

**POLTAVA REGION IN WORLD TRADE PROCESSES:  
REALITIES AND PERSPECTIVES**

**Liubov Tytarenko\***, PhD (Economics), Associate Professor  
National University «Yuri Kondratyuk Poltava Polytechnic»  
**Tetiana Sakalo**, Economist  
Private Joint Stock Company «“Ltava” Plant»

\* ORCID 0000-0002-2112-7380

© Tytarenko L., 2020.

© Sakalo T., 2020.

*Стаття отримана редакцією 05.02.2020 р.*

*The article was received by editorial board on 05.02.2020*

**Introduction.** The welfare of any country depends on the development of its regional economies. At the present stage of Ukraine development, economic and trade integration with the foreign community is vital. The relations with developed foreign countries, including the European Union, are of particular importance for Ukraine in determining its own prospects and reserves for intensifying international trade contacts and enhancing the level of competitiveness of the domestic economy in the world market [1]. In a globalized world, for the effective development of a market economy of any country, its foreign economic activity, in particular, international trade is essential [2; 3]. Ukraine has concluded free trade agreements with Montenegro, Macedonia, Georgia, Azerbaijan, Uzbekistan, Tajikistan and Turkmenistan, as well as a free trade agreement with the EFTA States: Switzerland, Norway, Iceland and Liechtenstein [4; 5].

Despite the turbulent changes both in the economic environment and in the social and legal environment of the country, foreign economic relations have always been and remain an important component of Ukraine's social development. Thus, an urgent issue is the analysis of Ukraine's foreign economic activity on the example of a particular region in order to overcome the negative trend of export decline and increase of imports and formulate relevant conclusions and proposals.

**An overview of the latest sources of research and publications.** Scientific and methodological bases of socio-economic development of territories, substantiation of interconnections of processes of market transformation and regional development and foreign economic activity of regions are devoted to research by such Ukrainian scientists as: Chernyshev V.H., Okara D.V., Kovalova I.L. [1], Sardak S., Radziivska S., Us I. [4], Yatsenko O., Nitsenko V., Karasova N. [12], Svystun L.A. [14], Kotikova S., Vavrek A. [15]. It should be noted the work on the issues of foreign economic activity by such foreign researchers as Rashmi G. [2], Agion P., Berge A., Lekien M., Melitz M.J. [9] and others. Therefore, many scientific works are devoted to this problem. However, further research is needed on the implementation of Ukraine's foreign economic policy at the regional level in the context of growing globalization of economic processes.

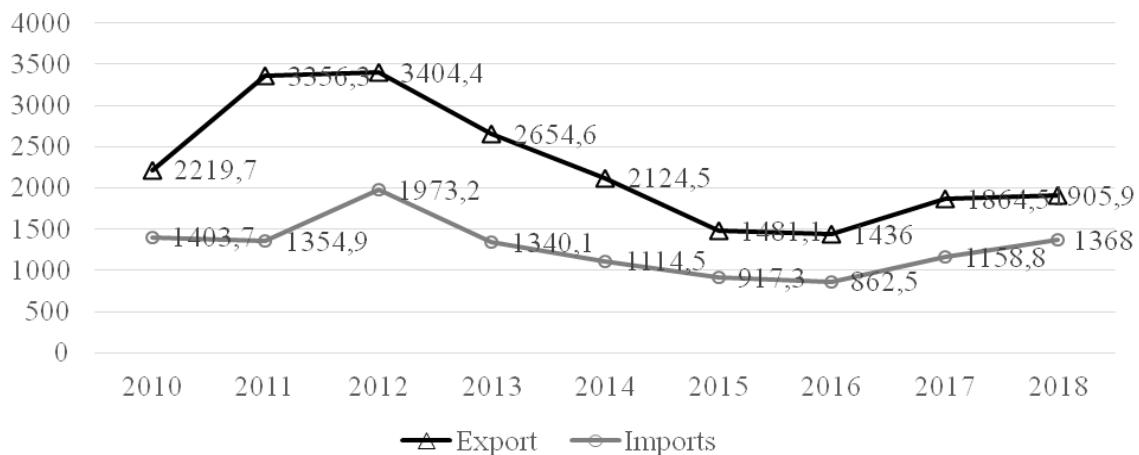
**Setting objectives.** The purpose of the article is to determine the current state of foreign economic activity of the Poltava region, to identify the main factors that influence the activation of export-import operations of the region and to substantiate the directions of improvement of foreign economic activity of Poltava region.

