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Table 1

**Real monetary incomes population (attitude with %)**

Years	To previous year	Compare with 2000-years
2000 y.	124,7	100,0
2001 y.	116,8	116,8
2002 y.	112,6	131,5
2003 y.	111,8	147,0
2004 y.	114,4	168,3
2005 y.	120,2	202,3
2006 y.	122,0	246,8
2007 y.	128,8	254,5
2008 y.	132,3	265,4
2009 y.	122,1	273,7
2010 y.	123,5	281,1
2015 y.	110,2	almost in 4 one

*Source: Information state committee of statistician Republic of Uzbekistan.*

With development business, every family have chance to increase the incomes. Level of development marketing attitude in republic influences on general part of income household, gettings from enterprise activity.

Business is not appears easy and income activities. In this activity requires definite knowledge and skills.

In business exists its rule and requests. The most important appears decency and tactfulness. In the Koran written to be clean and stick to strict rules. Prophet orders: “every moslem should have clean income”. Learning of Islamic instruction: without difficulty getting money is not clean. Employers have to earn with clean work, honesty provides humanity.

Organization of labour and business in household provide extra working pensioners, invalids, having many children mothers, students and heighten income of household.

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**ANALYSIS OF UKRAINE-POLISH FOREIGN TRADE WITHIN THE  
FRAMEWORK OF ACTION ON THE FREE-TRADE ZONE BETWEEN  
UKRAINE AND THE EU**

**Abstract.** *The article examines the effects of the agreement on deep and comprehensive free trade zone between Ukraine and the EU on the example of the foreign trade turnover between Ukraine and Poland. The advantages and disadvantages of the current agreement and the recommended measures to increase export activity are established.*

**Keywords:** *foreign trade, free trade zone, association agreement, export, trade barriers, protectionism, import, import substitution, non-traded markets.*

Recently, Ukraine has gradually liberalized trade with the Republic of Poland, which should increase trade turnover. The favourable factors include the signing of the Agreement on deep and comprehensive free trade zone (DCFTZ), which is part of

the Agreement on the Association between Ukraine and the European Union [1]. This agreement, on the one hand, stimulates preferential trade with the EU countries (in particular with Poland), and, on the other hand, there are other trade barriers, including quotas (fixing of quota for goods), high technical barriers in the form of certification, which significantly restrains the entrance of domestic manufacturers to the Polish market.

Among the positive conditions that facilitate the export of Ukraine is the devaluation of the national currency, which is favourable to exporters. However, there are no studies that confirm this assumption in practice.

Taking into account that the current state of foreign trade creates favourable conditions for increasing trade between Ukraine and Poland, further research requires a thorough analysis of the state of foreign trade turnover between countries within the framework of the deep and comprehensive free trade zone (DCFTZ) and an assessment of the benefits derived from the implementation of this agreement for the export of each country.

The issue of the analysis of foreign trade between Ukraine and Poland was considered by the following scientists: V. Geets [2], P. Lindert, O. Bolotna TF, I. Dunaev V. Babayev, T. Kisil, A. Mazaraki, T. Melnik Yu Shipulin, I. Plyschyk and other scientists

The research goal is:

to investigate the state of foreign trade between Ukraine and Poland before and after the preferential trade regime;

on the basis of the analysis, to determine which benefits the countries receive from the comprehensive free trade zone (DCFTZ);

identify non-traded markets (market niches or commodity positions), on the basis of which domestic manufacturers can intensify export activity) and increase trade between countries;

to analyze which trade barriers exist between countries and restrain foreign trade.

Comparing the economies of the countries, it should be noted that Ukraine is 53 economy in the world, its export amounts to 35.1 billion US dollars. import of 37.8 billion US dollars in 2017.

Poland is 23rd world economy by size, export amounts to 191 billion US dollars. import of 194 billion US dollars in 2017. Given this fact, we will analyze the top 10 of the largest markets for Ukraine (the markets of countries to which Ukraine exports its products are given in the Table 1.

As we can see, according to the analysis, Poland ranked 6th in terms of exports from Ukraine, but the Ukrainian market for the Polish economy is 23rd in terms of its export size.

The Polish economy, by its size, is dominated by the Ukrainian export in 5.44 times, concerning foreign trade with Poland, then imports from Poland to Ukraine is 3.76 billion dollars. and Ukrainian exports to Poland are only 1.89 billion US dollars

Negative balance of trade balance makes 1.87 billion US dollars, the export coverage ratio for imports is 0.502.

