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UKRAINE–CHINA STRATEGIC PARTNERSHIP: CURRENT SITUATION, PROBLEMS AND PROSPECTS

К. О. Кравченко, Юн Джин, Н. В. Добровольська, І. А. Скриль. СТРАТЕГІЧНЕ ПАРТНЕРСТВО УКРАЇНИ ТА КИТАЮ: СУЧАСНИЙ СТАН, ПРОБЛЕМИ ТА ПЕРСПЕКТИВИ. Для України питання стратегічного партнерства з Китаєм, який є світовим лідером торгівлі товарами та інвестиційної діяльності, є вкрай актуальним. Зовнішньоекономічна політика Китаю щодо країн, що розвиваються, спрямована на укладання взаємовигідних угод та інвестиційну підтримку інноваційної діяльності в цих країнах. Ініціатива «Один пояс, один шлях» має на меті формування нової вільної економічної зони торгівлі, до якої у якості транзитної держави має змогу приєднатись і Україна. За прогнозами експертів, відновлення Шовкового шляху з Китаю до Європи дозволить сформувати нову зону вільної торгівлі, яка з часом буде визначати розвиток торговельної галузі в усьому світі.

Такого роду співпраця безумовно є достатньо вигідною для України, адже вона дозволить за рахунок іноземного капіталу модернізувати транспортні шляхи, налагодити більш тісну співпрацю з країнами Європи (як кінцевим споживачем транзитних товарів), розвинути інноваційну інфраструктуру та залучити до державного бюджету кошти за надання послуг транспортування та обслуговування. Проте, участь в ініціативі може нести і значні ризики для економіки нашої держави, адже станом на 2019 р. обсяги імпорту та експорту у взаємодіючих країнах України та Китаю є неспівставними з домінуванням останнього. Щодо товарної структури, то здебільшого Україна експортує сировину, а імпортує готову продукцію. Організація масштабного транзиту китайських товарів територією України може створити на внутрішньому ринку нашої держави значний профіцит дешевих товарів та поставити питання щодо рентабельності вітчизняного виробництва певних груп товарів. Інтеграція України у новостворену зону вільної торгівлі здебільшого є питанням часу, проте вкрай важливим є ґрунтовний аналіз можливостей, загроз та наслідків даного процесу.

Ключові слова: стратегічне партнерство, зовнішньоекономічна співпраця, торгівля, інвестиції, проекти, Шовковий шлях, «Один пояс, один шлях», проблеми та перспективи.

К. А. Кравченко, Юн Джин, Н. В. Добровольская, И. А. Скриль. СТРАТЕГИЧЕСКОЕ ПАРТНЕРСТВО УКРАИНЫ И КИТАЯ: СОВРЕМЕННОЕ СОСТОЯНИЕ, ПРОБЛЕМЫ И ПЕРСПЕКТИВЫ. Для Украины вопрос стратегического партнерства с Китаем, который является мировым лидером торговли товарами и инвестиционной деятельности, является крайне актуальным. Внешнеэкономическая политика Китая по отношению к развивающимся странам направлена на заключение взаимовыгодных соглашений и инвестиционную поддержку инновационной деятельности в этих странах. Инициатива «Один пояс, один путь» нацелена на формирование новой свободной экономической зоны торговли, к которой в качестве транзитного государства имеет возможность присоединиться и Украина. По прогнозам экспертов, возобновление Шелкового пути из Китая в Европу позволит сформировать новую зону свободной торговли, которая со временем будет определять развитие отрасли торговли во всём мире.

Такого рода сотрудничество безусловно является достаточно выгодным для Украины, ведь оно позволит за счет иностранного капитала модернизировать транспортные пути, наладить более тесное сотрудничество со странами Европы (как конечным потребителем транзитных товаров), развить инновационную инфраструктуру и привлечь в государственный бюджет средства за предоставление услуг транспортировки и обслуживания. Однако, участие в инициативе может иметь и значительные риски для экономики государства, ведь по состоянию на 2019 объемы импорта и экспорта во взаимоотношениях Украины и Китая несопоставимы с доминированием последнего. Относительно товарной структуры, стоит отметить, что в основном Украина экспортирует сырье, а импортирует готовую продукцию. Организация масштабного транзита китайских товаров по территории Украины может создать на внутреннем рынке нашего государства значительный профицит дешевых товаров и поставить вопрос о рентабельности отечественного производства опреде-

ленных групп товаров. Интеграция Украины в формируемую зону свободной торговли в основном является вопросом времени, однако крайне важно провести детальный анализ возможностей, угроз и последствий данного процесса.

Ключевые слова: стратегическое партнерство, внешнеэкономическое сотрудничество, торговля, инвестиции, проекты, Шелковый путь, «Один пояс, один путь», проблемы и перспективы.

Statement of the research problem. Foreign trade cooperation is one of the main forms of foreign economic activity, it is represented by exports and imports of goods and services. This is an effective tool which helps countries to develop their own specialization, increase resource productivity and thus to increase overall production. Not only economic development but also the structure of consumption and the state of the payment balance depend on the country's foreign trade partnership. The current state of Ukraine's economy requires changes and significant investment. Therefore, development of foreign trade cooperation, implementation of radical changes in many sectors of the economy based on the choice of specializations and development priorities is quite relevant. One of the powerful partner countries and prospective inverters for Ukraine is China, which has one of the most progressive economies in the world. One of the priority areas of strategic cooperation between Ukraine and China is to establish cooperation within the "Belt and Road Initiative".

