

Examining trade strategies in Europe and Ukraine: Navigating challenges and building economic strength

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Abstract: Today, the global community operates within an integrated global economic system. Against the backdrop of globalised integration of the socio-economic sphere, international trade is positioned as a significant factor in the intensification of economic development. In this context, trade strategies can create new opportunities or risks for the national economy. This article aims to conduct a comparative analysis of the trade strategies of the European Union (EU) and Ukraine in the context of potential advantages and related challenges for economic resilience. The study finds that international trade helps to mitigate the limitations of national resource potential and the narrowness of the domestic market, intensifies the potential for innovative industrialisation, and accelerates economic growth. The specifics of forming the modern concept of international trade development in the context of the European community and Ukraine are identified. The main principles of modern trade strategies are considered, their strengths and weaknesses are analysed, and directions for improvement are highlighted. The impact of trade strategies on the level of economic resilience is examined. It is substantiated that a high level of competition in the global market requires the adaptability of producers' trade strategies and the formation of appropriate structures to coordinate the functioning of the external economic relations infrastructure complex. The main success factors of a trading strategy when entering new markets are highlighted, including preliminary research of local legislation requirements and market dynamics, the development of adaptive marketing strategies, and effective management of customs processes. Active participation in the international trade environment has proven to open additional opportunities for realising economic potential. At the same time, it is necessary to specify the development strategy to ensure long-term competitive advantages.

Keywords: *Comparative aspect, Economic resilience, Europe, State, Trade strategies, Ukraine.*

1. Introduction

A trade strategy is positioned as a system of measures for regulating relationships in the field of trade. This specific managerial action plan defines this area's primary principles of functioning and development. A correct strategy, with a well-formulated mission, goals, and objectives, allows for the practical realisation of economic potential in the external market and provides certain competitive advantages.

Developing a foreign economic activity strategy has certain peculiarities, relying on the laws of the targeted countries and markets, international standards, and traditions. Typically, it has formulation,

analysis, and implementation tools, including product export and promotion methods. A characteristic feature of external markets is fierce competition. Therefore, the problem of developing an optimal strategy for Ukraine's integration into new markets is relevant and has practical significance in the context of post-war reconstruction. Against the backdrop of active European integration processes, European trade strategies are a representative example of the optimal choice of a conceptual basis. However, they need to consider the specifics of Ukraine's economic progress, necessitating a comparative study of the current strategies of both formations in the context of their impact on economic resilience.

2. Literature Review

The issue of optimising trade strategies in the context of tools for entering external markets and increasing the effectiveness of international trade has been addressed in several contemporary scientific works. In particular, scholars such as [1], [2], [3], [4] analyse the potential of trade strategies within the concepts of achieving global goals, including ensuring economic stability. Certain aspects of this problem are highlighted by researchers [5] and [6], who focus on the impact of international trade on global sustainable development, the role of globalisation in financial development, trade openness, and sustainable eco-economic growth.

Researchers [7], [8], [9] examine the potential of anti-corruption management mechanisms and the construction of a security landscape in the financial sector of the EU economic system against the backdrop of the challenges of European integration, as well as modern models of practical impact on the formation of international trade trends. The issues of trade strategies in the context of their impact on the development processes of modern geopolitical formations and individual states are addressed in the works of [10].

Despite the significant attention paid by many scholars to the aspects of building an optimal strategy, the need for developing specific adaptation algorithms to crisis conditions and uncertainty remains relevant [11]. Ukraine should consider the specifics of market entry strategies used in the European community, making it necessary to examine the existing trade strategies of both territorial-political formations in a comparative aspect.

The study aims to compare the trade strategies of the European Union and Ukraine in the context of potential benefits and related challenges for economic sustainability.