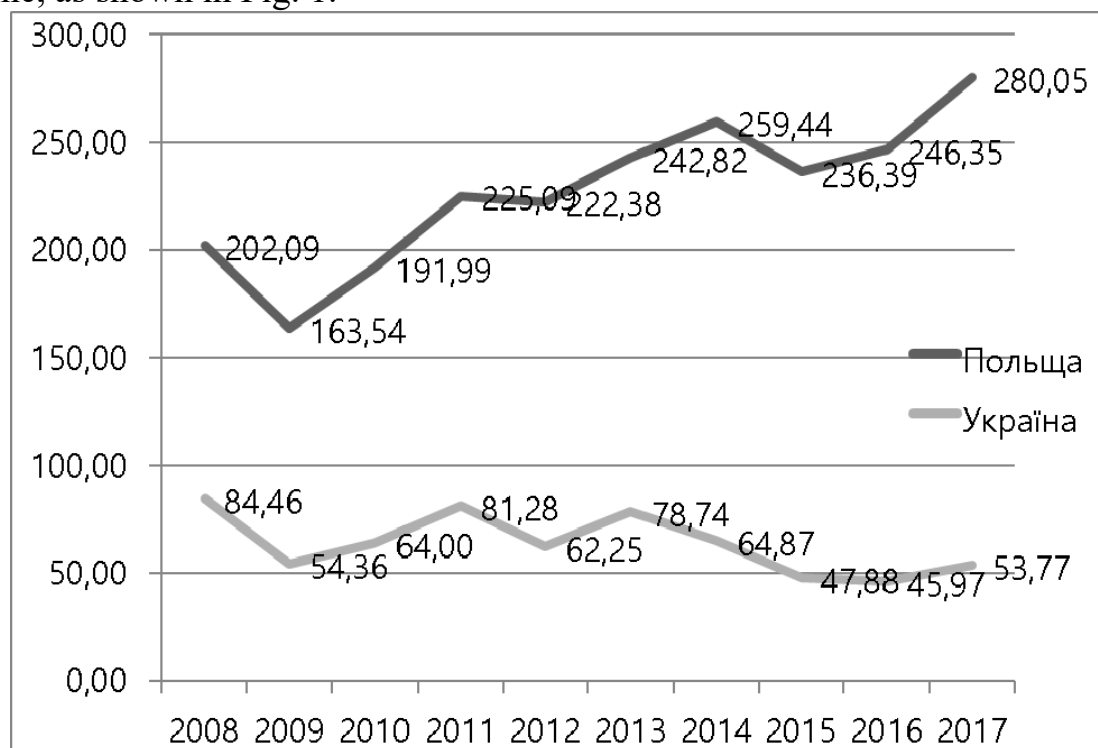
Table 1

**Top 10 countries - the largest exporters for Ukraine [6]**

Country	Specific weight, %	Export value, billion US dollars
Russia	11	3.85
Turkey	6.5	2.28
China	6.3	2.2
Italy	5.8	2.05
Germany	5.5	1.92
Poland	5.4	1.89
Egypt	5.3	1.81
India	5.2	1.81
Hungary	3.3	1.16
Spain	3.2	1.14

Compiled by the author on the basis of data [6]

Analyzing the dynamics of volumes of exports of products from Poland and Ukraine, as shown in Fig. 1.



**Fig. 1. Dynamics of export volumes of Poland and Ukraine for 2008-2017, billion US dollars** Compiled by the author on the basis of data [7]

Based on the analysis of the country's exports of products, it should be noted that Poland significantly outstrips Ukraine by the volume of export of products. Over the years, this gap has increased since the entry into force of the Ukraine-EU Free Trade Agreement (January 1, 2016). Poland has significantly increased exports, unlike Ukraine, which has benefited from this agreement and has received easier access to markets of other countries.

The commodity structure of foreign trade and the state of internal trade turnover needs further research. Table 2 shows the results of analysis according to the largest commodity groups between countries [6].

Table 2

**Results of the analysis of the commodity structure of exports  
of Ukraine and Poland**

Export to Poland			Import from Poland		
Product code	Name	million dollars US dollars	Product code	Name	million dollars US dollars
7208	Flat rolled products of carbon steel	235	8802	Other flying devices	137
2601	Iron ores and concentrates, including burnt pyrite	185	8544	Insulated wires	124
2716	Electricity	99.4	2704	Coke and semi-coke of coal	119
1205	Seeds of Brassica napus or rape, milled or non-milled	63.7	2710	Oil or petroleum products	93.4
2306	Mill cake and other solid waste and residues	59.4	4104	Tanned skins or crust leather of the skins of cattle	79.9
8544	Insulated wires	55.2	3004	Medicines (drugs)	78.4
4410	Particleboard	47.2	8433	Machines or mechanisms for harvesting or threshing of crops	70.6
4407	Timber material	46.7	7201	Cast iron processing and cast iron mirrored in ingots	69.5
9401	Furniture for sitting	26.8	6309	Clothing and other used products	63.4
9306	Bombs, grenades, torpedoes, mines, missiles	26.1	8708	Parts and devices of motor vehicles	52.7
4408	Sheets for facing	26	4818	Toilet paper and similar paper,	52.2
0409	Natural honey	25.5	8701	Tractors	51.1
1507	Soybean oil	25.3	2701	Stone coal	46.5
4418	Joinery and carpentry items	22	4011	Tires and tires pneumatic rubber new	43.6
4818	Toilet paper and similar paper	21.9	2309	Products used for nutrition of animals	30.8

For position 8544 "Insulated wires", intra-industry trade has been significantly developed, indicating that both internal and external markets are non-traded.