Implementation of this project aims to affect all its direct and indirect participants in the form of the integration effect, as a result it is planned to form a large free-trade area between project participants, which should significantly affect the world economy.

The geopolitical and transport-geographical position of Ukraine largely determines the current state and prospects of its economic development. Currently more than 40 countries (including Ukraine) have signed cooperation agreements with China under the "Belt and Road Initiative". Implementation of this project certainly creates great economic opportunities for Ukraine. However, the initiative is positioned not only as a basis for the modernization of existing transport corridors, but also as a way to expand the impact of Chinese transit, and, as a consequence - formation of a new trade and economic zone. The cooperation also proposes joint political, economic and cultural exchanges at the global level between the participating countries. The advantage of implementing the project in Ukraine is the possibility of using China's economic opportunities and attracting foreign investment in order to build the transport system of our country, purchase new and modernize existing vehicles. Also the positive one is the desire of Chinese partners to invest in innovative projects along the planned transport axes. However, implementation of this project will significantly affect the domestic market of Ukrainian goods, and as a result – the industry and the level of production of

a wide range of products, which are likely to be replaced by cheaper exports due to low cost of many Chinese goods, but perhaps lower quality.

The purpose of the paper is to study the state of implementation of the "Belt and Road Initiative" within the strategic partnership between Ukraine and China, as well as to identify threats and prospects for this form of cooperation for economic development of Ukraine.

Analysis of previous research. A large number of domestic studies are devoted to the study of Ukrainian-Chinese relations. Such studies are covered somewhat less in foreign literature, which demonstrates the level of interest of the Ukrainian side in a comprehensive study of relations with Chinese partners, search for new prospective areas of cooperation. The research of the last 5 years has paid special attention to the "Belt and Road Initiative", because its successful implementation will lead to fundamental transformations in the world economic system.

H. Okhasha's paper reveals the peculiarities of the implementation of the "Belt and Road Initiative" and its implementation in the context of China's openness policy [28]. In particular, according to the author, an important aspect of developing the initiative is the policy of openness which is not only a mean of obtaining foreign currency and technology, but also a tool to increase China's role in global governance. Given that China is the largest beneficiary of the global trade system, its goal is to form a new, dominant economic world economic zone. Thus, formation of new laws of international policy will be under Chinese jurisdiction.

Yu. Lei et al's research presents a study of the effectiveness of the international program to reduce the risks of natural disasters on the new economic Silk Road in accordance with the "Belt and Road Initiative" in 2016-2020. [30]. The paper considers the impact of natural factors on the functioning of the new Silk Road, because some of them pass through mountainous areas, where there is a high probability of landslides, floods and it is in critical condition. Therefore, it is important to assess the real state of safety of the regions and the quality of the road surface of those areas where the new Silk Road is laid.

In the A. Nordin and M. Weissman's paper the initiative "Belt and Road Initiative" is presented mainly in terms of cooperation in this aspect of two superpowers - China and the United States [24]. The authors highlighted the importance of the new Silk Road for the countries of Central and Eastern Eu-

rope. In particular, they note that the initiative is positioned mostly as a geopolitical strategy, rather than a means of achieving economic benefits at the moment, because Chinese goods are currently quite successfully sold in all regions of the world. However, given the predominant maritime and air trade that is prevailing now, the possibility of using high-speed railway transport is a good prospect for transit countries.

Wieyer's study examines the transformation of China's foreign policy from the theory of the "third world" countries to international investment [33]. The author considers two opposite points of view. The first argues that China's international investment is largely focused on access to local resources. According to the second point of view, China's international policy is focused on patronage, which does not require anything in return. Regarding the "Belt and Road Initiative", the author sees it as a strategy to reach the global level, aimed at the internationalization of private corporations, transformation of international cooperation into the impact on the domestic economy of the countries in order to improve the living standards of transit countries. The "Belt and Road Initiative" initiative is a combination of a set of four elements: international support, trade, investment and technical assistance in service (allowing Chinese professionals to stay in partner countries during the international project).

The issues of strategic partnership between Ukraine and China are considered in following domestic studies.

Human-geographical features of foreign economic relations of Ukraine and China in modern conditions are considered and the prospects of cooperation are determined in E. Dyakova's paper [6]. Particular attention is paid to the interaction of states within the international transport corridors, which also include the new Silk Road. The author also studied in detail the legal framework of Ukrainian-Chinese cooperation in the field of education, threats, prospects, strengths and weaknesses of cooperation were identified.

A. Klimchuk's research presents the factors of functioning of special economic zones of China and prospects of their development [14]. The author examines special economic zones as a key factor in China's development, in particular by the method of regression analysis. The author considers the prospects of reviving the new Silk Road for Ukraine, namely: possibility of obtaining additional funding through transit, additional loading of Black Sea ports, prospects for closer cooperation with other transit countries (Georgia, Kazakhstan) by increasing trade turnover.

The transport dimension of the "Belt and Road Initiative" is considered in S. Koshov's paper [23].

In particular, the author positions this project as China's own plan to build the Eurasian space in accordance with its own approaches and views. At the same time, an important task is to build the economies of transit countries. Strategically important issues for China are the optimization of international transport flows and development of cross-border transport infrastructure, and railway services development is part of the implementation of China's strategic goals for global economic leadership.

