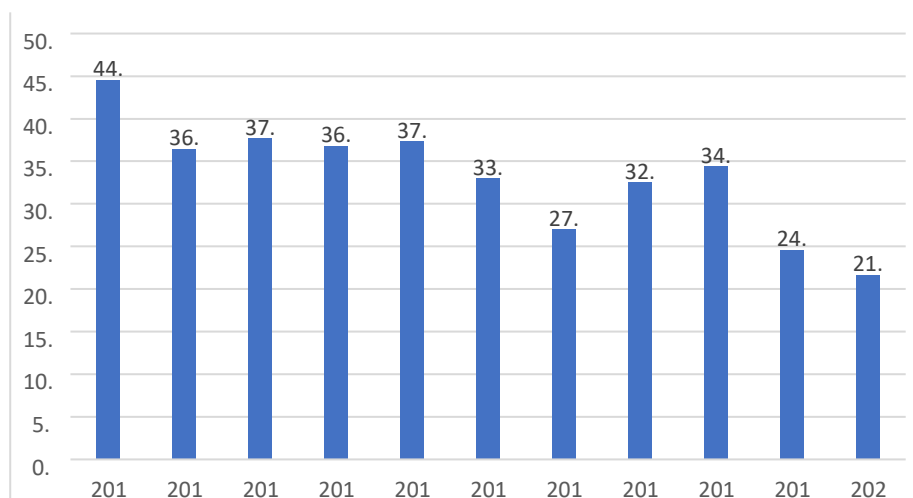


Fig 2.9 - Share in the total volume of imports of metals from Ukraine to the countries of the Middle East and North Africa in %, 2010-2020

The share in imports in 2020 was 6.6% compared to 1994 – 0.4% (commodity groups 16-24 according to HS - ready-to-eat food products; alcoholic and non-alcoholic beverages and vinegar; tobacco and its substitutes), and the interest of all parties involved in trade relations in the context of growing demand for food products is positive (Fig. 2.10).

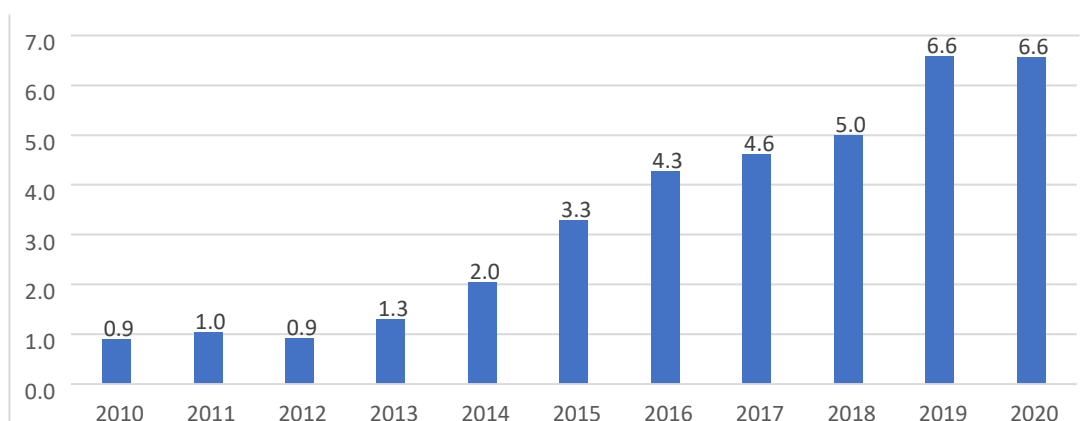


Fig. 2.10- Share in the total volume of imports of food products from Ukraine to the countries of the Middle East and North Africa in %, 2010-2020

It is advisable to note that trade in services occupies an insignificant share in the structure of Ukraine's exports to these countries, but the dynamics is positive with some countries (Table 2.10).

The growing role of the service sector in the modern global economic system and the formation of its place in the structure of the Ukrainian economy has led to an increase in the interest of national exporters of services in the markets of the Middle East and Africa. A positive signal is also the strategic plans of Ukrainian IT enterprises to open offices in these countries (one of the examples is SoftServe, which opened an office in the United Arab Emirates, in Dubai and considers this region a priority for further growth []). Given the impact of the COVID-19 pandemic, it is worth noting that positive values regarding export growth were recorded in countries such as Bahrain, Kuwait, Saudi Arabia and Morocco, imports from Libya and Lebanon.

Travel-related services in the field of telecommunications, computer and information services, business and transport prevail in the structure of exports. Despite the fact that the balance is positive with most countries in the region, the only exception is Egypt, with an indicator of -38214.6 thousand tons. USD. (the indicators of the negative balance by the structure of imports are as follows: transport – -3891.2; travel-related – -38427.7; in the field of telecommunications, computer and information services – -21.2; state and government – -561.0).

Table 2.10 - Foreign trade in services of Ukraine by individual countries of the Middle East and Africa in 2020, thousand USD

<i>Name of the service according to the Labor Code</i>	Export			Import			Balance (+, -)
	Volume, thousand dollars USA	In % until 2019	Specific gravity, in % of the total volume of the country	Volume, thousand dollars USA	In % until 2019/ <i>in % to 2019</i>	Specific gravity, in % of the total volume of the country	
Bahrain	87,5	168,5	100	K	K	K	
Egypt	34374,8	44,9	100,0	72589,4	38,5	100,0	-38214,6
Israel	207128,5	83,7	100,0	33044,8	60,4	100,0	174083,8
Iraq	8540,9	28,2	100,0	5784,0	67,5	100,0	2756,9
Iran (Islamic Republic of)	2315,8	19,0	100,0	646,7	26,7	100,0	1669,1
Jordan	4301,1	67,9	100,0	955,1	38,3	100,0	3346,0
Qatar	4925,9	81,9	100,0	2042,1	96,8	100,0	2883,9
Kuwait	587,6	163,6	100,0	377,3	51,3	100,0	210,4
Lebanon	3889,0	70,8	100,0	1755,5	170,4	100,0	2133,5
United Arab Emirates	324517,9	92,2	100,0	75947,5	64,9	100,0	248570,3
Oman	289,6	10,2	100,0	20,1	17,3	100,0	269,6
Saudi Arabia	6158,6	131,4	100,0	472,2	15,7	100,0	5686,4
Syrian Arabic Republic	1462,6	86,8	100,0	K	K	K	K
Djibouti	3,6	-	100,0	K	K	K	K
Libya	818,4	18,9	100,0	627,7	268,8	100,0	190,6
Morocco	20428,3	112,4	100,0	310,3	53,4	100,0	20118,0

In order to determine the sectoral priorities of foreign trade cooperation between the countries, the complementarity index for the period 2017-2021 was calculated. Trading Indicator Complementarity implies a comparison of the export and import structures of partner countries and reflects the correspondence of the export profile of one country to the import profile of another.

In the context of interaction between countries, this concept means the complementarity of foreign trade cooperation structures, i.e. whether goods produced by a particular country are bought by its partners and vice versa. Within the framework of the systematic analysis of the complementarity of bilateral relations between countries, the analysis of two levels of complementarity is used – the macro and micro levels.

The macro level is the foreign trade level Complementarity, i.e. the level at which goods of various sectors of the economy included in the foreign trade turnover of partner countries are complementary. The micro level includes complementarity at the level of individual enterprises and companies []. In the context of our study, we will consider the macro level, i.e. foreign trade complementarity.

A detailed method of calculations was described in the first section. Also, it is worth noting that this index has limitations: the distance between countries is not measured, the difference in the size of the economy is not taken into account, and the index does not take into account the quality, types and share of high-tech goods []. Considering the heterogeneity of export-import flows between countries, 6 countries were identified, the main trading partners in the region, on the basis of which the data were assessed, namely: Egypt, Tunisia, Turkey, the United Arab Emirates, the Kingdom of Saudi Arabia and Israel.

Therefore, to determine the degree of similarity in the commodity structure of Ukraine's exports and the commodity structure of imports of trading partners, appropriate calculations were made. Measurements were made based on 20 product groups according to HS for two marks for selected countries (Annex B).

The main commodity groups exported to the countries of the region are cereals, ferrous metals, fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or vegetable origin,

tobacco and industrial tobacco substitutes; seeds and fruits of oil plants; other seeds, fruits and grains; technical or medicinal plants; straw and fodder.

In the structure of exports to Egypt, the commodity group of grain crops accounted for 38% in 2013, 69% in 2020, which indicates the high competitiveness of Ukrainian grain producers and the growing demand for them (Table 2.11).

Table 2.11 - Intermediate calculations of the complementarity index for the largest commodity groups for Ukraine and Egypt (2020)

Product groups/indicators	M _{ij}	X _{is}	M _{ij} - X _{is} /2
10 Cereals	0,24	0,12	0,06
72 Ferrous metals	0,08	0,03	0,02
15 Fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or vegetable origin	0,10	0,02	0,04
24 Tobacco and industrial tobacco substitutes	0,17	0,15	0,01
12 Seeds and fruits of oil plants; other seeds, fruits and grains; technical or medicinal plants; straw and fodder	0,02	0,02	0,00
23 Residues and wastes of the food industry; Ready-made animal feed	0,07	0,01	0,03
02.	0,01	0,02	0,01
73 Ferrous Metal Products	0,01	0,01	0,00
26 Ores, slag and ash	0,01	0,00	0,01
86 Railway locomotives or tram motor cars, rolling stock and their parts; track equipment and devices for railways or tram tracks and their parts; mechanical (including electromechanical) alarm equipment of all types	0,09	0,02	0,04
27 Mineral fuels; oil and products of its distillation; bituminous substances; Wax Minerals	0,00	0,01	0,00
04 Milk and dairy products; poultry eggs; natural honey; edible products of animal origin, not specified elsewhere	0,01	0,01	0,00
11 Products of flour and cereal industry; malt; starches; inulin; Wheat gluten	0,08	0,02	0,03
25 Sil; Sirka; earth and stones; plaster materials, lime and cement	0,02	0,01	0,01
84 Nuclear reactors, boilers, machinery, equipment and mechanical devices; parts of them	0,00	0,00	0,00
07 Vegetables and some edible root crops and tubers	0,01	0,01	0,00
01 Live animals	0,01	0,04	0,02

44 Wood and wood products; charcoal	0,00	0,00	0,00
89 Ships, boats and other watercraft	0,04	0,01	0,01
Just			0,30

The second position – ferrous metals – tends to reduce its presence in the market, from 39% to 12%. The third place is occupied by tobacco and industrial tobacco substitutes – from 0.04 to 4%, which is a significant achievement for national producers, including branches of multinational enterprises.

In the structure of exports to Tunisia, the commodity group of grain crops accounted for 48% in 2013, 84% in 2020, which indicates the high competitiveness of Ukrainian grain producers and the growing demand for them on the one hand and a significant disproportion of the export structure on the other hand (Table 2.12).

Table 2.12 - Intermediate calculations of the complementarity index for the largest commodity groups for Ukraine and Tunisia (2020)

Product groups/indicators	M _{ij}	X _{is}	$ M_{ij} - X_{is} /2$
10 Cereals	0,42	0,04	0,19
72 Ferrous metals	0,12	0,01	0,05
15 Fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or vegetable origin	0,04	0,00	0,02
12 Seeds and fruits of oil plants; other seeds, fruits and grains; technical or medicinal plants; straw and fodder	0,01	0,00	0,00
25 Sil; Sirka; earth and stones; plaster materials, lime and cement	0,03	0,00	0,01
19 Finished products made from grain cereals, flour, starch or milk; flour confectionery	0,02	0,00	0,01
11 Products of flour and cereal industry; malt; starches; inulin; Wheat gluten	0,03	0,00	0,01
04 Milk and dairy products; poultry eggs; natural honey; edible products of animal origin, not specified elsewhere	0,01	0,00	0,00
73 Ferrous Metal Products	0,00	0,00	0,00

84 Nuclear reactors, boilers, machinery, equipment and mechanical devices; parts of them	0,00	0,00	0,00
90 Optical, photographic, cinematographic, control, measuring, precision; medical or surgical; their parts and accessories	0,00	0,00	0,00
44 Wood and wood products; charcoal	0,00	0,00	0,00
23 Residues and wastes of the food industry; Ready-made animal feed	0,00	0,00	0,00

94 Furniture; bedding, mattresses, mattress bases, sofa cushions and similar furniture stuffing, lamps and lighting fixtures, not specified elsewhere; light signs, boards and similar products; Collection of building structures	0,00	0,00	0,00
26 Ores, slag and ash	0,12	0,00	0,06
70 Glass and glass products	0,00	0,00	0,00
39 Plastics, polymeric materials and articles thereof	0,00	0,00	0,00
95 Toys, games and sports equipment; their parts and accessories	0,00	0,00	0,00
87 Means of land transport, except for railway or tram rolling stock, their parts and equipment	0,00	0,00	0,00
85 Electrical machinery, equipment and parts thereof; equipment for recording or reproducing sound; television equipment for recording and reproducing images and sounds, their parts and accessories	0,00	0,00	0,00
Just			0,37

The second position – ferrous metals – tends to reduce their market presence, from 40% to 13%. In third place are seeds and fruits of oilseeds; other seeds, fruits and grains; technical or medicinal plants; straw and fodder – from 1.7 to 1.39 %.

In the structure of exports to the UAE, the commodity group of ferrous metals accounted for 32 % in 2013, 28 % in 2020, the highest value for the white indicator in 2018 – 38 % (Table 2.13).

