



**European Economic Integration**

Mariia LYZUN,  
Katarína VITÁLIŠOVÁ,  
Kamila BORSEKOVÁ

**TRANSFORMATION OF TRADE FLOWS  
BETWEEN THE EU AND UKRAINE  
IN THE CONDITIONS  
OF INCREASING SECURITY RISKS**

**Abstract**

The EU is currently Ukraine's largest trading partner. The European market is characterized by high solvency and capacity, which creates many opportunities for Ukrainian exporters. The article examines the transformation of trade flows between the European Union and Ukraine in the context of increased security risks caused by Russia's full-scale military aggression against Ukraine. An analysis of the main changes in the structure of Ukraine's foreign trade was carried out, including the reorientation of export and import flows to EU markets. A significant unevenness in the concentration of Ukrainian exports to EU countries was re-

---

© Mariia Lyzun, Katarína Vitálišová, Kamila Borseková, 2024.

Lyzun, Mariia, Doctor of Economic Sciences, professor at the Department of International Economics, West Ukrainian National University, Ternopil, Ukraine. ORCID: 0000-0003-3222-2962. E-mail: m.lyzun@wunu.edu.ua

Vitálišová, Katarína, Ing., PhD, Head of the Department of Public Economics and Regional Development, Matej Bel University, Banská Bystrica, Slovakia. ORCID: 0000-0002-5830-4862. E-mail: katarina.vitalisova@umb.sk

Borseková, Kamila, Ing., PhD, Director of Research and Innovations Centre, Matej Bel University, Banská Bystrica, Slovakia. ORCID: 0000-0001-5411-7915. E-mail: kamila.borsekova@umb.sk

vealed, which makes its economy more vulnerable to external shocks and points to the available opportunities for increasing exports to other EU member states. An assessment of the economic benefits and challenges faced by both sides was carried out. On the basis of the conducted SWOT analysis, opportunities for trade cooperation between the EU and Ukraine in the conditions of transformation of trade flows were identified.

### **Key words:**

international trade, trade flows, export, EU market, security, infrastructure, logistics, risks.

**JEL:** F13, F18, F52, O52.

2 figures, 3 tables, 25 references.

### **Acknowledgements**

This work was supported by the Erasmus+ program of the European Union (Jean Monnet Module 101048216 – REFRAG – ERASMUS-JMO-2021-HEI-TCH-RSCH «Regional integration: European benchmark under the challenges of global fragmentation, REFRAG»). The European Commission support for the publication of this article does not constitute an endorsement of the contents, which reflects the views of the authors only, and the Commission cannot be held responsible for any use, which may be made of the information contained therein.

## **Problem Statement and Literature Review**

Current global events, in particular the war in Ukraine, have significantly affected the world economy and trade relations between countries. In the conditions of increased security risks, the transformation of trade flows between the European Union and Ukraine is of particular importance. Relations of Ukraine with the EU are developing against the background of changes in the geopolitical landscape, which requires adaptation of trade strategies and infrastructure. Ukraine, which aspires to become a full member of the European economic space, faces a number of challenges, including ensuring supply security, modernizing production processes, and increasing competitiveness in the international market. These factors have led to a dynamic transformation of trade flows between the EU and Ukraine, which requires deep analysis and understanding. And the change in trade flows can have a significant impact on the economy of both Ukraine and the EU (European Commission, 2023). Awareness of these consequences is necessary to create effective adaptation plans and support economic development.

The transformation of trade flows can open up new opportunities for cooperation between the EU and Ukraine. Identifying these opportunities and developing strategies for their implementation can help strengthen economic and political ties between the two regions, as well as lay the foundation for long-term development. Economic cooperation between the EU and Ukraine is going through stages of significant changes, which are determined not only by economic, but also by political challenges. Among the key issues facing both parties are ensuring the stability of supplies, increasing the competitiveness of goods and services, and adapting to new market conditions.

In June 2022, Ukraine officially received the status of a candidate for joining the European Union. Ukraine took its first steps on the way to European integration in 1993, when it announced that «...the prospective goal of Ukrainian foreign policy is Ukraine's membership in the European Communities, provided that this does not harm its national interests» (Overview of Ukraine-EU Relations, 2024).

A clearly declared course for EU membership was recorded in the Resolution of the Verkhovna Rada of Ukraine «On confirmation of Ukraine's course for integration into the European Union and priority measures in this direction» in March 2014.

