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UKRAINE'S TRADE POLICY IN ASIA UNDER MULTIPOLAR GLOBALIZATION

The article defines the directions of Ukraine's trade policy under multipolar globalization, which assumes that the centers of development and trade are concentrated both among developed and developing economies. The article analyzes the development of Ukraine's trade with the leading economies of Asia - China, India, Japan and the Republic of Korea, which have created a powerful pole of world trade in Southeast Asia. However, domestic exports to these countries are developing unevenly and at a moderate pace. The latter is explained by the specific features of the trade regime of these countries, primarily the high level of non-tariff market protection. Domestic exports to Asian countries remain extremely undiversified with the predominance of one or two goods in the structure: mainly ores and corn are exported to China, to India - sunflower oil, to Japan - ores and tobacco products, and to Korea - corn and wheat.

Diversification of commodity exports with an emphasis on goods with a higher share of value added is defined as an important direction of trade policy in relation to the leading countries of Asia. In particular, prospective agricultural export products to Asian countries are honey, chicken, dairy products, etc. Prospective industrial goods include inorganic chemical products, fertilizers, wood products, nuclear reactors, etc.

Recommendations for improving Ukraine's trade policy have been developed, and the need is substantiated to conclude free trade agreements in order to further develop Ukraine's trade with leading Asian countries. Also, the need to abandon the idea of negotiating a free trade agreement and investment agreement with China has been proven. The article analyzes the policy of economic patriotism pursued by the Indian government, in particular as a response to the full-scale invasion of the Russian Federation into Ukraine. The authors note India's disagreement on issues of opening markets for sensitive agricultural products, which causes the complexity and delay in the negotiations on free trade with this country. Access to the markets of Japan and the Republic of Korea is complicated by the high level

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Ukraine's trade policy in Asia under multipolar globalization

of tariff and non-tariff barriers. However, the analysis of the trade policy of these countries shows that a significant part of markets of both agricultural and industrial goods in these countries were opened due to the numerous FTAs. It is recommended to initiate negotiations on free trade with Japan and the Republic of Korea in order to improve Ukraine's competitive position in the markets of these countries³.

Keywords: *multipolar globalization, trade, trade policy, China, India, Japan, Republic of Korea, industrial policy, regional trade agreements*

Given the role of foreign trade in Ukraine's economy, an effective trade policy is an important condition for this country's post-war recovery and economic development. The global economy is moving towards multipolarity, and new poles of influence are being formed, which changes the competitive environment on the global markets and creates challenges for trade policy and new directions for the development of Ukrainian exports. A powerful pole of world trade has emerged in Asia, which is related to the rapid rise of China and India, which are, respectively, the second and fifth world's largest economies, as well as the development of Japan and the Republic of Korea - respectively the third and tenth world's largest economies according to the World Bank 2021 [1]. The Asia-Pacific region has further secured its leading position in global trade with the entry into force of the Regional Comprehensive Economic Partnership (RCEP) on January 1, 2022, which brought together various trade agreements between the Association of South-East Asia (ASEAN) and Australia, China, Japan, New Zealand and the Republic of Korea. The RCEP agreement launched the world's largest free trade area. The process of shaping a new pole of global trade in Asia is not limited to RCEP - negotiations are ongoing on the creation of an in-depth FTA, compared to RCEP, in the format of "Japan - China - Republic of Korea".

In the modern conditions of multipolar globalization and the concentration of these processes mainly in Asian countries, the shaping of Ukraine's trade policy with the aim of developing trade with the largest economies of this region is an *urgent problem*. The prospects of the Asian vector of Ukraine's foreign trade are also determined by the active development of EU trade with Asia's leading countries. The EU has regional trade agreements with the Republic of Korea (2011) and Japan (2019), and a free trade agreement with India has been under negotiation since 2007.

Analysis of research and publications. In 2000, the International Monetary Fund in its report on "Globalization: Threats and Opportunities" defined economic globalization as an increasing degree of integration between countries around the world, caused primarily by trade and financial flows, as well as the movement of people (labor) and knowledge (technology) through international borders [2].

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The term "multipolarity" has different interpretations in different areas of contemporary international relations, so research on multipolar globalization is conducted in different directions. In the field of international relations, a multipolar system is defined as a political system in which several countries that have reached the highest level of development have the opportunity to influence global events [3]. The World Bank's 2011 annual report "Multipolarity: The New Global Economy" defines the concept of multipolarity in the international economy as the dominance of more than two poles of growth. The World Bank's forecast predicted a transition in the second decade of the 21st century to a multipolar world, in which the centers of development will be concentrated both among the developed economies and among the developing ones. In modern conditions, a development center of the world economy has been formed in Asia, where several countries that have reached the highest level of development have the opportunity to influence world trade, including the new leaders of economic growth China and India and the "Asian tigers" of the end of the last century - Japan and Republic of Korea.

The above mentioned report of the World Bank "Multipolarity: The New Global Economy" gave impetus to the study of multipolar globalization of the world economy. In particular, in his book "Multipolar Globalization. Developing Economies and Development" [4] Jan Nederven Peters shows how the rise of China and other developing economies led to a new geography of trade, new economic and political combinations, revealed new financial actors, investors and donors and caused a weakening of US hegemony. Anil K. Gupta from the University of Maryland, who heads the China India Institute in Washington, in his interview "A more multipolar world" [5] notes that we are now in a multipolar world that will become even more so in the future. In its 2019 rating, the "Thinkers50" forum, which is known as the "Oscar for minds in the field of management", included A.K. Gupta to the list of the world's most influential experts in the field of management for researching the transformational development of the markets of China and India [6]. A.K. Gupta argues against the popular belief that the world is becoming bipolar with the rise of China, arguing that in the modern era no one country - be it China or the US - can dominate the world. In a multipolar world, competition will take place not only between China and the USA. Rather, it will be either a multilateral competition or a competition between alliances. A.K. Gupta finds the latter scenario much more likely and emphasizes the extreme importance of creating a network of alliances by major powers such as China and the US, as well as the EU.

The report "Multipolarity: The New Global Economy" also notes that in contemporary international politics, the debate is focused on the potential of a multipolar world, which is characterized by numerous alliances of countries that concentrate power, but lacks a single dominant center. The creation of such alliances of countries occurs in global trade through the proliferation of regional and mega-regional trade agreements that shape the new configuration of global trade, such as RCEP. Leading institutes in the field of world trade predict that the



creation of RCEP in the coming decades will lead to the formation of a powerful world trade pole in the countries of Asia and the Pacific region.