3. Materials and Methods

The research methodology involved the use of general scientific research methods:

- An analytical review of scientific sources and publications on developing, optimising, and promoting trade strategies and concepts; a comparative analysis of current strategies in Europe and Ukraine, highlighting their advantages and disadvantages; and synthesis to determine the potential benefits of using certain strategic concepts.
- The method of abstraction allowed for the assessment of the overall impact of existing trade strategies in Europe and Ukraine on the dynamics of export and import volumes over the last decade. It also formulated recommendations for the effective use of modern innovative approaches and tools in optimising trade strategies and identified the directional impact on achieving the main objectives.

4. Results

Trade strategies represent a set of objective rules and conditions necessary for successful integration into the market environment. They outline the specifications for conducting trade activities and form a general model of actions required to achieve long-term goals. Strategies are implemented through coordinating and allocating resources, analysis tools, and rules [1], [2].

The goal of the unified trade policy of the European community is to strive for the maximum promotion of harmonious development in global trade, the reduction of customs barriers, and the minimisation of restrictions in international trade. The strategy for the development of Europe's trade policy includes:

- Active development of trade between member countries and third countries.
- Ensuring the supply of raw materials and its uninterrupted delivery to the EU.
- Increasing the competitiveness of European producers.
- Preventing disruptions in the functioning of the economic systems of European countries.

Europe's trade strategy is implemented on three levels: national, European, and international. In this case, the EU formation performs a dual function, simultaneously representing the national and international levels [3]. Among the negative aspects of the EU's unified trade strategy are its perception in the global environment as a too heavy and slow partner, as well as the complicated decision-making process in the standard trade policy, which becomes especially relevant with the increasing number of EU member states [4].

The joint trade strategy of Europe primarily focuses on measures and rules for trading goods within the EU customs territory. Its main goals and principles are differentiated into internal and external aspects. The external goals involve promoting the development of international trade and the gradual reduction and elimination of restrictions and customs barriers. The internal goals include improving the Customs Union, eliminating duties and obstacles within the internal environment, and enhancing the competitiveness of European producers [5], [6]. Overall, the EU's trade strategy is based on unified approaches to the liberalisation measures and export policy, the conclusion of tariff and trade agreements, and the introduction of special measures to protect trade [10].

The core principle of the EU's trade strategy ensuring an open market economy with free competition allows for the adaptive application of effective protectionist measures, identification of the leading indicators of the competitive environment not only within the EU but also in the global economic community, and regulation of the forms, timing, and depth of opening the EU's national markets. In particular, the competence of EU member states in external trade includes making independent decisions to overcome economic difficulties related to imports from "third" countries. Moreover, Europe actively promotes foreign direct investments to create favourable local conditions by implementing relevant provisions of free trade agreements. At the same time, the EU's trade strategy emphasises the need for proper governance development. It highlights the importance of ownership of their development strategies, which is critical to the success of each country. Developing countries should pursue a balanced internal policy and implement necessary internal reforms to stimulate trade and investment. It is also necessary to ensure that countries receive economic benefits from trade growth and sustain development [3].

Thus, the fundamental principles of Europe's current trade strategy include:

- Differentiation and a personalised approach, which involves partnership with the EU and each partner country based on their ambitions, capabilities, and interests to maximise the benefits of cooperation;
- Research and integration of more effective methods to achieve reform goals in partner countries based on the synergy of efforts from public, social, and economic formations;
- Emphasis on a set of established priorities and intensification of the role of joint ownership, focusing on uniting the efforts of EU member states and partner countries;

- Adaptability of the financial tools operated by the trading strategy to improve the ability to respond to crises;
- Strategic communications should be strengthened by openness and transparency in communication regarding the trade strategy, as well as increasing awareness of its outcomes.

It is worth noting that Europe's trade strategy in recent years has caused some sharp fluctuations in international trade indicators [5], [6]. Figure 1 shows trade dynamics in goods outside the EU over the past ten years.

