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## **CURRENT STATE AND PROSPECTS FOR EXPANDING THE EXPORT OF DOMESTIC INDUSTRIAL PRODUCTS TO THE RAPIDLY DEVELOPING COUNTRIES OF ASIA**

The article analyzes the current state and prospects for expanding the export of Ukrainian industrial goods to the rapidly developing countries of Asia, in particular to Indonesia, Thailand, Bangladesh and the Philippines. It is shown that each of these countries is an important partner of Ukraine in the region of Southeast Asia with a constantly growing demand in the markets of industrial goods. Until 2022, the demand for domestic industrial products in the markets of Indonesia and Thailand had positive dynamics and ensured, albeit not significantly, an increase in the volume of exports of Ukrainian high-tech goods. Despite the positive trade balance, the demand for domestic industrial goods in Bangladesh and the Philippines until 2022 was characterized by a gradual reduction. In general, the share of domestic industrial products in the structure of exports to these countries is quite low: Indonesia – 0.7%, Thailand – 3.0%, Bangladesh – 4.3%, the Philippines – 9.9%. At the same time, the share of industrial goods of these countries in the structure of Ukrainian imports was much higher, in particular: Indonesia – 20.0%, Thailand – 82,1%, Bangladesh – 96,8% and the Philippines – 92,4. Due to the large-scale invasion of the Russian Federation in Ukraine, an assessment was made of losses in Ukraine's trade with rapidly developing Asian countries in 2022. In particular, it is shown that

the volume of foreign trade turnover between Ukraine and Indonesia decreased by 39.2% compared to 2021, Thailand – by 35.3%, Bangladesh – by 48.6% and the Philippines – by 38.6%. Based on the analysis of scientific and statistical literature, it has been established that customs tariffs, various preferential regimes and benefits for industrial products under various bilateral and regional trade agreements are the defining instruments of the trade policy in the above-mentioned Asian countries. In order to further develop partnership relations between Ukraine and these countries, it is proposed to intensify and strengthen the dialogue on deepening trade and economic ties through the system of trade policy instruments. As part of further research, additional research is proposed to determine the prospects for concluding bilateral free trade agreements between individual countries and to developing a long-term strategy for trade and economic cooperation.

**Key words:** *exports, imports, industrial products, trade policy, protection of domestic markets, customs regulation*

**JEL classification:** *D20, E23, F10, L60*

У статті аналізується сучасний стан та перспективи розвитку експорту вітчизняної промислової продукції до країн Азії, що швидко розвиваються, зокрема до Індонезії, Таїланду, Бангладеш та Філіппін. Показано, що кожна із цих країн є важливим партнером України у регіоні Південно-Східної Азії із постійним зростаючим попитом на ринках промислових товарів. До 2022 р. попит на вітчизняну промислову продукцію на ринках Індонезії та Таїланду мав позитивну динаміку та забезпечував, хоч і не значне, але збільшення обсягів експорту українських високотехнологічних товарів. Попри позитивне торговельне сальдо, попит на вітчизняну промислову продукцію на ринках Бангладеш та Філіппін до 2022 р. характеризувався поступовим скороченням. Загалом, частка вітчизняної промислової продукції у структурі експорту до зазначених країн є досить низькою: Індонезія – 0,7%, Таїланд – 3,0%, Бангладеш – 4,3%, Філіппіни – 9,9%. Водночас частка промислової продукції зазначених країн у структурі українського імпорту була значно вищою, зокрема: Індонезія – 20,0%, Таїланд – 82,1%, Бангладеш – 96,8%, Філіппіни – 92,4%.

Через широкомасштабне вторгнення РФ в Україну за підсумками 2022 р. зроблено оцінку втрат у зовнішній торгівлі України та країн Азії, що швидко розвиваються. Зокрема, показано, що обсяги зовнішньоторговельного обороту між Україною та Індонезією скоротяться на 39,2% порівняно з 2021 р., Таїландом – на 35,3%, Бангладеш – на 48,6%, Філіппінами – на 38,6%.

На основі проведеного аналізу наукової та статистичної літератури встановлено, що визначальним інструментом торговельної політики країн Азії, що швидко розвиваються виступають митні тарифи, різноманітні преференційні режими та пільги на промислову продукцію відповідно до різних двосторонніх та регіональних торгових угод.

З метою подальшого розвитку партнерських відносин між Україною та країнами Азії, що швидко розвиваються, запропоновано активізувати та посилити діалог з питань поглиблення торговельно-економічного співробітництва через систему інструментів торговельної політики. У частині подальших досліджень запропоновано додаткові дослідження щодо визначення перспектив укладення двосторонніх торговельних угод про ЗВТ між окремими країнами та розробки довгострокової стратегії торговельно-економічної співпраці.

**Ключові слова:** *експорт, імпорт, промислова продукція, торговельна політика, захист внутрішніх ринків, митне регулювання*

**JEL classification:** *D20, E23, F10, L60*

**Formulation of the problem.** At the current stage of the functioning of the global system, not a single country can effectively move ahead without integration into the world economy, the development

of which has entered a fundamentally new phase. In particular, it is characterized by the emergence of new challenges, new risks and new threats associated with the formation of the so-called “multipolarity”<sup>1</sup> and, in turn,

<sup>1</sup> The term "multipolarity" describes the process of globalization, in which the centers of influence of the modern world - the United States and the European Union face specific competitors, such as powerful regional states or coalitions of states belonging to the "second" world (we are talking about China, Japan, India) or rapidly developing countries (Indonesia, Thailand, Bangladesh and the Philippines).

radically new competitive processes, new communications and new technologies [1, p. 9]. Currently, there is no clear idea of what and how the changes will evolve in the near future, but almost all forecasts point to the inevitability of transformation of logistics processes and the creation of fundamentally new systems for organizing production and providing services.