Researchers from the Peterson Institute for International Economics and the Johns Hopkins University (USA) present the results of calculations they obtained in 2020 using a general equilibrium model, according to which China, Japan and South Korea will receive significant benefits from RCEP, while the United States and India will lose [7]. According to their calculations, thanks to the creation of RCEP, annual trade volumes between the members of this partnership will increase by 428 billion USD in 2030, while trade between non-members will decrease by 48 billion USD [7, p. 17-18]. Thus, according to the authors' conclusions, RCEP will reorient East Asia to economic ties within the region. According to the calculations carried out using the same model, quoted in a working document of the Asian Development Bank [8, p. 8-12], in 2030, RCEP will provide 1.4% growth in world trade and 4.9% growth in exports of RCEP members. Based on the calculations, the authors of the document conclude that RCEP will make East Asia a more powerful global competitor. Despite significant differences in the economic models of East Asian countries and the existing sharp political and ideological contradictions between them, they had close trade ties even before the creation of the RCEP. In particular, in 2021, China was the largest trading partner of the Republic of Korea and the largest exporter to India and Japan. Also, for Japan, China was the leading direction, and the Republic of Korea was the third greatest direction in terms of merchandise exports [9, pp. 80, 170, 186, 196].

In Ukrainian scientific literature, sufficient attention is also given to the development of economic relations between Ukraine and Asian countries. Thus, in particular, V. Maiko, back in 2011, considering the main directions of development of Ukraine's relations with Asian countries in the context of foreign economic priorities, emphasized the strengthening of the geopolitical role of Asian countries in the world and the rapid dynamics of economic growth in this region [10, p. 3–7].

Considerable attention was paid to Ukraine's economic and scientific-technological cooperation with the countries of Southeast Asia in the works of A. Honcharuk and others. [11]. According to the authors, within the framework of Ukraine's trade and economic relations with Asian countries, the most promising area is the development of production and investment cooperation, in particular in the form of attracting direct Asian investments to Ukraine's economy and placing joint production in Asia with the involvement of Ukrainian technologies. Such cooperation has significant prospects in strategic fields: aviation, space, military-technological, and energy. Also, a promising direction for Ukraine is participation in the construction and modernization of industrial facilities, transport and energy infrastructure, and exploration and exploitation of minerals.

In the work by A. Honcharuk et al. 2021 [12] a comparative analysis of Ukraine's trade and economic relations with the countries of East, Southeast, and South Asia is conducted. The authors note that this is the fastest-growing region, where four

of the ten largest economies in the world are concentrated - China, Japan, India and the Republic of Korea. Based on comparative analysis, the authors conclude that Ukraine's trade and economic potential with the countries of the above mentioned region has not been fully used so far. Among the priority directions in the development and deepening of trade and economic relations between Ukraine and the countries of East, Southeast and South Asia can be the following: ICT sector; defense-industrial complex; infrastructure; energy industry; agricultural sector; light industry, etc.

In general, as evidenced by the review of Ukrainian literature, most of the questions deal with the revival of Ukraine's cooperation with the countries of the Asian region in the industrial, energy, financial and investment, and scientific-technological areas. At the same time, questions regarding the formulation of Ukraine's effective trade policy with the region's countries, which actualize the corresponding research direction and require additional elaboration, still remain largely outside the researchers' attention.

Accordingly, the **goal** of the study is the formulation of an effective trade policy in the conditions of multipolar globalization, aimed at diversification and growth of Ukraine's exports to the leading Asian economies.

The theoretical and methodological basis of the research includes scientific works, methodological developments of leading Ukrainian and foreign scientists, analytical documents and forecasts of international organizations. The study of scientific problems related to the revival of Ukraine's trade policy in the conditions of multipolar globalization is carried out with the help of critical and scientific analysis, methods of scientific generalization and systematization, and induction and deduction when determining the causal relationship between internal and external factors affecting trade. The research *methodology* includes (1) analysis of the development and features of the trade policy of Asian countries (levels of tariff and features of non-tariff market protection, participation in regional and mega-regional trade agreements); (2) analysis of dynamics in the sphere of merchandise trade with Ukraine and evaluation of the development of trade after the full-scale invasion of the Russian Federation into Ukraine; (3) research on the structure of Ukraine's exports to Asian countries with an emphasis on the export of goods with a higher share of added value; (4) elaborating recommendations for the development and diversification of Ukraine's exports; and (5) development of recommendations regarding Ukraine's trade policy with the substantiation of the expediency of concluding free trade agreements with leading Asian countries.

Main results. The shift to multipolarity in global trade opens a "corridor" of opportunities for the development of Ukrainian exports to Asian countries, which are world leaders in terms of the volume and growth rate of imports [13]. In 2021, among the world's thirty largest importers of goods were China with a share of world merchandise imports of 11.9%, Japan with a share of world merchandise imports of 3.4%, the Republic of Korea (2.7% of world merchandise imports), and



India (2, 5% of world merchandise imports) [14, p. 59]. China, Japan and the Republic of Korea are members of RCEP. Despite participating in the RCEP negotiations, India has not signed the final agreement. The main reasons were the protection of Indian industry from imports of manufactured goods from China and other RCEP members, the threat of import competition in agriculture and India's insufficient access to the service market and the labor market of the RCEP countries [15].

Unfortunately, today the prospects for the development of Ukraine's exports to the above mentioned countries are mainly related to the export of raw materials. In particular, China, Japan, the Republic of Korea and India are among the world's ten largest importers of raw agricultural goods with high growth rates of import of these goods. During 2010-2021, the average growth rate of their imports was 9% in China, 7% in India, and 5% in the Republic of Korea [14, p. 69]. Therefore, overcoming the high non-tariff barriers to entering the markets of Asian countries, which are especially typical in relation to agricultural products, should become a priority direction in Ukraine's trade policy. Another priority direction is the promotion of food industry products with a higher degree of processing to the markets of Asian countries. Food imports in Asian countries are growing rapidly. China, Japan, the Republic of Korea and India are among the world's ten largest food importers. During the period 2010-2021, the average growth rate of food imports was 12% in China, 8% in India, and 6% in the Republic of Korea [14, p. 70]. For comparison, in the same period, the average annual growth rate of imports of agricultural raw materials into the EU was 2%, and that of food - 3%.

