

**UKRAINIAN EXPORT:  
FACTS AND REASONS OF DECREASING IN 2014**

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2014 was the year of the final decision of Ukraine to focus on the European Union. This year, Ukrainian`s exports to the EU rose by 7 %. This is due to the entry into force of the Agreement on free trade zone.

According to data of State Statistics Service of Ukraine, in 2014 Ukraine exported goods in total of \$53.9 billion. It is less in comparison with 2013 by 14 % (or \$9 billion). At the same time in structure of exporting goods of Ukraine the majority is the share of raw materials and production of primary processing.

The CIS countries, mainly Russia, continue to be the second important direction of Ukrainian`s export, but the share of this direction is constantly decreasing. Because of the conflict in the East, economic and political instability in the country and slow reforms the biggest decline in exports occurred in the industry - 20 %, and engineering - 17 %, as most of the products of these industries was traditionally exported to the RF. The third important direction is Asian countries, and, apparently, Asia will become a big buyer of Ukrainian products very soon.

In 2014, agriculture was the main exporter of the country, including crop production, as well as products of the production of vegetable oil and food products. So, in 2014, steel production was exported of \$ 12.9 billion, export of agricultural products and food industry totaled \$ 13.6 billion. In 2014, the export of grain crops increased by 3 %, and the export of residual food and animal feed increased by 20 % and beat a record in growth. A further development of the conflict in eastern Ukraine is impossible to predict, and also the dynamics of development of agrarian sector is high, that`s why the food industry will continue to dominate in the structure of our exports in the long term. This is a problem that we sell mainly raw materials therefore dependence on exports of raw materials reduces the competitiveness of the economy and kills the economy in the long-term.

The volume of exports to the EU and Russia had been the same a couple of years ago, but today Ukraine exports to the European Union twice more products than to Russia. Political and economic events in 2014 prompted Ukraine`s economic to establish the independence from Russia. But now we need to move from raw economic model to producing highly profitable products and services in order to fully realize the export potential. On the other hand, the loss of the Russian market is an incentive for Ukrainian producers to modernize production and develop new markets.