Today, Ukraine is a full-fledged participant in the globalization process, and its further development will largely depend on the priorities of the foreign economic integration policy, the formation and implementation of which should be based on building strategic relations both with individual Asian countries and with various regional associations. The need to intensify cooperation between Ukraine and Asian countries is determined not only by the global transformation of the balance of forces in the world economy, but also by the need for export diversification of foreign trade in the conditions of Russian aggression. In general, the modern globalization of trade processes poses a number of challenges to Ukraine, the solution of which will contribute to the acceleration of the modernization of the national economy by searching for new sources of competitiveness and building new economic partnerships. This, in turn, requires a separate study of global trends related to interaction and the development of effective trade and economic policies with the rapidly developing Asian countries – Indonesia, Thailand, Bangladesh and the Philippines.

**Analysis of recent research and publications.** Along with a significant number of scientific studies on the development of foreign economic relations between Ukraine and certain countries of Asia [1, 2, 3, 4, 5, 6, 7], including the expansion of political and economic dialogue, the increase in trade-economic, scientific-technical and humanitarian cooperation, the development of specific ways and effective mechanisms for attracting Asian investment resources for the development and modernization of Ukraine's economy, strengthening the positions of Ukrainian manufacturers in the markets of leading Asian countries, their

practical implementation remains at a rather low level. This especially applies to trade and economic cooperation, which actualizes this direction of research and needs additional elaboration.

Accordingly, the purpose of the study is to analyze the current state and determine the prospects for increasing the export of domestic industrial goods to the rapidly developing countries of Asia.

**Presentation of the main research material.** Indonesia is one of Ukraine's very important partners in the Southeast Asian region. This is due to a number of reasons, in particular: the country is the fourth most populous after China, India and the USA (as of 2018, 267 million people) [8]. That is, Indonesia is one of the most powerful economies in Southeast Asia. The size of its GDP is 1.07 trillion USD with annual growth of more than 5% in the pre-coronavirus years. In recent years, despite a number of internal and external adverse factors, the country has achieved significant success in maintaining the stability of its own economy and ensuring its further growth, which, according to experts, will allow if high rates of economic development are maintained and the economic consequences of Covid-19 are quickly overcome to become the 7th most powerful economy in the world by 2030.

Indonesia's economy is based on services (almost 45% of GDP, mainly from tourism) and industry (almost 41% of GDP). Basic industries are oil and natural gas production, fertilizer production, electronics, textile production, cement and food industries, mechanical engineering and agriculture (14% of GDP). Exports of goods in this group are among the main plantation products that provide the main foreign exchange earnings among industries in the non-oil sector. The high rate of economic development in Indonesia is explained by the growth of investments in the country as well as spending by Indonesian consumers. Domestic consumption, which accounts for about 57% of Indonesia's GDP, contributed 2.73% of the country's GDP growth and 1.47% of investment in 2019. Indonesia's steady economic growth has contributed to

the formation of a strong middle class, which, according to experts, currently numbers about 60 million people. In turn, this helps accelerate the development of the consumer market and demand for consumer goods and services, which makes the Indonesian market attractive to foreign manufacturers and suppliers of related products.

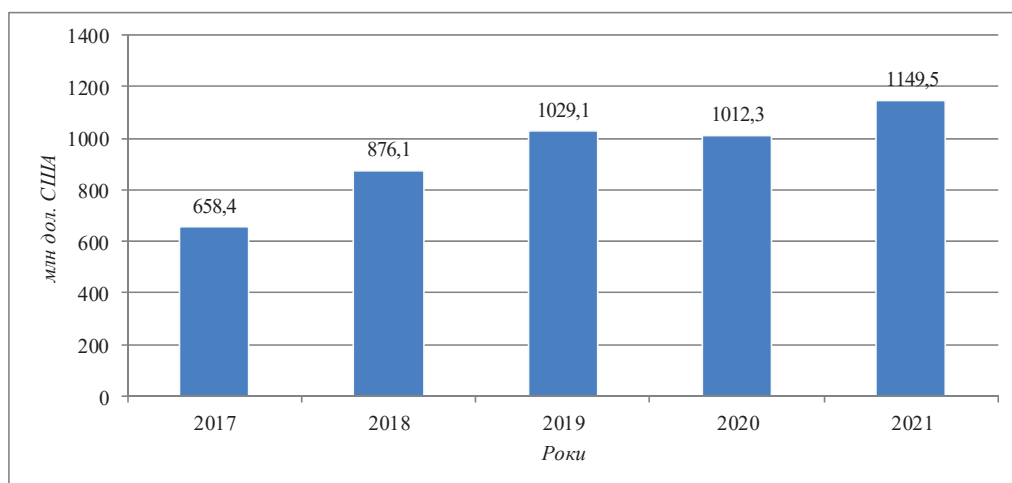
Trade and economic cooperation between Ukraine and Indonesia until 2022

was characterized by a stable increase in the volume of bilateral trade (Fig. 1).

In particular, the volume of foreign trade turnover in 2021 amounted to \$1,149.5 million, which is almost 74.6% more than in 2017 (\$658.4 million) and 13.6% more than in 2020 (\$1,012.3 million). The volume of exports in 2021 increased by 1.8 times compared to 2017 and by only 0.2% compared to 2020 (Fig. 2). Also in 2021, the volume of imports increased by 1.6 times compared to 2017 and 1.5 times compared to 2020 and amounted to \$414.6 million. It is worth noting that during 2017-2021 the trade balance was positive, despite the fact that in 2021 its volume decreased by 29.6% compared to 2020. This dynamics indicates that the Republic of Indonesia is on the list of Ukraine's largest trading partners. in the Southeast Asia region.