Table 2.13 - Intermediate calculations of the complementarity index for the largest commodity groups for Ukraine and the UAE (2020)

Product groups/indicators	M _{ij}	X _{is}	$ M_{ij} - X_{is} /2$
72 Ferrous metals	0,04	0,02	0,01
15 Fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or vegetable origin	0,15	0,01	0,07
02 Meat and edible offal	0,04	0,08	0,02
04 Milk and dairy products; poultry eggs; natural honey; edible products of animal origin, not specified elsewhere	0,03	0,08	0,03
73 Ferrous Metal Products	0,01	0,03	0,01
10 Cereals	0,02	0,00	0,01
84 Nuclear reactors, boilers, machinery, equipment and mechanical devices; parts of them	0,00	0,01	0,01
11 Products of flour and cereal industry; malt; starches; inulin; Wheat gluten	0,18	0,10	0,04
88 Aircraft, spacecraft and parts thereof	0,00	0,08	0,04
44 Wood and wood products; charcoal	0,01	0,00	0,00
22 Alcoholic and non-alcoholic beverages and vinegar	0,00	0,02	0,01
85 Electrical machinery, equipment and parts thereof; equipment for recording or reproducing sound; television equipment for recording and reproducing images and sounds, their parts and accessories	0,00	0,00	0,00
25 Sil; Sirka; earth and stones; plaster materials, lime and cement	0,02	0,01	0,00
12 Seeds and fruits of oil plants; other seeds, fruits and grains; technical or medicinal plants; straw and fodder	0,00	0,00	0,00
08 Edible fruits and nuts; citrus or melon peels	0,00	0,01	0,01
94 Furniture; bedding, mattresses, mattress bases, sofa cushions and similar furniture stuffing, lamps and lighting fixtures, not specified elsewhere; light signs, boards and similar products; Collection of building structures	0,00	0,00	0,00
26 Ores, slag and ash	0,01	0,00	0,00
20 Processed products of vegetables, fruits, peas or other parts of plants	0,00	0,01	0,00
07 Vegetables and some edible root crops and tubers	0,00	0,01	0,00
24 Tobacco and industrial tobacco substitutes	0,00	0,00	0,00
Just			0,26

The second position is fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or plant origin - tends to grow steadily, from 14% to 18%. In third place is meat and edible by-products – from 0.2 to 12.3%, which is a significant achievement for national producers, taking into account technical barriers to entering the market.

In the structure of exports to the Kingdom of Saudi Arabia, the commodity group of ferrous metals accounted for 41% in 2013, 34% in 2020 (Table 2.14). The second position – grain crops – does not confirm the general trend towards sustainable growth, and decreased from 46% to 22%. In third place is meat and edible by-products - from 0 to 19%, which is a significant achievement for national producers, taking into account technical barriers to entering the market, an indicator identical to the value of exports to the UAE.

Table 2.14 - Intermediate calculations of the complementarity index by the largest commodity groups for Ukraine and CA (2020)

Product groups/indicators	Mij	Xis	$ M_{ij} - X_{is} /2$
72 Ferrous metals	0,06	0,03	0,01
10 Cereals	0,05	0,02	0,02
02 Meat and edible offal	0,08	0,21	0,07
15 Fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or vegetable origin	0,10	0,01	0,04
24 Tobacco and industrial tobacco substitutes	0,05	0,06	0,01
04 Milk and dairy products; poultry eggs; natural honey; edible products of animal origin, not specified elsewhere	0,01	0,06	0,02
73 Ferrous Metal Products	0,00	0,01	0,01
23 Residues and wastes of the food industry; Ready-made animal feed	0,01	0,01	0,00
86 Railway locomotives or tram motor cars, rolling stock and their parts; track equipment and devices for railways or tram tracks and their parts; mechanical (including electromechanical) alarm equipment of all types	0,03	0,02	0,00
01 Live animals	0,01	0,09	0,04

11 Products of flour and cereal industry; malt; starches; inulin; Wheat gluten	0,01	0,02	0,00
25 Sil; Sirka; earth and stones; plaster materials, lime and cement	0,01	0,01	0,00
44 Wood and wood products; charcoal	0,00	0,00	0,00
94 Furniture; bedding, mattresses, mattress bases, sofa cushions and similar furniture stuffing, lamps and lighting fixtures, not specified elsewhere; light signs, boards and similar products; Collection of building structures	0,00	0,00	0,00
84 Nuclear reactors, boilers, machinery, equipment and mechanical devices; parts of them	0,00	0,00	0,00
19 Finished products made from grain cereals, flour, starch or milk; flour confectionery	0,00	0,00	0,00
48 Paper and cardboard; products made of paper pulp, paper or cardboard	0,00	0,00	0,00
17 Sugar and confectionery made from sugar	0,00	0,00	0,00

08 Edible fruits and nuts; citrus or melon peels	0,00	0,00	0,00
07 Vegetables and some edible root crops and tubers	0,00	0,01	0,00
Just			0,24

In the structure of exports to Israel, the commodity group of grain crops accounted for 46% in 2013, 40% in 2020, which is most likely due to pandemic restrictions (Table 2.15). The second position – ferrous metals – tends to reduce their market presence, from 25% to 19%. In third place – residues and wastes of the food industry; ready-made animal feed – from 8 to 7%. In general, it should be noted that the structure of exports to some extent differs from similar ones to other countries of the region, taking into account the level of technological development of the importing country.

Table 2.15 - Intermediate calculations of the complementarity index for the largest commodity groups for Ukraine and Israel (2020)

Product groups/indicators	M _{ij}	X _{is}	M _{ij} - X _{is} /2
10 Cereals	0,25	0,02	0,11
72 Ferrous metals	0,07	0,01	0,03
23 Residues and wastes of the food industry; Ready-made animal feed	0,08	0,02	0,03
22 Alcoholic and non-alcoholic beverages and vinegar	0,05	0,09	0,02
15 Fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or vegetable origin	0,09	0,00	0,04
12 Seeds and fruits of oil plants; other seeds, fruits and grains; technical or medicinal plants; straw and fodder	0,05	0,01	0,02
44 Wood and wood products; charcoal	0,03	0,01	0,01
04 Milk and dairy products; poultry eggs; natural honey; edible products of animal origin, not specified elsewhere	0,07	0,03	0,02
30 Pharmaceuticals	0,00	0,04	0,02
84 Nuclear reactors, boilers, machinery, equipment and mechanical devices; parts of them	0,00	0,01	0,00
11 Products of flour and cereal industry; malt; starches; inulin; Wheat gluten	0,13	0,07	0,03
73 Ferrous Metal Products	0,01	0,01	0,00
38 Miscellaneous chemical products	0,01	0,03	0,01
89 Ships, boats and other watercraft	0,10	0,03	0,03
19 Finished products made from grain cereals, flour, starch or milk; flour confectionery	0,01	0,01	0,00
21 Miscellaneous food products	0,01	0,02	0,01
17 Sugar and confectionery made from sugar	0,02	0,01	0,00
20 Processed products of vegetables, fruits, peas or other parts of plants	0,01	0,02	0,01
39 Plastics, polymeric materials and articles thereof	0,00	0,01	0,00
94 Furniture; bedding, mattresses, mattress bases, sofa cushions and similar furniture stuffing, lamps and lighting fixtures, not specified elsewhere; light signs, boards and similar products; Collection of building structures	0,00	0,00	0,00
Just			0,39

Table 2.16 presents intermediate calculations of the complementarity index for the largest commodity groups and selected countries for analysis in order to highlight the features of the development of trade relations with countries.

Table 2.16 - Intermediate calculations of the complementarity index by the largest product groups, 2021

Product groups/indicators	Egypt	Türkiye	SA	UAE	Tunisia	Israel
72 Ferrous metals	0,02	0,04	0,01	0,01	0,04	0,03
10 Cereals	0,08	0,06	0,03	0,01	0,11	0,11
02 Meat and edible Offal	0,00	0,13	0,07	0,01	0,00	0,00
15 Fats and oils	0,02	0,01	0,04	0,04	0,02	0,06
24 Tobacco and industrial tobacco substitutes	0,18	0,00	0,01	0,00	0,00	0,00
04 Milk and dairy products	0,00	0,00	0,01	0,02	0,00	0,02
73 Ferrous Metal Products	0,00	0,01	0,00	0,01	0,00	0,00
23 Remains Waste food industry	0,03	0,01	0,00	0,00	0,00	0,02
Just	0,54	0,66	0,26	0,20	0,20	0,32

The decrease in the complementarity of mutual trade is due to the long-term absence of strategic priorities in this region, which were imposed on temporary changes in the context of pandemic restrictions (Table 2.17). Countries do not fully use the existing potential, and, accordingly, need to adjust foreign trade policy and form existing mechanisms to support national exporters.

Table 2.17 - Complementarity Index for Mutual Trade between Ukraine and Selected Countries of the Middle East and North Africa (2017-2021)

Countries/years	2017	2018	2019	2020	2021
Egypt	72,04	81,25	69,29	70,10	46,24
Türkiye	31,77	42,19	56,68	60,98	62,33
Saudi Arabia	87,21	75,64	86,78	76,82	74,24
UAE	84,39	82,75	73,64	76,07	79,98
Tunisia	74,78	74,26	71,39	74,41	79,89
Israel	65,40	69,63	61,88	67,18	68,11

Thus, there is a significant potential for the strategic development of trade relations between Ukraine and the countries of the Middle East and Africa. The stimulating factor for the transformation of foreign policy and trade relations between the countries is the formed benchmark, enshrined in the Export Strategy of Ukraine (2017), in a large-scale increase in presence in foreign markets, or diversification of export flows. The calculated complementarity index showed growing dynamics with selected countries (with the exception of Egypt and Saudi Arabia), i.e. a decrease in the complementarity of trade flows. The raw material nature of Ukraine's exports does not tend to switch to high-tech technological products, but there are enough areas for trading partners to increase volumes, including through joint investment projects.

Conclusions to Chapter 2

1. The turbulent conditions in which the global and domestic economies are now as a result of the post-pandemic recovery and security challenges caused by the unprecedented attack of the Russian Federation on Ukraine require a revision of existing approaches to the formation of trade policy and the selection of partners for further cooperation. The dynamics of socio-

economic and political development of the countries of the Middle East and Africa demonstrates significant potential for growth, and, accordingly, strengthens their role in global economic processes. A comparative analysis of the competitiveness of these countries, an analysis of the volumes, structure and dynamics of bilateral trade, an analysis of the effectiveness of trade relations, an analysis of the qualitative parameters of trade relations showed the unevenness of economic cooperation and reflected the place of the national economy in international economic relations. The export of raw materials forms the basis of the commodity structure of Ukraine's foreign trade with the region, but an urgent issue in the third decade of the XXI century. There will be a need to achieve parity trade in goods and services with high added value.

2. It was determined that, on the one hand, the geographical location allows Ukraine to be considered as an important transit center ("hub") in the system of economic relations between Europe and the Middle East and Africa in the context of intensive European integration processes. On the other hand, the market of the Middle East and Africa can be considered by Ukraine as a springboard for national producers to enter the markets of Central and Central Asia; Sub-Saharan and South Africa, Southeast Asia.

3. Despite the general economic and social characteristics of the countries of the region, the definition of an effective strategy of cooperation requires outlining prospects and strategic priorities in the formation of relations with each country. A comparative analysis of trade cooperation with each country in the region made it possible to identify the volumes of mutual trade that were growing, a positive trade balance, the ratio of export coverage by imports and other indicators.

4. The next stage was the cluster analysis, which made it possible to identify 4 clusters for further development of cooperation. Cluster 1 includes Turkey; the second cluster includes Egypt, Iran, Lebanon and Syria, whose trade

volumes rank second after Turkey, but even exceed it in terms of trade intensity index; the third cluster included Algeria, Iraq, Israel, Jordan, Libya, Morocco, Saudi Arabia, Tunisia, and the United Arab Emirates; the fourth cluster is represented by the countries of Bahrain, Kuwait, Oman, Qatar, the State of Palestine, Yemen. The intensity of trade with these countries is low, as well as the share of trade in the total volume of Ukraine's foreign trade.

5. In the context of intensification of trade relations on the one hand, and fragmentation of global value chains on the other, the formation of a commodity structure of trade is essential. The complementarity index of mutual trade of Ukraine with Egypt, Turkey, Saudi Arabia, the UAE, Tunisia and Israel from 2017 to 2021 is calculated. demonstrated a decrease in the indicator, which is associated with the long-term absence of strategic priorities in the specified region, which were imposed on temporary changes in the context of pandemic restrictions (the impact of the military conflict was not taken into account due to the unavailability of data).

6. Countries do not fully use the existing potential, and, accordingly, need to adjust foreign trade policy and form existing mechanisms to support national exporters. Thus, there is a significant potential for the strategic development of trade relations between Ukraine and the countries of the Middle East and Africa. The current economic course aimed at a large-scale increase in presence in foreign markets, or diversification of export flows to strengthen the country's economic security and create preconditions for post-war recovery, is a stimulating factor for the transformation of foreign policy and trade relations between the countries.

CHAPTER 3. PROSPECTS FOR THE DEVELOPMENT OF TRADE COOPERATION BETWEEN UKRAINE AND THE COUNTRIES OF THE MIDDLE EAST AND AFRICA

3.1. Institutional and Legal Foundations of Trade Cooperation between Ukraine and the Middle East and Africa

Global economic and financial liberalization contributes to the deepening of trade cooperation, the establishment of dialogue between countries and the solution of accumulated structural problems between partners. For Ukraine, in the post-war economic recovery, it is advisable to continue implementing measures to consolidate the image of a reliable and predictable partner. To a greater extent, the solution of this task will be facilitated by the further establishment of dialogue and the use of tools of trade diplomacy and cooperation with the countries of the Middle East and Africa. Traditionally, the impact of both non-trade and trade issues (including significant protectionist barriers and weak institutional capacity), which directly affect economic cooperation, is significant in relations with the countries of the region.