S. Hlavatka analyzed strategic significance of the "Belt and Road Initiative" [27]. In particular, the author notes the interest of Chinese investors in technological and research and production capabilities of Ukraine. The author attaches an important role to cooperation in space and aerospace industry, which will allow to realize the potential of Ukraine in this area. Ukraine is also seen as an interesting springboard for international tourism.

According to O. Oliynyk, China's government policy on foreign trade is based on the development of generally accepted in international practice forms and methods of foreign trade. The dominant direction in the field of "free trade" was decentralization of the management of the foreign economic complex, which was carried out in two directions: sectoral – creation of commercial and industrial enterprises and regional – providing varying degrees of autonomy in foreign trade [19].

I. Ivashchuk and M. Ornat's paper presents an overview of China's investment policy as an important tool for implementing global economic reforms. Also an important aspect of the country's activity is not only provision of investments, but also their attraction from other countries (in particular, developed European countries). In particular, China has passed more than 500 economic bills that provide a legal guarantee to foreign investors, "List of investment industries for foreign entrepreneurs" was published, which identified the main economic sectors for investment [15].

Analyzing domestic and foreign research on the subject, it should be noted that foreign research papers have a more critical view of the formation of a new economic zone, while domestic literature mostly highlights the prospects for such cooperation. Therefore, this issue needs a thorough study, in particular in terms of a comprehensive study of this initiative and the possible consequences of its implementation in Ukraine.

Historical and geographical aspects of the implementation of the strategic partnership between Ukraine and China. The first contacts between China and European countries were established in ancient times on the basis of trade, commodity exchange took place in the first century BC. The Great Silk Road played a major role in the de-

velopment of economic relations between Europe and China. This is a system of caravan routes which connected the trade centers of the vast expanse between China and the Mediterranean for more than a thousand years as a symbol of East-West interaction, a common historical and cultural heritage [20].

In the 21st century, in the era of globalization and heightened political instability in the world, China has proposed the "Belt and Road Initiative" - to restore and develop the Great Silk Road and its core historical value: "peace and cooperation, openness and tolerance, mutual borrowing and experience exchange, mutual benefit and common gain". The project is designed to increase the orderliness of the free flow of economic factors and efficient allocation of resources, as well as for further market integration and acceleration of regional economic cooperation, which should benefit to all participants. The result could be the formation of a large-scale free-trade area from China to Europe. About three billion people live in the path of the project, which gives grounds to talk about the mega-potential of the market that can be covered by the project. [8].

The "Belt and Road Initiative" is a manifestation of a new model of international cooperation. The declared goal of launching the new Silk Road is to strengthen the partnership between transit countries in order to create a comprehensive network of cooperation, comprehensive, independent, balanced and sustainable development [34]. One of the most important tasks of the initiative is the integration of the economies of transit countries and formation of mutually beneficial cooperation based on regional economic cooperation. The objectives of this cooperation are the development of a single unified transport infrastructure from the Pacific Ocean to the Baltic Sea. As a result - intensification and deepening of trade relations, which will be accompanied by the abandonment of any barriers for trade, accelerating the delivery time of goods, increasing foreign exchange flows, etc. [16].

Considering the state and dynamics of bilateral trade cooperation, it should be noted that in accordance with Article 2 of the Agreement on Trade and Economic Cooperation, signed and entered into force in 1992, there is the most favored nation in all areas of trade and economic cooperation between Ukraine and China [5, 24]. The document "Concept and Action Plan to promote the joint construction of the "Economic Belt of the Silk Road" and the "Maritime Silk Road of the 21st Century" adopted in late March 2015 by the State Committee for Development and Reform, the Ministry of Foreign Affairs and the Ministry of Commerce of China, states that the project seeks to connect Asia, Europe and Africa in five routes [14, 16]. Based on these routes and using the existing transport infrastructure, it is

planned to form six economic corridors [25, 26, 35]:

1) "New Eurasia" is an international railway line coming from Lianyungang in China's Jiangsu Province to Rotterdam in the Netherlands.

2) "China-Mongolia-Russia": reconstruction of the land bridge "Eurasia-Russia", construction of the "Mongolian steppe road"

3) "China-Central Asia-West Asia" - it passes from Xinjiang, covers five Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan and Turkmenistan), as well as Iran and Turkey in Western Asia.

4) "China-Indochin" – between China and five countries in Indochin.

5) "China-Pakistan" – creation of the economic corridor from the city of Kashgar in northwestern China, to the port of Gwadar in southern Pakistan.

6) "Bangladesh-China-India-Myanmar" – it will cover 1.65 million square kilometers, about 440 million people due to the combination of road, railways, water and air links in the region.

In order to implement such a large-scale project, the Asian Infrastructure Investment Bank (AIIB) was established at the initiative of the PRC in Beijing in 2016. Participants of the new international financial organization led by China are 57 countries, including France, Poland, Spain and UK (USA and Japan refused to participate in the project). The authorized capital of the Asian Bank is 100 billion USD. China owns the largest share – 26.06%, which gives it the actual right of veto. The largest investor outside the Asian region is Germany, Ukraine, in the long term, can count on a part of more than 260 million tons, which make up the volume of trade between China and the EU. During the implementation of the initiative in more than 20 transit countries of the new Silk Road, Chinese enterprises created 56 zones of trade and economic cooperation, more than 18.5 billion USD have been invested in them, as well as 180 thousand workplaces were created [5].