It is obvious that Ukraine's trade policy towards Asian countries, and especially regarding the conclusion of free trade agreements or investment agreements, should take into account the trade policy of these countries during the war in Ukraine. After the imposition of sanctions by Western countries in 2022, the Russian Federation has been selling oil and gas to China and India at preferential prices, and as a result, these countries benefit from the full-scale invasion of Ukraine by the Russian Federation. The latter is confirmed by data on the growth of these countries' trade volumes with the Russian Federation from March 2022 to September 2022, cited by the "New York Times" [16]. The average monthly merchandise imports from the Russian Federation to China during March-September 2022 increased by 98%, and to India by 430% compared to the corresponding figures for 2017-2021. Since the beginning of full-scale hostilities in Ukraine exports from China and India to the Russian Federation have also grown. The average monthly merchandise exports to the Russian Federation from China during March-September 2022 increased by 24%, and that from India by 19% compared to 2017-2021. For comparison, the United States, since the beginning of the full-scale invasion of the Russian Federation in Ukraine has reduced the corresponding average monthly indicators to the Russian Federation by 84%, and imports - by 20%.

Prospects for the development of Ukraine’s exports to China

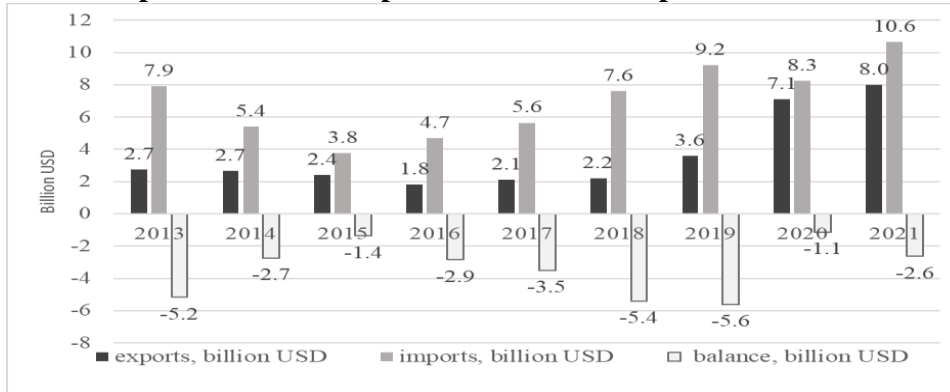


Fig. 1. Merchandise trade between Ukraine and China in 2013-2021, billion USD

Source: constructed based on UN Comtrade Database (2021). URL: <https://comtrade.un.org/data>

In the period 2017-2021, the average annual growth rate of Ukraine’s exports to China was 38.6%, and that of imports from China was 18.9%. The largest increase in merchandise exports to China took place in 2020 amid the spread of the COVID-19 pandemic - the exports in 2020 exceeded the corresponding figure of 2019 almost twice (by 98.1%). On the other hand, due to the spread of the pandemic in 2020, merchandise imports from China fell by 10.3% compared to the corresponding figure for 2019. The main factor in the growth of Ukraine’s exports to China in 2020 and 2021 was the increase in China's purchases of grain from Ukraine and increased prices on grain in the conditions of the pandemic.

Due to the full-scale invasion of the Russian Federation into Ukraine, the foreign trade turnover between Ukraine and the People's Republic of China decreased by 41.3% in 2022 compared to 2021 and amounted to 11.1 billion USD. At the same time, in 2022, exports decreased by 68.9% compared to 2021 - to 2.5 billion USD, and imports - by 21.2% - to 8.7 billion USD. Thus, Ukraine's losses in foreign trade with the People's Republic of China due to the large-scale invasion of the Russian Federation by the end of 2022 amounted to 7.8 billion USD.

Ukraine’s merchandise exports to China are dominated by raw materials. The first two items in the structure of Ukraine's merchandise exports to China are accounted for by ores, slag, ash (HS⁴ 26) and cereals (HS 10), respectively 37% and 31%, together - 68% (2021). Vegetable oil too has a significant share (12.6%). Overall, agricultural goods (HS 1–24) accounted for more than half (53%) of Ukraine’s merchandise exports to China in 2021.

The structure of Ukraine’s agricultural exports to China is dominated by grains with a share of 58.8% (2021). Mainly corn is exported, whose share in

⁴ HS (Harmonized Commodity Description and Coding System) - Harmonized system of description and coding of goods, used for description and classification of products at customs.



Ukraine's agricultural exports to China was 44.18%, while that in grain exports was 75.1% (2021). Corn is exported in accordance with the 2012 credit agreement between the State Food and Grain Corporation of Ukraine (SFGCU) and the Export-Import Bank of China. Ukraine has good prospects for the development of corn exports to China, because corn ranks fourth among China's top five agricultural import items (2021) [9, p. 80]. Ukrainian share in China's corn imports is quite significant and in 2021 was 23.3%.

China is world's largest soybean importer, accounting for 60% of global soybean imports. Due to the trade war between China and the USA in 2018-2020, Ukraine got a chance to increase soybean exports to the USA but did not take advantage of it. As of 2021, Ukraine ranked eighth among soybean exporters to China, after Brazil, USA, Argentina, Uruguay, Canada, the Russian Federation, and Benin, with an exports of 63.16 million tons and a share in China's soybean imports at a mere 0.07%. On the other hand, Ukraine's soybean exports to China make up only 0.52% of its total agricultural exports to this country. Therefore, the development of the export of soybeans and soybean oil remains a promising direction in Ukraine's trade with China.

A promising product for Ukraine's export to China is honey, and at the end of 2022 the necessary protocols were signed with the General Administration of Customs of the People's Republic of China [20]. Also, negotiations are underway to export chicken, dairy products, peas, beans, nuts, cherries, and blueberries to China.

The main groups of industrial goods exported to the PRC in 2021 were the following (46.0%): HS 26: "Ores, slag and ash" (2,960.1 million USD, or 37.0%); HS 72: "Iron and steel" (321.6 million USD, or 4.0%); HS 84: "Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof" (268.5 million USD, or 3.4%); and HS 44: "Wood and articles of wood; wood charcoal" (126.3 million USD, or 1.6%). That is, in the structure of Ukraine's industrial exports in 2021, raw materials prevailed, while the share of goods with high added value did not exceed 5.0%. This objectively indicates the need to develop a trade policy that would actualize mechanisms for improving the business environment in the field of production of items with high added value, especially in domestic engineering, which could compete in the Chinese market.

