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TRADE AND ECONOMIC RELATIONS BETWEEN UKRAINE AND SWEDEN: DEVELOPMENT PROSPECTS

Ukraine is going through a difficult stage of its existence – the Russian-Ukrainian war. More than ever, our state needs the support from other countries, which it has experienced since the first days of Russian aggression. Strengthening positions in traditional sales markets and imports of goods and services, the development of new segments will allow Ukraine to solve the problem of providing a specific selection of goods, increase its competitiveness. One of the most important countries of Ukraine's business partners is Sweden. Analyzing the trends in the economic development of Ukraine and Sweden, a number of differences can be identified. During the period of independence, Ukraine has moved from the category of industrialized countries to the group of agro-industrial countries. Ukraine supplied products of high-tech industries to the world market, namely: heavy, transport, petrochemical, electrical engineering, machine tool building, aerospace engineering, etc. Recall that it was our brilliant inventor and aircraft designer Igor Sikorsky who laid the foundations of the aerospace industry at the beginning of the 20th century, and Ukraine was one of the leading countries in the field of aircraft construction. The process of deindustrialization was largely influenced by such factors as the breakdown of established cooperation ties, global financial and economic crises, and finally, Russian aggression [1, p. 6]. Sectoral structure of Ukraine in terms of employment: agriculture – 18%, industry – 28%, services – 39.2%, other – 14.8%. Most of the service sector is wholesale and retail trade.

Sweden is a highly industrial state with developed agriculture. The country is known in the European and world markets for products of ferrous metallurgy, precision engineering, forest industry (woodworking and pulp and paper industries), electrical and electronic engineering, and automotive industry. This country can be described as transitioning to post-industrialism, as the service sector contributes 65.3% of GDP. Sweden ranks 3-rd in the Prosperity Index (2021), while Ukraine is 78th. Several indices for comparison: government performance (Sweden – 6; Ukraine – 77 respectively), investment environment (8; 123), market access (6; 74), quality of the economy (7; 75), living conditions (5; 76), education (14; 40), global innovation index (2; 49) and human development index (7; 77). GDP (PKS) of Sweden is \$529.78 billion and ranks 41st in the world, in Ukraine this figure is \$380.55 billion and ranks 49th. GDP (PKS) per capita in Sweden is \$59,324 (18th place), Ukraine - \$14,220 (103rd place). Comparing the average salary, as of 2022 in Sweden it is 45,100 kroons (\$4347.6), in Ukraine – 14577 hryvnias (\$394.8).

Analyzing Sweden's international trade, a selection of competitive products can be identified. Such goods are cars (Scania, Volvo, NEVS), medicines (Attgeno, Dilafor, Ardena), refined oil (Colabitoil, Nynas), spare parts for cars (Volvo Penta), broadcasting equipment (Sennberg). The main importing countries of Swedish products are Germany, Norway, USA, Denmark and Finland. Sweden actively buys cars, crude oil, parts and spare parts for rolling stock (particularly for the automotive industry), refined oil and broadcasting equipment. Most of all, the country imports from Germany, Netherlands, Denmark, Norway and China [2].

The structure of exports from Ukraine to Sweden (January 2022): ferrous metals (20.1%), wood and wood products (18.4%), furniture (12.1%), nuclear reactors, boilers, machinery (6.7%), plastics, polymeric materials (5.3%), other finished textile products (4.6%), ferrous metal products (4.4%), fats and oils of animal or vegetable origin (4.1%), ships (3.5%), products made of stone, plaster, cement (3.3%) , means of land transport, except railway (2.4%), food industry residues and wastes (2.1%), prepared grain products (2%), edible fruits and nuts (1.8%), others (4.6%) [3]. The structure of imports from Sweden to Ukraine (January 2022): nuclear reactors, boilers, machinery (27.7%), paper and cardboard (19.3%), means of land transport, except railway (13.2%), pharmaceutical products (6.4%), fats and oils of animal or vegetable origin (6%), electrical machines (3.7%), ferrous metals (2.7%), other textiles (2.7%), plastics, polymeric materials (2.4%), soap, organic surfactants (2.1%), ferrous metal products (1.5%), others (8.5%) [3].

According to the State Statistics Service of Ukraine, in January 2022, the volume of trade between Ukraine and Sweden amounted to \$40.43 million, of which 77.1% was imported goods from Sweden. The highest indicator of trade turnover was in 2021, when it increased by 66.2% compared to the previous year. At the same time, exports to Sweden amounted to \$107.55 million and increased by 48.3%, while imports from Sweden amounted to \$724.64 million and increased by 69.3%. The negative balance of foreign trade in

goods with Sweden for Ukraine in 2021 amounted to \$617.09 million. The dynamics of Ukraine's foreign economic activity with Sweden for the period 1995-2021 is presented in Fig. 1. Analyzing the general trend, it can be determined that the trade turnover from Ukraine consists mainly of imports, which on average accounted for 88.3% of the trade turnover between Ukraine and Sweden. The balance of foreign trade for Ukraine during the entire period under study acquired negative values.



Figure 1 - Dynamics of the development of trade between Ukraine and Sweden for the period 1995-2021, million dollars

Source: compiled by the authors based on [2] and [3].

Unfortunately, current trends indicate that Ukraine is increasingly becoming a "dream" for exporting countries that supply its domestic market with low-quality products at "cosmic" prices. Already now it is necessary to act and focus on three directions: the restoration of a number of industries, creating conditions for the activation of scientific activity, significantly increasing attention in the field of energy, taking into account the constant interruptions in the power grid system due to significant damage from the enemy. For example, in the forestry industry, it is worth bringing in Swedish experience and starting to buy wood for its processing, because Ukraine has long been faced with the problem of deforestation. A scientific exchange is possible in the field of precision, electro technical and electronic engineering. An example can be the cooperation of technical universities of Ukraine and Sweden. NTUU "KPY" has been practicing scientific and educational cooperation with Swedish universities for many years.

The production and export of goods with high added value to Sweden can be promising: special equipment for use during snowy winters, fishing vessels, railway wagons, locomotives, machines and equipment for the agro-industrial complex, and automobile trailers. The "Swedish model" of the economy deserves attention. It is aimed at society, at levelling the level and quality of life at the expense of the country's economic growth. To do this, the transparency of tax revenues and their expenses should be increased, the judicial system should be reformed, and the level of democracy should be raised.

During the Russian-Ukrainian war, Sweden fully supports Ukraine, actively provides humanitarian, macroeconomic and defence assistance. The total amount of this allowance from February 24 to August 2, 2022 was 396 million dollars. 29.08. In 2022, a meeting between the Prime Minister of Sweden M. Anderson and the Minister of Foreign Affairs of Ukraine D. Kuleboi took place in Stockholm. Sweden is determined to increase support for the restoration and reconstruction of Ukraine. The financing of the reconstruction and modernization of Ukraine will be carried out by purchasing Ukrainian wheat and financing the UN World Food Program for the purchase, transfer and delivery of Ukrainian wheat to countries at risk of famine [4]. So, Sweden is one of the best options for a business partner in the sphere of realization of national interests and further assistance in the reconstruction and modernization of Ukraine after the war.

References:

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