**Basic material and results.** Currently, rural areas of Ukraine account for about 90% of the country's population; 33% of residents of Poltava region live in rural areas [6, p. 33]. At the same time, the Poltava region is an agrarian-industrial region of Ukraine and has considerable potential for the development of foreign economic activity. Poltava region is a highly developed regional economy in central Ukraine. In 2019, the Ministry of Regional Development evaluated Poltava as a leading region in terms of economic indicators, financial self-sufficiency, as well as development of investments and foreign economic cooperation. The gross regional product of Poltava region was UAH 150.9 billion, or UAH 106.200 per capita. The highest among all regions of Ukraine [1; 7]. The region's share in the total gross regional product of the country was 5.1%. The high level of GRP per person is a testament to the powerful production potential of our region and significant production volumes [1].

During 2017 – 2019 the Poltava region takes the leading positions in the areas of economic efficiency, financial self-sufficiency, investment attractiveness. As of 2019, it is the first among the regions of Ukraine in terms of gross regional product; in third place in terms of investment attractiveness. In the first nine months of 2019, a record investment of USD 109 million has been attracted. Investments in the Poltava region are now coming from 43 countries. The main investors are Switzerland, the Netherlands and the United Kingdom. The Poltava region is a unique region whose investment potential unites the industrial, agro-industrial and creative industries. Investment development and foreign economic cooperation of the region occupies the 3rd place in Ukraine. FDI volumes are showing steady growth [8].

The dynamics of these indicators contributes to the formation of a positive image of Poltava region for foreign investors, activation of international trade relations, development of innovations [9]. The Poltava region actively develops foreign trade relations with many countries of the world and for several years in a row is included in 6 leading regions (Dnipro, Donetsk, Zaporizhzhia, Lviv, Mykolaiv regions) by volume of export of Ukrainian products to foreign markets. In 2019, the region's share in the nationwide export of goods is 4% (USD 1856338.8 thousand). The share of imports of the region in the national volume – 2.3% (USD 1248828,9 thousand) [10].

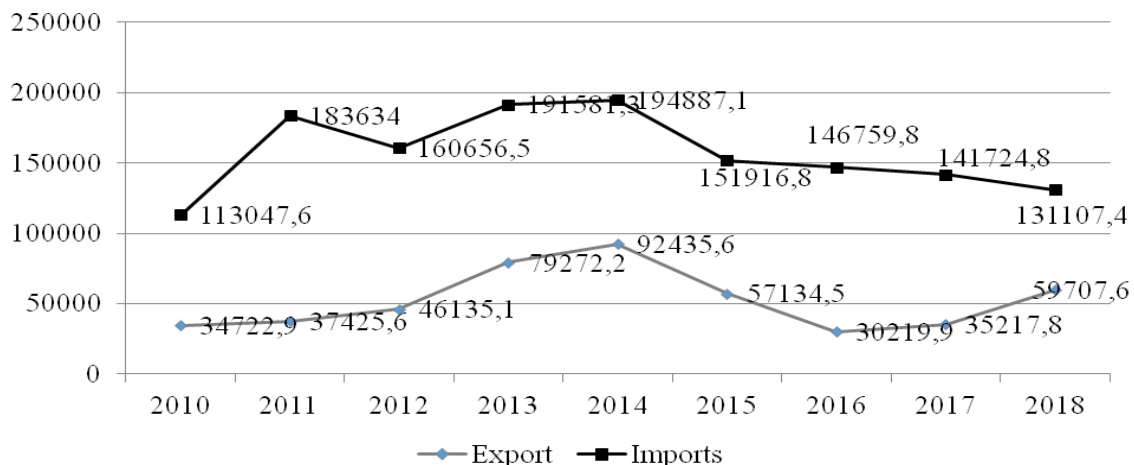
Over the 11 months of 2019, foreign trade in goods amounted to USD 3.1 billion. It increased by 4.5% compared to the corresponding period of the previous year. Foreign trade in goods has traditionally maintained a positive balance of USD 607.5 million [10]. Over the last ten years, the dynamics of the geographical structure of foreign trade in goods has shown an increase in both export and import indicators (Fig. 1).