Issues devoted to the research of trade relations between Ukraine and the EU were studied by the following authors: Z. Darvas, C. Martins, A. Sapir, I. Lishchynskyy, Ye. Saveliev, V. Kuryliak, Ju. Bergman. In particular, Darvas and Martins (2022) researched the impact of the war in Ukraine on international trade, paying special attention to the peculiarities of the development of trade relations

between Ukraine and the EU in new realities. Sapir (2022) considered the prospects of Ukraine's rapid accession to the EU and the transformation of their bilateral trade relations. Lishchynskyy (2020) researched the policy of territorial cohesion in the context of regional security of the EU, delving into the issue of intensifying trade and economic relations between Ukraine and the EU (Lishchynskyy, 2020). Kuryliak & Saveliev (2020) considered the development of trade cooperation between the Visegrad Four and Ukraine in the context of the Eastern Partnership.

*The purpose of the paper* is to study the transformation of trade flows between the EU and Ukraine, analyze the impact of security risks on economic cooperation, and determine the prospects for the development of mutually beneficial partnership relations in the face of modern challenges.

## Methodology

The article is based on the analysis of the dynamics of trade flows between the EU and Ukraine before and after the start of the war. The State Statistics Service of Ukraine, Eurostat, the World Bank, the International Monetary Fund, and the Organization for Economic Cooperation and Development serve as statistical databases for the study. The above statistical information is provided with the exclusion of data from the temporarily occupied territory of the Autonomous Republic of Crimea, the city of Sevastopol, and parts of the temporarily occupied territories of the Donetsk and Luhansk regions. Special attention is paid to the information of the State Statistics Service of Ukraine, which publishes regular reports and statistical data on Ukraine's foreign trade. These data make it possible to monitor changes in export and import volumes, as well as to analyze the structure of commodity flows. Analytical reports of the European Commission highlight the implementation of the Association Agreement between Ukraine and the EU, in particular, the impact of the Deep and Comprehensive Free Trade Areas (DCFTA) on trade relations. An important aspect is the assessment of the economic benefits and challenges faced by both parties. An assessment of the economic consequences of the transformation of trade flows between Ukraine and the EU was carried out. Based on the SWOT analysis, opportunities for cooperation between the EU and Ukraine in the context of the transformation of trade flows have been identified.

## Research Results

The European market, with its more than 500 million consumers and 21 million small and medium-sized enterprises, opens up many opportunities for Ukrainian exporters. The European Union accounts for 16% of world imports and exports, making it one of the most attractive markets in the world (Eurostat, 2024).

The Association Agreement between Ukraine and the EU, which entered into force on September 1, 2017, was a significant incentive for the intensification of trade relations between Ukraine and the EU. The Association Agreement defines five key objectives of cooperation (EUR-Lex, 2024; Government Portal, 2023):

1. Gradual rapprochement of Ukraine with the EU on the basis of common values.
2. Implementation of an effective political dialogue in all spheres of common interest for Ukraine and the EU.
3. Promotion of peace and stability at the regional and international levels.
4. Deepening trade and economic ties between Ukraine and the EU. This should speed up Ukraine's integration into the EU single market.
5. Development of cooperation in the spheres of law, freedom and security.

From October 1, 2017, to September 30, 2020, the European Union granted Ukraine extended trade preferences for some types of Ukrainian agricultural products. Additional preferences for wheat, corn and barley were in effect for a shorter period: from January 1, 2018, to December 31, 2020 (Mission of Ukraine to the European Union, 2021; Eurostat, 2024). After all, the implementation of the deep and comprehensive free trade zone, which is a component of this Agreement, involves the liberalization of trade, the harmonization of the normative and regulatory framework and legislation. An important step to support Ukraine during the war was the EU's temporary abolition of all customs tariffs on imports from Ukraine, which began in February 2022, after the start of the full-scale invasion of Russia (Shnyrkov & Chugaiev, 2023). These measures of trade liberalization in relation to Ukraine were put into effect on June 4, 2022, and their effect was subsequently extended for a year – until June 6, 2024. In accordance with the Regulation, all customs tariffs within the framework of the Deep and Comprehensive Free Trade Area, anti-dumping duties and global safeguard measures on imports from Ukraine are suspended for this period.

In May 2024, the Council of the European Union decided to extend the suspension of import duties and quotas for Ukrainian exports to the EU for an

other year (Ukrainska Pravda, 2024). Taking into account farmers' protests, the EU this time kept duty-free trade with Ukraine with certain restrictions, unlike the two previous years.

To protect its own market, the EU introduces two such mechanisms:

1. A strengthened protective mechanism, which is based on the existing one and provides for regular monitoring, based on the results of which the European Commission can introduce any protective measures if certain conditions are met.

2. The automatic protective mechanism, which is new and provides for the automatic restoration of quotas under conditions, if the import of poultry meat, oats, eggs, cereals, sugar, honey and corn exceeds the average for the second half of 2021, 2022 and 2023.

Despite the general liberalization of trade with Ukraine by the EU, in 2023 five neighbouring countries, including Poland, which usually lobbies for Ukraine's interests in the EU, imposed an embargo on some Ukrainian agricultural products. These countries motivate their decision by disturbing the balance in their own markets due to a significant increase in the volume of Ukrainian imports (Centre for Economic Strategy, 2023).

