

**The Ministry of Education and Science of Ukraine
Ukrainian-American Concordia University
Management and Business Faculty**

MASTER'S QUALIFICATION WORK

**EFFECTIVENESS OF FOREIGN TRADE OPERATIONS AND
THEIR IMPACT ON THE PROFITABILITY OF THE FIRM
(on the basis of farming enterprise Agro-Ripky)**

Master's student of
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EFFECTIVENESS OF FOREIGN TRADE OPERATIONS AND THEIR IMPACT ON THE PROFITABILITY OF THE FIRM

(on the basis of farming enterprise Agro-Ripky)

The study examines the efficiency of foreign trade operations and their impact on profitability. One of the most consequential areas of activity of Ukrainian agricultural companies at the present stage is foreign trade. Enterprises with export potential that effectively manage and develop it will be more stable and competitive in the current economic environment in a highly competitive globalized world market.

The study consists of theoretical and practical parts. The theoretical part covers foreign economic activity globally, supplemented by the specifics of foreign trade operations, or rather exports and imports, both in general aspects and in the Ukrainian market. The theoretical part is supported by the analysis of foreign trade operations of the agricultural enterprise Agro-Ripky. Financial indicators in the domestic and foreign markets were used to analyze the company's activities. Based on the analysis, the ways to improve the efficiency of foreign trade operations of the Agro-Ripky farm are proposed. The main recommendations are to increase the number of foreign markets for the company's products, to enter the markets of France and Romania, and in 2025 the export portfolio should include contracts with three countries.

Keywords: export, import, agriculture, the foreign trade of Ukraine, international, trade operation, dynamics, performance indicators.

Олексій Нетеча

ЕФЕКТИВНІСТЬ ЗОВНІШНЬОЕКОНОМІЧНИХ ОПЕРАЦІЙ ТА ЇХ ВПЛИВ НА ПРИБУТКОВІСТЬ ФІРМИ

(на матеріалах фермерського господарства "Агро-Ріпки")

Дослідження розглядає ефективність зовнішньоторговельні операції та їх вплив на прибутковість. Однією з найважливіших сфер діяльності українських агрокомпаній на сучасному етапі є саме зовнішньоекономічна. Підприємства з експортним потенціалом, які ефективно управляють ним, розвивають його, будуть більш стабільними та конкурентоспроможними в сучасних умовах господарювання на висококонкурентному глобалізованому світовому ринку.

Дослідження складається з теоретичної та практичної частин. У теоретичній частині висвітлюються зовнішньоекономічна діяльність глобально, доповнена особливостями зовнішньоторговельних операцій, а точніше експортом та імпортом, як комплексно, так і на ринку України. Теоретична частина підкріплена аналізом зовнішньоторговельних операцій сільськогосподарського підприємства «Агро-Ріпки». Фінансові показники на внутрішньому та зовнішньому ринках були використані для аналізу діяльності компанії. На основі аналізу запропоновано шляхи підвищення ефективності зовнішньоторговельних операцій господарства «Агро-Ріпки». Головними рекомендаціями є збільшення кількості зовнішніх ринків збуту продукції компанії, вихід на ринки Франції та Румунії та у 2025 році експортний портфель повинен містити контракти з трьома країнами.

Ключові слова: експорт, імпорт, сільське господарство, зовнішня торгівля України, міжнародна, торговельна операція, динаміка, показники ефективності.

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TASK

FOR MASTER QUALIFICATION WORK OF STUDENT

Oleksii Netecha

1. Topic of the work - **EFFECTIVENESS OF FOREIGN TRADE OPERATIONS AND THEIR IMPACT ON THE PROFITABILITY OF THE FIRM** (on the basis of farming enterprise Agro-Ripky)

Supervisor of the work - **Ph.D. in Economics Lesya Leshchii**

Which approved by Order of University from **“14” September 2022 № 14-09/2022-6c**

2. Deadline for master’s qualification work submission **“23” December 2023**

3. Data-out to the master’s qualification work

Materials received during the internship in farming enterprise Agro-Ripky

4. Contents of the explanatory note (list of issues to be developed)

- describing the essence, forms, and functions of foreign economic activity
- discussing methodology for the effectiveness of foreign economic activity
- **appraising the structure, dynamics, and directions of foreign trade operations of farming enterprise Agro-Ripky**
- **maintaining the calculation and analysis of performance indicators of foreign trade operations of farming enterprise Agro-Ripky**
- **defining the main directions for improving the efficiency of export activities of the farming enterprise Agro-Ripky**
- **giving recommendations for improving the efficiency of foreign trade operations of farming enterprise Agro-Ripky**

5. List of graphic material (with exact indication of any mandatory drawings):

Work is containing 14 tables and 32 figures.

6. Consultants for parts of the work

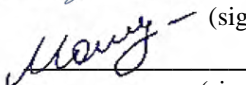
Part of the project	Surname, name, position	Signature, date	
		Given	Accepted
1	Lesya Leshchii	+	+
2	Lesya Leshchii	+	+
3	Lesya Leshchii	+	+

7. Date of issue of the assignment

Time Schedule

№	The title of the parts of the bachelor's qualification work	Deadlines	Notes
1.	I chapter	14.09-13.10.2022	Done
2.	II chapter	14.10-10.11.2022	Done
3.	III chapter	11.11-24.12.2022	Done
4.	Introduction, conclusions, summary	25.12 – 01.01.2023	Done
5.	Pre-defense	02.02.2023	Done

Student  (signature)

Supervisor  (signature)

Conclusions: The Master's qualification work is designed at the high scientific level, and its content and structure fully meet the methodological requirements. The study provided a meticulous analysis of the development of foreign trade operations of farming enterprise and the assessment of their impact on the profitability of the firm.