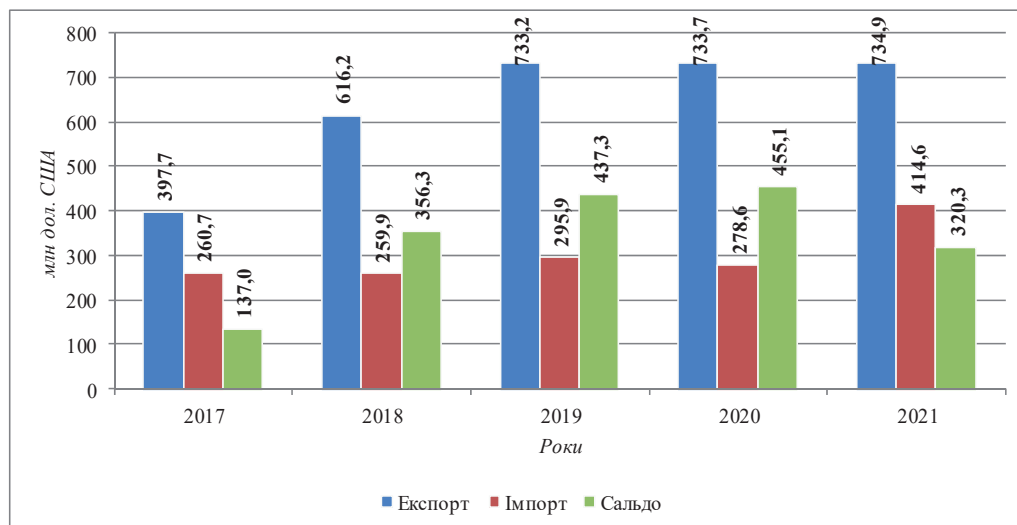
The main groups of industrial goods exported to Indonesia in 2021 were the following (8.9%): 72 Ferrous metals (\$60.1 million or 8.2%); 90 Optical, photographic, cinematographic, control, measuring, precision devices and apparatus; medical or surgical tools; their parts and accessories (\$1.9 million or 0.3%); 85 Electric machines, equipment and their parts; equipment for recording or reproducing sound, television equipment for recording and reproducing images and sound, their parts and accessories (\$ 1.5 million or 0.2%); 56 Cotton wool, felt and non-woven materials; special yarn; twines, ropes, cables and products thereof (\$0.9 million or 0.1%); 84 Nuclear reactors, boilers, machines, equipment and mechanical devices; their parts (\$ 0.7 million or 0.1%).

The structure of imports of Indonesian industrial goods to Ukraine in 2021 was dominated by the following product groups (20.0%): 85 Electric machines, equipment and their parts; equipment for recording or reproducing sound, television equipment for recording and reproducing images and sound, their parts and accessories (\$18.1 million or 4.4%); 64 Footwear, gaiters and similar articles; their parts (\$16.6 million or 4.0%); 48 Paper and cardboard; products from paper pulp, (\$7.4 million or 1.8%);



**Fig. 1. Foreign trade turnover between Ukraine and Indonesia in 2017–2021, million USD**

Source: Bilateral trade between Ukraine and Indonesia Product: TOTAL All products. URL: [https://www.trademap.org/Bilateral\\_TS.aspx?nvp=1%7c804%7c%7c360%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvp=1%7c804%7c%7c360%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1%7c1)



**Fig. 2. Dynamics of trade in industrial goods between Ukraine and Indonesia in 2017–2021, million USD.**

*Source:* Bilateral trade between Ukraine and Indonesia Product: TOTAL All products. URL: [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c804%7c%7c360%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c804%7c%7c360%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1%7c1%7c1)

84 Nuclear reactors, boilers, machines, equipment and mechanical devices; their parts (\$6.0 million or 1.4%); 90 Optical, photographic, cinematographic, control, measuring, precision devices and apparatus; medical or surgical instruments; their parts and accessories (\$5.5 million or 1.3%) and other industrial goods with high added value.

If we compare the volumes of exports and imports of industrial goods between Ukraine and Indonesia, we can see that Ukraine's trade balance is positive. However, exports of industrial products are dominated by low-value-added raw materials such as ferrous metals, while imports of Indonesian industrial products are dominated by high-value-added products, including electrical equipment, boilers, musical instruments, toys, etc.

According to our calculations and based on the results of 2022, due to the large-scale invasion by the Russian Federation, the volume of foreign trade turnover between Ukraine and Indonesia will tend to decrease. So, in particular, foreign trade turnover according to the results of 2022 will decrease by 39.2% and will amount to \$699.1 million compared to 2021. At the same time, export

volumes will decrease by 50% by the end of 2022 – to \$367.5 million, and the volume of imports – by 20% – up to \$331.7 million compared to 2021. Thus, Ukraine's losses in foreign trade with Indonesia due to the large-scale invasion by the Russian Federation in 2022 will amount to at least \$450.4 million. However, if we take into account the positive dynamics observed in recent years, the losses from Russian aggression may be even greater.

The above shows that currently trade in industrial goods between Ukraine and Indonesia is insignificant. However, there is an objective opportunity to develop mutually beneficial trade within the framework of the FTA. Promising markets for Ukraine are markets for such groups of industrial goods as: 84 Nuclear reactors, boilers, machines, equipment and mechanical devices. Group 90 – Optical, photographic, cinematographic, control, measuring, precision, etc. devices and apparatus and group 85. Promising markets for Indonesia are the markets for electrical machines, equipment and their parts, as well as the market for footwear and household appliances.

In general, in the medium-term perspective, due to the existing industrial structure and military actions caused by the large-scale invasion by the Russian Federation in Ukraine, the structure of exports of Ukrainian industrial goods to Indonesia will remain unchanged, i.e., raw commodities with low-added value will prevail.

Today **Thailand** is the 25th largest economy in the world with a GDP of more than \$528 billion [9], stable growth in household incomes and a stable socio-economic situation. The country is one of the largest exporters of rice and sugar in the world. In addition, Thailand ranks eleventh in the world in the number of cars produced (more than 2 million cars per year).