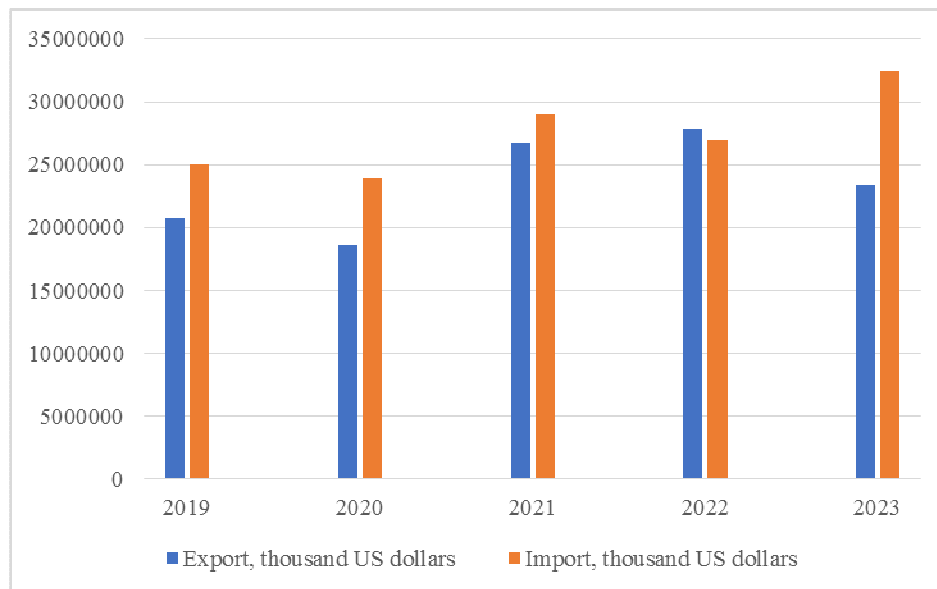
In the conditions of prolonged aggression by Russia and significant human and material losses, mutual trade with the European Union has become a key factor ensuring the stability of Ukraine's open economy.

It should be noted that today the EU is Ukraine's leading trade partner. From 2013 to 2021, the EU significantly strengthened its position as the main trade partner of Ukraine, as its share in foreign trade increased from 32.1% to 39.2%. This growth was observed both in exports (from 26.5% to 39.4%) and in imports (from 35.1% to 39.8%). It is worth paying attention to the fact that in 2021, the three leaders of the world economy – the EU, the USA and the People's Republic of China – accumulated 60.2% of the world GDP. The share of the EU in this indicator was 17.8%, the USA – 23.9%, and the PRC – 18.5% (Ministry of Economy of Ukraine, 2024). At the same time, the EU is characterized by a high level of intra-European trade, which accounts for 60-65% of the total volume of foreign trade of the member countries. This indicates significant economic integration and interdependence within the European Union (Ukrainian Center for Economic and Political Studies named after O. Razumkov, 2022).

At the same time, the total volume of trade in goods between the EU and Ukraine has an upward trend and increased in 2023 by 1.9% (compared to the volume of 2022). It was equal to 55.88 billion US dollars. However, there is a growing negative trade balance (9.1 billion US dollars): in 2023, Ukraine's exports to the EU amounted to 23.39 billion US dollars (-16.1% compared to the previous year), respectively, imports – 32.49 billion US dollars (+ 20.5%) (Fig. 1).

Figure 1

## Ukraine's Foreign Trade in Goods with the EU



Source: formed by the authors based on the data of the State Statistics Service of Ukraine (2024 a).

The table 1 represents exports from Ukraine to EU countries over the past 5 years. A rapid increase in exports in 2021 (26.79 billion US dollars) and 2022 (27.89 billion US dollars) and its decline in 2023 (23.39 billion US dollars) is noted. Despite the decrease in the total volume of Ukrainian exports to the EU in 2023, there was an increase in exports to Greece, Cyprus, Spain, Latvia, Portugal and Croatia.