Although the mutual liberalization of tariff regimes is an obvious solution for the development of Ukrainian exports to China, the creation of an FTA with China would lead to a strengthening of the raw material orientation of Ukrainian exports and Ukraine's import dependence on Chinese industrial goods [21]. An alternative solution could be the signing of an investment agreement with China like those that the PRC concludes with trading partner countries. However, under the conditions of military aggression by the Russian Federation and Ukraine's acquisition of the status of a candidate for EU membership, signing such an agreement is not expedient. Because, as early as 2021, the EU froze the ratification of the Comprehensive Agreement on Investments between the EU and China due to non-compliance with human rights in the People's Republic of China, later China's



position on the Russian-Ukrainian war was mentioned among the reasons for the suspension of ratification [22]. The expediency of developing a long-term strategy of trade and economic cooperation with the identification and justification of sectoral priorities, including in the conditions of the post-war development of the economy of Ukraine, requires additional research. The latter will require a detailed study of the directions for development of the interests of the People's Republic of China in order to adjust Ukraine's export policy, taking into account both the advantages of trade liberalization and risks for Ukraine's domestic market [23].

Prospects for the development of Ukraine's exports to India

India has been a member of the GATT (General Agreement on Tariffs and Trade) since July 8, 1948, and has been a member of the WTO since January 1, 1995. The main feature of India's customs regime is that, firstly, like most developing countries, India has bound only a small number of its tariffs, which allows this country to maintain a high level of protection for domestic producers of agricultural and industrial products. Secondly, the bound tariffs (maximum possible tariff rates) were set at a level much higher than the tariff rates applied by India in trade. This difference leads to flexibility in increasing the level of tariff protection of certain markets and the possibility to avoid compensation for the trading partners in the form of a corresponding decrease in the level of protection of other markets, which is provided for by WTO agreements.

India's trade policy in the GATT and in the WTO until 1991 was aimed at maintaining flexibility to limit imports through the possibility to raise the level of tariff protection and unlimited use of domestic and export subsidies. In response to the 1991 financial and economic crisis, India changed its closed import-substitution model of trade and economic development to one open to trade and foreign investment in the course of the reforms introduced by Finance Minister and later Prime Minister of India Manmohan Singh. The average import tariff was reduced from 81% in 1990 [24] to 37% in 2000, opening this country's domestic market to foreign competition. Within the structural reform, India removed all export subsidies and most quantitative restrictions on imports of intermediate and capital goods. The result included expanded foreign trade, a higher rate of economic growth and a significant reduction in the level of poverty [25]. Manmohan Singh's reforms continued with the 2014 arrival of Narendra Modi as Prime Minister of India. The Modi government launched a Make in India campaign aimed at building the country's manufacturing capacity by removing barriers to foreign investment and introducing a regulatory reform.

With the onset of the COVID-19 pandemic, India's trade policy shifted towards a policy of protectionism. Prime Minister Modi urged businesses to avoid disruptions in supply chains at the expense of their own production. Modi emphasized the domestic production of goods under the slogans "Be vocal about local" ("Vote for local goods") and "Who can stop us from becoming a self-reliant India"? ("Who can prevent us from turning India into a self-sufficient country?" [26].

To encourage trade in the context of the weakening prospects for multilateral trade negotiations at the beginning of the 21st century, India concluded 12 bilateral



and regional agreements [27], including free trade agreements with South Korea (2010) and Japan (2011). India has been a member of ASEAN since 2010. Besides, India has started negotiations for a free trade area with Canada, the European Union, Australia and New Zealand. These negotiations were to cover the areas of trade in goods and services, investments, public procurement, intellectual property rights and competition policy. However, initiatives to conduct these negotiations were hampered by political resistance in India to low tariffs on sensitive products, in particular, cars, to the new rules on subsidies for Indian farmers and other producers, and to opening access to India's public procurement markets [28].

The long duration of the RCEP negotiations (from 2012 to the signing of the RCEP Agreement in 2020) is explained by the position of India, which, although it was ready to reduce its list of goods exempted from partial liberalization or subject to partial liberalization, compared to its previous FTAs, refused to the extension of these concessions to China. In November 2019, Indian Prime Minister Narendra Modi announced that India would not sign the final RCEP agreement, postponing at least for some time the commitment to further open its market to imports from China and other RCEP members.

India regulates its merchandise imports through various trade policy instruments, including tariffs, tariff rate quotas, minimum import prices, import licensing and prohibitions, and state trade. The average applied MFN tariff for agricultural goods in 2021 was 37.5%, and that for industrial goods - 14.9% [29]. Among industrial goods, textiles (25.5%), clothing (24.1%), and transport equipment (31.1%) have the highest average MFN tariffs. The high level of tariff protection suggests that in near future the structure of Ukrainian exports to India will remain unchanged, i.e. raw materials with low added value will prevail.

The MFN tariff for agricultural goods ranges from 0% to 150%, but remains significantly lower than the bound rate, which reaches 300%. A characteristic feature of India's tariff regime is the widespread practice of changing the applicable MFN tariff rates during the budget year in order to ensure stable supplies of agricultural goods and stabilize prices, which provokes uncertainty for this country's trading partners. Significantly higher bound tariff rates in India allow for adjustments in applicable tariffs when domestic needs arise. Similarly, for products covered by tariff quotas, the number of quotas and quota rates are also adjusted during the fiscal year to meet domestic needs. India provides additional market access through tariff quotas for the import of milk powder and cream, corn, and edible oils (from sunflower, safflower, canola and mustard seeds) [30].

Only state-owned companies can import under tariff quota schemes. In addition, there are price controls on agricultural, petroleum and pharmaceutical products, which creates additional barriers to trade with India. Minimum support prices provide a minimum price for 25 agricultural commodities to protect farmers from price declines while maintaining affordable prices for consumers. The government announces minimum support prices at the beginning of the sowing season. They cover the cost of production and provide farmers with a reasonable rate of return. At minimum support prices, food is purchased for India's public

distribution system. Some items can only be imported through authorized government owned trading companies. These include bulk agricultural products such as grain, vegetable oils, petroleum products, and some pharmaceutical products.