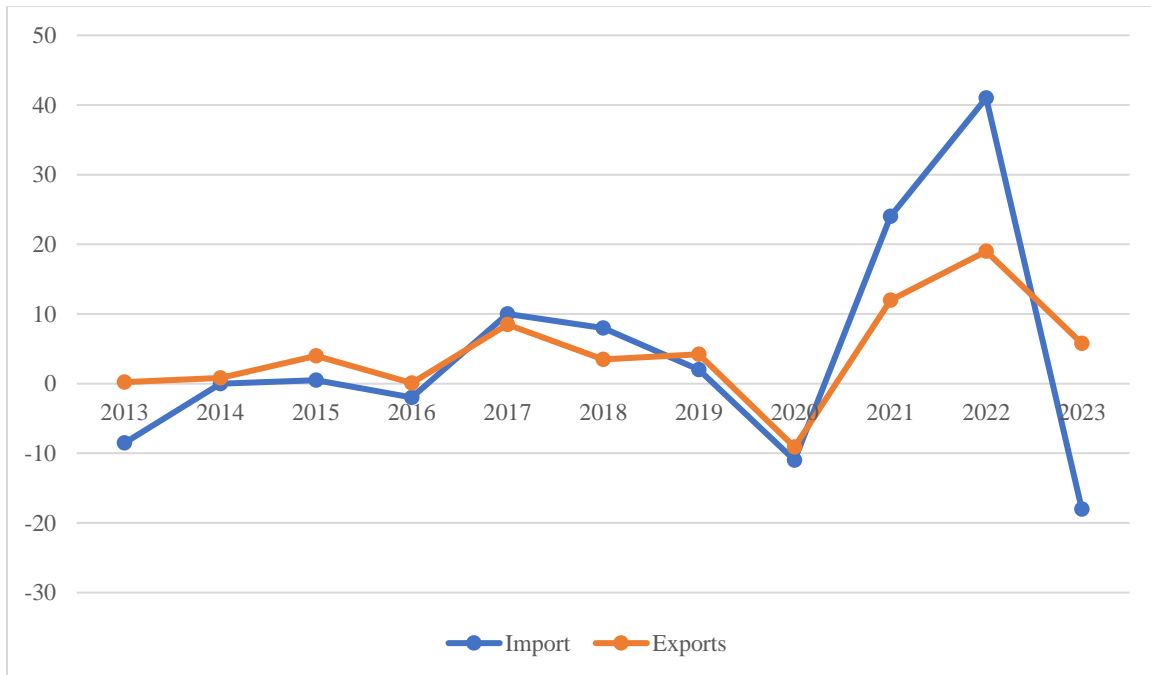


Figure 1.
Dynamics of EU international trade in goods, %.
Source: Compiled by the author based on [12].

As shown in Figure 1, in 2020, EU trade was significantly affected by the COVID-19 pandemic, with a notable decline in both exports (-9.3 %) and imports (-11.5 %). However, both indicators recovered significantly in 2021 and 2022. In 2023, compared to 2022, exports remained relatively stable, while imports fell sharply, primarily due to the collapse in energy prices.

At the current stage of societal development, economic progress is determined by globalisation processes, which significantly shape new trends in international economic relations. The nature of international trade dynamically changes as it acquires new characteristics and trends under the influence of globalisation factors. In particular, Figure 2 presents the positive trend of increased external trade activities in Ukraine from 2013 to 2023.