Table 1

## Export from Ukraine to EU countries

	Exports, thousands of dollars USA				
	2019	2020	2021	2022	2023
<b>Total</b>	<b>20750741,6</b>	<b>18604909,9</b>	<b>26792969,3</b>	<b>27890709,3</b>	<b>23392076,3</b>
of which					
Austria	598319,5	579988,3	915155,5	822123,8	606562,4
Belgium	680704,4	560930,3	659034,3	466655,8	359055,8
Bulgaria	482168,2	511502,7	835270,9	1426085,3	904622,6
Greece	274211,5	178809,9	212785,1	184088,0	257556,0
Denmark	254684,7	216888,6	285816,4	231282,7	217389,4
Estonia	139859,9	109748,0	168628,9	125388,6	92303,8
Ireland	153235,2	94365,8	97882,3	44857,2	14837,6
Spain	1500801,3	1250213,7	1677241,7	1572287,4	2008263,4
Italy	2418875,4	1928906,3	3469269,2	1647263,5	1536892,9
Cyprus	43043,5	31820,8	47441,0	54816,3	107770,4
Latvia	300080,9	229426,4	288575,1	296986,1	323810,7
Lithuania	410796,4	431448,5	576917,6	662057,0	628175,4
Luxembourg	20179	17423,1	15743,2	9156,3	3412,6
Malta	41427,2	8851,6	30209,6	9746,7	70116,0
Netherlands	1848424,7	1802205,9	2262530,2	1540793,8	1490860,0
Germany	2383003,1	2071739,4	2866373,4	2264663,3	2019672,0
Poland	3295846,6	3272683,1	5227413,1	6653025,2	4755386,3
Portugal	282174,2	233971,3	341202,1	135742,3	223454,1
Romania	1005591,3	1080954,2	1543445,3	3855843,7	3764884,5
Slovakia	709620,1	446759,5	999275,1	1506793,2	1073675,2
Slovenia	38945,3	40280,9	75524,5	58961,0	64841,2
United Kingdom of Great Britain and Northern Ireland	628087,7	666851,9	–	–	–
Hungary	1562809,4	1263810,4	1622073,1	2270884,0	1184875,2
Finland	46178,7	54540,1	110813,2	61652,8	44404,8
France	596505,8	592395,2	896493,5	586018,0	481466,3
Croatia	37197,4	29593,1	45742,3	73482,5	87180,3
Czechia	920901,6	826278,3	1414558,4	1252009,6	996005,9
Sweden	77068,7	72522,5	107554,5	78044,9	74601,5

Source: formed by the authors based on the data of the State Statistics Service of Ukraine (2024, a)



If we determine the share of each country in the total export of Ukraine to the EU, there is a pronounced unevenness (Table 2). About 70% of Ukrainian exports are sent to seven EU countries, and this trend has been deepening over the past five years: 2019 – 67.54%, 2020 – 68.11%, 2021 – 69.67%, 2022 – 71.00%, 2023 – 71.65%. Among these countries, the following countries should be highlighted: Poland, whose share in total exports of Ukraine to the EU in 2023 is 20.33%, Romania – 16.09%, Germany – 8.63%, Spain – 8.59%, Italy – 6.57%, the Netherlands – 6.37%, Hungary – 5.07%, respectively. There is a rapid increase in exports to Romania (from 4.85% in 2019 to 16.09% in 2023), which is associated with the blocking of domestic Black Sea ports and, accordingly, the redirection of trade flows. The Czech Republic (4.26%) and Slovakia (4.59%) also have a significant share in exports to the EU. Thus, Ukraine depends on a small number of key trading partners in EU trade, which makes its economy more vulnerable to external shocks. It also indicates the available opportunities for increasing exports to other EU members, which are not being used to the full extent.

Access to new EU markets will enable Ukrainian exporters to increase sales, gaining access to new consumer groups, and will stimulate Ukrainian companies to improve their products and services in order to better compete on the European market (Chopin, 2022; Lyzun, 2007). In addition, diversification of exports will reduce dependence on cyclical fluctuations in individual markets. Moreover, expanding exports to other EU countries will strengthen Ukraine's economic ties with these countries, which can have a positive impact on political cooperation and other areas.

Table 2

**Concentration of Ukrainian exports to EU countries**

	The country's share in total exports of Ukraine to the EU, %				
	2019	2020	2021	2022	2023
Austria	2,88%	3,12%	3,42%	2,95%	2,59%
Belgium	3,28%	3,01%	2,46%	1,67%	1,53%
Bulgaria	2,32%	2,75%	3,12%	5,11%	3,87%
Greece	1,32%	0,96%	0,79%	0,66%	1,10%
Denmark	1,23%	1,17%	1,07%	0,83%	0,93%
Estonia	0,67%	0,59%	0,63%	0,45%	0,39%
Ireland	0,74%	0,51%	0,37%	0,16%	0,06%
Spain	7,23%	6,72%	6,26%	5,64%	8,59%
Italy	11,66%	10,37%	12,95%	5,91%	6,57%
Cyprus	0,21%	0,17%	0,18%	0,20%	0,46%