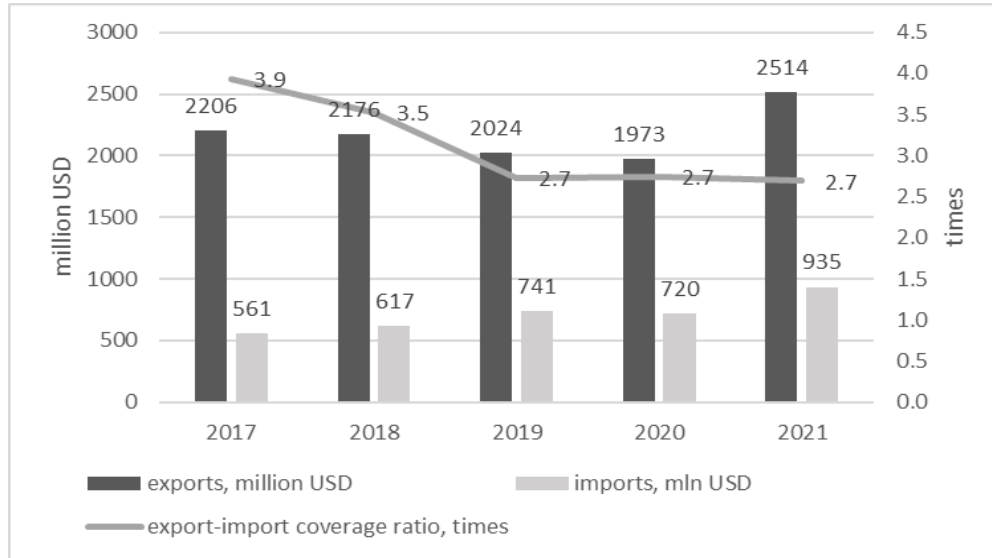


Fig. 2. Ukraine's merchandise trade with India 2017-2021,
million USD

Source: constructed based on UN Comtrade Database (2021). Retrieved from: <https://comtrade.un.org/data>

Figure 2 presents the dynamics of the development of merchandise trade between Ukraine and India during 2017-2021. The exports of domestic goods to India after a period of decline in 2019-2020 resumed growth in 2021. In 2021, a significant increase (by 30%) took place in merchandise imports from India to Ukraine, while in the previous period of 2017-2020, the average annual growth of imports from India was a mere 9%. The export-import coverage ratio in Ukraine's trade with India from 2017 to 2019 fell from 3.9 times to 2.7 times due to decreased exports and increased imports, and further stabilized at this level for three consecutive years from 2019 to 2021.

Due to the full-scale invasion of the Russian Federation, in 2022, the trade turnover between Ukraine and India is characterized by a downward trend. Thus, in particular, foreign trade turnover in 2022 decreased compared to 2021 by 25.5% and amounted to 2,574.7 million USD, while in 2022, exports decreased by 64.2% compared to 2021 - to 892.7 million USD, and imports - on the contrary - increased by 75% - to 1,682.0 million USD. Thus, Ukraine's losses in foreign trade with India due to the large-scale invasion of the Russian Federation in 2022 amounted to 881.0 million USD. However, if we take into account the positive dynamics observed in recent years, the losses from Russian aggression may be even greater.

For the development of Ukraine's exports to India, it is important that India's agricultural imports grow at a rapid pace despite India being a net exporter of agricultural commodities. Unrefined sunflower oil and its fractions are the leading



product not only in agricultural, but also in all Ukraine's commodity exports to India. This commodity accounted for 97.67% of agricultural exports and 75.3% of all Ukraine's commodity exports to India in 2021. That is, the structure of Ukraine's agricultural exports to India is not diversified and can be defined as mono-commodity exports.

It should be noted that starting from 2018, the physical volumes of exports of Ukrainian sunflower oil to India have been decreasing. While in 2018 2.5 million tons of unrefined sunflower oil was exported, then in 2021 - 1.6 million tons, which is 36% less. Vegetable oils can only be imported into India through authorized state trading companies, which regulate imports, creating barriers for exporters. Under these conditions, the role of bilateral intergovernmental agreements for the development of oil exports to India is quite significant.

The main groups of industrial goods exported to India in 2021 were the following (16.2%): HS 31 "Fertilizers" (316.0 million, or 12.6%); HS 84 "Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof" (58.0 million USD, or 2.3%); and HS 44 "Wood and articles of wood; wood charcoal" (32.2 million USD, or 1.3%). Despite the fact that exports of domestic manufactured goods with high added value to India is insignificant, there are open market niches for them. In order to expand the existing market niches, it is necessary to develop a trade policy that would ensure medium and long-term success in sectors such as the chemical, engineering and woodworking industries by entering global value chains.

The analytical report of the National Institute for Strategic Studies emphasizes the study of the possibility of concluding a bilateral trade agreement, which would provide for a significant reduction of import duties by both sides, a maximum elimination of technical and sanitary-phytosanitary barriers in trade, and promotion of Ukrainian goods through India to the markets of other countries of the Indo-Pacific region [31]. Among arguments that must be taken into account when deciding to conclude a bilateral trade agreement with India is the extreme complexity and length of the negotiation process due to the Indian side's intransigence as to opening markets for sensitive goods. Negotiations on free trade between the EU and India have been ongoing since 2007, so it seems appropriate to join this agreement after Ukraine becomes a member of the EU. Instead, it is appropriate to launch a trade-economic and financial initiative that would involve attracting investments from India for the post-war recovery in Ukraine.

Prospects for the development of Ukrainian exports to Japan

Japan has been a WTO member since September 10, 1995 and a member of the GATT since January 1, 1955. Like other "old" WTO members, Japan has managed to bound tariffs on agricultural goods at a sufficiently high level [32]. Although Japan's average MFN tariff in 2021 was 14.9%, the average MFN tariff for grains was 34.4%, dairy products - 91.4%, and sugar and confectionery - 24.1%. On the other hand, the level of the average MFN tariff for industrial goods, as well as the average bound tariff, is 2.5%.

Japan applies 18 tariff quotas covering 101 tariff lines at the level of six-digit HS codes [33, p. 131]. The quoted goods include dairy products, wheat, barley, and corn. In particular, the out-of-quota tariff on corn imports is 50%, or ¥12 per kilogram, whichever is greater. Under such conditions (high import tariffs for agricultural goods and a large number of tariff quotas), goods from countries with which Japan has free trade agreements have advantages when exported to Japan. Japan has concluded agreements on economic partnership and free trade with 20 countries and regional associations, such as EU, USA, Great Britain, ASEAN, TPP11 (also known as CPTPP - a multilateral trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam) and RCEP [27].

Japan has high non-tariff barriers that hinder imports, such as the unique technical standards requirements, prior experience requirements, rules favoring locally produced goods, etc. Agricultural products imported into Japan are subject to strict technical and sanitary requirements. Imported products must comply with Japanese agricultural standards JAS (Japanese national standards) in the field of agriculture, forestry, fishing and food industry and have a conformity certificate issued by the global network of certification organizations according to JAS standards.