Ukraine should promote the development of international trade cooperation, but today there are many factors hindering the development of international trade for our country (except for hostilities, which have been going on since February 2022 due to the full-scale invasion of the Russian Federation), among them (including in the countries under study):

- lack of sales infrastructure abroad;
- ineffective management of enterprises;
- underdevelopment of the basic principles of the market economy;
- imperfection of methods of state regulation of the economy in general and foreign economic activity in particular;

- weak export support infrastructure; aggravation of international economic competition;
- weak export support infrastructure and protectionism by foreign states [].

The experience of the countries, the purpose of which was the formation and successful implementation of the strategy of export diversification and expansion of trade cooperation, was as follows:

- a broad level of political commitment within the framework of supporting the government and society to achieve economic development, poverty reduction and social stability;
- orientation to export growth, attraction of foreign direct investment and increase in the range of exported goods and services;
- the importance of a strong, technically capable administration to manage the diversification process;
- the presence of influential stakeholders with interests in the non-mineral industries exported in order to partially compensate for the political influence of the dominant sectors;
- the importance of building both human capital and institutional capacity [].
- The development of cooperation with other countries, the establishment and expansion of trade relations has intensified the issue of deepening economic cooperation through the negotiation and signing of trade agreements, which provide for the formation of a more open trade policy in relation to partner countries and the expansion of the country's participation in the international division of labor through increased economic cooperation.
- One of the current basic documents that defines the directions of action for trade cooperation by the Government of Ukraine is the Ukraine Recovery Plan, which was presented to foreign partners and investors on July 4-

5, 2022, in Lugano, Switzerland [1]. The Plan identified a number of tasks for restructuring the economic system, simplifying regulatory procedures, transition to an innovative stage of development, and increasing exports of goods with high added value [1].

- Also, it is advisable to focus on the fact that when forming the priorities of trade cooperation, the transformation of models of environmental (sustainable) consumer behavior and different changes in global demand should be considered. Accordingly, the international competitiveness of Ukrainian goods will be determined not only by current competitive advantages (natural resources, low labor costs), but also by compliance with environmental norms and standards, energy and resource efficiency.

- In order to determine trade priorities and types of export goods that are competitive in world markets, the value of the index of identified competitive advantages of Ukraine (Balassa index) was studied (Table 3.1).

Table 3.1 - Index of Identified Competitive Advantages of Ukraine, 2010-2020

Product groups	2010	2015	2016	2017	2018	2019	2020
[421] Fats and oils of animal or vegetable origin; their breakdown products; ready-made edible fats; waxes of animal or vegetable origin.	24,27	40,88	47,35	48,29	49,45	49,02	50,16
[044] Corn (except sweet corn), unground	9,82	43,99	38,86	39,78	41,66	54,76	46,54
[043] Barley, unground	43,60	41,00	46,07	43,29	35,59	38,64	41,79
[672] Pieces, primary forms of iron or steel, semi-finished products.	44,59	48,39	47,17	33,98	33,58	35,52	29,16
[041] Wheat (including spelled) and meslin (rye), unground	8,013	24,64	32,15	28,38	29,82	33,83	27,91
[671] Cast iron and mirror iron in ingots, blanks or other primary forms	14,55	20,77	21,14	21,00	19,88	17,11	15,54

[245] Charcoal (including charcoal from shell or pea), agglomerated or non-agglomerated	18,71	27,08	29,35	27,79	24,41	17,39	15,27
[285] Aluminium ores and concentrates (including alumina)	8,625	11,09	12,32	14,96	14,38	14,26	13,50
[673] Flat, cast iron, non-alloy steel, uncoated	12,81	14,11	14,97	13,0	14,73	13,39	12,01
[281] Iron ore and concentrates	6,73	13,0	11,1	11,1	12,4	10,2	10,28

This index indicates the ratio of the share of exports of a particular commodity or industry in a country's total exports and the share of exports of that commodity or industry in total world exports. Provided that the index value is greater than 1, the comparative advantage is detected, i.e. the sector or industry is relatively specialized in the export of the industry under study [].

According to the index values, the national economy has the identified competitive advantages in the following commodity groups, which are included in the list of agricultural products: fats and oils of animal or vegetable origin; corn, wheat (the indicator has grown significantly over ten years, and allowed national exporters to form close cooperative ties with partners in the world market). Metallurgical products exported from Ukraine have significantly lost competitive advantages for the period under study, which was aggravated by hostilities and the loss of certain metallurgical industrial facilities.

The development of an effective mechanism for the development of trade cooperation should take into account the results of this index and form appropriate incentives for the transition from the raw material nature of exports to high-tech. In general, it is advisable to support initiatives to promote geographical and product diversification of foreign trade.

Considering the WTO membership of the countries participating in trade cooperation, it is advisable to pay attention to the level of tariff protection of the markets of Ukraine and the countries of the Middle East and Africa (Table 3.2).

Attention is drawn to the high tariff and non-tariff protection of the domestic markets of the target countries, especially for agricultural products, which creates asymmetrical conditions for foreign trade.

Compared to other countries, Ukraine has a weighted average tariff value actually at the level of developed countries, while developing countries mainly apply a much higher rate of the weighted average tariff (on average 5.7 %) [].

Accordingly, despite the positive pace of trade, economic and diplomatic cooperation between the countries, it is advisable to state that the Middle East and Africa regions are one of the most restrictive in the formation and implementation of its own foreign trade policy [].

In addition to tariff and non-tariff restrictions, it is advisable to add high transport costs, logistical imbalances, institutional barriers, and cultural features.

Table 3.2 - Average level of tariff protection of the markets of Ukraine and the Middle East and Africa

Country/year of accession to the WTO	Average linked tariff, %			Average RNS tariff, %			Weighted average tariff, %		
	Ser.	Agriculture	Etc.	Ser.	Agriculture	Etc.	Ser.	Agriculture	Etc.
Ukraine / 2008	5,8	11,0	5,0	4,5	9,1	3,7	3,2	6,3	2,9
Algeria-				18,9	23,6	18,2			
Bahrain / 1995	34,9	39,4	33,8	4,8	5,8	4,6	6,0	17,4	4,2
Djibouti / 1995	41,3	49,6	39,9						
Egypt / 1995	36,6	91,2	27,4	19,0	65,1	11,6	12,4	19,0	10,7
Yemen /2014	21,7	25,0	21,2						
Jordan /2000	16,3	23,5	15,1	10,1	18,0	8,8	9,1	11,1	8,6

Israel / 1995	23,3	78,1	10,7	3,5	11,6	2,2	3,1	13,5	2,1
Qatar / 1996	15,7	25,5	14,0	5,1	8,0	4,6	4,3	5,4	4,2
Kuwait / 1995	97,9	100,0	97,5	4,7	5,1	4,6	4,7	8,1	4,1
Lebanon-				6,0	15,7	4,4	5,4	8,3	4,8
Morocco /1995	41,3	54,4	39,3	12,3	28,2	9,8	10,7	16,5	10,0
UAE / 1996	14,6	25,5	12,8	4,6	5,1	4,6	3,4	5,9	3,2
Oman /2000	14,1	27,8	11,8	5,6	11,7	4,6	5,8	13,8	4,4
SA / 2005	11,3	17,0	10,4	5,6	9,8	5,0	5,1	9,4	4,4
Tunisia / 1995	57,9	116,0	40,8						
Turkey / 1995	28,9	61,8	17,3	11,1	42,3	6,1	4,7	21,0	3,2

The Trade Facilitation Index, calculated by the OECD, made it possible to compare indicators that reflect the foreign trade rate and the attitude of countries to the improvement of the mechanism of support for exporters in Ukraine and the countries of the Middle East and Africa (Table 3.3.)

According to the methodology for the formation of the indicator, the values are calculated in the measure from 0 (the lowest indicator) to 2 (the highest indicator). Among the countries in the Middle East and Africa, the highest rates are in countries such as: Oman -1.73 (the highest value of the sub-index K – 1.89 – management and impartiality, which was calculated on the basis of the analysis of the customs structure and functions; accountability; ethical policy); UAE – 1.34 (the highest value of the sub-index G – 1.83 – automation, which was calculated on the basis of the analysis of electronic data interchange; the use of automated risk management; automated border procedures; electronic payments).

Table 3.3 - Comparison of the Trade Facilitation Index (I_{Art}) of Ukraine and the Middle East and Africa (2019)**

Country	I _{Art}	A	B	C	D	E	F	G	H	I	J	K
Oman	1,73	1,81	1,75	1,57	1,64	1,92	1,78	2	1,74	1,55	1,36	1,89
Mauritius	1,62	1,76	1,5	1,36	1,77	1,71	1,78	1,85	1,68	1,27	1,27	1,89
Turkey	1,56	1,48	1,75	1,36	1,4	1,62	1,75	1,67	1,61	1,7	0,91	1,89
Israel	1,52	1,71	1,57	1,36	1,64	1,77	1,63	2	1,39	1,36	0,55	1,78
Saudi Arabia	1,47	1,43	1,63	1,67	1,33	1,85	1,56	1,62	1,6	0,91	0,91	1,67
UAE	1,34	1,52	1,57	0,86	1,22	1,77	1,63	1,83	1,48	1	0,9	1
Qatar	1,29	1,15	1,57	2	1,44	1,85	1,75	0,9	1,28	0,73	0,64	0,89
Tunisia	1,26	1,05	1,29	1,43	1,33	1,62	1,63	1,4	1,15	0,73	1	1,22
Egypt	1,19	1,29	1,75	0	1,56	1,62	1,13	0,6	1,35	0,9	1,18	1,78
Ukraine	1,05	1,05	1,67	1	1,63	1,58	0,78	0,67	0,8	0,5	0,64	1,22
Jordan	1,02	0,9	1,29	2	1,67	1,15	0,75	0,6	1,27	0,67	0,73	0,25
Bahrain	1,01	1,14	0,43	0	1,33	1,46	1	1,1	1,24	1	1,09	1,33
Kuwait	0,95	1,05	0,86	1,6	1,11	1,39	0,88	0,6	1	0,67	0,46	0,89
Lebanon	0,91	0,9	1,14	0,57	0,89	1,33	0,88	1,11	1	0,6	0,46	1,11
Algeria	0,83	1,1	0,71	1,25	1,56	1,25	0,33	0,6	0,7	0,8	0,36	0,43
Djibouti	0,35	0,42	0	0,57	0,25	0,83	0,75	0,11	0,73	0,09	0	0,13
Yemen	0,23	0,33	0	0	0,38	0,42	0,43	0,11	0,52	0,18	0,1	0

** The table shows the data available as of 20.02.2022

Other countries in the region demonstrate a less flexible foreign trade policy, and access to the countries' markets is quite bureaucratic. The average indicators for the region for 2019 (the last calculated period) are presented in Fig. 3.1.

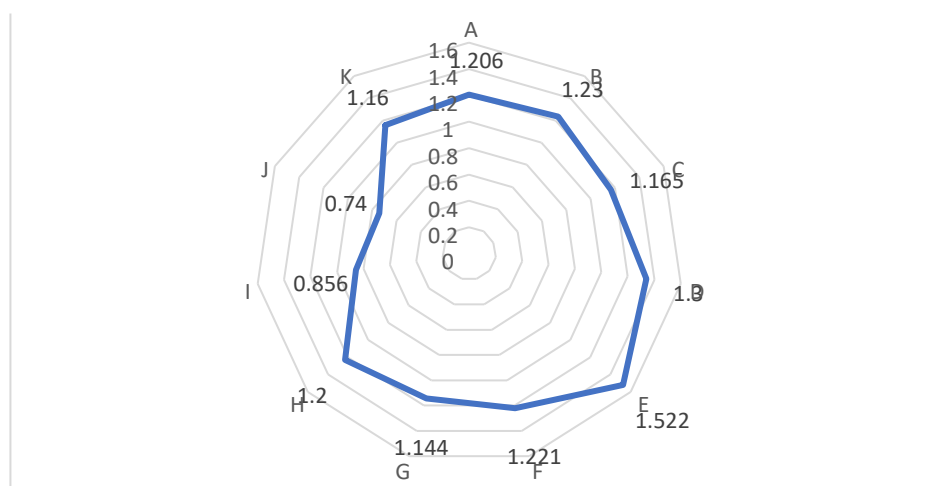


Fig. 3.1- Value of the Trade Facilitation Index for the Middle East and Africa (2019)

As for Ukraine's indicators, we have demonstrated some progress in changing established approaches and the available data indicate a positive result of these reforms (Fig. 3.2.)

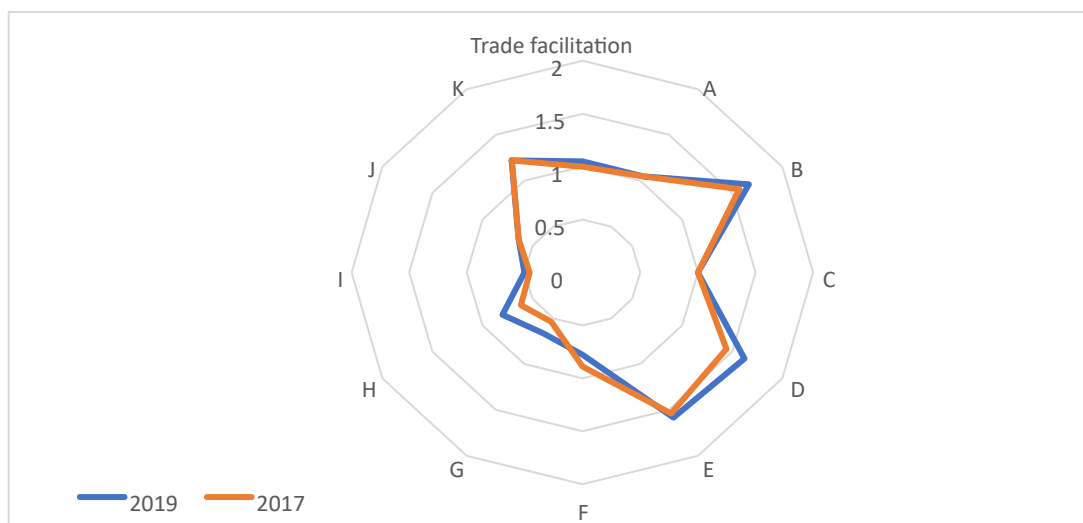


Fig. 3.2 - Comparison of the Trade Facilitation Index for Ukraine (2017-2019)

Ukraine is the closest to the best indicators among the sample concerning: involvement of the trade community, appeal procedures. Efficiency improved between 2017 and 2019 in the following areas: appeal procedures, automation of border processes, streamlining procedures. Performance in other areas remains stable, except for the simplification and harmonization of documents, where some ground has been lost compared to other economies of the sample.