	The country's share in total exports of Ukraine to the EU, %				
	2019	2020	2021	2022	2023
Latvia	1,45%	1,23%	1,08%	1,06%	1,38%
Lithuania	1,98%	2,32%	2,15%	2,37%	2,69%
Luxembourg	0,10%	0,09%	0,06%	0,03%	0,01%
Malta	0,20%	0,05%	0,11%	0,03%	0,30%
Netherlands	8,91%	9,69%	8,44%	5,52%	6,37%
Germany	11,48%	11,14%	10,70%	8,12%	8,63%
Poland	15,88%	17,59%	19,51%	23,85%	20,33%
Portugal	1,36%	1,26%	1,27%	0,49%	0,96%
Romania	4,85%	5,81%	5,76%	13,82%	16,09%
Slovakia	3,42%	2,40%	3,73%	5,40%	4,59%
Slovenia	0,19%	0,22%	0,28%	0,21%	0,28%
United Kingdom of Great Britain and Northern Ireland	3,03%	3,58%	–	–	–
Hungary	7,53%	6,79%	6,05%	8,14%	5,07%
Finland	0,22%	0,29%	0,41%	0,22%	0,19%
France	2,87%	3,18%	3,35%	2,10%	2,06%
Croatia	0,18%	0,16%	0,17%	0,26%	0,37%
Czechia	4,44%	4,44%	5,28%	4,49%	4,26%
Sweden	0,37%	0,39%	0,40%	0,28%	0,32%

Source: formed by the authors based on the data of the State Statistics Service of Ukraine (2024, a)

In 2023, Ukraine's imports from EU countries amounted to 32.49 billion US dollars, which is significantly higher compared to previous years (Table 3). Moreover, a significant increase of this indicator occurred in relation to most EU member states, except for such countries as Luxembourg, Malta, the Netherlands and Slovenia, where a slight decrease was observed.

Table 3

## Ukraine imports from EU countries

	Import, thousands of US dollars				
	2019	2020	2021	2022	2023
<b>Total</b>	<b>25012187,7</b>	<b>23859713,0</b>	<b>28954281,2</b>	<b>26962397,1</b>	<b>32487267,9</b>
of which					
Austria	657000,3	559737,2	860067,0	515327,2	537178,7
Belgium	549463,0	526390,3	752305,6	539903,6	663061,9
Bulgaria	459341,9	289909,3	542297,9	2082697,5	2221321,5
Greece	311635,1	317007,7	495622,7	756111,3	1374108,8
Denmark	274188,2	220915,4	305260,6	240279,7	250708,6
Estonia	144388,1	177570,2	169808,0	95724,6	128070,1
Ireland	169564,7	209304,8	231456,2	147174,3	195967,2
Spain	844213,8	735137,4	975882,5	702406,6	888048,3
Italy	2074753,7	2128733,9	2675493,0	1801382,3	2278223,6
Cyprus	23165,0	19005,6	38039,1	14580,6	47836,9
Latvia	166467,0	158959,8	210303,4	235932,3	291000,4
Lithuania	1144499,2	813405,6	1290895,4	1323125,1	1300051,4
Luxembourg	53130,7	17117,1	20285,6	10986,1	13490,4
Malta	5220,0	14056,2	116047,5	8127,0	7865,3
Netherlands	765085,6	750840,0	1012585,8	1091330,1	1035123,2
Germany	5986873,6	5339677,7	6284374,9	4563010,8	5061679,2
Poland	4109083,2	4140911,8	4962500,1	5491364,7	6577759,0
Portugal	74806,3	68191,1	88770,4	60832,3	70196,3
Romania	645529,3	682434,6	796433,7	1503239,7	1566873,6
Slovakia	651805,4	1143401,5	923213,6	988707,9	1676885,8
Slovenia	245038,8	253442,4	287793,7	248096,3	241972,3
United Kingdom of Great Britain and Northern Ireland	769910,5	734243,8	–	–	–
Hungary	1251100,5	1399536,4	1571028,5	1022339,2	1387895,7
Finland	275264,6	249228,5	306066,4	239228,8	283858,6
France	1652665,3	1467709,5	1764887,6	1232732,4	1759193,8
Croatia	52505,4	52845,2	67379,3	67885,7	82452,9
Czechia	1165526,6	961721,3	1480804,9	1464785,4	1789421,6
Sweden	489042,0	428096,8	724637,9	514843,4	756693,6

Source: formed by the authors based on the data of the State Statistics Service of Ukraine (2024, b)

Analyzing the commodity structure of Ukrainian exports to the EU in 2019–2023, we note that the key place in its structure is occupied by the export of grain and oil crops, fats and oil. In particular, in 2023, among the main product groups of exports, it is necessary to highlight grain crops, which make up 19.6% of all exports to the EU, fats and oils – 12.7%, ferrous metals – 9.2%, seeds and fruits of oil plants – 8.3%, ores, slags – 7.1%, electric machines – 6.4%, wood and wood products – 5.3%, as well as food industry residues and waste – 3.4%, respectively. In the structure of imports of Ukraine from the EU countries for 2023, energy materials dominate – 20.4% and means of land transport (except railway) – 11.3%, nuclear reactors, boilers, machines – 8.2%, electric machines – 5.0%, plastics, polymer materials – 4.8% and pharmaceutical products – 4.7% (State Statistics Service of Ukraine, 2024 b; Mission of Ukraine to the European Union, 2024).