Figure 3 presents the dynamics of trade between Ukraine and Japan. Ukraine has a negative balance in merchandise trade, while and the import-export coverage ratio in trade with Japan is constantly decreasing (with the exception of growth after the end of trade restrictions related to the COVID-19 pandemic) and in 2021 was 0.28, i.e. the value of exported goods only amounted to 28% of the value of goods imported from Japan. The average growth rate of Ukraine's exports to Japan during 2017–2021 was 9.1%, and that imports from Japan to Ukraine – 14.9%, i.e. imports from Japan grew much faster than exports to Japan.

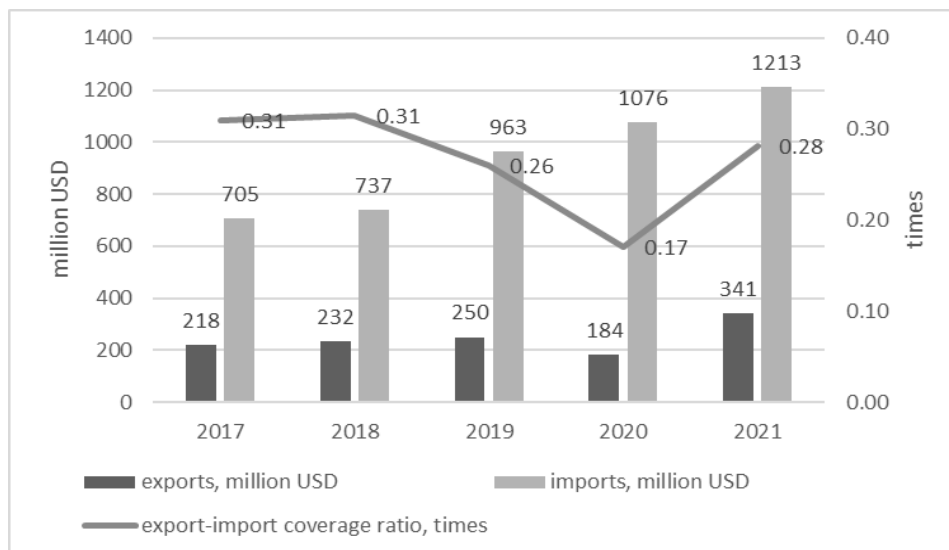


Fig. 3. Ukraine's merchandise trade with Japan 2017-2021, million USD

Source: constructed based on UN Comtrade Database (2021). Retrieved from: <https://comtrade.un.org/data>



Due to the full-scale invasion by the Russian Federation, in 2022, the foreign trade turnover between Ukraine and Japan too is characterized by a downward trend. Thus, foreign trade turnover in 2022 decreased by 52.2% compared to 2021 and amounted to 752.1 million USD. At the same time, in 2022, exports decreased by 69.0% compared to 2021 - to 107.8 million USD, and the imports by 47.5% to 644.3 million USD. Hence, Ukraine's losses in foreign trade with Japan due to Russia's full-scale invasion in 2022 amounted to 822.4 million USD.

The main items in Ukraine's exports to Japan include tobacco and industrial tobacco substitutes, iron ores and concentrates, corn, vegetable oil, vegetable processing products, honey, aluminum and its products, wood and wood products. Ukraine imports from Japan means of land transport, machine-building products, optical and photographic devices and pharmaceuticals. Thus, agro-food products and industrial raw materials predominate in Ukraine's exports to Japan, while this country's imports from Japan are dominated by high-tech products.

In the structure of domestic merchandise exports to Japan, agricultural products account for 36.4%. The structure of agricultural exports is not diversified; it is dominated by a single product - tobacco cigarettes with a share of 65.2%. This is related to JTI's presence in Ukraine since 1999, which company is part of the Japan Tobacco International group of companies within the international tobacco business of the Japan Tobacco group of companies (with its headquarters in Tokyo) [34]. The JTI Ukraine factory, located in the town of Kremenchuk, Poltava oblast, makes products for both Ukrainian and about 20 foreign markets. The factory did not stop its activities with the beginning of the Russian Federation's full-scale invasion in Ukraine. Instead, Japan Tobacco announced the suspension of new investments and marketing activities in the Russian Federation, as well as the suspension of the launch of new products there (the company has five factories in the Russian Federation) [35].

In contrast to the export of cigarettes, the export of corn, which is the second most important item in Ukraine's exports to Japan with a share of 20.7% in total Ukraine's agricultural exports to Japan (2021), is developing extremely unevenly, because the volume of purchases of Ukrainian corn is determined by the current conditions on Japan's corn market.

Taking into account Japan's technological development, it can be argued that in the short term, the structure of Ukrainian exports to Japan will remain unchanged, that is, raw materials with low added value will still prevail, being the trade balance a negative value.

It should be noted that today it is quite difficult for Ukraine to offer Japan any products of domestic industry with high added value. However, our country can be incorporated into some production chains of Japanese industry due to cheap labor, territorial proximity to the huge EU outlet market, etc. But in order for this process to be complete and irreversible, a necessary and mandatory condition is primarily Ukraine's victory, and the implementation of appropriate reforms to create comfortable conditions for potential investors in the post-war period.



In general, Ukrainian-Japanese economic and trade cooperation has a potential to grow at a qualitatively new level, but the prerequisite is the creation of a free trade zone between the two countries.

Prospects for the development of Ukrainian exports to the Republic of Korea

The Republic of Korea ranks seventh in the world in terms of merchandise exports with a share of 2.89% in global merchandise exports (2021) and is the ninth world importer of merchandise with a share of 2.72% in global merchandise imports (2021) [9, p. 196].

The Republic of Korea has high tariff entry barriers on its domestic market of agricultural products. The average MFN tariff for agricultural goods in 2021 was 56.8%, while that for industrial goods was 6.6%. The average MFN tariff on grain is the highest among all product groups of agricultural goods and was 187.1%, which indicates that the grain imports is regulated exclusively by tariff quotas and preferential tariffs in the free trade agreements. In addition, the Republic of Korea applies tariff quotas for access to its market of agricultural products for 227 ten-digit tariff items [36, p. 69-70]. Tariff rates within Korea's tariff quotas range from zero to 50%, while the out-of-quota rates are very high. The structure of Ukraine's merchandise exports to Korea is dominated by cereals. Quotas have been established for certain products of the cereal group for export to Korea with the following tariffs within the quota: 1.8% for fodder corn, 20% for barley, with tariff rates outside the quotas at 328% and 299.7%, respectively, which makes them effectively prohibitive.