It is worth noting that until 2019, the Thai economy showed trends of sustainable economic development with an average annual GDP growth rate of 3.4% (2015–2019) [10]. At the same time, slowing global economic growth and international trade tensions led to a significant contraction in the Thai economy in 2019 and challenges that intensified in 2020 due to the negative impact of the COVID-19 pandemic. Thus, the reduction in the volume of world trade has affected the export performance of goods and disrupted global supply chains, including the automotive sector, which is of great importance to Thailand's industry. The tourism sector, which largely contributed to GDP growth, also suffered a significant reduction due to international travel bans and entry restrictions into Thailand, leading to a virtual halt in the influx of foreign tourists and negatively impacting tourism activities and jobs. Private investment and consumption also fell due to weak demand, economic uncertainty and deteriorating employment and income conditions. In general, Thailand's trade policy is focused on external markets and integration into global value chains. International trade volumes indicate the growing importance of the People's Republic of China and the Association of Southeast Asian Nations (ASEAN) countries to Thailand as important regional markets and suppliers of goods and

services, although the United States, the European Union and Japan remain among its major trade partners. Private investment and consumption also fell due to weak demand, economic uncertainty and deteriorating employment and income conditions. In general, Thailand's trade policy is focused on external markets and integration into global value chains. International trade volumes indicate the growing importance of the People's Republic of China and the Association of Southeast Asian Nations (ASEAN) countries to Thailand as important regional markets and suppliers of goods and services, although the United States, the European Union and Japan remain among its major trade partners.

Recent years have demonstrated that Ukraine and Thailand have significant potential for further development of bilateral trade and economic cooperation. In particular, Thailand takes the leading role in terms of average growth of domestic exports of industrial goods and is included by the Ministry of Economy in the TOP-20 (excluding the EU) most promising markets for Ukrainian exports. In addition, Ukraine, with its economic, scientific and technical, agricultural and industrial potential as well as its geographical location, can be Thailand's partner to enter the markets of Eastern Europe and the European Union.

The volume of foreign trade turnover between Ukraine and Thailand in 2021 amounted to \$515.1 million, which is 16.1% more than in 2017 and 43.8% more than in 2020 (Table 1).

At the same time, a significant increase (almost 60%) in the volume of domestic exports to Thailand was planned in 2021 compared to 2020. The volume of imports of Thai goods to Ukraine in 2021 amounted to \$252.1 million, which is 30.1% more compared to 2020. It is also worth paying attention to the fact that the balance of foreign trade between Ukraine and Thailand (excluding 2020) remained positive in 2021, although it is trending downward.

The main groups of industrial goods exported to Thailand in 2021 were the following (44.4%): 72 Ferrous metals

Table 1

## Trade in industrial goods between Ukraine and Thailand in 2017–2021, million USD

Indicator	Years				
	2017	2018	2019	2020	2021
Turnover	443,8	427,1	538,9	358,2	515,1
Export	249,1	228,6	321,0	164,5	263,0
Import	194,7	198,5	217,9	193,7	252,1
Balance	54,4	30,1	103,1	-29,2	10,9

Source: Bilateral trade between Ukraine and Thailand Product: TOTAL All products. URL: [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c804%7c%7c764%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c804%7c%7c764%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c3%7c2%7c1%7c1%7c1%7c1%7c1)

(\$103.8 million or 39.5%); 76 Aluminum and its products (\$3.3 million or 1.3%); 25 Salt; sulphur; stones; plastering materials, lime and cement (\$2.9 million or 1.1%); 44 Wood and wood products, charcoal (\$2.5 million or 1.0%); 84 Nuclear reactors, boilers, machines, equipment and mechanical devices; their spares (\$2.2 million or 0.8%); 83 Other products from base metals (\$1.9 million or 0.7%).

Among the main commodity groups of industrial goods imported from Thailand to Ukraine in 2021, the following prevailed (82.1%): 84 Nuclear reactors, boilers, machines, equipment and mechanical devices; their parts (\$58.1 million or 23.1%); 85 Electric machines, equipment and their parts; equipment for recording or reproducing sound, television equipment for recording and reproducing images and sound, their parts and accessories (\$39.6 million or 15.7%); 40 Rubber and products thereof (\$34.9 million or 13.8%); 87 Means of land transport, except railway or tram rolling stock, their parts and equipment (\$34.3 million or 13.3%); 39 Plastics, polymer materials and products from them (\$12.5 million or 4.9%); 90 - Optical, photographic, cinematographic, control, measuring, precision devices and apparatus; medical or surgical tools; their parts and accessories (\$7.4 million or 2.9%); 71 Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metals, and articles thereof; imitation jewelry; coins (\$6.8 million or 2.7%); 30 Pharmaceutical products (\$4.4 million or 1.7%); 73 Ferrous metal products (\$2.9 million or 1.1%); 95 Toys, games and

sports equipment; their parts and accessories (\$2.2 million or 0.9%); 64 Footwear, gaiters and similar articles; their parts (\$2.1 million or 0.8%); 33 Essential oils and resinoids; perfumes, cosmetics and toiletries (\$1.6 million or 0.6%).

As the above data show, at the end of 2021, the export of domestic industrial products to Thailand was dominated by products with low added value in group 73 “Ferrous metals” – 39.5%. At the same time, the share of Thai industrial goods in the volume of domestic imports in groups 84, 85, 40 and 87 alone amounted to 66.2% in 2021.

It should be noted that Thailand is an important partner of Ukraine in the Asian region, that our country is interested in cooperating with, particularly in expanding trade and economic cooperation. However, according to our estimates, due to the large-scale invasion of the Russian Federation into Ukraine the trade turnover between the two countries will decrease by 35,3% by the end of 2022 and will amount to about \$333.2 million. At the same time, the volume of exports will decrease by no more than 50%, and the volume of imports – by no more than 20%. Under such conditions, in monetary terms, the volume of exports of domestic industrial products will decrease to \$131.5 million, and the volume of imports of industrial goods from Thailand – to \$201.7 million. Accordingly, Ukraine’s losses in foreign trade with Thailand due to the large-scale military aggression provoked by the Russian Federation will amount to \$181.9 million in 2022. Under the above-mentioned conditions, along with a possible reduction

in foreign trade turnover between Ukraine and Thailand, the trade balance at the end of 2022 will be negative and will amount to \$70.2 million.