**Fig. 1. Dynamics of foreign trade in goods in Poltava region, million USD**

Source: copyright development according to [11]

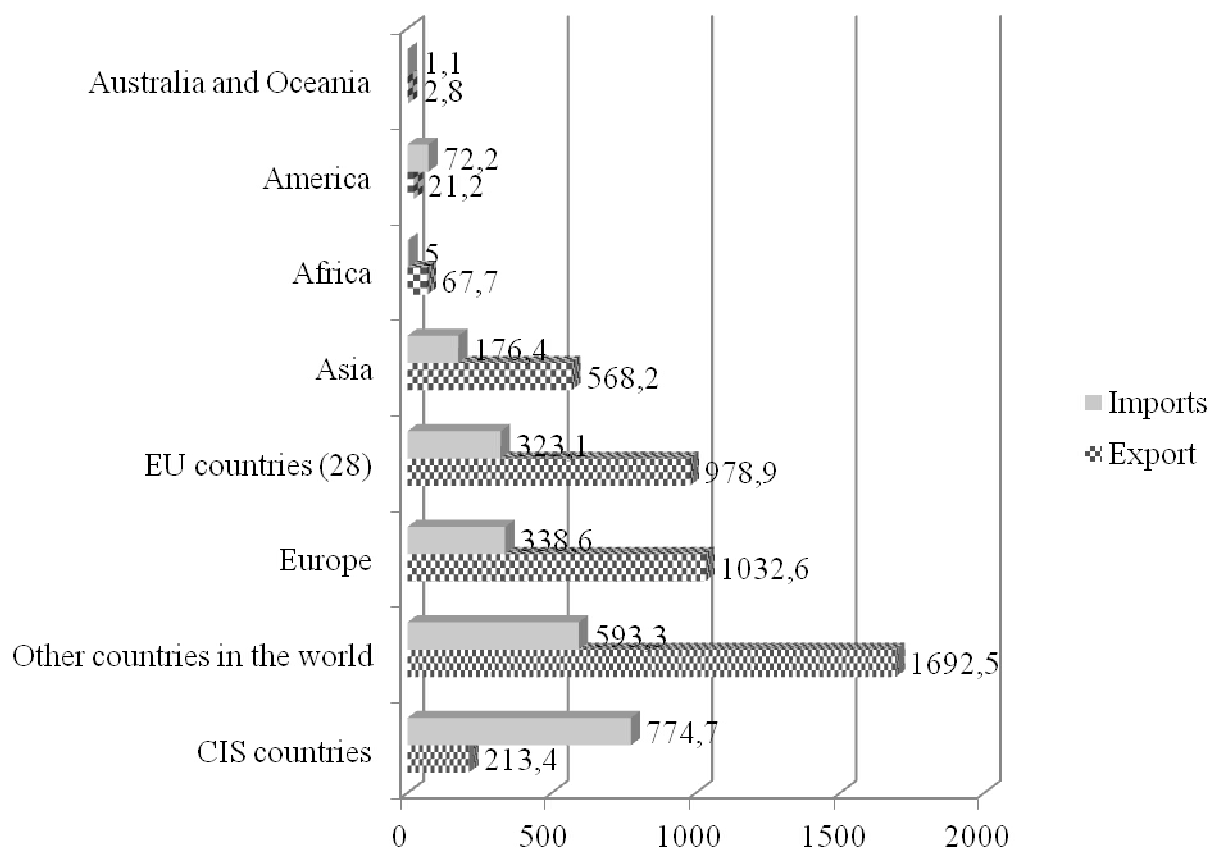
The dynamics of foreign trade in services also shows stable performance. It should be noted that over the last ten years, import operations have significantly exceeded the export of goods (Fig. 2).