For position 4818 "Paper toilet", we have a negative balance of 30.3 million US dollars of trade and a high level of intra-industry trade.

For most commodity positions, Ukrainian exports have a raw material structure, while imports are product-like, and contain products from the processing industry, for example, Ukraine imports from Poland commodity items 7201 while exporting to Poland raw materials necessary for their production for position 7208.

For position 1205 we export rape to Poland, of which it is possible to produce biodiesel, and import oil and products of its processing under the code 2710.

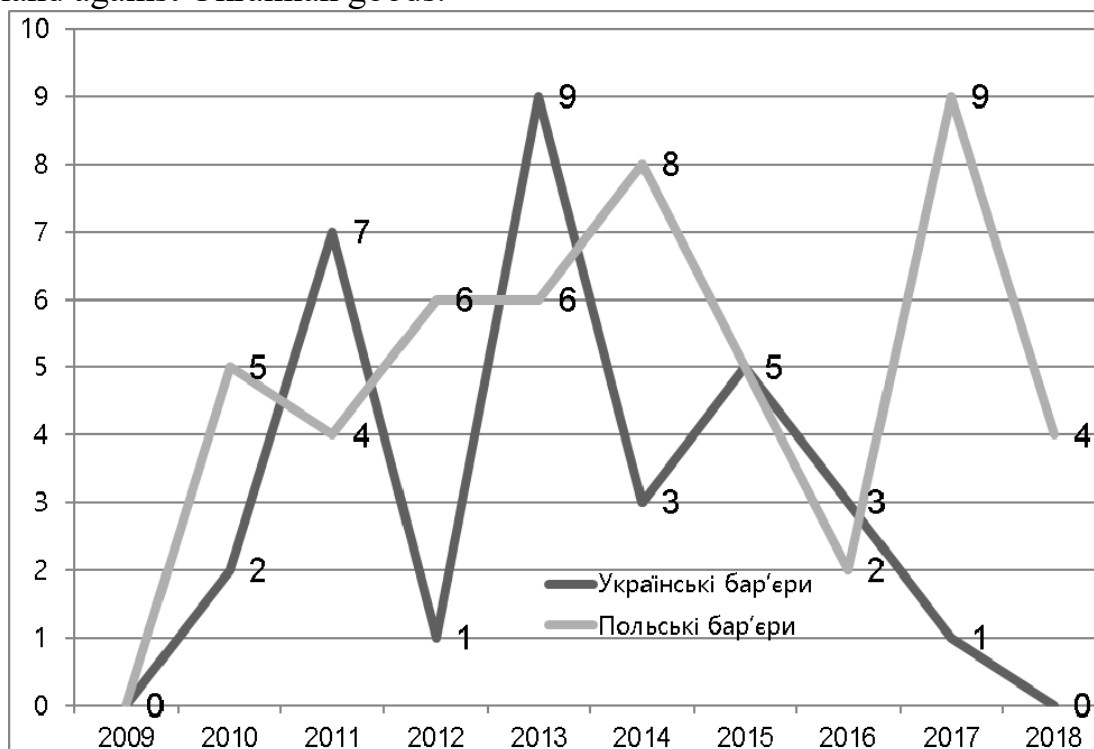
Poland exports to Ukraine, much more diversified commodity groups. In particular, Poland exports to Ukraine 3284 commodity groups and Ukraine to Poland 1292 commodity groups, which is only 39.3% coverage by product groups.

So, foreign trade between Ukraine and Poland is characterized by a significant advantage of exports from Poland and a negative trade balance in foreign trade, as well as raw material export structure, which requires the development of internal processing of raw materials into finished products, as well as non-traded markets, for example, in the production of toilet paper, in the production of which we can make import substitution and increase export volumes, as for the position 8504, we can independently manufacture cables to replace imported products and increase our exports to the Polish market. The same situation with the commodity positions 7208 cast iron, of which we can independently produce the products we are currently importing, including 8701 and 8708 and 8433

For product groups 2309 and 4109, we have the opportunity to independently develop our domestic market, which is estimated at \$ 30.8 and \$ 79.9 million US dollars, which should intensify import substitution and increase export to other countries.