The competitiveness of Ukrainian products in these regions is sufficient, but to a greater extent, the raw material nature of exports and the increase in the interest of producers in the European direction of foreign trade relations affects to a certain extent the relatively low level of representation of national producers in the markets of these countries. Consular offices and trade missions are also constraining factors, as well as the lack of a coordinated strategy for the promotion of goods between executive authorities of different levels.

The institutional basis for Ukraine's cooperation with the countries of the Middle East and Africa is bilateral agreements, joint commissions, participation in bilateral and multilateral meetings, conferences, forums and round tables. Enterprises, participants in foreign trade relations, can take part in international exhibitions and fairs to promote their products to the above-mentioned markets.

Ukrainian companies take an active part in various trade exhibitions and missions that are organized in the countries of the above-mentioned regions. Among the trade exhibitions in the Middle East, we can note Gulfood 2018 for food manufacturers, and Expo 2020, where the Ukrainian pavilion was built, which were held in Dubai (UAE) [].

In Kyiv, with the support of the business community, joint Ukrainian Arab exhibitions and forums are held (International Ukrainian-Arab Forum, Kyiv, 2019; International Ukrainian-Arab Exhibition and Conference, Kyiv, 2020) – organized in order to expand trade and economic contacts and ties between countries.

As for African countries, in 2018, trade missions were held in Nigeria, Ghana, Kenya, Tanzania, within the framework of which joint business forums were held, meetings of entrepreneurs were held []. In South Africa, Ukrainian companies and the Entrepreneurship and Export Development Office took part in the Africa Rail exhibition, where exporting companies from the mechanical engineering sector were represented [].

A study of the impact of geopolitical conflicts on trade, growth, and innovation in Vox EU argues that the war has focused the debate on the economic consequences of shifting the emphasis in global trade policy from an open trade policy to geopolitical considerations that limit interdependence [].

Accordingly, considering non-economic factors in further trade cooperation will occupy a prominent place in determining the priorities of bilateral and multilateral contacts. A sufficient prerequisite for the

implementation of the updated strategy of foreign economic policy will be the formation of transparent trade rules, which will involve state and non-state institutions in compliance with an integrated approach. The formation of a network of research centers, the exclusive competence of which will be to conduct research and develop initiatives to improve existing trade practices in certain markets, will also significantly simplify cooperation and predictability of policies with economic agents of the region.

According to UNCTAD's preliminary forecasts, the combination of high food and fuel prices and the tightening of monetary policy will have the greatest impact on households in developing countries: real incomes will decline, and economic growth will be restrained. Even in the absence of chaotic changes in financial markets, developing countries will face serious obstacles to growth and development []. Calculations by the Kiel Institute for International Economics show that wheat imports will decline the most in Egypt (-13.3%), Tunisia (-12.3%) and Ethiopia (-10.8%). As for other grains, Tunisia (15.2%), Egypt (-13.4%) and Cameroon (-11.9%) will suffer the most [].

Despite the negative foreign economic consequences, including those caused by aggression, the creation of preconditions for the formation of an efficient and competitive economy of Ukraine is an important task, given the short- and medium-term macroeconomic effects that the countries of the Middle East and Africa as a whole will receive due to the increase in prices for oil and oil products and the corresponding increase in solvent demand in the regional context.

Governments are working on the development of further cooperation between countries to establish and agree on common goals and measures in order to increase the effectiveness of trade cooperation.

Two free trade agreements were concluded and signed with the countries of the region, the first was the Free Trade Agreement between the Cabinet of

Ministers of Ukraine and the Government of the State of Israel on July 11, 2019; the second - the Free Trade Agreement between Ukraine and Turkey on February 3, 2022 (the agreement has not been ratified by the parliaments of the countries due to the invasion of the Russian Federation into Ukraine) [].

These agreements provide for the reduction of import duty rates, the simplification of technical barriers, and the creation of opportunities for expanding investment activity between the countries. Given the potential of the countries of the region to supply energy resources, the strategic contours of cooperation can help reorient economic ties and create new promising partnerships.

It should be noted that the intensification of political dialogue and increased attention to the countries of the region resulted in the appointment of the Special Representative of Ukraine for the Middle East and Africa and the establishment of the relevant Mission (in accordance with the Decree of the President of Ukraine No. 491/2022 []).

Diplomatic missions of Ukraine have been established in all countries of the target region to establish close political, economic and social ties (Annex D). Taking into account the intensive cooperation with the Republic of Turkey, and the importance of protecting the interests of economic agents and citizens of Ukraine in this country, there is a consulate and a consulate general. As for the institutional features of establishing relations between countries, cooperation was based on the following contractual basis (Table 3.4).

Trade agreements and agreements on economic, scientific and technical cooperation have also been signed and ratified with the Kingdom of Morocco (2002), the People's Democratic Republic of Algeria (2008), Kuwait (2007), the Ho Chi Minh City of Jordan (2003), Qatar (2003), Iraq (2001), Libya (2001), Lebanon (1997), the UAE (1995), Turkey (1995).

Table 3.4 - Cooperation between Ukraine and individual countries and organizations of the region

№	Period	Country or organization	Results
<i>Multinational level</i>			
1	2009 - incl.	League Arab states (LAD)	1) Memorandum of Understanding between the Ministry of Foreign Affairs of Ukraine and the Secretariat of the LAS; 2) Participation in LAD meetings for promotion national interests; 3) Meetings on a bilateral basis to coordinate the common interests of countries.
2	2016 – incl.	African Union	1) Participation in the work of the 36th session of the Executive Council of the AU.
<i>Two-way level</i>			
3	1993 – incl.	Saudi Arabia	1) 14 documents were signed: 1 convention, 5 agreements, 1 protocol, 6 memorandums, 1 cooperation program, including: an agreement on the avoidance of double taxation, an agreement on the protection of investments and a framework agreement on commercial, scientific and technical cooperation; 2) A dialogue has been established at the highest and highest levels, Supported inter-parliamentary cooperation.
4	1992 – incl.	Arab Republic of Egypt	1) 31 documents of a predominantly economic nature were signed, including: the Agreement on Economic and Scientific-Technical cooperation Agreement on the promotion and mutual protection of investments, etc.; 2) A dialogue has been established at the highest and highest levels, Supported inter-parliamentary cooperation. 3) The Intergovernmental Joint Commission on Economic Development and scientific and technical cooperation.
5		Morocco	Convention for the Avoidance of Double Taxation and the Prevention of Tax Evasion in Respect of Taxes on Income and Property; Agreement on the promotion and mutual protection of investments.

We can distinguish countries into the following groups in accordance with the existing contractual framework at the bilateral level of cooperation:

- first level (free trade agreements): Turkey, Israel;
- second level (cooperation agreements, joint commissions, forums): Algeria, Saudi Arabia, Egypt, Morocco, Tunisia, Qatar, UAE;
- third level (cooperation agreements): Bahrain, Yemen, Iraq, Kuwait, Jordan, Qatar, Lebanon, Libya, Oman.

Accordingly, a significant contractual basis for cooperation between Ukraine and the countries of the region has already been developed, which has intensified in recent years, with the intensification of the implementation of diversified foreign policy and foreign economic strategies.

Ukraine's strategic orientation towards integration into the European Union will have a significant impact on the formation of the fundamental principles of economic policy, which currently requires significant revision and transformation into a market-oriented one. The model of trade policy that the EU has fixed in regulatory documents is called "open strategic autonomy". As stated, trade policy is a bridge between the global economy, which must be used to meet human needs, and the EU's values, such as decent growth that creates jobs; social, climate, environmental and consumer protection; cultural diversity; provision of services of general interest and global public goods; Resistance; solidarity; equity; inclusiveness; and transparency [].

Accordingly, the combination of the fundamental foundations of the European approach and the reform of the system of institutional support for Ukraine's trade policy will form the foundations for post-war economic growth. In this aspect, it is expedient to determine the strategic priorities of Ukraine's trade relations with the countries of the Middle East and Africa:

- improvement of the legal framework of bilateral and multilateral relations with the countries of the region, which will create preconditions for the

creation of a sustainable network of trade and economic cooperation in priority sectors.

- formation of a platform for prompt solution of urgent problems that arise for economic agents involved in the process of foreign economic activity.
- formation of a system of institutional support that will ensure long-term planning of the presence of Ukrainian producers in the markets of the Middle East and Africa, with an appropriate system of financial and advisory support.

Institutional support for international trade in Ukraine is implemented in accordance with the national regulatory framework by legislative and executive authorities.

Studies conducted by the NGO "Foreign Policy Council "Ukrainian Prism" prove that there are a number of factors in Ukraine that create a negative impact on the promotion of Ukrainian exports to this region []. Thus, according to experts, the Middle East did not appear in Ukraine's key foreign policy documents until 2020. The region was mentioned in the Military Doctrine of Ukraine (2015) only in a broad security context and in the Export Strategy (2017), which refers to individual countries - Egypt, Saudi Arabia, the UAE, Lebanon - as promising markets.

The lack of a clearly defined regional foreign policy strategy also has a negative impact on the development of trade cooperation. The Decree of the President of Ukraine No. 837/2019 "On Urgent Measures to Carry Out Reforms and Strengthen the State" does not mention the Middle East in the foreign policy section [].

Thus, the imperfection of institutional support for the promotion of domestic exporters of goods and services is a serious problem, along with corruption risks and the availability of financing for exporters' activities (trade

finance), which complicates the implementation of any positive initiatives in each direction.

The logical consequence of identifying the Middle East and African regions as one of the priorities for further cooperation may be the improvement of the structure of institutional support for Ukraine's foreign trade. Identical approaches to increasing the effectiveness of the use and implementation of national economic and investment resources and intellectual potential were carried out by many countries of the world, which implemented an export-oriented economic policy.

3.2. Priority directions and strategic guidelines of economic development for trade relations of countries

In Ukraine, as a WTO member country, it is mandatory to apply mechanisms and procedures that are officially recognized by this organization for financial support of export activities. Therefore, in 2012, the Law "On State Financial Support of Export Activities" was adopted, which aimed to determine the principles of state financial support for export activities and was aimed at creating favorable conditions for expanding the export potential of domestic business entities, ensuring the protection of Ukrainian exporters from the risk of non-payments and financial losses, increasing the competitiveness of goods (works, services) of Ukrainian origin in world markets [].

It should be noted that in world practice, the normative documents governing the provision of export support include WTO documents and the OECD Agreement on Official Export Support. In the first case, export support issues are regulated by the General Agreement on Tariffs and Trade (GATT); Agreement on subsidies and compensatory measures; Agreement on agriculture. In the second, the Agreement establishes restrictions on the provision of official

export support, in particular, export credits and aid: and is also consistent with the WTO Agreement on Subsidies and Countervailing Measures.

In Ukraine, along with the provisions of the WTO, an important role in ensuring state support for exporters belongs to the Ministry of Foreign Affairs, which in modern conditions strengthens its focus on increasing support for domestic exporters. Embassies of Ukraine abroad are readjusting to practical assistance to domestic business in entering foreign markets, and ambassadors play the role of ensuring communications between domestic exporters and foreign counterparties. In this direction, the functioning of the Council of Exporters and Investors under the Ministry of Foreign Affairs of Ukraine was reorganized and a number of consultations between embassies and Ukrainian entrepreneurs were introduced. Thus, the first pilot project in this direction was an online briefing with the participation of Ukraine's ambassadors to the Gulf states (Qatar, Kuwait, UAE and Saudi Arabia). The project had about 50 stakeholders from different business areas [1].

It should also be noted that in order to form the principles of foreign economic policy, the document "Export Strategy of Ukraine ("Road Map" for Strategic Trade Development) for 2017-2021" (inactive) [2] was created. It contains useful conceptual provisions that have not yet been implemented. Therefore, we suggest that when forming the mission, other components of the strategy for entering the markets of the Middle East and Africa should be taken into account by the basic provisions of the above document. In order to form effective components of the exit strategy, it is advisable to study the regional features of the formation of trade relations between Ukraine and the countries of the Middle East and Africa.

According to the Ministry of Economy of Ukraine, joint intergovernmental commissions have been established with the countries of the Near and Middle

East and Africa, namely: Qatar, Saudi Arabia, Tunisia, the United Arab Emirates, Morocco, Libya, Lebanon, Kuwait, Jordan, Iraq, Egypt [].

According to the Order of the Cabinet of Ministers of July 10, 2019 No. 588-r "On Approval of the Strategy for the Development of Exports of Agricultural, Food and Processing Industry of Ukraine for the Period up to 2026", it is envisaged to expand access for the export of agricultural products until 2026 to the markets of the following countries of the region (which are indicated by others): Egypt, Saudi Arabia, the United Arab Emirates, Israel by harmonizing legislation in the field of sanitary and phytosanitary measures with international and increasing state support [].

The Ministry of Economy of Ukraine and the Entrepreneurship and Export Development Office are also key institutions. Information support is provided by the Diia Business: Export Direction portal. Platforms have been developed to support national exporters in wartime:

1) Ukrainian Food Platform - search for importers and promotion of Ukrainian food products in foreign markets;

2) Do Business with Ukrainians - a platform for promoting Ukrainian small and medium-sized businesses abroad;

3) Trade with Ukraine is a platform created to comprehensively support national exporters in foreign markets.