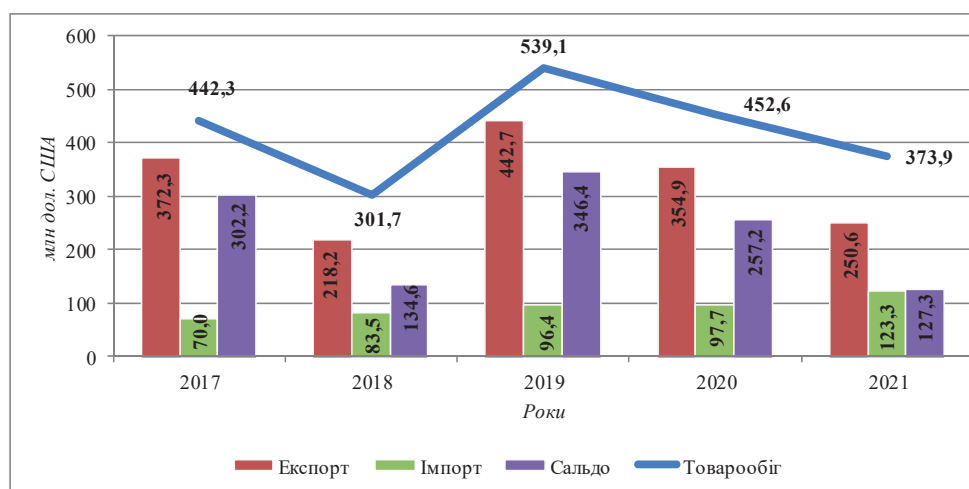
At the same time, the volume of exports of domestic industrial products will be dominated by raw materials with low added value, and the import of Thai industrial goods will be dominated by products with high added value, in particular electric machines, nuclear reactors, boilers and machines, means of land transport, except for railway or tram, products of processing of vegetables, fruits, nuts or other plants will dominate. Despite the existence of a trade agreement between Ukraine and Thailand, this trend will continue in the near future.

**Bangladesh** is a predominantly Muslim developing country with a low level of urbanization and a young population. Almost half of the country's GDP comes from the service sector, and the other half from the agricultural sector. A special place in the country's industrial production is occupied by the garment industry, which accounts for 80% of the country's exports [11].

The volume of foreign trade turnover between Ukraine and Bangladesh in 2021 amounted to \$373.9 million, which is 15.5% less than in 2017 and 17.4% less than in 2020 (Fig. 3).

The volume of exports in 2021 (\$250.6 million) decreased compared to 2017 by 32.7% (\$372.3 million), and from 2020 – by another 12.3% (\$354.9 million). Along with the decline in exports, 2017-2021 saw a steady increase in imports of goods from Bangladesh. So, in particular, the volume of imports from Bangladesh in 2021 (\$123.3 million) increased by 1.8 times compared to 2017 (\$70.0 million) and by 27.0% compared to 2020 (\$97.7 million). Since 2019, the negative dynamics of foreign trade between Ukraine and Bangladesh was caused primarily by the COVID-19 pandemic. Despite the increase in imports of goods during 2017-2021, the trade balance was positive, the volume of which in 2021 amounted to \$127.3 million.

The main groups of industrial goods exported to Bangladesh in 2021 were the following (4.7%): 84 Nuclear reactors, boilers, machines (\$5.5 million or 2.2%); 49 Printed products, periodicals or other products of the printing industry; manuscripts or typescripts and plans (\$1.5 million or 0.6%); 30 Pharmaceutical products (\$1.2 million or 0.5%); 72 Ferrous metals (\$1.1 million USD or 0.4%); 85 Electric machines, equipment and their parts; equipment for recording or reproducing images and sound, television



**Fig. 3. Trade in goods between Ukraine and Bangladesh in 2017–2021, million USD**

Джерело: Bilateral trade between Ukraine and Bangladesh Product: TOTAL All products. URL: [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c804%7c%7c050%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c804%7c%7c050%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c1%7c2%7c1%7c1%7c1%7c1%7c1)



equipment for recording and reproducing images and sound, their parts and accessories (\$ 0.9 million or 0.4%); 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) signaling equipment of all kinds (\$0.8 million or 0.3%); 25 Salt; sulfur; stones; plastering materials, lime and cement (\$ 0.6 million or 0.2%); 88 Aircraft, space vehicles and their parts (\$0.2 million or 0.1%); 90 Optical, photographic, cinematographic, control, measuring, precision, medical or surgical devices and apparatus; their parts and accessories (\$0.1 million or 0.1%).

The import of manufactured goods from Bangladesh to Ukraine in 2021 was dominated by the following groups (96.8%): 61 Clothing and accessories for clothing, knitted (\$59.1 million or 47.9%); 62 Clothing and clothing accessories, except knitted (\$45.5 million or 36.9%); 53 Other vegetable textile fibers; paper yarn and paper yarn fabrics (\$6.8 million or 5.5%); 64 Footwear, gaiters and similar articles; their parts (\$6.4 million or 5.1%); 63 Other finished textile products; sets; used clothing and textiles; rags (\$1.0 million or 0.8%); 42 Articles of leather; saddlery and harness; travel items, bags and similar goods; animal gut products (except natural silk catgut) (\$0.3 million or 0.2%); 95 Toys, games and sports equipment; their parts and accessories (\$0.2 million or 0.2%); 65 Headgear and their parts (\$0.14 million or 0.1%); 39 Plastics, polymeric materials and products from them (\$0.13 million or 0.1%).