**Fig. 2. Dynamics of foreign trade in services of Poltava region, million USD**

Source: copyright development according to [11]

Foreign trade operations were conducted with partners from 138 countries. In total, the enterprises of the region exported products worth USD 1.86 billion. 7.0% up on the same period in 2018 (up USD 122.1 million) [11].



**Fig. 3. Geographic structure of foreign trade in goods of Poltava region for 11 months of 2019, million USD [5; 11]**

*Source: copyright development according to [5, 11]*

The CIS countries are the main trading partner of the region in terms of imports – 56.6% of the total volume of imports; 43.4% are in other countries of the world; 24.8% – to European countries and 23.6% – to EU countries (28). The largest share of imports is Europe – 54.1%, EU countries (28) – 51.4% and Asian countries – 29.8% [11]. According to the current Free Trade Area Agreement [12], Poltava region trades with all EU countries. The largest trade volumes with the following countries are: Austria (13.6%, of total exports), Germany (8.9%), Hungary (4.0%) and the Czech Republic (3.2%) [11]. The diversification of export of products in the direction of development of the Asian market space, which share is more than 30%, continues. In this market, the leaders are countries such as China (13.0% of the total export volume) and Japan (5.8%), as well as Turkey (4.4%) and the Republic of Korea (3.2%).

Mineral products (55.0% of total exports), as well as products of agrarian sector (19.1%), food industry (7.4%) and machine-building industry (9.1%) traditionally dominate the commodity structure of export of products. During the 11 months of 2019, the enterprises of the region exported: ore, slag and ash by USD 961.4 million, cereals by USD 225.6 million, railway locomotives by USD 103.9 million, whose export volume increased 6 times (compared to the same period in 2018) [11].

The indicators that characterize the level of foreign economic activity of the regions include indicators of foreign direct investment (FDI) per person (Table 1). According to this indicator, the Poltava region is one of the regions with high FDI per person – USD 828.9.

Such high performance of the Poltava region in world trade processes was achieved thanks to the organization and implementation of innovative measures. Such as promotion, cooperation with international donors, comprehensive support to the business sector, etc.

**Table 1**

**Volume of direct investments per capita, USD [13]**

Groups of regions, depending on the size of the indicator					
High level	Value	Average level	Value	Low level	Value
Dnipro region	1171	Lviv region	401,2	Zhytomyr region	198,6
Kyiv region	933,5	Chernihiv region	438,4	Sumy region	184,2
Poltava region	828,9	Donetsk region	335,3	Khmelnyskyi region	155,1
		Cherkasy region	296,7	Vinnytsia region	152,1
Ivano-Frankivsk region	625,6	Volyn region	279,2	Rivne region	116,4
		Kharkiv region	282,8	Kropyvnytskyi region	79,4
Zaporizhzhia region	539,7	Zakarpattia region	277,8	Chernivtsi region	58,6
		Kherson region	237,2		
Odesa region	536,2	Mykolaiv region	223	Ternopil region	47,1
		Luhansk region	208,4		

Promotion is an active tool for raising the status of Poltava region. Implementation of measures to shape the image of the region has an impact on increasing business activity, attracting investment, including foreign ones. In 2019 important image and information activities aimed at establishing and deepening cooperation with the international community, developing and improving the activity of small and medium-sized enterprises, expanding the export activity of economic entities of the region [8]:

- Regional Economic Forum SME-Forum «Poltava Business» within the framework of the National Initiative «Second Industrial Week»;
- Regional competition and Street fest «The best goods of Poltava region»;
- 37 Regional Administrative Services Centers participated in regional contests «Best RASC» and «Best Administrator»;
- IDES4YOU permanent training business platform was created, within which the first training for region exporters was conducted;
- created bilingual promotional products of Poltava region: investment passport of Poltava region, catalog «Products of exporters of Poltava region», catalog «Best goods of Poltava region», as well as promotional videos of Poltava region;
- Developed a Calendar of International Exhibition Events, which accumulates the most up-to-date information by industry in terms of exhibition events in the world, lists the most important exhibition events for 2019 worldwide, as well as announcements of major events for 2020.

The Poltava region actively cooperates with projects of international technical and financial assistance. If in 2016 only 17 such projects were implemented, in 2019 – over 46. Among the international donors providing technical and financial support to the Poltava region [8]: U-LEAD with Europe program; Swiss-Ukrainian project «Support for decentralization in Ukraine» DESPRO; Ukrainian-Canadian Partnership for Urban Development Partnership PROMIS project; GIZ project of the German Society for International Cooperation «Management Reform in Eastern Ukraine»; The EU Initiative Covenant of Mayors, Economic Growth Measures and many more.

Enterprises are the locomotive of development of foreign economic activity of the region. In today's economic environment, the development of entrepreneurship in Ukraine should be one of the priority areas of regional policy in both individual regions and the country as a whole, since it is connected with solving a number of issues not only economic but also social in nature [14, p. 235]. Entry of the enterprise into foreign markets, its technological development contributes to the adaptation of the region's economy to the system of world economic relations, allows to attract investment [15]. That is why the development of foreign economic activity of enterprises is a significant factor in improving the efficiency of economic activity both at the level of microeconomics and on the scale of the entire national economy.

According to the results of 2019, the following enterprises are the most active in terms of export trade:

- 1) the Mining Industry: Private Joint Stock Company «Poltava Mining and Processing Plant», Limited Liability Company «Eristiv Mining and Processing Plant»;

2) the Engineering Industry: Private Joint Stock Company «Kremenchug Wheel Plant», Private Joint Stock Company «Kriukiv Wagon Building Plant», Private Joint Stock Company «Kremenchug Road Plant», Limited Liability Company «DI STAR»;

3) the Chemical Industry: Private Joint Stock Company «Kremenchug Carbon Black Plant»;

4) the Food and Processing Industry: Private Joint Stock Company «JTI Ukraine», Limited Liability Company «Ukroliia», Limited Liability Company «Hlobyno processing plant», Limited Liability Company «Pyriatyn cheese factory», Private Enterprise «Lukas Production and Trading Company», Private Joint Stock Company «Dominic».

244 enterprises with foreign investments are registered in the region. Among the most famous companies in the region are: Ferrexpo Group, JKC OIL & GAS plc., Japan Tobacco International, IDS Group, SigmaBleyzer, DuPont Pioneer, Danone etc. [7; 8].

The analysis of scientific researches and special sources made it possible to summarize the problems that are currently holding back the complete foreign economic development of the region [6; 16, p. 7]:

- not favorable business and investment climate of the region;
- low competitiveness of locally produced products in international markets;
- poor awareness of international trade, economic and investment organizations about the region's potential;
- insufficient level of use of own transport and logistics complex for accumulation of cargo flows through the territory of the region;
- reduction of activity of interregional cooperation within the framework of concluded agreements;
- lack of prepared commercial projects for development of economic sectors and elements of the infrastructure of the region, which can be realized with attraction of private capital and funds of international financial organizations.

The development of the region's export potential is adversely affected by a number of external factors, in particular, the lack of an effective mechanism of insurance and guarantee of foreign economic transactions; lack of own currency funds for the purchase of imported components and raw materials; the need to attract significant financial resources for modernization, technological re-equipment of production and certification of products in accordance with the requirements of international standards; delay in adopting international and European standards and termination of state support in conducting trade fair activities of enterprises [16, p. 9].