All this will increase the volume of export of products and improve the trade position in international trade between Ukraine and Poland.

Despite the liberalization of foreign trade between countries, there are trade barriers, which should be studied in more detail. Fig. 2 presents the results of the analysis of the use of trade barriers by Ukraine, against Polish goods and those used by Poland against Ukrainian goods.



**Fig. 2. Trade barriers in trade between Ukraine and Poland made for 2009-2018**

As we can see from Fig 2, Ukraine reduces the number of restrictions in relation to the Polish goods, and Poland has also reduced them (in 2016) after signing the Agreement on deep and comprehensive free trade zone (DCFTZ), but next year,

unlike Ukraine, it introduced new trade restrictions, which greatly reduced access to the market, which led to unequal conditions of trade and the discrimination of certain Ukrainian goods.

Taking into account the results obtained, it is expedient to investigate the product groups, on which trade restrictions were imposed during 2009-2018. In general, Poland imposed 80 trade restrictions on Ukrainian goods, while Ukraine imposed 89 restrictions on Polish goods. In other words, in spite of the attempts to liberalize trade, governments are attempting to impose restrictions supporting specific sectors of the economy for individual goods.

Let's consider the products of which sectors Poland has restricted for Ukraine, see table 3

Table 3

**Analysis of trade restrictions introduced by Poland against Ukrainian goods for 2009-2018 (more than 4 units)**

Product code	Industry, product	Number of trade restrictions, units
012	Vegetables	11
345	Chemical products (base chemicals)	9
412	Iron and steel products	6
341	Basic organic chemicals	6
346	Fertilizers and pesticides	4
429	Other metal products	4

As we see, Poland has introduced trade restrictions against our main export products, which greatly affects the volumes of exports from Ukraine and creates unequal conditions of trade.

In particular, vegetables are subject to 11 trade restrictions! This fact is due to the strong competition in the market and very good competitive advantages of manufacturers from Ukraine compared with the Polish ones. The chemical industry products are subject to 9 restrictions, iron and steel products and organic chemicals are subject to 6 restrictions. Despite the fact that these products are not high-tech products, but mostly are raw materials, Poland uses a variety of tools to support its own manufacturers and reduce the export of Ukrainian products to their own market.

In the case of Polish goods, Ukraine also introduces trade restrictions. 89 trade restrictions against goods from Poland were introduced for the period of 2009-2018, which is 9 units more than it was imposed by Poland in relation to Ukraine.

Table 4 shows the main industries (commodity groups), which introduced trade restrictions to Ukraine. Unlike Poland, Ukraine did not impose a large number of trade restrictions on individual product groups, but the largest number were trade items such as fertilizers and pesticides (5 units), iron and steel products (5 units), paint varnishes, household appliances and spare parts, other household equipment, respectively for 5 restrictions. As we see, Ukraine is trying to protect domestic manufacturers of these products, which are absolutely in line with our specialization, and most of them are raw materials with low value added.



Table 4

**Analysis of trade restrictions introduced by Poland against Ukrainian goods for 2009-2018 (more than 4 units)**

Product code	Industry, product	Number of trade restrictions, units
346	Fertilizers and pesticides	5
412	Iron and steel products	5
351	Paints and varnishes, relevant goods	5
448	Household appliances and spare parts	5
439	Other household equipment	5
445	Machines for the processing of food, beverages and tobacco products and parts thereof	4
331	Coke and semi-coke of coal, brown coal or peat; carbon retort	4
429	Other metal products	4
110	Coal and peat	4
363	Semi-finished products made of plastics	4

So, according to the results of the study we obtain the following conclusions:

the state of foreign trade between Ukraine and Poland before and after the preferential trade regime has significant growth volumes in Poland, while Ukrainian exports do not show strong growth;

the greatest benefits from deep and comprehensive free trade zone (DCFTZ) was obtained by the Polish economy, taking into account the growth of its exports;

Trade barriers that exist between countries since 2016 has fallen considerably after signing the Agreement on deep and comprehensive free trade zone (DCFTZ), but next year, Poland has introduced new trade restrictions against all low Ukrainian goods, which has created discriminatory conditions for trade between countries;

We have developed intra-industry trade for a range of goods, but with a negative trade balance for Ukraine, and non-traded markets (market niches or commodity positions) across a range of product groups, all of this indicates a significant trade potential and the need to intensify exports to Poland;

most of Ukraine's exports have a raw material structure, unlike in Poland, where products with a significant degree of processing are present, and therefore, added value;

A developed market economy allows Poland, without large-scale industries, to export more diversified commodity groups. In particular, Poland exports to Ukraine 3284 commodity groups and Ukraine to Poland 1292 commodity groups, which is only 39.3% coverage by product groups.

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