The above indicates that the share of high-tech industrial goods in the volume of exports of Ukrainian industrial goods in 2021 was 4.0%. In general, the volumes of Ukrainian exports are dominated by grain crops, seeds and fruits of oil plants, i.e. goods of a raw nature with a low added value. At the same time, the structure of goods imported from Bangladesh includes industrial products with high added value (almost 97%), including clothing, accessories for clothing and footwear, etc.

It should be noted that due to the large-scale invasion of Ukraine by the Russian

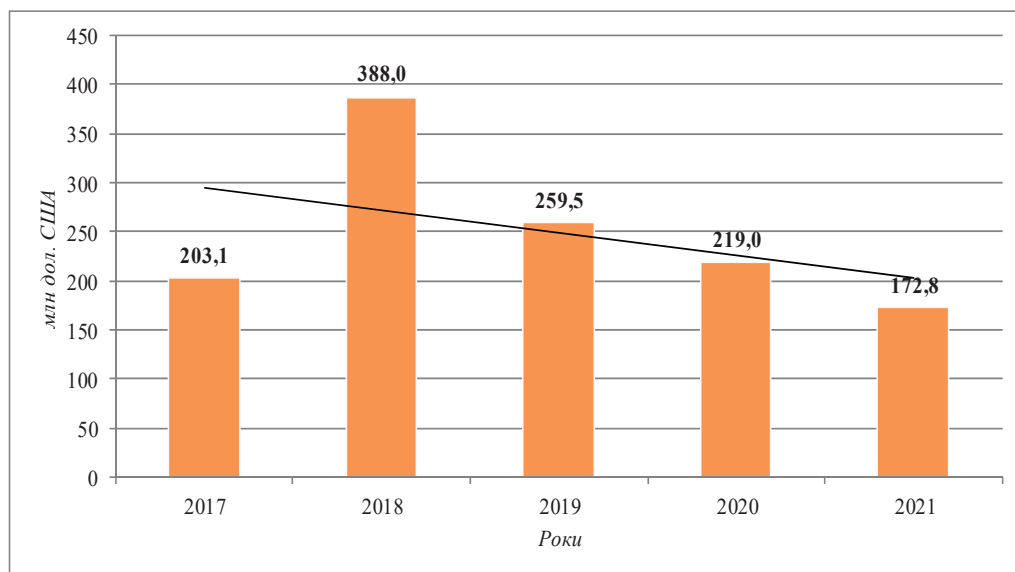
Federation, the volume of foreign trade turnover between Ukraine and Bangladesh will continue its downward trend until the end of 2022. In particular, according to our estimates, the volume of foreign trade turnover in 2022 will decrease by 48.6% and amount to about \$223.9 million compared to 2021. At the same time, export volumes will decrease by 50% by the end of 2022 - to \$125.3 million, and import volumes - by 20%. % – up to \$98.6 million compared to 2021. Thus, Ukraine's losses in foreign trade with Bangladesh due to a large-scale invasion by the Russian Federation in 2022 will amount to at least \$150.0 million.

In general, along with the current bilateral agreement on trade and economic cooperation, in the near future, Ukraine will continue to export raw materials with low added value to Bangladesh, while imports will be dominated by goods with high added value.

The **Philippines** is a tropical country located on islands in the Pacific Ocean. It is one of the regional leaders and is included in the list of developing countries. It is characterized by low levels of urbanization and a growing young population. The Philippines ranks fourth in terms of GDP among developing countries, but the income level of the population is below average. The country has a developed production of electrical appliances, food products, textiles, shoes, and automotive equipment [12].

The dynamics of bilateral trade between Ukraine and the Philippines during 2017–2021 is characterized by a downward trend. Thus, in 2021, the total foreign trade turnover between Ukraine and the Philippines amounted to \$172.8 million, which is 14.9% less than in 2017 and 21.1% less than in 2020 (Fig. 4).

Export of goods to the Philippines in 2021 amounted to \$107.5 million, which is 32.7% less than in 2017 and 36.7% less than in 2020 (Fig. 5). Import of goods to Ukraine in 2021 amounted to \$65.3 million, which is almost 1.5 times more compared to 2017 and 33.0% more compared to 2020. Despite the increase in imports of goods during 2017–2021, the trade balance for Ukraine was



**Fig. 4. Foreign trade turnover between Ukraine and the Philippines in 2017–2021, million USD**

*Джерело:* Bilateral trade between the Philippines and Ukraine Product: TOTAL All products. URL: [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c804%7c%7c608%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c804%7c%7c608%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1)

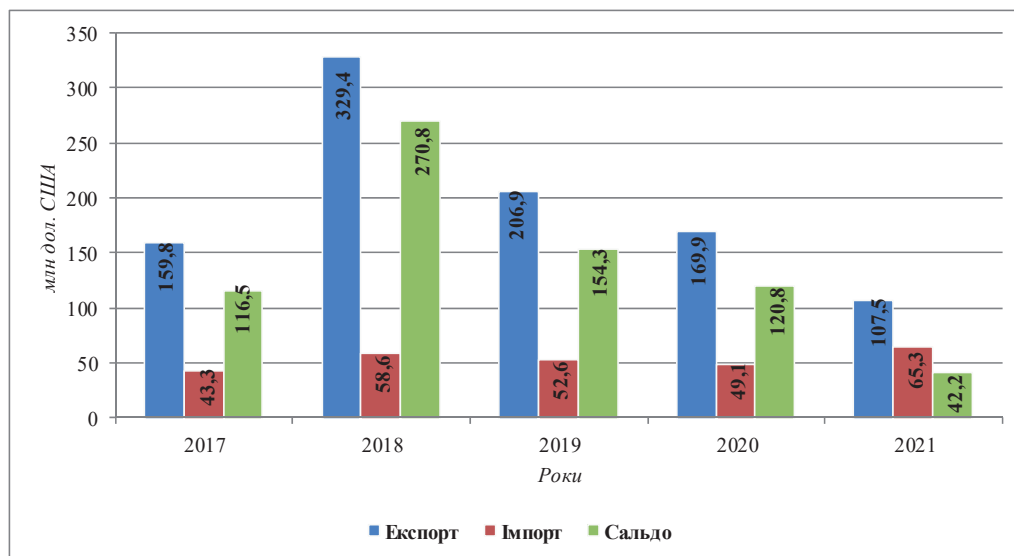
positive, and its volume in 2021 amounted to \$42.2 million, which is 63.8% less compared to 2017 and almost 3.0 times less compared to 2020.

