

СЕКЦІЯ 14. ЕКОНОМІКА, МЕНЕДЖМЕНТ ТА МІЖНАРОДНИЙ БІЗНЕС

ROLE OF GERMANY IN TRADE REORIENTATION OF UKRAINE

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Trade reorientation as all institutional changes has caused transaction loss and gain [1]. Role of Germany in reorientation process can be better assessed based on the following chart. Fig. 1 shows a key role that Germany started to play in formation of deficit of Ukrainian foreign trade with the EU in reorientation process in 2014-2017 compared to other EU countries.

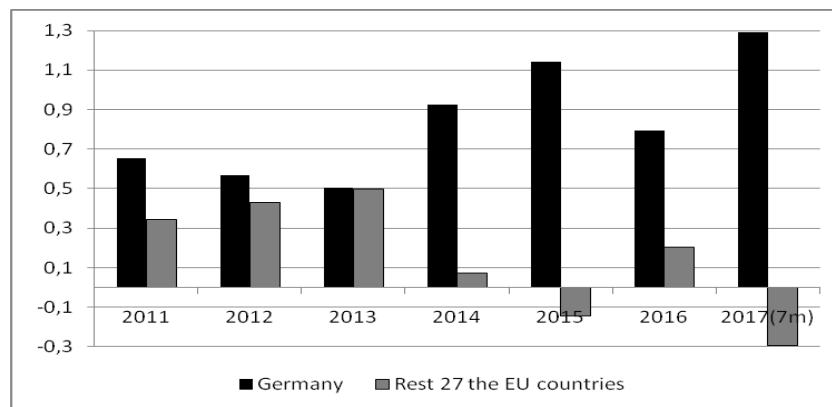


Fig. 1. Role of Germany and the rest 27 EU countries in deficit formation of Ukrainian foreign trade with EU.

Source: own calculations based on the national data [2].

However, a superficial analysis does not answer the question about the causes of this situation and a deeper understanding of the problem. Meanwhile, similar processes of reorientation had long occurred in the CEE countries and the ways of their research were suggested at that time, which subsequently received further development. For example, there were used indices of trade substitution elasticity within CEE and the EU. They showed that if in the long run the trade with the EU in CEE grew faster, in certain periods, such as 1999-2004 the trade within CEE increased faster than with the EU.

Use of a gravity model also confirmed the large growth potential of trade within CEE, especially in connection with emergence of the Central European Free Trade Agreement, which was subsequently confirmed by real dynamics of its development. All in all the signing of Central European Free Trade Agreement (CEFTA) created powerful incentives for closer trading links with the EU and for trade reorientation from the East to the West. Unfortunately, Ukraine is implementing a reorientation not as a part of a block, but almost single-handedly, which imposes certain constraints on this process, as well as on its research.

Reference:

1. Архиев С. Институциональные преобразования и транзакционные издержки //Бизнес Информ. – 1998. – №. 11. – С. 20-22. 2. State Statistics Service of Ukraine <http://ukrstat.gov.ua>