The current state of strategic partnership between Ukraine and China in terms of implementation of the "Belt and Road Initiative". Nowadays Ukraine is interested in cooperation with China in the implementation of the initiative, in particular in the implementation of joint projects in the field of investments and development of transport infrastructure, development of science-intensive and innovative technologies. In particular, after the ratification of the Association Agreement with the EU, the transport and geographical position of Ukraine was significantly improved, because the procedure for crossing the border by passengers and cargo towards Europe was greatly simplified. Thus, Ukraine is a sufficiently profitable strategic partner for China. Consider the balance of imports and exports of

goods and services between China and Ukraine from 2009 to 2019 (Table 1).

Ukrainian-Chinese trade and economic relations during the studied period were marked by the stability of increasing bilateral turnover of goods and services during the whole period. Reduction in imports against the background of the growth of export indicators led to a reduction of the negative

balance indicator. At the same time, China remains one of the world's largest trading partners of Ukraine. In June 2011, the "Joint Declaration on the Establishment and Development of Strategic Partnership Between Ukraine and the PRC" was signed. Consider the commodity structure of Ukraine's imports and exports in 2017-2019. (Table 2, Table 3).

As for goods exported to China during the stu-

Table 1

Dynamics of bilateral trade of goods between Ukraine and China and services (2009-2019 mln. USD) (constructed by authors according to [10])

Million USD/ Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Saldo	-1242	-3331	-4028	-6067	-4773	-2738	-1459	-2797	-2390	-2420,12	-2449
Products	-1299,9	-3384	-4088	-6122	-4760	-2737	-1371	-2855	-24 39	-2498,45	-2557
Services	57,9	52,8	60,6	55,8	-12,9	-0,3	-87,8	-37,2	-44,6	-65,69	-44,73

Table 2

Commodity structure of exports of Ukraine in 2017-2019, billion USD (constructed by authors according to [10])

№	Name of the good	2017	2018	2019	Major partners and their share in total export of goods in 2019
1.	Ferrous metals	14 319	12 907	8 077	Turkey (16.9%), Italy (12.1%), Egypt (11.9%)
2.	Grain	6 371	6 544	6 057	Egypt (12.5%), China (11.2%) , Spain (9.8%)
3.	Fats and oils	3 507	3 823	3 299	India (32%), China (16.2%) , Spain (4.8%)
4.	Ores, slag and ash	3 917	3 472	3 716	China (43.5%) , Czech Republic (10.2%), Poland (9.8%)
5.	Electric machinery	3 134	2 682	1 979	Hungary (23.5%), Germany (15.3%), Poland (14.1%)
6.	Wood and wood products	1 143	1 261	1 106	Poland (16.1%), Turkey (14.3%), Romania (11.6%)
7.	Seeds and fruits of oil plants	2 048	1 687	1 475	Turkey (26.4%), France (12.1%), Iran (10.6%)
8.	Nuclear reactors, boilers, machines	3 840	2 977	1 961	France (45.9%), Kazakhstan (6.8%), India (6.7%)
9.	Residues and wastes of the food industry	923	1 108	995	Belarus (18.2%), Turkey (16.6%), France (15.1%)
10.	Products of inorganic chemization	1 744	1 178	967	Belarus (63%), USA (7.4%), Turkey (6.4%)

dy period, it is worth noting grain crops, fats and oils of animal or vegetable origin, ore, slag and ash.

It should be noted nuclear reactors, boilers, machines, electric machines, plastics, polymeric materials, various chemical products and ferrous metals in the structure of imports from China. Thus, China occupies quite high positions in international trade of Ukraine according to the results of the first 2 months of 2020 in terms of imports of goods [10]. In terms of exports of goods, China is in second

place after the countries of the European Union, there is also an extremely rapid growth in exports of goods from Ukraine, so the cooperation of countries is quite intensive.

It should be noted that there is a significant imbalance between Ukraine and China in trade operations: uniform distribution of commodity groups is characterized for the import of Chinese goods, and the dominance of one commodity group of raw materials orientation is inherent for Ukrainian exports.

Commodity structure of imports of Ukraine in 2017-2019, billion USD
(constructed by authors according to [10])

№	Name of the good	2017	2018	2019	Major partners and their share in total import of goods in 2019
1.	Mineral fuels; oil and products of its distillation	21 236	15 116	10 882	Russia (34.1%), Belarus (16.7%), Germany (8.9%)
2.	Nuclear reactors, boilers, machines	6 910	4 913	3 578	Russia (22.4%), China (16.4%) , Germany (14.8%)
3.	Electric machinery	5 559	3 806	2 695	China (32.1%) , Germany (10%), Poland (8.5%)
4.	Means of ground transport, except for railway	5 444	2 450	1 619	Germany (19.6%), the United States (12.1%), Japan (11.1%)
5.	Plastics, polymeric materials	3 553	2 922	2 092	China (13.8%) , Germany (12.8%), Russia (11.4%)
6.	Pharmaceutical products	3 100	2 472	1 367	Germany (18.4%), India (8%), France (7.8%)
7.	Various chemical products	1 305	1 029	931 067	China (21.9%) , Germany (18.3%), France (10.9%)
8.	Compost	816	593	708	Russia (73.8%), Belarus (16.9%), Uzbekistan (2.3%)
9.	Paper and cardboard	1 684	1 102	751	Russia (18.3%), Germany (14.8%), Finland (12.7%)
10.	Ferrous metals	2 231	1 297	685	China (29.6%) , Russia (19%), Poland (8.3%)

One of the ways to solve this issue is to supply agricultural products to the Chinese market. To date, Ukraine and China have signed a significant number of contracts for the supply of Ukrainian products: grain (primarily corn), meat and meat products. The Chinese side has conducted a number of measures to certify Ukrainian agricultural products. China is also interested in establishing cooperation with Ukraine in the aircraft production. The Chinese side is exploring the possibilities of mass production of a new Ukrainian transport AN-178 airplane with a carrying capacity of up to 18 tons of the SE "Antonov" development at capacities in China [3, 14, 15].