The main groups of industrial goods exported to the Philippines in 2021 were the following (9.9%): 44 Wood and wood products, charcoal (8.5%); 56 Cotton wool, felt and non-woven materials; special yarn; twine, ropes, cables and ropes and products thereof (0.5%); 30 Pharmaceutical products (0.3%); 87 Means of land transport, except railway or tram rolling stock, their parts and equipment (0.2%); 39 Plastics, polymer materials and products from them (0.2%); 84 Nuclear reactors, boilers, machines, equipment and mechanical devices; their parts (0.2%); 26 Ores, slag and ash (0.1%).

Among the main groups of industrial goods imported from the Republic of the Philippines to Ukraine in 2021, the following prevailed (almost 92.4%): 85 Electric machines, equipment and their parts; equipment for recording or reproducing sound, television equipment for recording and reproducing images and sound, their parts and accessories (63.3%); 84 Nuclear reactors, boilers, machines, equipment and

mechanical devices; their parts (21.6%); 90 Optical, photographic, cinematographic, control, measuring, precision devices and apparatus; medical or surgical; their parts and accessories (4.6%); 32 Tanning or coloring extracts; tannins and their derivatives, dyes, pigments and other coloring materials, paints and varnishes; putties and other mastics; ink, mascara (1.6%); 40 Rubber, rubber and products thereof (0.7%); 64 Footwear, gaiters and similar articles; their parts (0.5%). Comparing exports and imports by main commodity groups between Ukraine and the Republic of the Philippines, it can be seen that the largest volumes of Ukrainian industrial goods belong to one product group – 44 (Wood and wood products, charcoal). The export volumes of Ukrainian industrial goods with high added value are insignificant. At the same time, the volume of imports of industrial goods from the Philippines is dominated by goods with high added value, in particular, industrial products under such commodity groups as 85, 84 and 90.

In general, as the given data show, despite the fact that the Philippines is defined as one of the countries classified as focus markets, where Ukrainian manufacturers have



**Fig.5. Dynamics of foreign trade in industrial goods between Ukraine and the Philippines in 2017–2021, million USD**

Source: Bilateral trade between the Philippines and Ukraine Product: TOTAL All products. URL: [https://www.trademap.org/Bilateral\\_TS.aspx?nvpm=1%7c804%7c%7c608%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1](https://www.trademap.org/Bilateral_TS.aspx?nvpm=1%7c804%7c%7c608%7c%7cTOTAL%7c%7c%7c2%7c1%7c1%7c2%7c2%7c1%7c1%7c1%7c1)

a significant potential for exporting products, Ukraine has reduced the volume of exports of domestic goods to this country over the past five years. In addition, according to our calculations, due to the large-scale invasion of the Russian Federation in Ukraine, the volume of foreign trade turnover in 2022 between Ukraine and the Philippines will continue its downward trend. In particular, at the end of 2022, the volume of foreign trade turnover will decrease by 38.6% and will amount to about \$106.0 million compared to 2021. At the same time, export volumes will decrease by 50% by the end of 2022 – to \$ 53.8 million, and import volumes – by 20% – to \$52.2 million compared to 2021. Thus, Ukraine’s losses in foreign trade with the Philippines due to the large-scale invasion by the Russian Federation in 2022 will amount to at least \$66.8 million dollars.

Thus, it can be assumed that in the near future, the Philippines will continue to import raw commodities with low added value, while its export will be dominated by high-value-added goods.

As the analysis shows, by 2022 the volume of trade in industrial goods between

Ukraine and the rapidly developing countries of Asia was negligible. In our opinion, this is primarily due to the effective trade policy of these countries, aimed at protecting domestic markets and increasing the volume of domestic exports of industrial products with high added value. Thus, in particular, despite the large number of existing bilateral and multilateral trade agreements, the **Indonesian** government does not give up high rates of import duties, and actively applies the mechanisms of anti-dumping and protective measures. The average most favored nation (MFN) imports duty rate for industrial products in 2021 was 8.0% [13]. In order to protect the internal market, it actively uses non-tariff barriers, including restrictions on trade rights, requirements for preliminary inspection of imports, licensing of imports, bans and restrictions on exports, application of standards, etc.

Along with the operation of many regional agreements, **Thailand** also does not abandon the protection of the internal market. The average rate of import duties in the most favored nation (MFN) regime for industrial products in 2021 was 8.4% [14].

High tariffs on industrial products in many sectors continue to hinder access to the Thai market. The highest ad valorem rates apply to imports that compete with domestically produced goods, including cars and auto parts, motorcycles, etc. In particular, Thailand applies import duties of 80% on motor vehicles, 60% on motorcycles and some articles of clothing, etc. Thailand also applies a 10 percent tariff on most pharmaceutical products, including almost all products on the WHO's list of essential medicines, except for some vaccines, antimalarial drugs, and antiretroviral drugs [15].

Customs duty remains the main instrument of Bangladesh's trade policy. The highest tariff rate is set at 25% [16]. The average tariff on industrial goods was 13.4%, on clothing – 24.4%. In total, six tariff lines are supported in Bangladesh with a maximum tariff rate of 25% [17]. Current tariff ranges are 0%, 1%, 5%, 10%, 15% and 25%. In 2021, the average most favorable tariff rate in the Philippines was 5.5% [18]. The highest average MFN tariffs in 2021 were in the markets of clothing (14.8%), transport equipment (9.8%), textile products (9.1%), leather products (6.7%) and wood (6.3%). The lowest average tariffs of the most favorable regime were introduced in the markets of oil and oil products (1.0%), non-electric (1.7%) and electric cars (2.8%). Although the Philippines has eliminated tariffs on about 99% of all goods from ASEAN trading partners under the ASEAN Free Trade Area Agreement, imported manufactured goods that compete with local goods are generally subject to higher tariffs than those that do not. That is, in order to protect local producers, the Philippines, citing domestic and global economic events, justifies changes in the existing tariff rates on certain products.