**Conclusions.** Given the current difficult economic conditions, the priority area for the development of foreign economic activity will be to create a favorable environment for enterprises to expand export trade, taking into account the advantages of a free trade area with the largest trading markets of the European Union and Canada, within the framework of signed agreements. An important area of activity is to promote the promotion of goods and services of interested enterprises-exporters of the region to the prospective foreign markets of the countries of the world, including the Israeli and Turkish markets, in view of the prospect of creating a free trade area with these countries.

Taking into account the results of the research, the following recommendations have been formed to improve the foreign economic activity of Poltava region:

- to create favorable conditions for further increase of the export potential of Poltava region, within the framework of the free trade mechanism with the prospective countries - the largest trading partners of the region;
- to develop and disseminate, through diplomatic institutions, trade and economic missions, a quality information product on the economic and investment potential of the region;
- to disseminate positive information about the economic and investment potential of the region;
- to distribute commercial offers of the enterprises of the region;
- to conduct international investment, economic measures, including industry, B2B meetings with the participation of producers of Poltava region;
- to introduce widespread informing of the economic entities of the region about the possibilities of participation in international exhibitions and fairs.

It is advisable to assist regional and state administrations: organization of work on implementation of investment projects in the fields of animal husbandry, plant growing, food and processing industry; modernization and updating of the logistical base of agricultural enterprises; introduction of innovative technologies in the branches of agriculture; creating conditions for the development of animal husbandry in households through the formation of family farms and the integration of peasants into agricultural cooperatives; development of infrastructure and construction of premises for processing, storage and

operative transfer of agricultural produce; development of micro, small and medium-sized entities in rural areas and cooperation with integrated territorial communities and rural communities.