Revealing the peculiarities of stimulating trade cooperation between Ukraine and other states, it is worth emphasizing the provisions of national legislation, starting with Presidential Decrees 841/1996 and 1188/2005 [], which entrusted the Ministry of Foreign Affairs with coordinating the activities of executive authorities in the field of foreign relations.

The Ministry of Foreign Affairs agrees on all official measures to represent the state of Ukraine abroad – from the composition of the official delegation to the presentation of the position of the Ukrainian side during, for example, an anti-dumping investigation by a foreign state in relation to goods of Ukrainian origin. In practice, this means that none of the official documents prepared by the Ministry of Economy, the National Bank, the Ministry of Finance of Ukraine or any other public authority can be transferred to foreign partners without the approval of the Ministry of Foreign Affairs.

The Decree of the President of Ukraine No. 522/2010 [] provides for the creation and subordination of economic affairs departments by the Ministry of Foreign Affairs within the foreign institutions of Ukraine, the Decree of the President of Ukraine No. 837/2019 [] provides for the strengthening of the institutional capacity of the diplomatic service bodies to promote the activities of Ukrainian subjects of foreign economic activity abroad.

Thus, the analysis of the current regulatory legal documents indicates the already existing clear prerequisites for the implementation of such a step, i.e. there is no need to adopt new acts. It is expedient to redistribute the management of the foreign economic bloc from the Ministry of Foreign Affairs to the Ministry of Economy of Ukraine, which should be fixed by the relevant decision of the Cabinet of Ministers of Ukraine.

Based on the list of the above regulatory documents, as well as considering the exceptional role of the Ministry of Foreign Affairs in coordinating measures to support exporters, it is worth identifying the following important areas of coordination of decisions and actions of executive authorities with the Ministry of Foreign Affairs (Fig. 3.3).

Diplomatic support for domestic exporters is one of the important areas of the Ministry of Foreign Affairs' work, which is aimed at expanding the geography of sales markets and ensuring sectoral diversification of domestic exports Export.



Fig. 3.3- Zones of coordination of decisions and actions of executive authorities with the Ministry of Foreign Affairs in the field of export activity stimulation

In the context of ensuring the implementation of national priorities, promoting the entry of Ukrainian exporters to foreign markets, protecting their economic interests abroad and attracting foreign direct investment in the economy of Ukraine, the Council of Exporters and Investors (abbreviated as REI) has been operating under the Ministry of Foreign Affairs since April 2013.

Within the framework of REI, monitoring and prompt information of national producers is carried out on an ongoing basis potential opportunities to expand Ukraine's presence in world markets, the interest of foreign companies in establishing contacts with domestic partners.

In the process of performing its functions in the field of promoting the entry of domestic exporters into the world market, the REI on behalf of the Ministry of Foreign Affairs is endowed with the following basic rights (Fig. 3.4).

In practical terms, REI has been introduced for processing appeals from domestic companies regarding promotion of their products and search for partners in foreign markets using the available capabilities of economic departments as part of foreign diplomatic missions.



Fig. 3.4 - Rights of the Ministry of Foreign Affairs (REI) in the field of development and implementation of the state policy of promoting the entry of domestic exporters into foreign markets

At the same time, one of the key tasks of the REI is to promote the participation of Ukrainian enterprises and companies in tenders and competitions, the implementation of infrastructure and investment projects abroad, participation in exhibition events and forums. contributes to the development of international

production cooperation of domestic enterprises, an increase in the volume of Ukrainian export and promotion of commercial interests of our companies in world markets.

From this point of view, foreign diplomatic missions of Ukraine, within the framework of the work of the REI provide the necessary information support for the participation of domestic companies in international projects, as well as carry out relevant work on an ongoing basis. In addition to providing direct assistance to Ukrainian producers regarding promotion of their products to foreign markets, the Ministry of Foreign Affairs, together with foreign diplomatic missions, on an ongoing basis, conducts relevant information and explanatory work abroad to popularize investment potential of Ukraine.

The experience of the countries of Central and Eastern Europe in opening new markets shows the importance of creating strong institutional support for the export activity of national producers, including by encouraging bilateral and multilateral contacts, creating a single program or strategy for promoting goods and services to target markets, supporting investment projects in the countries of the region, and activating cultural and educational areas.

For example, in 2012, the Polish government introduced the "Go Africa" program, the main purpose of which was to support exporters in the African market by diplomatic institutions, which made it possible to significantly increase the export of Polish goods and open new markets (only in the first year of the program, exports increased by 34%) [1].

The restoration of the institution of the Special Plenipotentiary Representative of the President of Ukraine in the Middle East and Africa and the establishment of the Advisory Council on Cooperation with Arab and Muslim States also positively contributes to the political and economic dialogue between the countries. The developed system of financing and insurance of foreign economic transactions is carried out by PJSC "Export Credit Agency".

Public and scientific institutions, which are platforms for studying the peculiarities of cooperation and establishing a dialogue with the countries of the Middle East and Africa, contribute to the wide involvement of representatives of the business environment in the process of potential trade cooperation (Table 3.5). It should also be noted that active cooperation is carried out between scientific institutions of Ukraine and the countries of the region, which is the basis for further cooperation in the creation of innovative products [].

Table 3.5 - Public and scientific organizations in Ukraine that contribute to the development of dialogue between countries

№	Name	Type	Year of foundation
1	Ukrainian-Arab Business Council	NGO	2016
2	Center for Middle Eastern Studies	Non-governmental organization	1994
3	Institute of Oriental Studies named after A. Y. Krymsky	NAS of Ukraine	1991
4	Center for Arab Studies	Institute of International Relations of Taras Shevchenko National University of Kyiv	2018
5	Ukrainian-Arab Cultural and Business Center	Kharkiv University of Urban Economy named after O. M. Beketova	2017
6	Ukrainian-Arab Center	University of Customs and Finance	2018
7	Ukrainian-African Academic Center	Karazin University	
8	Ukrainian-African Center for Business Cooperation	NGO	2015

It should be noted that the existing institutional infrastructure to support trade cooperation does not always demonstrate its effectiveness (the Department of Middle East and Africa of the Ministry of Foreign Affairs of Ukraine employs

22 people; and other executive authorities have not created separate units for this region).

This is reflected mainly in the raw material orientation of export flows and the low level of investment, scientific and technical cooperation between the countries. For example, in order to increase the effectiveness of trade cooperation, it would be advisable to consider the possibility of forming joint intergovernmental commissions on current and strategic issues in order to respond to modern challenges in a timely manner.

Systematic support of export potential will significantly increase the competitiveness of national goods in target markets. Separately, it is advisable to focus on the urgency of creating a research institution, which will be an auxiliary body included in the structure of institutional support for foreign trade. Examples in other countries are the Italian Institute of Foreign Trade and its missions abroad, the Indian Institute of Foreign Trade, the US Institute of Foreign Trade, the Institute of Foreign Affairs and Trade in Hungary, the British Office for Trade and Investment, etc.

Further steps in strengthening institutional support for foreign trade should be based on the following strategic guidelines for trade cooperation with the countries of the target region, namely:

- 1) identification of competitive goods and services that may be in demand in the markets of countries;
- 2) study of market opportunities for national enterprises, including small and medium-sized ones;
- 3) establishment of logistics chains, existing transport restrictions;
- 4) compliance with the norms of international and national law in the support of foreign economic activity;
- 5) formation of strategic partnerships with leading economic agents in each crane.

The directions for improving export activities at the national level are: simplification of documentary support; optimization of customs processes and further introduction of authorized economic operators; improvement of process automation and information exchange with internal and external agents; reducing the number of additional fees.

Figure 3.5 presents the structure of institutional support for Ukraine's foreign trade.

Thus, strengthening economic potential and transformation of economic policy will contribute to the formation of sustainable strategic foundations of export-oriented economic policy. Further effective trade cooperation with the countries of the Middle East and Africa, despite the existing objective restrictions, has a significant margin of opportunities in the medium and long term.

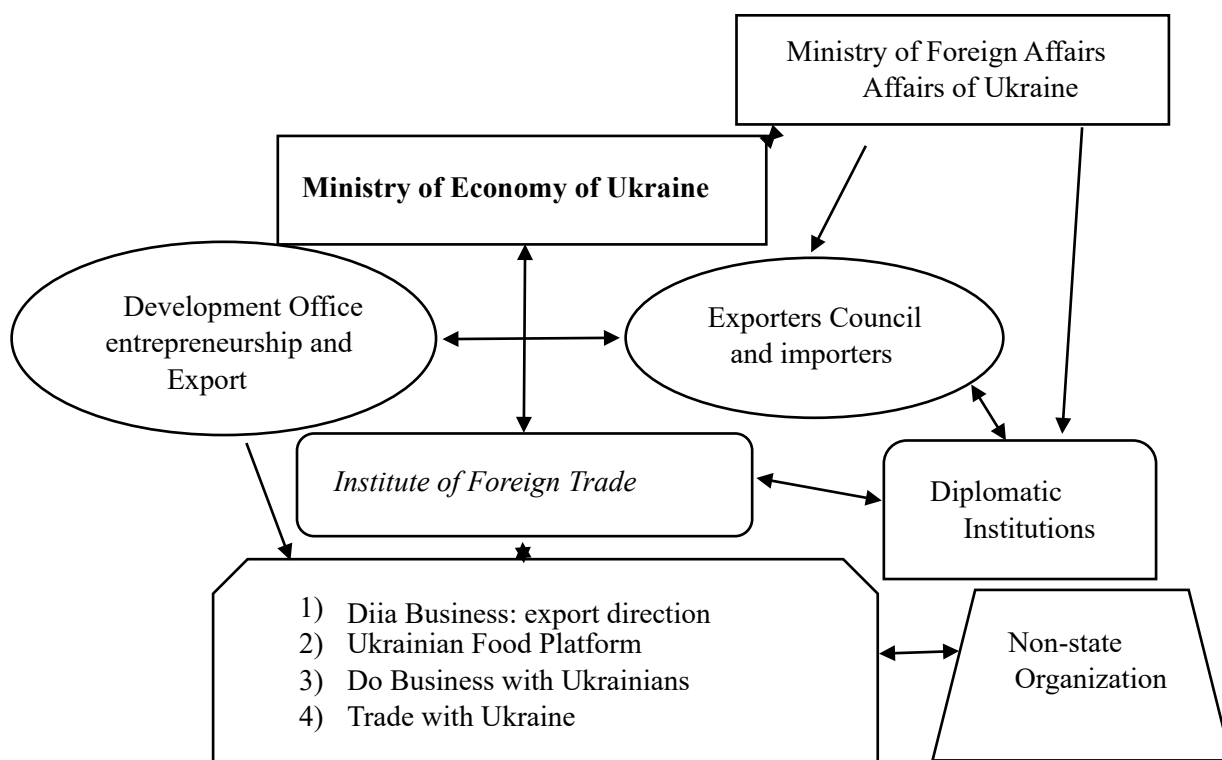


Fig. 3.5 - Institutional structure of support for Ukraine's foreign trade

The structural transformation of the global economy, reinforced by the transition to a new technological level of development, the gradual abandonment of fossil energy resources, pandemic consequences and increased attention to the capacity of health care systems and geopolitical shifts, including due to the military aggression of the Russian Federation in Ukraine, requires a radical renewal of the strategic vision of economic development at the national level. Diversification of foreign economic directions should be appropriately reflected in the institutional support of Ukraine's trade cooperation with other countries, including the countries of the Middle East and Africa. Despite the current difficulties that arise for domestic exporters, the calculated indicators in the previous section, including export coverage by imports and the trade intensity index, demonstrate the importance of the region's markets as strategic, and their loss may have a significant negative impact on the balance of payments of Ukraine. The combination of existing support tools and the formation of a comprehensive long-term approach to planning and implementation of national economic interests will significantly increase the competitiveness of national exports in target markets.

Comprehensive implementation of Ukraine's foreign trade potential in a certain region will allow obtaining the appropriate economic benefits and effects necessary for post-war recovery and forming a strategic basis for further partnership.

In accordance with the recommendations formed by the OECD to increase international competitiveness in an open environment, it is advisable for governments to pay attention to the following conditions:

- macroeconomic stability with favorable investment and foreign trade policies and regulations;

- effective governance, which will allow timely decision-making, impartial enforcement of property rights and contracts, reduce the level of corruption, increase business integrity;

- investments in tangible and intangible infrastructure that will contribute to trade and investment facilitation [].

- Considering the previous experience of forming trade and economic policy, and the lack of a single comprehensive vector for promoting Ukraine's trade interests, it is advisable to pay attention to the strengthening of the economization of foreign policy.

In practice, the economization of foreign policy is implemented through the economization of foreign relations, i.e. the use of means of political, diplomatic, economic, military, cultural and other influence on the subjects of international relations in order to achieve the goals of foreign policy determined as a result of its economization. The involvement of qualified specialists in foreign policy and foreign economic relations will create a synergistic effect in determining the priorities and means of state policy.

The researchers note that despite the level of development of international economic cooperation between Ukraine and the countries of the Middle East and Africa achieved in recent years, the deepening of these relations has certain risks, which are due to both external factors for the country and internal restrictions (risks): risk caused by the process of globalization of the economy; the risk of dependence of the economy on market conditions and prices for raw materials and products; the risk of technological lag; risk caused by infrastructural and institutional constraints; the risk of labor shortages and negative trends in the development of human potential. The above-mentioned risks have been significantly joined by adjusted security, financial, logistical and other conditions caused by hostilities in Ukraine.