In the financial sphere, in order to improve technical and economic cooperation, Ukraine and China agreed on mutual exchange of currencies, and establishment of a swap line in the amount of 15 billion Chinese yuan. Funds received under the agreement can be used to finance trade operations and direct investments between the two countries.

Outlining the results of research. The issue of attracting foreign investments within the framework of strategic partnership in order to restore the development of all sectors of the economy of Ukraine in today's conditions is one of the primary tasks of our state. In turn, China is one of the largest investors in the world: Chinese investments are invested in more

than 6,128 foreign companies located in 156 countries and regions of the world. [29].

The issue of Ukraine's cooperation with China, including in the investment sphere, is strategically important and prospective in view of the participation of our state in the initiative "Belt and Road Initiative". Signing of the respective agreement by Ukraine has led to an increase in economic and investment interest in energy, infrastructure, financial facilities in Ukraine. According to the State Statistics Service of Ukraine, the total volume of direct Chinese investments in the share capital of Ukraine amounted to \$33.6 million (0.1% of the accumulated foreign direct investments in Ukraine) at the beginning of 2019. Investments in the share capital from Ukraine to the Chinese economy amounted to \$0.6 million (0.09% of foreign direct investments in the share capital) (Fig. 1).

In terms of the sectoral structure of Chinese direct investments in the share capital, the largest share is the industry - 33.1%, in particular processing industry - 30.6%, extractive industry - 1.8%; professional and scientific-technical activities - 24.3%, as well as agriculture - 19.9% (Fig. 2).

At the beginning of 2018, the largest share of Chinese investments accounted for agriculture (37.6%) and industry (27%).



Fig. 1. Dynamics of Foreign Direct Investment in China in the Ukrainian economy in 2010-2018, million USD (constructed by authors according to [7, 17])

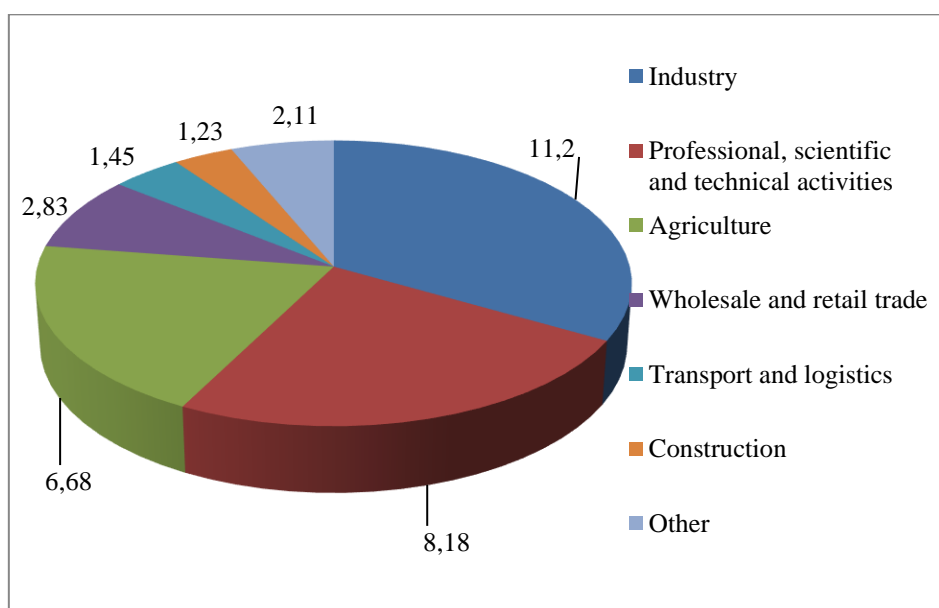


Fig. 2. Sectoral structure of Chinese direct investments in the share capital of Ukraine as of 01.01.2019, mln USD (constructed by authors according to [8])

Due to the growing number of Chinese projects in Ukraine, the share of investments in professional and scientific-technical activities has increased.

According to the State Statistics Service of Ukraine, there were 1162 enterprises with Chinese investments amounted at the beginning of 2019. This is more than 1% from the total number of enterprises in Ukraine (Fig. 3).

In addition to foreign direct investments, China carries out its presence in Ukraine through construc-

tion contracts. According to The American Enterprise Institute and The Heritage Foundation, from 2008 to 2018, China concluded contracts for construction in the amount of 8.2 billion USD, including 5 billion billion USD for energy, to the 2 billion USD for transportation industry (Table 4).