Of course, the product structure of Ukraine's trade with EU countries is changing under the influence of the new economic situation, the destruction of infrastructure, production facilities, problems related to the availability of labour, and logistics.

Although agriculture continues to be the leader in Ukrainian exports, the potential of the service sector should not be underestimated, as it can partially compensate for restrictions on the import of goods. In particular, the IT sector shows resilience to war and continues to develop. The entry of Ukrainian IT business into the European market is a complex task that requires a comprehensive approach.

The export of expert engineering services, such as the design of industrial and agricultural installations, buildings and systems, serves as an excellent example of the diversification of the export structure of Ukraine, going beyond the traditional sphere (Malyarets, 2022; Bergmann & Romanyshyn, 2022; Lishchynskyy, 2019).

Notably, the export volume of Ukrainian telecommunications, computer and information services to the EU in 2022 decreased by 10.8% compared to 2021, and its value was 1,177.3 million US dollars. Ukraine maintains a positive balance of trade in these services with the EU, which amounted to 945.6 million US dollars in 2022 (State Statistics Service of Ukraine, 2024b). This shows that the Ukrainian information technology sector remains competitive on the European market, even in wartime conditions.

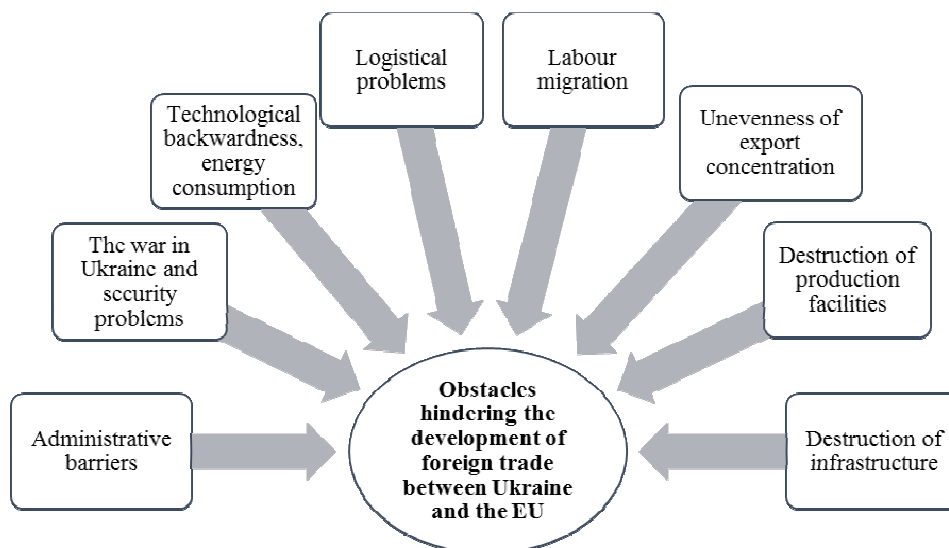
The war in Ukraine significantly affected the structure and dynamics of trade with the European Union. The deep economic ties established before the full-scale invasion of Russia, as well as the logistical constraints caused by the war, led to a rapid strengthening of Ukraine's orientation towards the EU. This primarily concerns Ukraine's closest neighbours: Poland, Romania, Hungary, Slovakia and Bulgaria (Lishchynskyy et al, 2020; Kuryliak & Saveliev, 2020). In addition, the war led to a significant restructuring of commodity flows. Agricultural and

food industry products now play a dominant role in exports. In imports, there is a significant increase in the share of mineral fuels.

Thus, in recent years, both the weak points and the powerful potential of Ukraine as a partner of the EU have been clearly manifested. However, in order to reveal the potential of this partnership, it is necessary to overcome the obstacles that are currently inhibiting the development of foreign trade between Ukraine and the European Union (Fig. 2).

Figure 2

**Obstacles hindering the development of foreign trade between Ukraine and the EU**



Source: compiled by authors

Russia's full-scale invasion in Ukraine significantly affected the commodity structure of trade with the EU, as it led to the destruction of production facilities, infrastructure, labour migration, and logistical problems. This caused a reduction in the export of traditional goods and an increase in the export of other types of products, as well as a change in export channels. Economic policy decisions played an important role in these changes, both on the part of Ukraine and the EU.