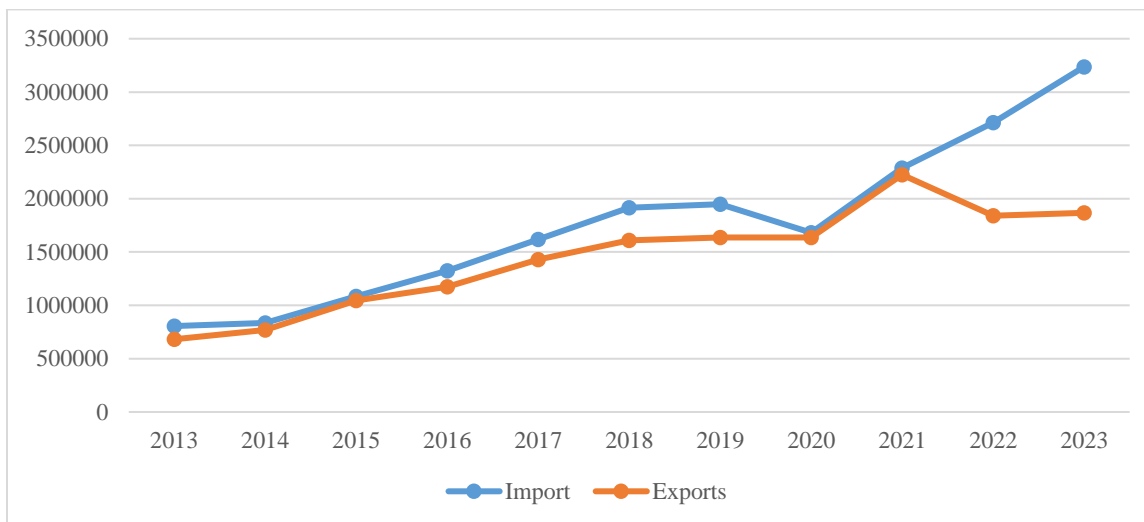


Figure 2.
Dynamics of Ukrainian international trade in goods, UAH million.
Source: Compiled by the author based on [13].

Given the ongoing full-scale war, Ukraine has to consider new realities. Today, it is essential to thoroughly study the features of foreign economic activity in international trade [14]. The lack of understanding of market situations, limited information regarding legal norms, linguistic and cross-cultural specifics, and the clustering of consumers and competitors complicate the forecasting of necessary indicators, leading to low effectiveness of marketing strategies and product rejection in the market, which requires additional expenses for product promotion [10].

Another problematic aspect of Ukraine's trade strategy in the context of economic resilience is the regulatory, legal, and financial issues. Each country has its rules and norms for exports, and Ukrainian companies are often unfamiliar with them. The financial issues stem from insufficient capital, as integrating into new markets requires significant financial investments in logistics, infrastructure, advertising, and distribution [3]. Moreover, integration into new markets is inevitably accompanied by increased competition, necessitating prior competitive analysis, identifying strengths and weaknesses, and developing a competition concept into the trade strategy norms.

Specific requirements for permits, documentation, and customs clearance, restrictions on currency operations, or the need for a special license for customs operations may result in administrative fines or lawsuits [1], [2]. Suppose insufficient attention is paid to this issue within the trade strategy. In that case, customs payments may constitute a significant portion of the cost of exported goods, and incorrect product classification or improper determination of customs rates may lead to financial losses. To mitigate customs clearance issues, it is necessary to have a deep understanding of customs legislation in the context of partner countries, collaborate with experienced brokers, and establish a system of systematic internal control [15].

Globalisation and integration processes maximally influence international trade in goods and services. In this context, it is identified as a system of macro- and micro-levels of the economic environment, significantly influenced by scientific and technological progress and digitalisation. The advantages of international trade due to digitalisation are the development of digital e-commerce platforms and the intensive development of external trade services through information and communication services. Today, information, knowledge, or ideas can be positioned as a market object, adapting their format in the creation, transfer, and dissemination [4].

A significant portion of the value of a current product or service is determined by the volume of implemented innovations and the availability of accompanying service support. At the same time,

intangible components, such as investments in innovation, branding, and promotion, are directly included in the business cost as they help mitigate the uncertainty of economic decisions. Additionally, intangible components are characterised by economic consequences, often having their market value.

The rapid advancement of digital technologies has led to a new globalised class of currencies (Bitcoin and its derivatives), which possess several advantages. Among these are the absence of intermediaries, “peer-to-peer” technology, where network functionality is ensured by all users simultaneously on equal terms, the impossibility of emission surges, relatively high transaction speed, and unlimited transactions that ignore any borders and prohibitions. Modern digitalisation transforms the relationships between the producer, seller, and consumer, stimulating their quality improvement. Contrary to the price and quality criteria prioritised in the past, the level of satisfaction of individualised needs is now gaining increasing importance. In this context, the international market requires adaptation to maximally align with consumer demands in the global economic space [16].

