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BUSINESS RELATIONSHIP BETWEEN UKRAINE AND CHINA 2015-2018

БІЗНЕС-ВІДНОСИНИ УКРАЇНИ ТА КИТАЮ 2015-2018

***Summary.** At the article the characteristic of Ukrainian-Chinese business cooperation was carried out. Also, here were considered the common interests and goals between Ukraine and China. The article represents the analysis of the structure of trade between Ukraine and China, Ukrainian exports and imports to the PRC, Chinese exports and imports, an analysis of interregional cooperation, analysis of the results of economic exhibitions and fairs. At the end of the article there are some recommendations for intensifications of Ukrainian-Chinese business relationship.*

***Key words:** China, Ukraine, business, business relationship, state, partner, cooperation, import, export.*

***Анотація.** У статті проведено характеристику українсько-китайського ділового співробітництва. Також тут були розглянуті спільні інтереси та цілі України та Китаю. У статті представлено аналіз структури торгівлі між Україною та Китаєм, українського*

експорту та імпорту до КНР, китайського експорту та імпорту, аналізу міжрегіонального співробітництва, результати аналізу результатів економічних виставок та ярмарків. Наприкінці статті наведені рекомендації щодо активізації українсько-китайських ділових відносин.

Ключові слова: *Китай, Україна, бізнес, ділові відносини, держава, партнер, співпраця, імпорт, експорт.*

Introduction. In 2017, Ukraine and China celebrated the 25th anniversary of mutual diplomatic recognition – bilateral relations were established on January 4, 1992, shortly after Ukraine gained independence. Today, Ukraine and China have all the opportunities to realize the significant potential of bilateral cooperation. The peoples of our countries are hoping for an active and effective position of all power structures to solve the urgent tasks of the Ukrainian-Chinese interaction.

Statement of basic materials. It is proved that the Ukrainian-Chinese trade and investment cooperation, subject to the establishment of an effective system of foreign economic activity management and the rational use of all its capabilities, has significant prospects for development. In the near future, while maintaining the existing problems listed, we should expect a decrease in the volume of foreign trade between the countries, which is due both to a decrease in the level of the Ukrainian economy and, consequently, incomes of citizens, and a reduction in the number of own new production in the PRC. Currently, besides raw materials, metallurgical products, aviation industry, etc. are in demand on the Chinese market. And due to its geographical location, Ukraine can be useful for China as a provider of transportation services, which is due to the growing interest from China Silk Road.

For Ukraine, the direction of relations with the PRC is a priority, due to the rapid economic development of the country, which has already become a

major player in the Asia-Pacific region (APR) and is the second largest economy in the world after the US.

At this article, we subdivided common interests and goals between Ukraine and China at the table 1:

Table 1

Common interests and goals between Ukraine and China

Ukraine for China	China for Ukraine
<ul style="list-style-type: none"> – “bridge” to a spacious solvent European market; – market for cheap goods; – partner in the supply of goods of the metallurgical complex, chemical industry, products of the agro-industrial complex, etc.; – partner in the quality of training and internships; – “window” in high-tech and capital and economy of the European Union; – large market with significant consumer potential and consumer needs; – territory for the creation of technology parks and high-tech development zones; – transit chain between Western Europe and the APR. 	<ul style="list-style-type: none"> – partner to attract investment; – a reliable partner in supporting the national interests of Ukraine in the international arena (accession to the WTO, UN peacekeeping operations, etc.) – an advanced partner in the supply of the latest equipment and technologies that can increase the competitiveness of Ukrainian products; – partner in the development of entrepreneurial and investment projects in the oil and gas and coal industries, civil engineering, consumer products, agro-industrial complex, renewable energy technologies, financial and banking sector, etc. – partner in optimizing the structure of exports and improving product quality

Analysis of the structure of trade between Ukraine and China shows that the main products supplied to the Chinese market in 2015 were: cereals (30%), fats and oils of animal or vegetable origin (18%), ores, slags and ash (43%), the dynamics of which in recent years remains volatile. Commodity trade accounts for about 98% of the total bilateral trade.