Trade between Ukraine and the EU faces a number of problems caused by logistical and administrative barriers. Despite the entry into force of the Convention on the common transit procedure in October 2022, the situation for Ukrainian exporters has not improved significantly. The transport capacity of the EU railway system also does not meet the needs of growing exports from Ukraine. These restrictions negatively affect the competitiveness of Ukrainian goods on the European market and restrain the potential for trade growth between the two countries. There is hope that the Connecting Europe Facility (CEF) project, which involves investments in the amount of 25.8 billion euros in the development of transport infrastructure, will significantly improve transport connections between Ukraine and the EU (Overview of Ukraine-EU relations, 2024).

One of the key directions that can give a powerful impetus to the development of Ukraine's export opportunities to the EU is the increase in the export of goods with a higher added value. A strong agricultural base can become a locomotive for the development of other industries, because it generates significant incomes and stimulates demand for other goods and services (Kuznetsova et al., 2019). The introduction of EU standards can become a powerful catalyst for the development of the Ukrainian economy, stimulating the export of goods with greater added value, diversifying the economy and strengthening Ukraine's European integration aspirations.

## Conclusions

Russia's war against Ukraine radically changed the structure of Ukraine's foreign trade, especially in relations with the EU. Due to hostilities and the blocking of seaports, the border with the European Union has actually become Ukraine's only reliable connection with the world. Since the EU was one of the most important trade partners of Ukraine even before the war, it is expected that its role in this sphere will increase significantly.

The Association Agreement became a powerful tool for the modernization of Ukraine and its approximation to European standards. Its implementation opens up new opportunities for the development of the Ukrainian economy, the strengthening of democratic institutions, and the improvement of the well-being of Ukrainian citizens. The free trade agreement cemented the leading position of the EU as Ukraine's main trade partner. However, the trade deficit in goods with the EU remains a challenge, as imports largely consist of goods with high added value. This imbalance deepened with the start of a full-scale war in Ukraine.

The growing role of the EU as a trade partner brings both new opportunities and challenges for Ukrainian businesses. On the one hand, the EU simplified the procedures for the export of Ukrainian goods and provided Ukraine with financial

and technical assistance for the development of export potential. On the other hand, the war has led to the destruction of infrastructure, the loss of skilled labour and the rise of logistics prices, making it difficult to do business. Despite these challenges, integration with the EU remains one of the key priorities for Ukraine, and the role of the EU as a trading partner will continue to grow.

The successful conduct of any trade negotiations between Ukraine and the EU should be based on the principles of liberalization, joint identification and resolution of key issues. Ukraine and the EU should work together to identify and resolve key issues affecting their trade, such as product standards, intellectual property protection and competition rules.

### References

- State Statistics Service of Ukraine (2024 a). Ukraine's Foreign Trade in Goods with EU. [https://ukrstat.gov.ua/operativ/operativ2021/zd/ztt\\_ES/ztt\\_es\\_u/arh\\_ztt\\_es\\_2024\\_u.html](https://ukrstat.gov.ua/operativ/operativ2021/zd/ztt_ES/ztt_es_u/arh_ztt_es_2024_u.html)
- State Statistics Service of Ukraine (2024 b). Commodity Pattern of Foreign Trade of Ukraine with EU. [https://ukrstat.gov.ua/operativ/operativ2021/zd/tsztt\\_ES/tsztt\\_ES\\_u/arh\\_tsztt\\_es\\_2024\\_u.html](https://ukrstat.gov.ua/operativ/operativ2021/zd/tsztt_ES/tsztt_ES_u/arh_tsztt_es_2024_u.html)
- Overview of Ukraine-EU Relations (2024). Mission of Ukraine to the European Union [in Ukrainian]. <https://ukraine-eu.mfa.gov.ua/posolstvo/zagalnij-oglyad-vidnosin-ukrayina-yes>
- Kuryliak, V., & Savelyev, Ye. (2020). Development of cooperation between the Visegrad Four and Ukraine in the field of the real economy in the context of the Eastern Partnership [in Ukrainian]. *Economics and Management Organization*, (3), 229–242. <https://doi.org/10.31558/2307-2318.2020.3.20>
- Lyzun, M. (2007). Anticipatory economic growth: international and Ukrainian aspects [in Ukrainian]. [PhD thesis]. Ternopil National University of Economics.
- Lishchynsky, I. O. (2019). Poles and axes of development in the context of glocalization processes: monograph [in Ukrainian]. Ternopil: TNEU, 364 c. <http://dspace.wunu.edu.ua/handle/316497/40963>
- Ministry of Economy of Ukraine. (2024). Bulletin of Ukraine – EU trade relations current state [in Ukrainian]. [https://www.me.gov.ua/Documents/Detail?lang=uk-UA&id=a6d92255-ac02-4280-809f-28cf0966ef5e&title=Biuleten PotochnogoStanuTorgovelnikhVidnosinMizhUkrainoiuTas](https://www.me.gov.ua/Documents/Detail?lang=uk-UA&id=a6d92255-ac02-4280-809f-28cf0966ef5e&title=Biuleten+PotochnogoStanuTorgovelnikhVidnosinMizhUkrainoiuTas)
- Mission of Ukraine to the European Union. (2021). EU-Ukraine Association Agreement [in Ukrainian]. <https://ukraine-eu.mfa.gov.ua/posolstvo/ugoda-pro-asociaciyu-mizh-ukrayinoyu-ta-yes>

