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Has Ukrainian economy fall into the raw material trap on its way to sustainable development?

Ukraine is a potentially rich country that is clearly understand its political and economic perspectives in the case of providing state reforms. Nowadays Ukraine is a still a transitional country (we are currently in the way of transitioning from socialist methods in state governing to market economy methods). That's why our country is constantly striving for its rapid development and cooperation with other economies in the world.

Therefore, Ukraine is in the process of developing, but also our state is in the way of integration agreement implementation, particularly in the field of industrial policy forming and trade development.

The 8th Sustainable Development Goal is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. But productive employment becomes more real in the case of innovation development of domestic economy.

That is why it is necessary to develop relations with different countries of the European Union (EU), because it will give Ukraine a chance to trade actively in one of the strategic directions. Also, the EU-Ukraine Association Agreement entered into force on September 1, 2017. It is an international agreement which at the legal level fixes the transition of relations between Ukraine and the EU from partnership and cooperation to political association and economic integration. This step towards international integration is extremely important for the development of our country's economy and for the implementation of important public reforms.

Today each country tries to develop its economy on the basis of efficient use of resources, growth of human potential, increase of innovative practices. Therefore, foreign trade relations are a substantial way of ensuring the competitiveness of the economy because countries form a variety of integration associations that partially or fully connect their economies, increasing the significance of foreign activity and internationalization.

Obviously, economic integration between countries brings great benefits to all its participants. For example, we can see the positive effects of integration, such as increasing size of markets, establishing advantageous trading conditions, developing the infrastructure of countries, and sharing experience and leading technologies and research. However, sometimes integration processes can be unfavorable to the economy. An example of such influence is the current state of the Ukrainian economy, it is a chronic supplier of raw and agricultural materials for economically powerful and developed countries in the world. For example, from the moment of Ukraine's independence and to 2018, exports of finished goods have gradually increased, and on the whole increased threefold, amounting to \$47,348 million.

Exports of agricultural products did not change from 1991 to 2006, but since 2008 began to grow actively. From 1991 to 2018, agricultural exports increased almost sevenfold to US \$19,478 million.

So, previously, Ukraine actively sold oil fuel, its refining products, products of the mining and metallurgical complex, mineral fertilizers, but nowadays, main part of Ukrainian export is from the agro-industrial complex. Ukraine has potential in agriculture because it is provided with land resources and has favorable natural and climatic conditions. But there is a lack of high technologies (including the latest technologies in the field of agriculture), that increases profitability and efficiency of agricultural products and raw materials sales on the EU markets. That is why Ukrainian exporters usually supply raw materials and low-processed goods to other countries of the world, which is a common phenomenon for agrarian countries whose economies are underdeveloped.

Such foreign economic policy of the state cannot lead the economy of Ukraine to rapid economic recovery. However, we are convinced that Ukraine can overcome this difficult situation and improve its economy. It is difficult to overcome the dependence on raw materials, but it is possible. Of course, the key to overwhelming economic problems may be in the field of our own processing industry development.

Manufacturing development is not only about enhancing our own competitiveness on the world stage, it is also significantly greater than having and using any kind of national resources, due to the fact that the cost of the finished product is always higher than the cost of the raw material it is made from. In particular, through the transformation of foreign economic relations vectors and the reorientation of Ukrainian exports to higher-level industrial products, Ukraine can improve the economy and begin its transformation from agrarian-industrial to post-industrial economy.

In general, we can conclude that the improvement and development of the processing industry and active cooperation in the industrial trade as well as provision of high-tech professional services in foreign markets will allow Ukraine to emerge from the «raw material trap» and create encouragements for trade and increase the level of competitiveness of national producers.