In order to study in detail, the list of threats and opportunities, strengths and weaknesses of the development of trade cooperation between the countries, a SWOT analysis was carried out (Table 3.6)

Table 3.6 - SWOT analysis of the conditions for the development of trade cooperation between Ukraine and the countries of the Middle East and Africa

Strengths (S)	Weaknesses (W)
<ul style="list-style-type: none"> • intensification of integration processes with the European Union, which will bring legislation and production processes closer to compliance with international standards; • economically active means of product quality control according to national and partner requirements; • Perennial-formed base cooperation with trading partners; 	<ul style="list-style-type: none"> • low investment attractiveness due to the military conflict; • lack of an effective export strategy and a formed vision of trade policy for the medium and long term; • the influence of the cultural and religious aspect on the sustainability of trade relations, the shortage of specialists-experts in cooperation with the region; • low level of financial sustainability of exporting enterprises;
<ul style="list-style-type: none"> • stable demand for products of national origin (primarily agricultural products); • Cultural and Educational Links with institutions and organizations of the region. 	<ul style="list-style-type: none"> • logistical restrictions related to the blocking of sea routes and the reorientation of logistics routes; • high level of overregulation of foreign economic processes (customs procedures, obtaining permits and licenses, VAT refund); • long-term military risks.
Features (O)	Threats (T)

<ul style="list-style-type: none"> • development of a long-term economic and export strategy, highlighting the direction of cooperation with the countries of the Middle East and Africa as one of the priorities; • improving the institutional infrastructure of cooperation with countries Region; • improvement of the support system for national existing and potential exporters, including for increasing foreign economic capacity small and medium-sized businesses • flexibility and adaptability of national exporting enterprises in crisis situations as a basis for increasing the competitiveness of Ukrainian goods and services abroad; • identification of new sectoral priorities and improvement of the system of financial incentives; • creation of platforms for cooperation of national and foreign enterprises; • digitalization of the process of regulation of foreign economic activity, including customs procedures. 	<ul style="list-style-type: none"> • further escalation of military risks caused by Russia's attack on Ukraine; • the likelihood of a global recession caused by energy instability in world markets (primarily in Europe, as a result of Russia's blackmail) and lower than expected growth rates of the People's Republic of China; • a significant increase in requirements for product quality and compliance with standards in target markets; • long-term logistical obstacles and low capacity of railway transport to transport a significantly increased volume of goods; • deficit Human resources caused by migratory changes as a result of the war; • search for new partners and implementation of existing agreements; • Response into Real Time into rapidly changing market requirements; • decrease in the competitiveness of national goods in regional markets.
--	---

It is advisable to pay attention to the support of financial, human, intellectual capital and the challenges that may be caused by current migration processes. The shortage of labor force in the labor market of Ukraine can significantly affect the competitiveness of national goods in world markets and can adjust the ability of the economic system to create innovative products.

Accordingly, in the context of achieving the goal of the study, substantiation of tools and mechanisms for institutional support of trade cooperation between Ukraine and other states, we propose to start with the definition of the mission, vision, goals and objectives.

To implement this step, it is necessary to consider all the results of the preliminary analysis, including the identification of prospects and trends in the

development of foreign markets, Ukraine's export potential for the next 5 years. Therefore, in view of this, we can single out the following factors that must be considered when improving the institutional support of trade cooperation between Ukraine and the countries of the Middle East and Africa (Fig. 3.6.).

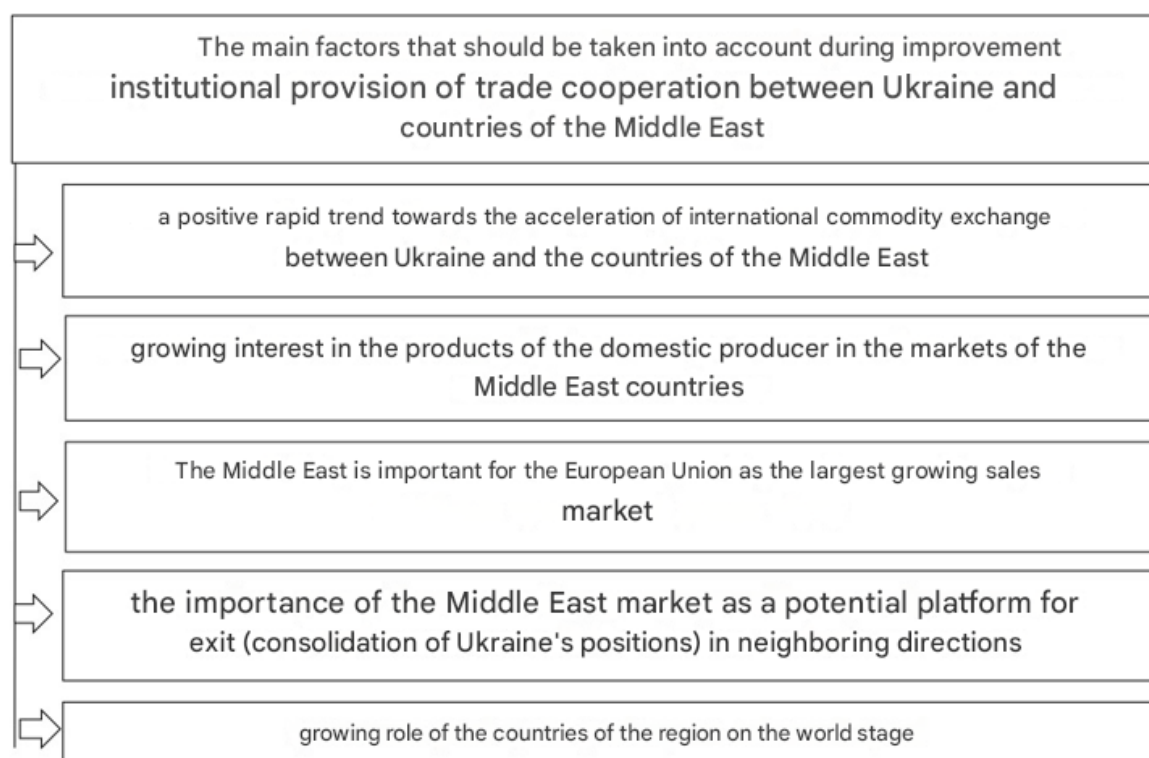


Fig. 3.6. Main factors that should be considered when improving the institutional support of trade cooperation between Ukraine and the countries of the Middle East and Africa

Further, you can form a certain system of values that should be guided by justifying the strategy for promoting domestic manufacturers to the markets of the Middle East:

- considering the fact that the commodity structure of Ukrainian exports of the agro-industrial complex (AIC) is primarily raw materials, it is necessary to orient its diversification in terms of strengthening the innovative

component (for example, conducting joint research on breeding and variety testing, development of technologies for growing crops, etc.).

- identification of possible "growth points" in competitive areas of cooperation (for example, participation in the project "The Arab Space Pioneers Program" or implementation of projects for the introduction of alternative energy sources);
- justification of promising areas should take into account the presence of powerful competitors in the market of the Middle East and Africa (the United States, China and the Russian Federation), as well as the limited information in the countries of the region about the potential of Ukraine.
- revision of strategic priorities for the development of Ukraine's transport infrastructure to increase its diversification and potential capability in the face of constant military risks.

Thus, the main mission of institutional support of trade cooperation in the region is the transition of domestic manufacturers to the export of knowledge-intensive innovative products to the markets of the Middle East (Table 3.7). At the same time, it is mandatory to implement the following conditions of business activity: high standards of product quality; orientation to the needs of the end consumer; motivation of personnel for the final result; openness to cooperation; A practical approach to solving difficult situations.

Table 3.7 - Characteristics of the strategy for promoting domestic manufacturers on Middle East and Africa markets

<i>Time frame of strategic planning</i>	<i>Characteristics of the content</i>
Mission of the strategy	transition of domestic producers to the export of knowledge-intensive innovative products for sustainable development and successful entry into world markets of the Middle East and Africa

1 year	Formation in Ukraine of the necessary prerequisites for the organization of financial support for domestic producers
2-3 years	creating favorable conditions that stimulate trade and innovation for export diversification; development of business and trade support services that can increase the competitiveness of enterprises, in particular small and medium-sized ones;
5 years	improvement of skills and competencies of enterprises, in particular small and medium-sized enterprises (entrepreneurship), necessary for participation in international trade.

We substantiated the main goals and objectives of the strategy using the above provisions. It is worth noting that it is advisable to first form a system of goals in accordance with the outlined strategy.

To do this, it is advisable to use the "goal tree" approach. The development of a hierarchy of goals in the process of updating the strategy is carried out by the method of decomposition. The process of formulating strategic goals using the proposed approach is given in table. 3.8. At the same time, the levels (hierarchy) of the goals of the strategy for entering the markets of the Middle East and Africa of domestic producers are in a certain internal subordination.

Table 3.8 - Formulation of the goals of the strategy for the entry of domestic producers to Middle East and Africa markets

№	Directions for the implementation of the strategy	Institutional support for the implementation of goals	Expected results
1	2	3	4
1	Setting strategic goals of the 1st level - creating conditions for financial support for exporters	Ministry of Foreign Affairs of Ukraine	Specific strategic goals of the highest level have been identified

2	Development of strategic goals of the 2nd level: 2.1 normative support of the strategy; 2.2 Use of tariff and non-tariff regulation mechanisms	State Institution "Entrepreneurship and Export Support Office"	Specific strategic goals of the middle level have been identified
3	Strategic goals of the 3rd level: 3.1 strengthening a comprehensive institutional framework to stimulate innovation; 3.2 strengthening the innovation potential of enterprises; 3.3 improvement of legal and economic conditions for the implementation of trade.	Ministry of Foreign Affairs of Ukraine, Council of Exporters and Investors	Levers and tools have been formed to increase the effectiveness of the diplomatic functions of the Ministry of Foreign Affairs in the field of assistance to domestic exporters when entering the markets of countries Middle East and Africa

Further development of cooperation programs can take into account such promising sectoral areas as energy (renewable energy sources and nuclear energy), construction (infrastructure projects), water resources management and transport, as well as mechanical engineering and aircraft construction [].

Focusing on high-tech industries can contribute to the effective reorientation of the commodity structure of foreign trade. But, taking into account the current political and economic initial data, it is advisable to continue to provide comprehensive support for the further promotion of domestic manufacturers of agricultural products and technology companies operating in the agricultural sector to the markets of the countries of the target region.

Prioritization of the innovation potential of foreign economic activity will strengthen competitive advantages in the implementation of trade cooperation with the countries of the target region. Investments in the secondary sector of the Ukrainian economy and further modernization processes will bring closer the process of wider inclusion of national export industries in global value chains.

We propose to use a scenario approach to increase the efficiency of trade cooperation (Fig. 3.7).

Depending on the definition of the direction of trade cooperation and the choice of the scenario, appropriate measures to support domestic exporters can be applied. Support for innovation-oriented exports should be accompanied by investments in innovation infrastructure, the development of startup ecosystems, the creation of a platform to support innovative companies, etc. The application of both scenarios requires further negotiations on trade facilitation and appropriate financial support.

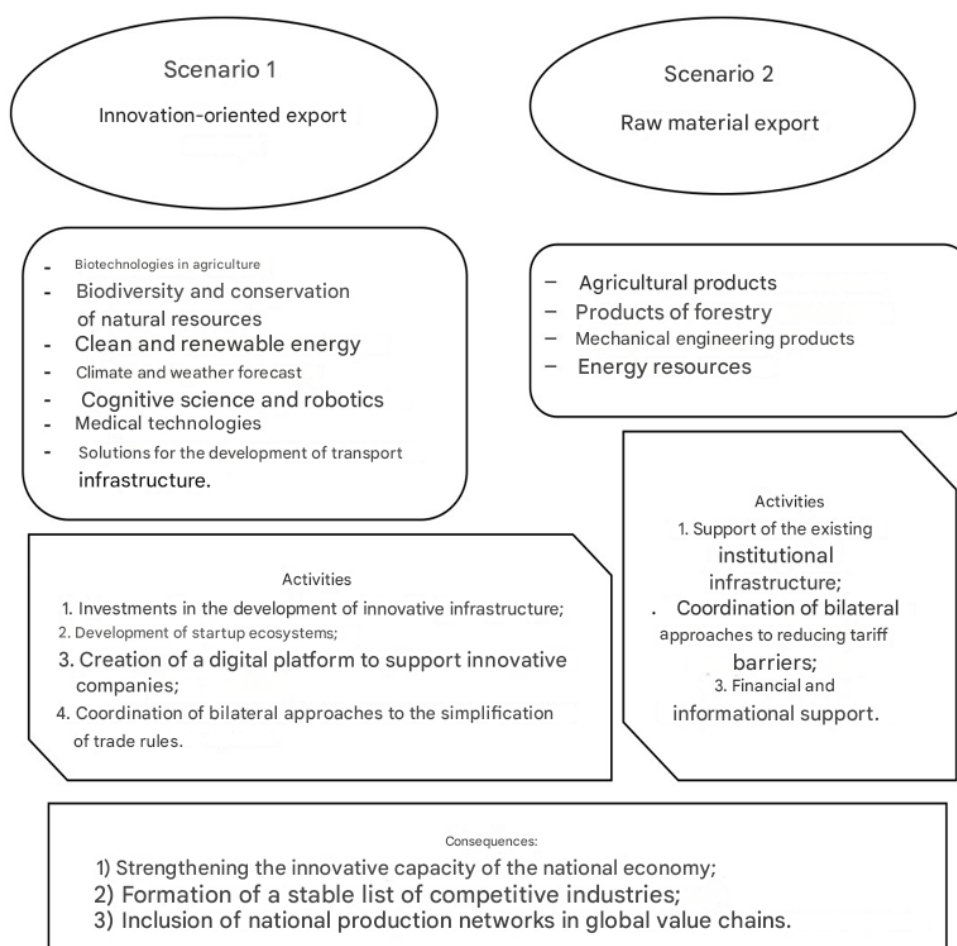


Fig. 3.7 - Types of scenarios for choosing the directions of trade cooperation between Ukraine and the countries of the Middle East and Africa

Reaching consensus during negotiations by identifying priorities that will form a mutually beneficial background for cooperation and obtaining comparative advantages for all participants is a key component of the success of cooperation. After all, the underutilized potential for bilateral cooperation can be inexhaustible and, among other things, include: cooperation in the military and defense spheres, ensuring energy security (development of deposits, modernization and development of the transport system), development of cooperation in the scientific and technical sphere, in the aviation industry, in the information sphere, tourism potential.