Therefore, in order to protect the internal market, all of the listed countries actively apply mechanisms of anti-dumping and protective measures, non-tariff barriers, including restrictions on trade rights, requirements for preliminary inspection of imports, bans and restrictions on exports, application of standards, etc. At the same time, protecting the domestic market from imports, provided with the help of

instruments of customs and tariff regulation of foreign trade, increases to a greater extent with the degree of processing of products.

**Conclusions and prospects for further research.** Based on the analysis, it is possible to draw the following conclusions:

- in the context of multipolar world trade, special attention should be paid to assessing the global problems of interaction between Ukraine and the rapidly developing countries of Asia, creating powerful competition in global regional markets and finding effective mechanisms for the development and implementation of effective trade and economic policies that can create favorable conditions for the integration of domestic production into the economies of these countries;

- demand for domestic industrial products in the markets of rapidly developing Asian countries, in particular Indonesia and Thailand, had a positive trend until 2022, which cannot be said about Bangladesh and the Philippines. In the structure of exports of domestic goods to these countries, one can see products with high added value, in particular: 84 Nuclear reactors, boilers, machines; 49 Printed products, periodicals or other goods for the printing industry; manuscripts or typewritten texts and plans; 30 Pharmaceutical products; 85 Electric machines, equipment and their parts; equipment for recording or reproducing images and sound, television equipment for recording and reproducing images and sound, their parts and accessories; 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) signaling equipment of all kinds; 44 Wood and wood products, charcoal, etc. However, their share in the overall structure of exports is quite low: Indonesia – 0.7%, Thailand – 3.0%, Bangladesh – 4.3%, Philippines – 9.9%;

- according to our estimates, due to the large-scale invasion of the Russian Federation into Ukraine, by the end of 2022, the volume of foreign trade between Ukraine and Indonesia will decrease by 39.2% compared to 2021, Thailand – by 35.3%, Bangladesh – by 48.6%, the Philippines – by 38.6%. Thus, the estimated losses of Ukraine in foreign trade with

Indonesia due to the large-scale invasion by the Russian Federation in 2022 will amount to at least \$450.4 million, with Thailand – \$181.9 million, with Bangladesh – \$150.0 million and with the Philippines – \$66.8 million;

– customs tariffs, various preferential regimes and benefits for industrial products in accordance with various bilateral and regional trade agreements are the defining instruments of trade policy in the rapidly developing countries of Asia.

In our opinion, the further development of partnerships between Ukraine and the rapidly developing countries of Asia should be based, first of all, on intensifying and

strengthening the dialogue on deepening trade and economic cooperation through a system of trade policy instruments, in particular by reducing tariff and non-tariff protection of the domestic markets of these countries, which requires additional research into the possibility of concluding bilateral trade agreements on free trade between individual countries and developing a long-term strategy for trade and economic development. cooperation with the definition and justification of industry priorities, including the conditions for the post-war development of the Ukrainian economy.

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## CURRENT STATE AND PROSPECTS FOR EXPANDING THE EXPORT OF DOMESTIC INDUSTRIAL PRODUCTS TO RAPIDLY DEVELOPING COUNTRIES OF ASIA

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The article analyzes the current state and prospects of development of exports of domestic industrial products to the rapidly developing countries of Asia, in particular to Indonesia, Thailand, Bangladesh and the Philippines. It is shown that today Ukraine is a full-fledged participant in the globalization process, and its further development will largely depend on the priorities of its foreign economic integration policy, the formation and implementation of which should be based on building strategic relations with both individual Asian countries and various regional associations. It is substantiated that the need to intensify Ukraine's cooperation with Asian countries is caused not only by the global transformation in the balance of power of the world economy, but also by the need for export diversification of foreign trade in the context of Russian aggression.

The analysis shows that by 2022, the demand for domestic industrial products in the markets of Indonesia and Thailand had positive dynamics and ensured, albeit not a significant increase in the export of Ukrainian high-tech goods. Despite the positive trade balance, demand for domestic industrial products in the markets of Bangladesh and the Philippines was characterized by a gradual decline until 2022. In general, the share of domestic industrial products in the structure of exports to these countries is quite low: Indonesia - 0.7%, Thailand - 3.0%, Bangladesh - 4.3%, and the Philippines - 9.9%. At the same time, the share of industrial products from these countries in the structure of Ukrainian imports was much higher, in particular: Indonesia - 20.0%, Thailand - 82.1%, Bangladesh - 96.8%, and the Philippines - 92.4%.

Due to the large-scale invasion of Ukraine by Russia, the article estimates the losses in foreign trade between Ukraine and rapidly developing Asian countries in 2022. In particular, it is shown that the volume of foreign trade turnover between Ukraine and Indonesia will decrease by 39.2% compared to 2021, Thailand - by 35.3%, Bangladesh - by 48.6%, and the Philippines - by 38.6%.

Based on the analysis of scientific and statistical literature, it is established that the determining instrument of trade policy of the rapidly developing Asian countries is customs tariffs, various preferential regimes and benefits for industrial products in accordance with various bilateral and regional trade agreements.

In order to further develop partnership relations between Ukraine and the rapidly developing countries of Asia, it is proposed to intensify and strengthen the dialogue on deepening trade and economic cooperation through the system of trade policy instruments. In terms of further research, additional studies are proposed to determine the prospects for concluding bilateral trade agreements on FTAs between individual countries and developing a long-term strategy for trade and economic cooperation.

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