5 contracts in the total amount of 1.5 billion were concluded within the project "Belt and Road Initiative". In the period of 2015-2019 three agreements were concluded on the Ukrainian M&A mar-

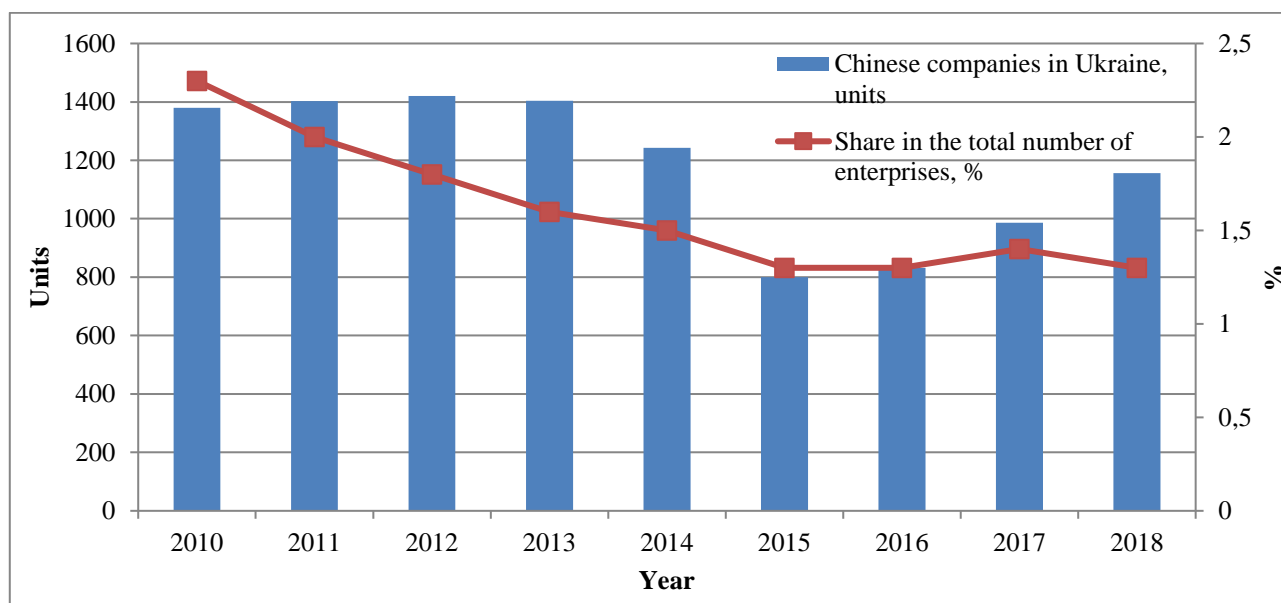


Fig. 3. Dynamics of the number of enterprises with Chinese investments, 2010-2018 (constructed by authors according to [7, 17])

Table 4

Chinese contracts for construction in Ukraine for 2011-2018 (constructed by authors according to [8])

Year	Chinese company	Sector	Within «Belt and Road Initiative»	Price, million USD
2008	Sinoma	Real estate	No	210
2011	Sinomach	Transport	No	2 370
2011	Sinomach	Agriculture	No	250
2011	Sinomach	Energy	No	1 160
2011	Sinomach	Energy	No	1 500
2011	Sinohydro	Energy	No	1 440
2013	Minmetals	Metallurgist	No	250
2017	Xinjiang Communications Construction	Transport	Yes	100
2018	Sinomach	Energy	Yes	210
2018	Xinjiang Beiken Energy Engineering	Energy	Yes	120
2018	China Energy Engineering	Energy	Yes	250
2018	Power Construction Corp	Energy	Yes	340
Total				8 200

ket between Chinese and Ukrainian companies in the energy, metallurgical and banking sectors, namely [2]:

- purchase of solar stations "East Solar", "Neptune Solar" (both in Mykolaiv region), "Danube SPP-1", "Danube SPP-2", "Franco Solar", "Franco Pivi", "Priozerna-1", "Priozerna-2", "Lymanska Energy 1", "Lymanska Energy 2" (all in Odessa region);
- purchase of mining company Consolidated Minerals with assets in Australia and Ghana;
- purchase of 99.99% of shares of the Ukrainian Bank for Reconstruction and Development.

As for the prospects for further investment cooperation, it should be noted that the President of Ukraine met with Chinese investors in July 2019, it was announced the desire of the Chinese to invest \$10 billion infrastructure projects, finance, green energy and agriculture. However, not all projects, about which agreements were concluded are implemented. The main reason is distrust to the Ukrainian side, which was formed through the misuse of funds and non-fulfillment of obligations under the relevant agreements (Table 5).

Some of these projects (for example, construction of the 8-kilometer passenger railway, which was to connect Kiev with boryspil international air-

Table 5

Ukrainian-Chinese projects: implemented, unrealized and planned (constructed by authors by data [2, 8, 32])

Industry	Project	Counterparties	Price	Status
SUCCESSFULLY IMPLEMENTED OR IN PROGRESS				
Energy	construction of Nikopol solar power plant with installed capacity of 200 MW	China Machinery Engineering Company (CMEC) DTEK	€230 million (\$250 million)	<i>Completed</i>
	construction of the wind farm with capacity of 0.5 GW in Mykolaiv region.	Tebian Electric Apparatus	500 million USD	<i>In progress</i>
Infrastructure	project on dredging in the port of Chornomorsk	China Harbour Engineering Company (CHEC)	\$14.6 million	<i>Completed</i>
	reconstruction of the road Odessa - Mikolaiv - Kherson (200 km)	China Road and Bridge Corporation (CRBC)	200 million USD	<i>In progress</i>
Agriculture	fruit processing, construction of fruit storage facilities, production and logistics complexes	China Haisum Engineering Ukrsadprom	515 million USD	<i>In progress</i>
UNREALIZED				
Infrastructure	"Air Express": construction of the 8-kilometer passenger railway, which was to connect Kiev with the international airport "Borispol"	China National Complete Engineering Corporation (CNCEC)	372.3 million USD	<i>Not implemented</i>
	megaport in Crimea: dredging up to 25 m	Beijing Interoceanic Canal Investment Management	3 bln USD	<i>Not implemented</i>
PLANNED				
Infrastructure	fourth metro line in Kiev	China Pacific Construction Group (CPCG) KCSA (15% of KCSA, the rest – loan of China Bank)	2 bln USD	<i>Scheduled</i>
	bridge across the Dnieper river in Kremenchuk	China Road and Bridge Corporation (CRBC)	340 million USD	<i>Scheduled</i>