It is possible to intensively and productively develop strategic partnerships and study mutual experience in internal transformations, namely: studying the experience of the formation of the city of Dubai (UAE) as a re-export hub, a system of support for scientific and technological development as in Israel, programs to support exporters to a certain region as in Poland, etc.

Also, it is advisable to pay attention to the participation of local and regional authorities in the implementation of trade cooperation projects in order to maximize efficiency. Formation of a monitoring system at both national and regional levels and definition of a unified approach to evaluating cooperation with the involvement of non-governmental organizations.

The toolkit for stimulating Ukraine's trade cooperation with the countries of the Middle East and Africa should include the following components: determining the priorities of medium- and long-term cooperation; formation of a system of financial and non-financial instruments to support exporters in target markets; coordination of the list of potential innovative projects that can be implemented; participation in regional cooperation programs and strengthening diplomatic presence; improvement of the system of institutional support for foreign trade (Fig. 3.8).

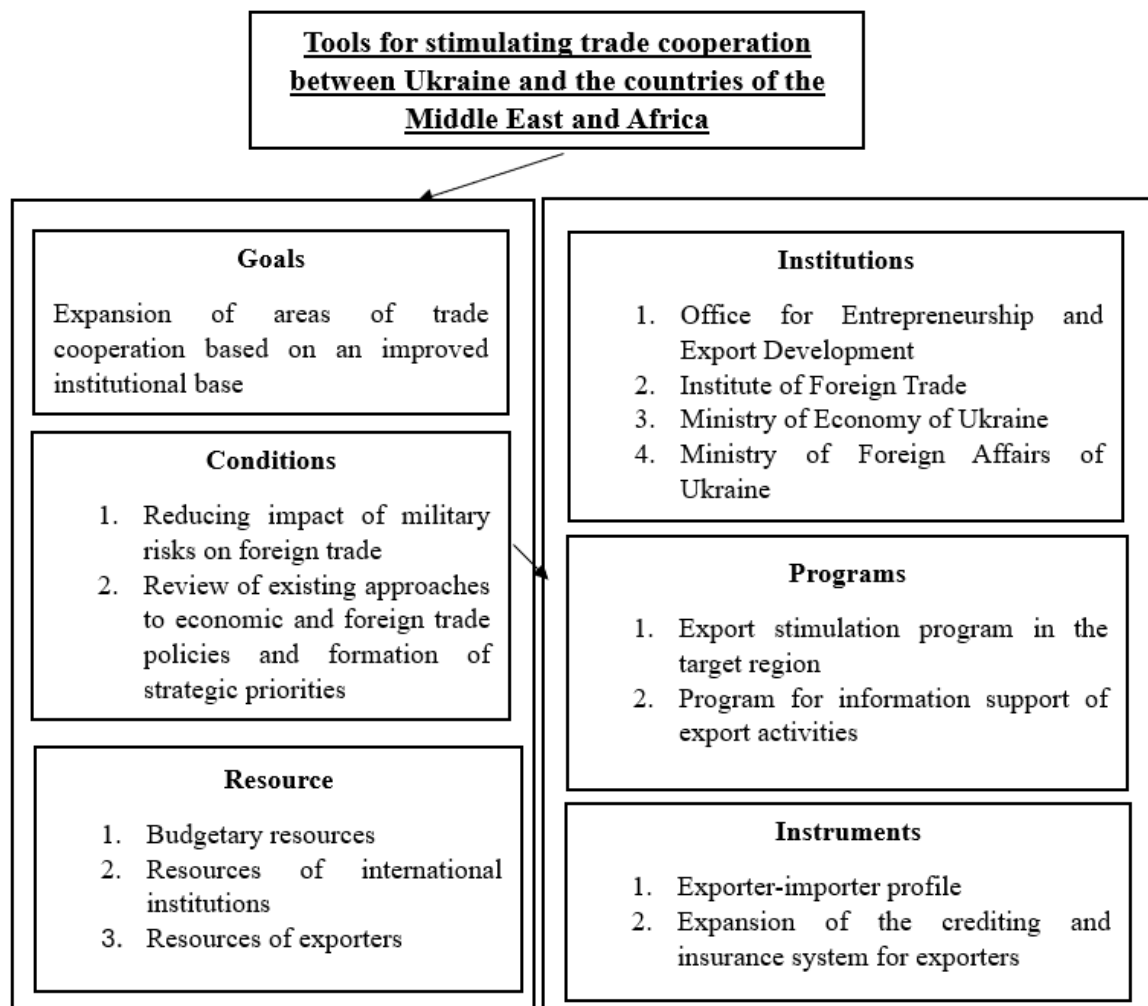


Fig. 3.8 -Tools for stimulating trade cooperation between Ukraine and the countries of the Middle East and Africa

It is advisable to pay attention to the proposed support tool, which provides for the creation and maintenance of the exporter-importer profile system. A similar system of support for foreign economic activity was introduced in India, and demonstrates its effectiveness.

The intensification of trade cooperation between the countries will strengthen:

1. Economic and diplomatic relations between countries, which will have an impact on increasing trade and investment flows;
2. Effectiveness of negotiations on the liberalization of trade and investment relations through the creation of advisory groups and a support system;
3. Participation of small and medium-sized businesses and scientific institutions through wider involvement of regional representatives in defining the goals of cooperation.

Due to the fact that both Ukraine and most countries of the Middle East and Africa are members of the WTO, the formation of the principles of trade cooperation will be strictly determined by the rules and obligations assumed within the framework of multilateral agreements.

An integrated approach applied to the implementation of tools to stimulate foreign trade cooperation requires defining a vision and goals, priorities, appropriate institutional support, formed organizational measures, financial resources for implementation and creation of integration platforms that will unite legislators, government representatives, business environment, public organizations, international institutions. The positive and negative effects of the development of cooperation should be studied in detail and discussed in an open bilateral dialogue (for example, through commissions on trade and economic cooperation).

Sufficient prerequisites for the implementation of the tools for stimulating trade cooperation will contribute to the definition of a realistic vision and goals, according to which strategic priorities should be formed and the institutional structure should be improved (Fig. 3.9).

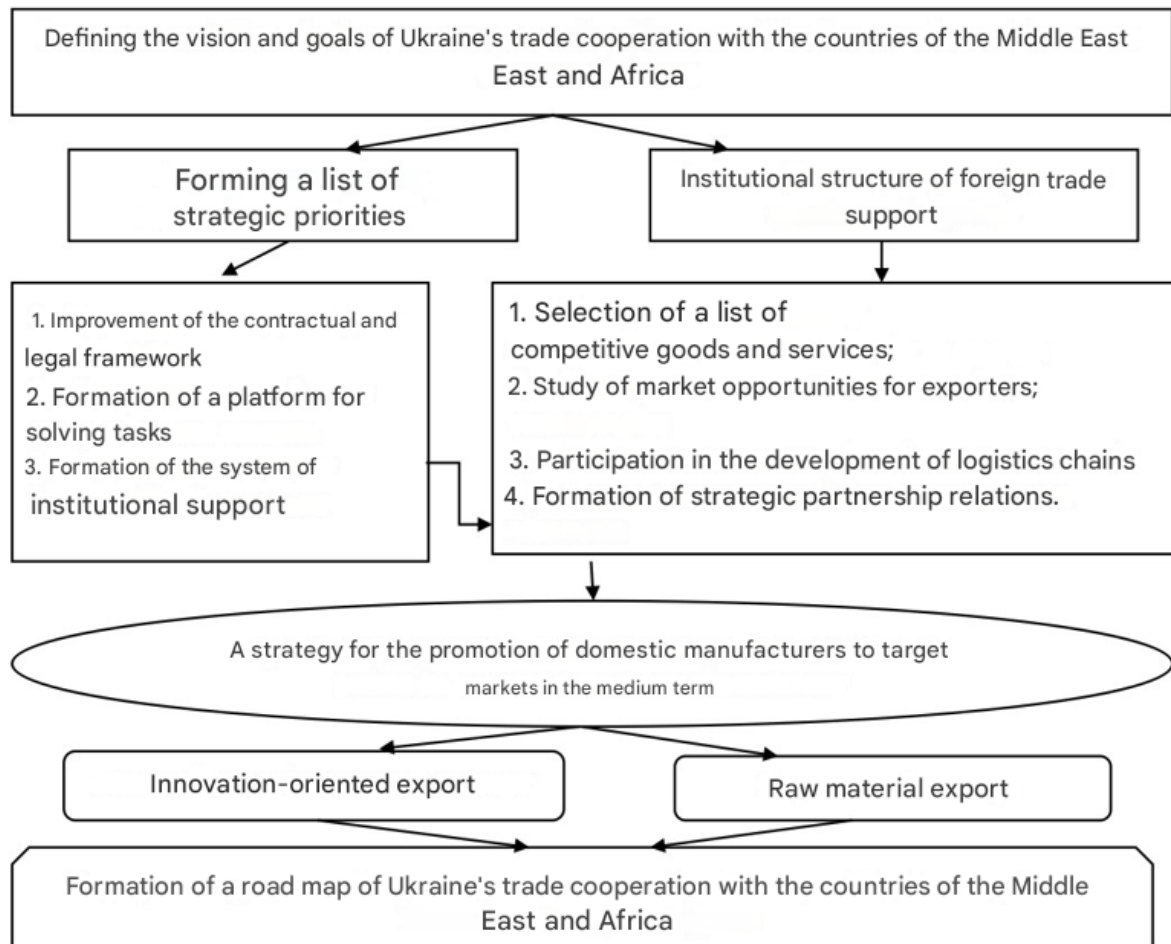


Fig. 3.9- Formation of the vision and goals of trade cooperation between Ukraine and the countries of the Middle East and Africa

The impact on the global economy of digital technologies and related innovative approaches to modernization and improvement of production processes opens up a wide field of opportunities for domestic exporters. Applying other approaches and increasing the competitiveness of goods and services is highly likely to have an impact on the geographical and commodity structure of sales.

In the current conditions of formation of a diversified network of foreign trade partners in Ukraine, the importance of creating a new program for

stimulating exports and identifying priority areas and regions for expanding foreign trade is growing. In order to deepen trade and increase its efficiency, it is expedient to initiate the conclusion of bilateral and multilateral agreements, ensure proper institutional support for export-import operations and increase the competitiveness of goods through technological renewal of production to include new commodity items in the structure of foreign trade.

Thus, the growing impact of foreign economic processes on the potential of economic development increases the expediency of developing target strategies for the development of economic and trade cooperation with regions that are points of growth. Regulatory inconsistency and lack of a foreign policy strategy for building economic relations with the countries of the Middle East and Africa to some extent reduce the competitiveness of Ukrainian goods and services in the markets of the above-mentioned countries. The scientific task is to formulate and calculate approaches and relevant proposals aimed at stimulating trade and economic cooperation between countries with the subsequent implementation of liberal policy instruments in the context of intensification of globalization and integration processes. This requires further consideration of methodological approaches to assessing trade cooperation between countries.

Conclusions to Chapter 3

1. Significant protectionist barriers and weak institutional capacity have a significant impact on the formation of trade cooperation between Ukraine and the countries of the Middle East and Africa. The institutional basis of trade cooperation is based on a bilateral and multilateral contractual framework, which made it possible to form three groups of countries according to its level: the first level (free trade agreements): Turkey, Israel; second level (cooperation agreements, joint commissions, forums): Algeria, Saudi Arabia, Egypt, Morocco,

Tunisia, Qatar, UAE; third level (cooperation agreements): Bahrain, Yemen, Iraq, Kuwait, Jordan, Qatar, Lebanon, Libya, Oman. Further improvement of the legal framework will create prerequisites for the formation of a sustainable network of trade and economic cooperation in priority sectors and a platform for prompt solution of urgent problems that arise for economic agents involved in the process of foreign economic activity.

2. The system of institutional support for Ukraine's foreign trade can be supplemented by a research institution, an institute of foreign trade, whose task will be to provide scientific and professional support to executive authorities and national exporters in the formation of priority areas of cooperation support. The strategic guidelines of trade cooperation with the countries of the target region are the following: allocation of competitive goods and services that may be in demand in the markets of the countries; study of market opportunities for national enterprises, including small and medium-sized ones; establishment of logistics chains, taking into account existing transport restrictions; compliance with the norms of international and national law in the support of foreign economic activity; formation of strategic partnerships with leading economic agents in each crane.

3. Taking into account the state and prospects of trade cooperation, threats and opportunities, strengths and weaknesses of the development of cooperation were studied. It is advisable to pay attention to the support of financial, human, intellectual capital and the challenges that may be caused by current migration processes. The revision of the current institutional support and strategic goals of trade cooperation in the region should contribute to the transition of domestic manufacturers to the export of knowledge-intensive innovative products to the markets of the Middle East and Africa. This requires the formation of priority areas of cooperation with the countries of the region and

long-term principles for intensifying cooperation and strengthening economic and trade ties and cooperation.

4. A scenario approach to increase the efficiency of trade cooperation is proposed. In the context of choosing innovation-oriented or raw material scenarios, appropriate measures to support domestic exporters can be applied. The first scenario can be stimulated by investments in innovation infrastructure, the development of startup ecosystems, the creation of a platform to support innovative companies, etc.; the second is the continuation and intensification of existing instruments.