Ukrainian exports to the PRC are characterized by a narrow range of goods, dominated mainly by raw materials, food products, and grain crops. The insignificant amount of exports of ferrous metals is directly related to the build-up of its own production facilities in the PRC and a decrease in the competitiveness of the main article of Ukrainian exports, due to the significant cost of its production.

In the structure of imports from the PRC in 2015, product groups of the final production prevailed - these are: electrical machines and equipment (23%); boilers, machinery, apparatus and mechanical devices (16%); polymeric materials, plastics (6%), shoes (4%); products from ferrous metals (3%). Also, there is an expansion of the range due to household electrical appliances, computers, office equipment.

An analysis of interregional cooperation shows that Chinese businessmen establish relations in those regions or cities where producers of non-ferrous, ferrous metals and metal products are concentrated (Dnipropetrovsk, Rovno), leading machine-building centers (Kharkiv, Zaporizhia, Odessa, Kiev, Rovno), centers of the chemical industry (Sumy, Gorlovka, Odessa, Dneprodzerzhinsk, Cherkasy, Rovno, Severodonetsk, Chernivtsi). They are also interested in the sphere of aircraft manufacturing in Ukraine, in particular, assistance in modernizing and supporting aircraft of the AN class, because Ukraine is one of nine countries in the world capable of designing and building airplanes independently, could not fail to attract the attention of the country, which, according to experts, when successfully attracting investment, will become the leading economies of the world, ahead of the world leader - the United States.

Analysis of the results of economic exhibitions and fairs, as well as scientific publications, allows us to conclude that Chinese partners are interested in implementing a number of economic initiatives in investment and innovation spheres:

- 1) development of a roadmap for the implementation of the Chinese initiative to create an "economic belt of the Great Silk Road";
- 2) an increase in the volume of purchases of high-tech products, as well as the development of high technologies;
- 3) the involvement of Chinese partners in the joint implementation of projects in the development and implementation of nanotechnology;

- 4) Acceleration of the implementation of the high-tech contract concluded in 2008 by Ukrpexport DC

At the same time, the Ukrainian side also has a number of interests, namely:

- 1) large-scale attraction of Chinese direct investments for the implementation of investment and innovation projects in Ukraine;
- 2) the creation of joint ventures and production clusters for the production of high-tech products in the aerospace industry, power engineering, automotive, further implementation of projects in the space sector;
- 3) the creation in the territory of the People's Republic of China of the Ukrainian-Chinese innovation center or technopark;
- 4) conducting presentations of the economic, investment and innovation potential of the regions of Ukraine in the PRC;
- 5) receiving free aid from the government of the People's Republic of China for the implementation of social projects by purchasing and supplying innovative medical and rescue equipment to Ukraine.

Conclusion and recommendations. Intensification and diversification of business cooperation between Ukraine and China is promising. Ukraine and China have significant potential for further expansion of cooperation, since they have mutual interests in many areas. For the intensification of the business cooperation of countries, we can give the next recommendations:

1. The development of relations between Ukraine and the PRC must be built on the basis of primarily economic interests, corresponding to the concept of «soft power» of China, and its new Eurasian integration project «One Belt, One Way».
2. In general, the development of Ukrainian-Chinese relations has to line up on the principle «from economy to politics»: the development of trade, economic and investment cooperation.

3. In Ukraine, finally, it is necessary to solve a number of problems existing in relations with China, the most important of which is the implementation of already started projects, which were agreed at the level of heads of state, governments and departments. At the same time, it should be understood that China is not interested in the numerous «causes» of non-fulfilment of obligations that the Ukrainian side refers to. It is necessary to conduct a certain audit, frankly name corruption and punish those responsible for it.

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