port) were implemented at the expense of our state, some are implemented or are at the stage of development and planning. However, the coronavirus pandemic and its economic consequences have significantly slowed the implementation of many investment projects.

In general, the sphere of strategic cooperation has expanded considerably over the years of Ukrainian-Chinese diplomatic relations. Today, effective cooperation in the agro-industrial complex, energy, transport infrastructure development, financial and banking spheres is being carried out between the countries. Ukraine and China work closely in education, science, innovation and technology; cultural sphere, sports and tourism. However, real investments and commodity exchange are much less than

possible, but participation in the "Belt and Road Initiative" creates preconditions for more active interaction between Ukraine and China. The conditions of this kind of cooperation are attractive enough, but it is important to consider all the strengths, weaknesses, advantages and risks of this cooperation. We will use the SWOT-analysis method to comprehensively consider the possibilities of developing strategic cooperation between Ukraine and China (Table 6).

Analyzing opportunities, advantages, threats and disadvantages of the strategic cooperation between Ukraine and China in terms of the "Belt and Road Initiative" it should be noted that there are significant prospects for the transition of our country to a completely new level of economic development. However, such a scenario is possible only

SWOT analysis of strategic cooperation between Ukraine and China on "Belt and Road Initiative" (constructed by authors according to [1-35])

FEATURES	THREATS
<ul style="list-style-type: none"> - concluding an agreement and creating a free-trade area between Ukraine and China; - use of Ukrainian agro-industrial opportunities in conjunction with China's technologies and investments; increase in the supply of agricultural products from Ukraine to China due to the fact that the country's reserves of own resources are insufficient to provide the population; applying the practice of agricultural lands lease (creation of food bases); - transport infrastructure development, deepening of transport and logistics cooperation; - cooperation in the military-technical sphere: possibility of Ukraine's participation in the creation of new products as a partner or executor of orders for the manufacture of aircraft, space rockets, armored vehicles, shipbuilding; - development of cooperation in the field of tourism; - creation of joint technoparks, "silicon valleys", compatible manufacture of high-tech products; - creation of advisory bodies on the development of Ukraine's relations with China to develop a strategy for the relations development 	<ul style="list-style-type: none"> - the pace of exports of Chinese goods is growing, forming a surplus of goods; - limited entry of domestic business into the Chinese market. - There is a tendency to increase imports of services in bilateral trade in services between Ukraine and China, which leads to a negative balance for Ukraine, which is likely to be deteriorated; - intensification of military actions in the East of Ukraine, deterioration of the investment climate; - imperfect legislation in the field of investment protection, unstable economic and political situation, minor awareness of Chinese investors about the economic and investment potential of Ukraine; - currently formed transport corridors within the framework of the new Silk Road do not pass through Ukraine, it can act only as an investor. The existing infrastructure can be a vertical connector between the central and southern corridors, but stable ply of commodity flows on it is not guaranteed
ADVANTEGES	DISADVANTAGES
<ul style="list-style-type: none"> - favorable transport and geographical position makes Ukraine attractive to Chinese partners in terms of the possibility of creating a powerful transport and logistics hub, taking into account the existing significant trade ties with neighboring countries, an extensive railway network, system of roads and seaports; - high level of natural resources; - cooperation of Ukraine with the European Union and ratification of the cooperation agreement, which is important for China due to the possibility of expanding both economic and political relations with EU countries; - support for cooperation between the governments of both countries, - fight against corruption, privatization of property, reducing the time of customs procedures in Ukraine; - increase of the trade turnover between Ukraine and China, increase of the volume of services provided to Ukraine 	<ul style="list-style-type: none"> - weak level of the investment cooperation development between countries due to imperfect legislation in the field of investment protection; difficult economic and political situation; low awareness of investors about Ukraine's potential; - a narrow range of export goods, mostly raw materials, which contributes to the formation of imbalances in the structure of trade; - non-full implementation of certain agreements between Ukraine and China, which may give rise to doubts about conclusion of new agreements; - most of investments within the country remain in the regions directly affected by the new Silk Road; - lack of financial evaluation of China's project plans in Ukraine; - Ukraine's transport infrastructure is in critical condition and needs modernization and reconstruction

with the legislative and institutional support of the governments of both countries, development of the Strategy of Ukrainian-Chinese cooperation on acceptable terms for our country, thorough transformation of Ukraine's transport system to international requirements. Based on it, we offer a set of recommendations for the development of a strategic part-

nership between Ukraine and China:

- entering the Asian Infrastructure Investment Bank managing the operation of the new Silk Road;
- creating conditions and opportunities for agricultural products to enter the domestic market of China, and and the market of other countries in

Europe and Asia thanks to the benefits of the new Silk Road;

- preparation of the existing transport system of the state to international requirements, creation of safe conditions for transportation of the goods, providing high-quality service;
- establishing cooperation in the energy sector, development of alternative energy in Ukraine on the basis of attracted Chinese investments;
- to deepen relations within transport corridors in parallel with the expansion of Ukrainian-Chinese cooperation;
- use of Ukraine's tourism potential to attract Chinese investments.