5. Defined Toolkit Stimulating Trade cooperation between Ukraine and the countries of the Middle East and Africa with the following components: formation of priorities for medium- and long-term cooperation; systems of financial and non-financial instruments to support exporters in target markets; coordination of the list of potential innovative projects that can be implemented; participation in regional cooperation programs and strengthening diplomatic presence; improvement of the system of institutional support for foreign trade. The prerequisites for the implementation of the toolkit is the definition of a realistic vision and goals. Current challenges also require the creation of a roadmap for trade cooperation as a tool for the implementation of measures to diversify cooperation based on the analysis of demand in the countries of the Middle East and Africa, which, among other things, can contribute to increasing the competitiveness of national raw materials and innovation industries.

CONCLUSIONS

1. The directions of trade cooperation between countries are formed at the national and interstate levels, which is reflected in the structuring of the relevant legal and institutional framework at three levels of interaction: national, international (interstate) and global, taking into account the existing conditions and possible potential for development at each of them.

Among the studied factors that hinder the development of international trade relations, the imperfection of methods of state regulation of the economy in general and foreign economic activity in particular and the weak infrastructure of export support are significant. These factors form the external environment for the implementation of trade cooperation between countries and limit the possibility of national exporters entering international markets.

2. The identification of the asymmetric component and its strengthening in the international trade cooperation of countries is the result of the transformation of the world economic system since the XXI century, which is manifested in the establishment and development of effective interaction between two or more countries in unequal terms of trade, which are caused by the presence or absence of factors of production, institutional obstacles in the field of international exchange of goods and services, as well as different rates and dynamics of economic development of subjects international relations.

3. The algorithm for assessing trade cooperation of countries as a significant factor of economic development should include the following stages: analysis of the volume, structure and dynamics of bilateral trade, analysis of the effectiveness of trade relations, analysis of qualitative parameters of trade relations, which provides a comprehensive assessment of the parameters of these relations and allows to identify the potential for the development of bilateral trade, as well as "bottlenecks" that create obstacles to its implementation. This algorithm is the basis of a comprehensive model for evaluating trade cooperation, which is

aimed at monitoring the effectiveness of the proposed measures, substantiating the tools for stimulating foreign economic cooperation, mechanisms for maintaining existing ties between countries, as well as the formation of sustainable trade and economic cooperation in priority sectors and a platform for prompt solution of urgent problems that arise among interested economic agents.

4. The geographical location allows us to consider Ukraine as an important transit "hub" in the system of economic relations in Europe, the Middle East and Africa in the XXI century. On the other hand, the markets of the Middle East and Africa can be considered by Ukrainian economic entities as platforms for entering the markets of Central and Central Asia; Sub-Saharan and South Africa, Southeast Asia. Assessment with the help of statistical and economic-mathematical modeling of the available opportunities for the formation of trade policy and the choice of partners for further cooperation made it possible to determine and identify the nature of the development of trade relations with countries within the four clusters. Thus, the results of the analysis conducted with a time interval of ten years (2011 and 2021) showed that Turkey retains its status as a significant trading partner (the first cluster), Egypt plays a significant role in Ukraine's trade portfolio (the second cluster). Other countries entered the third and fourth clusters. It is advisable to note that the trade balance for a certain period with most countries was positive, given the low diversification of foreign trade of all partners involved.

5. In the period from 2017 to 2021. in the formation of Ukraine's trade relations with Egypt, Turkey, Saudi Arabia, the UAE, Tunisia and Israel, the existing potential was not fully used, and, accordingly, it is necessary to adjust foreign trade policy and form existing mechanisms to support national exporters. The existing high tariff and non-tariff protection of the domestic markets of the studied regions, especially agricultural products, creates asymmetrical conditions for foreign trade, despite the level of cooperation available in the period under

study. The negative dynamics of the mutual trade complementarity index according to the given sample of countries is associated with the long-term absence of strategic priorities in the region, which were imposed on temporary changes in the context of pandemic restrictions. The impact of full-scale armed aggression by Russia was partially taken into account due to the limited data. Thus, the shortage of labor force in the labor market of Ukraine can significantly affect the competitiveness of national goods in target markets, and accordingly adjust the ability of the economic system to create both resource and innovative products.

6. The main change in the process of determining the direction of trade cooperation should be the transition from a policy of inclusiveness in the Middle East and Africa region to the identification of breakthrough markets of certain countries in order to focus efforts on the development of trade cooperation with them. Taking this into account, the system of institutional support for foreign trade of Ukraine should be supplemented with a research institute of foreign trade in order to provide scientific and professional support to executive authorities and national exporters interested in the development of trade cooperation with the countries of the region. The use of a scenario approach is another condition for such a transition. The first scenario of choosing the directions of trade cooperation between Ukraine and the countries of the Middle East and Africa requires continued negotiations on the simplification of trade rules and the formation of a system of financial and non-financial instruments to support exporters in target markets. The second one involves choosing an innovation-oriented direction by determining the priorities of medium- and long-term cooperation, agreeing on a list of potential innovative projects that can be implemented through the development of startup ecosystems and/or creating a platform to support innovative companies.

7. Among the directions of the strategy for the recovery and development of the Ukrainian economy in the context of the fight against the full-scale armed aggression of the Russian Federation should be the transformation of the policy of stimulating Ukrainian exports, which should be based on strengthening Ukraine's position as a global food exporter, concluding new international agreements on the safe exit of ships from seaports during active hostilities; stimulation of innovative development of agricultural enterprises on the basis of the introduction of Agrotech elements, which will improve the level of manufacturability and international competitiveness of agricultural products.

REFERENCES

1. Toryanyk V. M., Priz O. V. (2019) Prospects for the Development of International Economic Relations in the First Half of the XXI Century. Bulletin of the National University of Water and Environmental Management. (4(88)). P. 343-354.
2. Hubersky L.V. Ukrainian Diplomatic Encyclopedia / Hubersky L.V., Vergun V.A., Golovchenko V.I. et al. – 2 vols. – Kyiv: Znannya Ukrainy, 2004. – 812 p.
3. Filipenko A.S. Global Forms of Economic Development: History and Modernity / A.S. Filipenko. – Kyiv: "Znannya", 2007. - 670 p.
4. Transformation International Economic Relations into Era globalization: collective monograph / col. author; per row. Prof. A. P. Golikova, prof. O. A. Dovgal. – Kh.: V. N. Karazin Kharkiv National University, 2015. – 347 p.
5. Global Trade System: Development of WTO Institutions, Rules, Instruments: Monograph. Candidate of Economic Sciences, Assoc. Prof. T.M. Tsygankova. – Kyiv: KNEU, 2003. - 660 p.
6. Meschia. O.N. (2014) The Law of International Cooperation. Legal Bulletin. №3 (32). P. 35-40
7. Kireeva A.E. Foreign trade activity of the country as the main form of international cooperation. International Economics: Integration of Science and Practice: Collection of Scientific Works. – Kyiv: NTUU "KPI", 2013. – Vol.3. – P. 83-87
8. Flissak K. A. International Trade Disputes and the Place of Economic diplomacy in their settlement. Actual problems of international relations. Release art II). 2016.- P.152-164.

9. Tchaikovska V. V. International Economic Treaties as a Means of Legal Regulation of Foreign Economic Activity / V. V. Tchaikovskaya // Almanac of International Law. Issue 7. P. 20-31.

10. Customs Encyclopedia: In Two Volumes. Vol.2/: Redkol.: ... I.G. Berezhnyuk (ed.) and others. – Khmelnytskyi: PP Melnyk A.A., 2013. – 536 p.

11. Customs Encyclopedia: In Three Volumes. Vol.1/: Redkol.: ... I.G. Berezhnyuk (ed.) and others. - Khmelnytskyi: PP Melnyk A.A., 2014. - 592 p. - (Customs Affairs in Ukraine. Vol. 26).

12. Duginets, G. V., Mazaraki, N. A. Preferential Trade Agreements as Components of the New World Order. Economic Space, 2019. (152). P. 17-28.

13. Petukhova V. O. Theoretical Foundations of the Study of Customs Unions as a Perfect Form of the Free Trade Zone in the Context of Intercountry Interaction. Bulletin of V. N. Karazin Kharkiv National University, 2016. Issue 5.- P. 54-57.

14. Gonchar G.P. Protectionism or Free Trade – the Choice of Ukraine // Development of Socio-Economic Systems in the Conditions of Global Instability. – Economic thought. – 2017. – P. 188-196.

15. Krasnikova N. O. Global Determinants of Modern Trade Protectionism. Bulletin of the Academy of Customs Service of Ukraine. Ser. :Economics. - 2013. № 2. P. 36-41.

16. Voitov S. Evolution of customs and tariff regulation in the context of the development of world civilization. Bulletin of the Kyiv National University of Trade and Economics. 2013. № 2. P. 70-84

17. Foreign Trade of Ukraine: XXI Century [Text] : Z-78 monograph / A.A. Mazaraki, T.M. Melnyk, N.O. Iksarova [et al.] ; for general. Ed. A.A. Mazaraki. – Kyiv: Kyiv. National. Torg.Econ. University, 2016. – 600 p.

18. Sharov O. M. Economic Diplomacy: Fundamentals, Problems and Prospects: Monograph / O. M. Sharov; National Institute for Strategic Studies.

– Kyiv: NISD, 2019. – 560 p.

19. Mazaraki A.A., Melnyk T.M., Yukhimenko V.V. et al. (2014) Strategy of Post-Crisis Development of the Foreign Economic Sector of Ukraine: Monograph. Ed. A.A. Mazaraki. Kyiv: Kyiv. National. trade-econ. University of Pennsylvania, 2014. 652 p.

20. Melykh O. V. Protectionism in the EU: Impact on Market Relations with Partner Countries. Economic analysis. - 2020. - Vol. 30, No. 1, Part 2. - P. 91-99.

21. Vichevych A.M. Analysis of Foreign Economic Activity. manual / A.M. Vichevych and O.V. Maksymets. – Lviv: Afisha, 2004. – 140 p.

22. Chesnokov A. V. Foreign Economic Security of the State in the Conditions of European Integration of Ukraine. Dis. Cand. Econ. Sci. : 08.05.01 / A. V. Chesnokov; Kiev. National. Univ. T. Shevchenko. – K., 2006. – 19 p.

23. Kalashnyk M.. Methodological approaches to the analysis and assessment of the transformational dynamics of the region under the influence of foreign economic activity. Collection of scientific papers of Cherkasy State Technological University. Series: Economic Sciences. 2014. P.171-177.

24. Dekhtyar N. A. Study of the phenomenon of intra-branch trade as a factor of the country's competitiveness in foreign economic relations. BUSINESSINFORM 2017. №11. P. 67-74.

25. Riasna M.V., Lytvynenko Y.O. Cluster Analysis in Marketing Research: Actual Issues of Economic Development, Food Technologies and Commodity Science: Collection of Abstracts of Reports of the XXXVIII Scientific Student Conference on the Results of Students' Research Works for 2014 (Poltava, April 21–22, 2015). – Poltava: PUET, 2015. – P.117-120

26. Ankavi Syed S.M. Directions for the Development of Economic Cooperation between Ukraine and the States of the Middle East. Bulletin of V.N. Karazin Kharkiv National University. 2014. P. 65-68

27. Middle East and North Africa as a sphere of interests of Ukraine: analyte. additional. / per order. O. V. Lytvynenko. Kyiv: NISD, 2020. 85 p.

28. Shynkarenko A. V., Sardak S. E. Problems and prospects of regulation of international trade in goods in Ukraine. Development of International Trade in the Context of Global Economic Imbalances: Proceedings of the All-Ukrainian Forum on International Economic Relations (11 April 2019). – Zhytomyr: ZhTU, 2019. – 311 p.

29. Ukraine presents its products at the world's third largest food exhibition Gulfood. 2018. URL: <https://epo.org.ua/gulfood2018-stand/>

30. The first Ukrainian trade mission to Ghana and Nigeria began work in Accra. 2018. URL: <https://epo.org.ua/trade-mission0ghana-nigeria-start/>

31. The office presented the domestic machine-building sector at the Africa Rail exhibition. 2019. URL: <https://epo.org.ua/ofis-prezentuvav-vitchyznyanyj-mashynobudivnyj-sektor-na-vystavtsi-africa-rail/>

32. Institute of export and international trade. Five statistics that show the impact of the Ukraine crisis on global trade <https://www.export.org.uk/news/601577/Five-statistics-that-show-the-impact-of-the-Ukraine-crisis-on-global-trade.htm>

33. Text of the Free Trade Agreement between Ukraine and Turkey. https://export.gov.ua/news/3679tekst_ugodi_pro_vilnu_torgivliu_mizh_ukrainoi_u_i_turechchinoiu

34. Free Trade Agreement between the Cabinet of Ministers of Ukraine and the Government of the State of Israel. https://zakon.rada.gov.ua/laws/show/376_001-19#Text

35. Bilateral cooperation. MFA Ukraine. <https://mfa.gov.ua/dvostoronnye-spivrobitnictvo/5-td>

36. The legal framework of cooperation between Ukraine and Morocco http://ukrexport.gov.ua/ukr/ugodi_z_ukrain/?country=mar

37. Ministry of Foreign Affairs of Ukraine (2020) Online conference between Ukraine and Malaysia: "New markets. New Opportunities" 06.10.2020

URL: https://mfa.gov.ua/news/dmitro_senik-zaprovadzhuyemo-novij-format-konsultacij-dlya-pidtrimki-ukrayinskih-eksporteriv

38. Official website of the Ministry of Foreign Affairs of Ukraine. URL: <https://mfa.gov.ua>

39. Global Innovation Index 2021. WIPO, 2021.

https://www.wipo.int/edocs/pubdocs/en/wipo_pub_gii_2021.pdf