High non-tariff barriers to access Korea's market are related, on the one hand, to a complex system of monitoring product safety requirements, which is performed by several ministries and government agencies. On the other hand, the non-transparent mechanism of distribution of tariff quotas with the participation of ministries, state-owned companies and associations of producers, who are competitors to importers or processors of imported products, leads to incomplete use of quotas. Thus, the average rate of filling tariff quotas in 2020 was only 58%. The quotas are filled mainly by countries with which Korea has free trade agreements.

Korea actively conclude regional trade agreements with its key trading partners [27] and has FTAs with the EU, Canada, the US, Australia, China, India, New Zealand, etc. In all these agreements, Korean agriculture remains only partially covered.

In 2017-2021, Ukraine had a negative balance in merchandise trade with the Republic of Korea (Fig. 4). While in 2017 the value of Ukraine's merchandise export to the Republic of Korea was 98% of the value of Ukraine's imports from this country, then in 2021 it was only 40%. Merchandise imports from the Republic



of Korea grew at a rapid pace even during the COVID-19 pandemic, and in 2021 the value of imports was by 48% higher than in 2019.

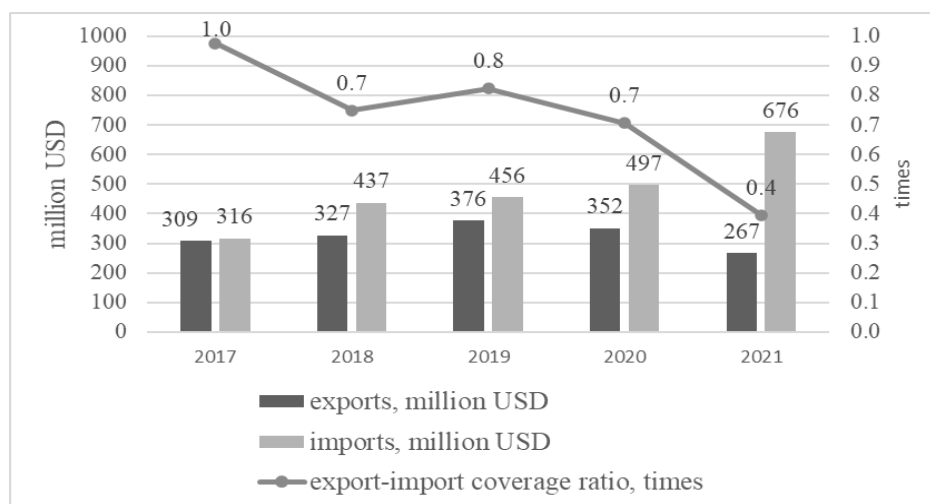


Fig. 4. Dynamics of merchandise trade between Ukraine and Korea during 2010–2021, million USD

Source: constructed based on UN Comtrade Database (2021). Retrieved from: <https://comtrade.un.org/data>

Due to the large-scale invasion of the Russian Federation into Ukraine, the foreign trade turnover between Ukraine and the Republic of Korea in 2022 decreased by 23.4% compared to 2021 and amounted to 762.0 million USD. At the same time, in 2022, exports decreased by 20.5% compared to 2021 - to 238.5 million USD, and imports - by 24.6% to 523.4 million USD. Thus, Ukraine's losses in foreign trade with the Republic of Korea due to the large-scale invasion of the Russian Federation in 2022 amounted to 232.4 million USD.

The structure of Ukraine's merchandise exports to Korea is dominated by cereals. Their share in total merchandise exports was 63.9% in 2021, while export volume was 170.8 million USD. In the second place are inorganic chemical products with a share in total merchandise exports of 10.4% and export volumes of 27.9 million USD. 8.5% of Ukraine's merchandise exports to Korea in 2021 were fats and oils of animal or vegetable origin, 2.8% - wood and wood products, and 2.8% - ores, slag, ash.

In the structure of Ukraine's exports of industrial products to the Republic of Korea in 2021, the share of goods with high added value was slightly higher than 18.0%.

The leading item of Ukraine's agricultural exports to the Republic of Korea is corn, which accounted for more than half (52.2%) of all agricultural exports to this country, followed by wheat (31.24%), and vegetable oils (11.24%). Grain exports to the Republic of Korea do not have sustainable dynamics, which is explained by the lack of long-term or medium-term interstate agreements, without



which it is difficult to use tariff quotas for grains, which are distributed mainly among countries that have free trade agreements with Korea.

The capacity of the import segment of Korean corn market amounts to 11.65 billion tons, 38.2% of which is accounted for by Argentina, 27.9% by the USA, 14.5% by Brazil, 4.5% by the Russian Federation, 4.2% by Serbia, 3% by Bulgaria, 2.8% by South Africa, and 1.52% by Ukraine. Ukraine has good prospects for increasing corn exports to the market of the Republic of Korea.

Ukrainian wheat has its niche in Korea's market, and the task is to maintain and increase exports of this product, although starting from 2017, Korea has been gradually reducing its wheat imports. The main competitor to Ukrainian wheat on the Korean market is wheat from the USA, Australia and the Russian Federation. In 2018, Ukraine ranked third in wheat exports to the Republic of Korea, and then lost its position.

Grains are exported to Korea within tariff quotas, and the quotas are not completely filled. The reason is the decreased domestic demand, especially in the context of the COVID-19 pandemic and the increased imports from countries with which Korea has free trade agreements.

Conclusions and recommendations

1. Despite the similar structure of Ukraine's exports to the leading economies of Asia and the similarity of trade regimes (the high non-tariff market protection), these countries have different political systems, geopolitical interests, economic systems and trade policy features, which suggests a differentiated approach to shaping Ukraine's trade policy in the Asian region.
2. In the trade policy with China, it is necessary to take into account the risks of Ukraine's increased import dependence on Chinese industrial goods, and the growth of the raw material orientation of Ukraine's exports to China, which can be promoted not only by the development of mutual trade, but also by Chinese investments in Ukraine's economy. Therefore, it is presently impractical to start negotiations on the establishment of an FTA with China or negotiations on the conclusion of an investment agreement.
3. A feature of non-tariff access regimes to China's markets is the complexity of procedures due to the decisive role of China's state authorities. This especially applies to the grain market, where the import, transportation and distribution of goods within China is completely controlled by the state. Therefore, relevant interstate agreements are decisive for the initiation and development of trade with China.
4. Challenges for Ukraine's trade policy in relations with India include a significant increase in the India's trade with the Russian Federation in 2022 due to the purchase of Russian oil and gas, which were under the sanctions by Western countries, as well as India's purchase of fertilizers from this country.
5. When making a strategic decision regarding the feasibility of starting negotiations on free trade with India, without which the development of mutual trade is limited due to the peculiarities of the trade regime of this country, one



should take into account the policy of economic patriotism pursued by the Indian government. First of all, this concerns the complexity and length of negotiations due to the lack of India's concessions as to the protection of agriculture from import competition and the government's regulation of sensitive markets.