- Mission of Ukraine to the European Union. (2024). Trade and economic cooperation [in Ukrainian]. <https://ukraine-eu.mfa.gov.ua/posolstvo/torgovelnouekonomichne-spivrobitnictvo-ukrayina-yes>
- Ukrainska Pravda. (2024). The EU finally approved the continuation of preferential trade with Ukraine with fuses [in Ukrainian]. <https://www.epravda.com.ua/news/2024/05/13/713598/>
- Ukrainian Centre for Economic and Political Studies named after Olexander Razumkov (2022). Ukraine on the way to the EU: realities and prospects [in Ukrainian]. [https://razumkov.org.ua/images/journal/NSD187-188\\_2022\\_ukr\\_full.pdf](https://razumkov.org.ua/images/journal/NSD187-188_2022_ukr_full.pdf)
- Government Portal. (2023). Report on implementation of the Association Agreement between Ukraine and the European Union for 2023 [in Ukrainian]. [https://www.kmu.gov.ua/storage/app/sites/1/55-GOEEI/zvit-pro-vykonannia-ua-za-2023\\_UA\\_2.pdf](https://www.kmu.gov.ua/storage/app/sites/1/55-GOEEI/zvit-pro-vykonannia-ua-za-2023_UA_2.pdf)
- Centre for Economic Strategy. (2023). Trade between Ukraine and the EU: Challenges of the «Semi-Open» Market [in Ukrainian]. <https://ces.org.ua/ukraine-eu-market-challenges/>
- Shnyrkov, O., & Chugaiev, O. (2023). Economic integration of Ukraine: context of the Russian-Ukrainian war. *Journal of European Economy*, 22(1), 48–69. <https://doi.org/10.35774/jee2023.01.048>
- Bergmann, J., & Romanyshyn, I. (2022). Rebuilding Ukraine: How the EU should support Ukraine's reconstruction and recovery (No. 6/2022). IDOS Policy Briefs, German Institute of Development and Sustainability (IDOS).
- Chopin, T., Macek, L. and Maillard, S. (2022). The European Political Community: A new anchoring to the European Union, Notre Europe Policy Brief.
- Darvas, Z. M.; Martins, C. (2022) : The impact of the Ukraine crisis on international trade, Bruegel Working Paper, No. 20/2022, Bruegel, Brussels. <https://www.econstor.eu/bitstream/10419/274179/1/1832551679.pdf>
- EUR-Lex (2024). Association Agreement between the European Union and its Member States, of the one part, and Ukraine, of the other part. [https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:22014A0529\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:22014A0529(01))
- European Commission (2023). Reconstruction of Ukraine. [https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/reconstruction-ukraine\\_en](https://eu-solidarity-ukraine.ec.europa.eu/eu-assistance-ukraine/reconstruction-ukraine_en)
- Eurostat. (2024). <https://ec.europa.eu/eurostat/web/structural-business-statistics/data/main-tables>
- Kuznetsova, A. Y., Lyzun, M. V., Savelyev, Y. V., Kuryliak, V. Y., & Lishchynskyy, I. O. (2019). Gravitaty potential for currency alliances' intraregional trade. *Financial and credit activity: problems of theory and practice*, 3(30), 236–247. <https://doi.org/10.18371/fcaptp.v3i30.179550>



- 
- Lishchynskyy, I. (2020). Territorial cohesion policy in the context of EU regional security. *Journal of European Economy*, 18(4), 439–453. <https://doi.org/10.35774/jee2019.04.439>
- Lishchynskyy, I., Lyzun, M., Kuryliak, V., & Yevhen, S. (2020). The Dynamics Of European Periphery. *Management Theory and Studies for Rural Business and Infrastructure Development*, 41(4), 527–536. <https://doi.org/10.15544/mts.2019.43>
- Malyarets, L. M., Otenko, V. I., Otenko, I. P., & Fatyanov, D. (2022). Monitoring the development of the export and import potential of the regions. *Montenegrin Journal of Economics*, 18(2), 39-50. <https://doi.org/10.14254/1800-5845/2022.18-2.4>
- Sapir, André (2022) : Ukraine and the EU: Enlargement at a New Crossroads, *Intereconomics*, ISSN 1613-964X, Springer, Heidelberg, Vol. 57, Iss. 4, pp. 213-217, <https://doi.org/10.1007/s10272-022-1065-2>