The volatility of the market environment is the main reason for the need to control trade strategies. A trade strategy developed a few years ago can only be applied with updated adjustments for the current situation. Ways to improve the effectiveness of trade strategies include:

- Improving the processes of evaluating trade strategies;
- Hedging as a component of a trade strategy, whose priority function is to provide reliable insurance coverage against specific risks for economic stability;
- Defining and optimising the technical parameters of the trading strategy: replacing indicators and market analysis tools;
- Integrating additional filters into the trading strategy to identify and control the trend-flat indicator;
- Analysing and reviewing the set of indicators according to the central concept of the trade strategy.

Thus, in the context of globalisation trends, international trade is positioned as an effective tool for intensifying economic development, mitigating the limitations of national resource potential and the narrowness of the domestic market, intensifying the pace of economic growth and innovative modernisation. However, today, it seems impossible to achieve active economic development without forming a successful national trade strategy that allows integration into the global economic space. At the same time, the opportunities and significant advantages of global economic integration far outweigh the potential related losses and risks.

5. Discussion

Modern researchers’ findings confirm that one of the most effective means of optimising economic resilience and successfully implementing the concept of sustainable development is the formation of an effective and progressive national trade strategy [17]. As convincingly demonstrated by [18] conclusions, integration and digital optimisation of business processes are particularly important in improving foreign economic activity.

Some researchers, notably [19] studying the globalisation of the economy as a compromise between efficiency and shareholder capital, emphasise the need to prevent related challenges and risks. The researchers’ conclusions focus on preventive policies regarding the challenges posed by actively integrating fundamentally different cross-cultural systems in the economic environment. Continuing this line of thought, researchers [20] identified specific prerequisites for the effectiveness of international trade based on an optimal managerial paradigm. Additionally, [21] analyse the impact of the pandemic on international trade. The findings of these scholars complement the results of the current study, allowing for the identification of priority influential concepts in the modern foreign economic environment and trade strategies within it.

Some contemporary authors [22], [23], [24] position compelling managerial aspects as an essential indicator of the effectiveness of applied trade strategies. A series of studies have been

conducted by researchers on the resilience of international trade and its various concepts. At the same time, the research results of [25] and [26] indicate that the current period of societal progress requires a rethinking of the functionality of digital technologies and their place within trade strategies, which should synergise business, innovation, and global progress.

Despite significant scientific interest in the subject, the practical adaptation of Ukraine's current trade strategy to the requirements of an integrated environment and the principles of sustainable development still needs to be solved [27]. Modelling modern trends in international trade development should contribute to new opportunities for economic resilience, greater business involvement and motivation, and deeper integration into the global community.

6. Conclusion

International trade serves as an indicator of the success of national trade strategies. Its effective development allows for the mitigation of the limitations of national resource potential and the narrowness of the domestic market. It intensifies the potential for innovative industrialisation and the pace of economic growth, thereby providing a foundation for overall economic resilience.

The specifics of forming the modern concept of international trade development within the context of the European community and Ukraine, as studied through a comparative analysis of the main principles of current trade strategies, reveal the strengths and weaknesses of both strategies, which helps to identify areas for improvement. The high level of competition in the global market requires the adaptability of producers' trade strategies and the formation of appropriate structures to coordinate the functioning of the external economic relations infrastructure.

Active participation in the international trade environment opens up additional opportunities for realising economic potential. However, the development strategy must be specified to ensure long-term competitive advantages. The prospects for further research lie in planning export activities in the context of entering new markets. Given the progress of European integration, Ukraine should actively refine its trade strategy based on the European model, making full use of the international community's support during the post-war recovery period.

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