6. As to the expansion of Ukraine's exports to Japan, it is advisable to conduct negotiations on the creation of a FTA in view of: (1) Japan's high import duties and the tariff quotas for Ukraine's export goods, and (2) better competitive positions of countries who have free trade agreements with Japan.
7. The market of the Republic of Korea is rather closed, with high tariff and non-tariff barriers. However, an analysis of Korea's trade policy shows that a large part of this country's market for both Korean agricultural and industrial goods has been open due to numerous FTAs. Therefore, in order to develop the export of Ukraine's agricultural and industrial goods to the Republic of Korea, it is advisable to initiate negotiations on the creation of a free trade zone.
8. Considering the complex mechanism of the distribution of tariff quotas for the import of agricultural products in the Republic of Korea, which involves the participation of not only state institutions and state-owned companies, but also associations of producers and processors of agricultural products, for the successful promotion of Ukraine's agricultural exports to the Republic of Korea, not only intergovernmental agreements are necessary, but also establishing ties between the production associations of Ukraine and the Republic of Korea.
9. The structure of Ukraine's exports to Asian countries is not diversified, and Ukraine's exports to India can be qualified as mono-commodity with a predominance of unrefined sunflower oil. Therefore, an important area of trade policy in relation to Asia's leading countries is the following commodity diversification of exports:
 - a) the best prospects for promoting the diversification of Ukraine's agricultural exports to China are raw materials such as barley and soybeans. Other prospective goods for export to China include honey, chicken, dairy products, peas, beans, nuts, cherries, and blueberries;
 - б) a promising product for export to India is soybean oil, however, soybean oil, like other vegetable oils, can be imported into India only through authorized state trading companies, hence the development of exports requires the conclusion of appropriate bilateral intergovernmental agreements;
 - в) The export of Ukrainian organic products to Japan has prospects, however, its initiation and development depend on the joint efforts by the government and business to certify domestic organic products according to JAS organic standards.
10. The demand for products of Ukraine's industry in Asian markets during recent years is generally characterized by stable growth. The main groups of industrial goods exported to these countries mainly include those with low added value, in particular, HS 26 "Ores, slag and ash", HS 72 "Iron and steel",



HS 81 "Other base metals; cermets; articles thereof", etc. Despite the fact that exports of industrial goods with high added value to these countries is insignificant, market niches for them remain open with further prospects for growth. This applies primarily to such commodity groups as HS 28 "Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes", HS 31 "Fertilizers", HS 38 "Miscellaneous chemical products", HS 44 "Wood and articles of wood; wood charcoal", and HS 84 "Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof". However, in order to expand market niches for Ukrainian industrial goods with high added value, it is necessary to develop an appropriate trade policy that would diversify further actions, tactics and business relations both at the level of companies and the state level, including through cooperation and integration.

11. Due to the full-scale invasion, Ukraine's total exports to Asian countries decreased by 49% in the first half of 2022 alone, while imports decreased by 20%.
12. For the strategic development of Ukraine's trade-economic relations with Asian countries, who are the leaders of global economic development, it is advisable to develop long-term strategies of trade and investment policies with a proper identification and justification of sectoral priorities, including in the conditions of the post-war development of Ukraine's economy.

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ТОРГОВЕЛЬНА ПОЛІТИКА УКРАЇНИ В АЗІЇ В УМОВАХ БАГАТОПОЛЯРНОЇ ГЛОБАЛІЗАЦІЇ

Розглянуто напрями торговельної політики України в умовах багатопольярної глобалізації, коли центри розвитку і торгівлі зосереджуються як серед розвинених економік, так і серед економік, що розвиваються.

Аналізується розвиток торгівлі України з провідними економіками Азії – Китаєм, Індією, Японією і Республікою Корея, що сформували потужні полюси світової торгівлі у Південно-Східній Азії. Проте вітчизняний експорт до цих країн розвивається нерівномірно і помірними темпами. Останнє пояснюється особливостями торговельного режиму зазначених країн, насамперед високим рівнем нетарифного захисту ринків. Вітчизняний експорт до країн Азії залишається вкрай недиверсифікованим з переважанням одного або двох товарів у структурі: до Китаю експортуються переважно руди і

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кукурудза, до Індії – соняшникова олія, до Японії – руди і тютюнові вироби, до Кореї – кукурудза і пшениця.

Важливим напрямом торговельної політики щодо провідних країн Азії є товарна диверсифікація експорту з акцентом на товари з вищою часткою доданої вартості. Зокрема, більш перспективними товарами для експорту сільськогосподарської продукції до країн Азії є мед, курятина, молочна продукція тощо. Серед промислових товарів – продукція неорганічної хімії, добрива, вироби з деревини, ядерні реактори тощо.

З метою подальшого розвитку торгівлі України з провідними країнами Азії розроблено рекомендації щодо удосконалення торговельної політики України, включно із обґрунтуванням доцільності укладання угод про вільну торгівлю. Обґрунтовано недоцільність початку переговорів щодо вільної торгівлі та інвестиційної угоди з Китаєм. Аналізується політика економічного патріотизму, яку проводить уряд Індії, і відзначено непоступливість Індії у питаннях відкриття ринків чутливих сільськогосподарських товарів, що зумовлює складність і довготривалість переговорів щодо вільної торгівлі з цією країною. Доступ на ринки Японії і Республіки Корея ускладнений через високий рівень тарифного і нетарифного захисту ринків. Проте аналіз торговельної політики цих країн показує, що значна частина ринків як сільськогосподарських, так і промислових товарів була відкрита завдяки великій кількості ЗВТ. Для покращення конкурентних позицій України на ринках Японії та Республіки Корея доцільно ініціювати переговори щодо вільної торгівлі з цими країнами⁷.

Ключові слова: багатополарна глобалізація, торгівля, торговельна політика, Китай, Індія, Японія, Республіка Корея, промислова політика, регіональні торговельні угоди

⁷ Публікацію підготовлено у рамках виконання НДР "Вплив багатополарної глобалізації на зовнішню торгівлю України" (№ держреєстрації 0121U100222).