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STRATEGIC PARTNERSHIP BETWEEN UKRAINE AND GERMANY IN TRADE AND ECONOMIC SPHERES

Strategic partnership is one of the best tools in an attempt to rebuild relations with other country, as this tool bases on principles of efficiency, equality, mutual support and understanding in order to make possible realization of parties' interests in the most optimal way. The main features of a strategic partnership are clarity, transparency, and consistency character of strategic partnership, especially in defining purposes, targets, tasks and mutual benefits of countries, durability and stability of strategic relations and diversity of strategic partnership, as it could be applied into various fields of each country, such as economics, politics, military, culture, science - technology, and education.

Strategic partnership can be implemented within different spheres of economy, but the most actual area for Ukraine is strategic partnership in trade and economic spheres. In terms of European choice of Ukraine and internal conditions, Germany can become one of the best strategic partner of Ukraine, as German side always demonstrated interest in development of Ukrainian economy, readiness to invest in Ukrainian economy and cooperate in different ways.

Strategic partnership in trade and economic spheres can be characterized through assessment of its key components: export / import of goods and services in priority branches and volumes of foreign direct investments in priority branches coming from its strategic partner. In export and import of goods between Ukraine and Germany flexibility trends were observed. These trends show deepness of trade and economic relations between Ukraine and Germany which stay stable even in case of dynamism and rapid changes of external and internal environment. Moreover, even in the periods when slight decrease of export or import of goods between Germany and Ukraine was observed, the share of export/import of goods between Ukraine and Germany in the total export/import of goods of Ukraine was increasing.

In export of services from Ukraine to Germany flexibility trends were also observed. The decrease trend is observed in import of services from Germany to Ukraine.

In trade structure of export/ import of goods and service operations between Ukraine and Germany were identified concentration tendencies. Mainly, export of goods from Ukraine to Germany is formed by export of such commodity groups, as machines, vehicles and equipment, metals and goods made from them, textile, textile products, footwear, food products and agricultural raw materials and products of chemical industry, rubber and/or mineral products. Mainly, in import of goods from Germany to Ukraine is formed by import of such commodity groups, as machines, vehicles and equipment, products of chemical industry, rubber, mineral products and metals and goods made from them. Mainly, export of services from Ukraine to Germany is formed by export of such group of services, as transport services; services of material resources processing; services in area of telecommunications, computer and information services and business services. Mainly, import of services from Germany to Ukraine is formed by import of such group of services, as transport services; services in the area of telecommunications, computer and information services; construction services; business services and insurance services and/or state and governmental services and/or travel services.

Investments coming into Ukraine from Germany demonstrated sensitivity because decrease trend was observed from 2014 till the end of 2017, when considerable growth was identified. Besides, share of Germany in structure of total direct investments coming into Ukraine has decreased on 52%, reaching – 8,7% in 2013 and stating – 4,2 in 2017. But on 31st of Dec 2017 share of Germany in structure of total direct investments coming into Ukraine demonstrated 8,5% of growth, consisting 4,58% [1]. The main directions of investments coming into Ukraine from Germany are production, trade, transportation, warehouses, storage and courier activity, machine-building, except repair and installation of machines and equipment, agriculture, forestry and fishery. All the other spheres of economy are invested but in lower volumes, some spheres stay not interesting for investments from German side.

In before crisis period crucial factors for forming strategic relations of Ukraine with other countries were economic factors, then currently political factors are in priority, at least such trend is noticed in German-Ukrainian relations. After crisis period in 2013-2014 Ukraine approved its European choice and its status of the country that is ready to reform. Political reforms in this dimension are the most strategic, because Ukraine tries to prove that state authorities, way of accepting laws, legislation systems, etc. are changing. Economic factors are decisive but they appear more like a result of political factors. For foreign countries positive economic indicators are evidence that changes are in process and not just paper based. Social and technological factors cannot be omitted but they do not have crucial impact on quality of German-Ukrainian relations [2].

The efficiency of strategic partnership between Ukraine and Germany has not been ensured yet. In the process of assessing efficiency of export/ import operations, it was observed that export/import of goods tends to be less concentrated, while concentration of export/import of services rose up last year. German investors companies are eager to choose Ukraine and positively assess potential of Ukrainian economy, but they are not able to see focus of Ukraine and spend a lot of efforts to understand how Ukrainian economy functions and where are prospects for development.

Strengthening of strategic partnership between Ukraine and Germany in trade and economic spheres should be based on economic indicators, proving deepness of relations, general sources that legally form this type of cooperation and operate, as orienters. Analysing general sources of strategic partnership, dezinprovement barriers and ways of their elimination were identified. Additionally, a set of stimulation actions for German investors was formed and principles of actions implementation were determined. The set of simulation actions includes the following points: ensuring state guarantees of investments; possibility to participate in privatization programs for a certain period of time; simplified registration of business entities in Ukraine; reduction of quantitative restrictions on the import of high-tech equipment for the modernization of domestic enterprises and providing priority areas for expansion of the sphere of economic activity by the state, etc.

In the process of determination of new sources of strategic relations between Ukraine and Germany, an agenda should be created. This agenda contains two parts: inter-country agreements, contracts or some other documents fixing state and direction of German-Ukrainian relations at inter-country level and internal programs, laws, development concepts, confirming direction of development of Ukraine and stimulating cooperation with other countries. After formation of clear agenda most optimal directions of strategic cooperation between Ukraine and Germany in trade and economic spheres can be identified [3].

Strategic partnership is presented by export, import and investment components that have different focus. That's why optimal directions are formulated separately within each of components and with taking to account possibilities of Ukraine and new focus of development. Export component of strategic partnership between Ukraine and Germany in trade and economic spheres are presented by the following most optimal directions: IT sector, as a part of export of services, agro-sector, as the

most stable and priority one, and forestry complex, as very potential but currently realized only through export of raw materials. Import component of strategic partnership pharmaceutical products, construction services, and machinery and equipment directions. In investment component of strategic partnership between Ukraine and Germany in trade and economic spheres the most optimal directions are vehicles, industrial production (metallurgy, processing of metals) and agro-sector.

Implementation or rejection of proposed measures can be possible only after ground forecasts. The base of forecast includes forecasting of state of political and economic factors in Ukraine. Political factors are expected to develop in the framework of optimistic or pessimistic scenarios, but in any scenario these factors would not have crucial impact on strategic relations of Ukraine and Germany. Economic factors are forecasted by government and three scenarios of possible future trends were identified.

Paying attention to forecasts of political and economic factors, the forecast of the state of strategic partnership between Ukraine and Germany in trade and economic spheres can be conducted. Strategic partnership between Ukraine and Germany is forecasted in the framework of three possible scenarios of further development. The first scenario is optimistic and demonstrates the most favorable conditions for development of strategic partnership between Ukraine and Germany in trade and economic spheres. The second scenario is neutral and describes strategic relations of Ukraine and Germany under motto “not really strategic”. The third scenario is pessimistic and describes worsening of not just strategic partnership between Ukraine and Germany in trade and economic spheres, but deterioration of already established trade and economic relations.

Using critical estimation, it is decided to propose implementation of optimistic and neutral scenarios combination that would enable slow and ground transition to new directions of cooperation. In German-Ukrainian relations the dominant position is taken by Germany and ideal variant of relations excludes a dominant. Ukraine is expected to show its flexibility and adaptivity in order to build partnership based on benefits of its strategic partner and on own benefits.

References

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