**REFERENCES:**

1. Chernyshev, V.H., Okara, D.V. & Kovalova, I.L. (2019). Zovnishnoekonomichna diialnist rehioniv Ukrainy [Foreign economic activity of regions in Ukraine]. *Efektivna ekonomika – An efficient economy*, 6. Retrieved from <http://www.economy.nayka.com.ua/?op=1&z=7125> [in Ukrainian].
2. Rashmi, G. (2015). The role of International Trade in the Global Economy & Its Effects On Economic Growth. *International Journal of Innovative Science, Engineering & Technology*, 7 (2), 453-462 [in English].
3. Addis Ababa Action Agenda – Monitoring commitments and actions Chapter II.D International trade as an engine for development. (2016). Retrieved from <https://www.un.org/esa/ffd/wp-content/uploads/2016/03/2016-IATF-Chapter2D.pdf> [in English].
4. Sardak, S., Radziyevska, S., & Us, I. (2019). Exports of Ukraine as a global challenge for its future. SHS Web Conf.: *The 8<sup>th</sup> International Conference on Monitoring, Modeling & Management of Emergent Economy*. Retrieved from <http://ceur-ws.org/Vol-2422/paper07.pdf> [in English].
5. *Export Strategy of Ukraine: Roadmap for Strategic Development of Trade for the period 2017-2021*. (2017). Retrieved from <https://tinyurl.com/y3n3wk8o> [in English].
6. Popova, Yu.M. (2019). Zmitsnennia resursnoi bazy silskykh terytorii v umovakh reformuvannia publichnoi vlady [Strengthening the resource base of rural territories under conditions of public authority reform]. *Naukovi horyzonty – Scientific horizons*, 11 (84), 32-40. DOI: 10.33249/2663-2144-2019-84-11-32-40 [in Ukrainian].
7. *Poltava Region as a Magnet for Investments: Home to 244 Enterprises with Foreign Investment from 43 Countries*. (2020). Web-site of the international technical assistance project “Partnership for Local Economic Development and Democratic Governance” (PLEDDG). Retrieved from <http://pleddg.org.ua/en/2020/poltavshhina-sistemno-pracyuie-nad-zaluch-2/> [in English].
8. Chotyry roky plidnoi pratsi: innovatsii departamentu ekonomichnoho rozvytku, torhivli ta zaluchennia investytsii Poltavskoi ODA [Four years of productive work: innovations from the department of economic development, trade and investment attraction of Poltava Regional State Administration]. (2020). *Internet-vydannia Poltavshchyna – Online edition of Poltava region*. Retrieved from <https://poltava.to/project/5888/> [in Ukrainian].
9. Aghion, P., Bergeaud, A., Lequien, M., Melitz, M.J. (2017). The Impact of Exports on Innovation: Theory and Evidence. *Scholar at Harvard*. Retrieved from [https://scholar.harvard.edu/files/aghion/files/impact\\_of\\_exports.pdf](https://scholar.harvard.edu/files/aghion/files/impact_of_exports.pdf) [in English].
10. Rehionalni obsiahy zovnishnoi torhivli tovaramy u sichni–lystopadi 2019 roku [Regional volume of foreign trade in goods in January–November 2019]. (2019). *Derzhavna sluzhba statystyky Ukrainy – State Statistics Service of Ukraine*. Retrieved from [http://www.ukrstat.gov.ua/operativ/operativ2019/zd/oet/oet\\_u/oet1119\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2019/zd/oet/oet_u/oet1119_u.htm) [in Ukrainian].
11. Dynamika heohrafichnoi struktury zovnishnoi torhivli tovaramy [Dynamics of the geographical structure of foreign trade in goods]. (2019). *Holovne upravlinnia statystyky u Poltavskii oblasti – Main Department of Statistics in Poltava Oblast*. Retrieved from <http://pl.ukrstat.gov.ua/> [in Ukrainian].
12. Yatsenko, O., Nitsenko, V., Karasova, N., James, H.S.Jr. & Parcell, J.L. (2017). Realization of the potential of the Ukraine–EU free trade area in agriculture. *Journal of International Studies*, 10(2), 258–277. DOI:10.14254/2071-8330.2017/10- 2/18 24 [in English].
13. Temp zrostannia (zmenshennia) obsiahu priamykh investytsii (aktsionernoho kapitalu) ta obsiah priamykh investytsii (aktsionernoho kapitalu) na odnu osobu naseleattia [Growth rate (decrease) of direct investment (equity) and direct investment (equity) per capita]. (2018). *Derzhavna sluzhba statystyky Ukrainy – State Statistics Service of Ukraine*. Retrieved from [http://www.ukrstat.gov.ua/operativ/operativ2018/zd/inv\\_zd/tz\\_opi/arch\\_tz\\_opi\\_u.htm](http://www.ukrstat.gov.ua/operativ/operativ2018/zd/inv_zd/tz_opi/arch_tz_opi_u.htm) [in Ukrainian].
14. Svystun, L., & Popova, Yu. (2020). Innovation-Investment Aspects of Small Business Enterprise Development. *Professional competencies and educational innovations in the knowledge economy*. Bulgaria: Publishing House ACCESS PRESS (pp.235-247) [in English].
15. Kotikova, S., & Vavrek, R. (2019). Determining the size of technological gap between local firms and foreign direct investment at regional level. *Journal of International Studies*, 12(3), 48-63. DOI:10.14254/2071-8330.2019/12-3/5 [in English].



16. Prohrama spryanniia zaluchenniu investytsii, rozvytku ekonomichnoho spivrobotnytstva ta formuvanniia pozytyvnoho imidzhu Poltavskoi oblasti na 2017 – 2020 roky [Program for promotion of investment attraction, development of economic cooperation and formation of a positive image of Poltava region for 2017 – 2020]. (2017). *Poltavska oblasna rada – Poltava Regional Council*. Retrieved from [http://www.adm-pl.gov.ua/sites/default/files/pr\\_zi\\_ri\\_2017.pdf](http://www.adm-pl.gov.ua/sites/default/files/pr_zi_ri_2017.pdf) [in Ukrainian].