Conclusions. The issue of foreign economic relations between Ukraine and China is quite relevant given that China is one of the superpowers with a highly developed economy and the world's largest investor. However, cooperation between our country and China is currently underdeveloped. The inflow of investments from China to Ukraine is slowed down by the military conflict in the east of the country, significant bureaucracy and corruption in the country, and a weak level of transport infrastructure development in the country. However, thanks to the 'Belt and Road initiative', Ukraine has the opportunity to be integrated into the new free economic zone formed by China and receive investment for transport development, certain benefits promised by China to the transit countries of the new Silk Road from China to Europe. Ukraine's ratification of the agreement with the European Union also plays a positive role in this process, which greatly facilitates the transit of goods from China through our country.

The issue of forming a new Silk Road is widely covered in the scientific literature. Scientists agree that formation of such an economic zone will significantly affect the world market for trade in goods and services, and will allow China to establish convenient "rules of the game" for it. Domestic researchers agree with this opinion, and see significant

prospects directly for Ukraine from participation in this project.

Our state is interested in China mostly not only as a transit country, but also as a strategic partner, but currently imports from China of both goods and services to Ukraine significantly exceeds exports. As for the structure, we export mainly raw materials, not finished products to China, which is a significant disadvantage. Analysing investments from China to Ukraine it should be noted that they are quite small, and even those projects which received investments are not always implemented (for example, the road Kyiv-Boryspil).

SWOT – analysis of opportunities, advantages, threats and disadvantages of strategic cooperation between Ukraine and China in terms of the "Belt and Road Initiative" proves the presence of a large number of possible directions for cooperation between the countries, namely: increasing the supply of agricultural products from Ukraine to China, deepening transport and logistics cooperation, cooperation in the military-technical sphere. Cooperation in the aspect of innovative development of the territory, namely creation of joint technoparks, "silicon valleys", etc. is particularly prospective. However, implementation of these opportunities depends largely on the desire for cooperation between the governments of both states, de-escalation of the conflict in the East of Ukraine, existence of precedents for non-fulfillment of certain agreements between Ukraine and China, which can serve as a reason for doubts about the conclusion of new agreements.

Among recommendations for the strategic partnership development between Ukraine and China, it is worth noting the urgent need to modernize the transport system of Ukraine, promote access of domestic products to the domestic market of China, development of alternative energy in Ukraine through investments from China due to the high energy dependence of our country, expansion of cooperation with other transit countries of the new Silk Road.

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UKRAINE - CHINA STRATEGIC PARTNERSHIP: CURRENT SITUATION, PROBLEMS AND PROSPECTS

Purpose. The paper examines the peculiarities of the contemporary state and opportunities of further development of strategic partnership between Ukraine and China. The purpose of the paper is to study the state of implementation of the "Belt and Road Initiative" within the strategic partnership between Ukraine and China, as well as to identify threats and prospects for this form of cooperation for economic development of Ukraine.

Scientific novelty. The paper analyzes the scientific achievements of domestic and foreign researchers on the possibilities of Ukraine's inclusion in the "Belt and Road Initiative", it has been analyzed the current state of strategic partnership between Ukraine and China in the aspect of the project implementation, analyzed the dynamics of bilateral trade between Ukraine and China over the past 10 years, and disclosed the commodity structure of foreign trade between the countries. Investment flows between China and Ukraine have been analyzed, implemented, projected and not implemented projects of Ukraine, which were financed by Chinese investments have been considered. SWOT analysis of strategic cooperation between Ukraine and China in terms of the "Belt and Road Initiative" was carried out and a set of recommendations for the strategic partnership development between Ukraine and China was proposed in the paper.

Results. The dynamics of trade in services between Ukraine and China during the studied period had the following changes: growth was observed from 2011, 2014, 2016 and 2019, a positive balance for Ukraine was from 2009 to 2013. The structure of Ukrainian exports of services to China was dominated by: transport services 54.3%, business services 22.8%, repair and maintenance services, which do not belong to other categories 8.2%. The structure of imports of services from China was dominated by: services related to financial activities 57.7%, transport services 6.2%. Currently there is a significant imbalance in trade operations be-

tween Ukraine and the People's Republic of China. The largest share in the sectoral structure of Chinese direct investments in the share capital occupies the industry – 33.1%, in particular processing industry - 30.6%, extractive industry - 1.8%; professional and scientific-technical activities – 24.3%, as well as agriculture – 19.9% (Fig. 2). The SWOT-analysis conducted of opportunities, advantages, threats and advantages of strategic cooperation between Ukraine and China in terms of the "Belt and Road Initiative" proves the presence of a large number of possible directions for cooperation between the countries, but their successful implementation of these opportunities largely depends on the desire for cooperation between the governments of both countries.

Practical significance. The results of this study can be used by the authorities at the state level to improve the conditions of strategic partnership between Ukraine and China, to attract foreign investment in the necessary sectors of the economy.

Keywords: strategic partnership, foreign economic cooperation, trade, investments, projects, Silk Road, "One Belt, One Road", problems

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