УДК 332.1: 339.9

JEL F50; R1

**Титаренко Любов Михайлівна**, кандидат економічних наук, доцент. Національний університет «Полтавська політехніка імені Юрія Кондратюка». **Сакало Тетяна Борисівна**, економіст. Приватне акціонерне товариство «Завод «Лтава». **Полтавський регіон у світових торговельних процесах: реалії та перспективи**. Обґрунтовано необхідність економічної і торговельної інтеграції України до зарубіжної спільноти шляхом активізації зовнішньоекономічних відносин на регіональному рівні. У зв'язку із цим проведено ґрунтовне дослідження сучасного стану зовнішньоекономічної діяльності Полтавського регіону в розрізі експорту, імпорту та інвестиційної діяльності. У процесі вивчення встановлено лідируючі позиції Полтавщини за рядом економічних показників: валовий регіональний продукт і обсяги прямих іноземних інвестицій у розрахунку на одну особу. Позитивна динаміка цих показників сприяє формуванню позитивного іміджу Полтавщини для закордонних інвесторів, активізації міжнародних торговельних відносин, розвитку інновацій. Зовнішньоторговельні операції здійснювалися із партнерами зі 138 країн світу. Найбільші обсяги торгівлі з такими країнами: Австрія, Німеччина, Угорщина та Чехія. Триває диверсифікація експорту продукції у напрямі освоєння азійського ринкового простору – Китаю, Японії, Туреччини й Республіки Корея. Основні країни-інвестори: Швейцарія, Нідерланди та Велика Британія. Виявлено основні проблеми як внутрішнього, так і зовнішнього характеру, що перешкоджають експортно-імпортним операціям регіону. Узагальнено фактори, які впливають на активізацію міжнародних торговельних операцій регіону: промоція, співпраця з міжнародними донорами, всебічна підтримка бізнес-сектора та ін. Локомотивом розвитку зовнішньоекономічної діяльності є як вітчизняні, так і зарубіжні підприємства. Обґрунтовано напрями вдосконалення зовнішньоекономічної діяльності Полтавської області. Зокрема: створення сприятливого середовища для нарощування підприємствами обсягів експортної торгівлі, сприяння у просуванні товарів і послуг зацікавлених підприємств-експортерів області на закордонні ринки країн світу.

**Ключові слова:** міжнародна торгівля, зовнішньоекономічна діяльність, регіональна економіка, Полтавський регіон, інвестиційна привабливість.

UDC 332.1: 339.9

JEL F50; R1

**Tytarenko Liubov**, PhD (Economics), Associate Professor, Department of International Economic Relations and Tourism. National University «Yuri Kondratyuk Poltava Polytechnic». **Sakalo Tetiana**, Economist. Private Joint Stock Company «“Ltava” Plant». **Poltava Region in World Trade Processes: Realities and Perspectives**. The current state of foreign economic activity of Poltava region is investigated, the main problems that hinder export-import operations are identified. The factors influencing the activation of international trade operations of the region are summarized and the perspective directions of improvement of foreign economic activity are substantiated.

**Keywords:** international trade, foreign economic activity, regional economy, Poltava region, investment attractiveness.

УДК 332.1: 339.9

JEL F50; R1

**Титаренко Любов Михайлівна**, кандидат економічних наук, доцент. Національний університет «Полтавська політехніка імені Юрія Кондратюка». **Сакало Тетяна Борисівна**, економіст. Частное акционерное общество «Завод «Лтава». **Полтавський регіон в мирових торговельних процесах: реалії та перспективи**. Изучено современное состояние внешнеэкономической деятельности Полтавской области, выявлены основные проблемы, препятствующие экспортно-импортным операциям. Обобщены факторы, влияющие на активизацию внешнеторговых операций региона, обоснованы перспективные направления совершенствования внешнеэкономической деятельности.

**Ключевые слова:** международная торговля, внешнеэкономическая деятельность, региональная экономика, Полтавский регион, инвестиционная привлекательность.