The work contains all the necessary parts of scientific research with empirical and theoretical recommendations. The paper includes well-developed theoretical approaches to the knowledge economy studying and provide deep analysis of foreign trade operations. The practical recommendations were formulated correctly and focused on the main goal and tasks of the work.

In general, if successful defense, the thesis can claim to be "excellent".

Supervisor



INTRODUCTION	3
CHAPTER 1. ASPECTS OF THE FOREIGN ECONOMIC ACTIVITY	6
1.1 The essence, forms, and functions of foreign economic activity	6
1.2 Efficiency factors and risks of foreign economic activity.....	12
1.3 Methodology for the effectiveness of foreign economic activity.....	16
1.4 Features of foreign economic activity in Ukraine	19
CHAPTER 2. EVALUATION OF THE EFFECTIVENESS OF FOREIGN TRADE OPERATIONS OF THE FARMING ENTERPRISE AGRO-RIPKY	28
2.1 General characteristics of the farming enterprise Agro-Ripky and its foreign trade operations	28
2.2 Calculation and analysis of performance indicators of foreign trade operations of farming enterprise Agro-Ripky	34
2.3 External environment of farming enterprise Agro-Ripky macroeconomic and industry	53
CHAPTER 3. WAYS TO IMPROVE THE EFFICIENCY OF FOREIGN TRADE OPERATIONS OF FARMING ENTERPRISE AGRO-RIPKY	66
3.1 Main directions for improving the efficiency of export activities of the enterprise farming enterprise Agro-Ripky	66
3.2 Recommendations for improving the efficiency of foreign trade operations of farming enterprise Agro-Ripky	74
CONCLUSIONS AND RECOMMENDATIONS.....	86
REFERENCES	89

INTRODUCTION

The actual direction of scientific research today is the development of the export potential of domestic enterprises. Modern conditions for the development of the international division of labor pose a task for economic entities to form and effectively manage their own export potential.

Enterprises with export potential, effectively managing it, developing it, will be more stable and competitive in modern economic conditions in a highly competitive globalized world market. Effective use of the export potential will allow the company to receive additional benefits from participation in international trade, in the international division of labor. The expansion of sales markets, the establishment of new trade and cooperation ties with foreign partners will ensure an increase in productivity, an increase in production and sales, and ultimately profit.

Currently, in the theory and practice of analysis, there are several approaches to assessing the effectiveness of export activities, including agricultural products, but there is no unified approach to conducting this analysis. In this regard, in order to determine promising areas for the development of agricultural exports, a system of its analysis should be formed.

Previously, this topic has been researched by various investigators which works were used as a base for the thesis: Agabi Godwin, Ajansı N.D.R., Alexander S. Gillis., Averchev O. V., Bhasin H., Dotsiuk S., Fernando J., Kozak Yu., Jahan S., Saber Mahmud, Kagan J., Kaminsky, A., Karpenko M., Khomenko T., Kotsenko M., Kryszak Ł, Guth M, Czyżewski B., Kryukova I., Stepanenko S., Kudryashova, I., Dolbnya, E., Lupenko Y., Mashevskaya A., Matveev M., Melnyk O., Peredalo K., Mishchenko D., Mysnyk O., Nadvynichny S., Pushkar S., Nazarova K., Negray M., Taranenko A., Ouyang, Yao, Porter M.E., Rostovsky Yu., Rybakova T., Solovyov M., Svystun L., Tkalenko S., Melnyk T., Tyshchenko V., Ulugbek Yakubov, Vernyuk N., Yakushina V., Yanchenko Z., Yurieva P. and Mykytenko T.

The following work will discuss foreign trade operations and activities as a whole, its factors, features and risks, its impact on the firm's profitability and address the issue of how it has affected a specific international business, analyze company

competitiveness and suggest ways of improving and enhancing business development in the framework of trading.

The **significance** of this work is decided by the growth and extension of the world trade process taking place in the globe today, as well as its influence on numerous aspects of life, including the development of business.

The **goal** of this master's thesis is to explore and evaluate how international trade contributes to and influences the efficiency of multinational firm, as well as to suggest solutions to grow and enhance global trade business.

In order to achieve this aim, the following **tasks** were set:

- describing the essence, forms, and functions of foreign economic activity
- interpreting efficiency factors and risks of foreign economic activity
- discussing methodology for the effectiveness of foreign economic activity
- elaborating features of foreign economic activity in Ukraine
- appraising the structure, dynamics, and directions of foreign trade operations of farming enterprise Agro-Ripky
- maintaining the calculation and analysis of performance indicators of foreign trade operations of farming enterprise Agro-Ripky
- investigating the external environment of farming enterprise Agro-Ripky macroeconomic and industry
- defining the main directions for improving the efficiency of export activities of the farming enterprise Agro-Ripky
- giving recommendations for improving the efficiency of foreign trade operations of farming enterprise Agro-Ripky

This paper's **methodology** is based on peer-reviewed academic papers, evaluation of international trade books, Internet publications, companies' annual reports, and individual data analyses and computations.

The **objects of the study** are the efficiency of international trade and its impact on business development.

The **subject of the study** is a set of theoretical, methodological and practical approaches to the establishment of ways to improve business development and

determination of Agro-Ripky's competitiveness in the development of international trade efficiency.

Master thesis consists of an introduction, 3 chapters, conclusion, and list of references. Work is carried out on 98 sheets, containing 14 tables, 8 formulas and 32 figures. References include 87 literature sources.

CHAPTER 1. ASPECTS OF THE FOREIGN ECONOMIC ACTIVITY

1.1 The essence, forms, and functions of foreign economic activity

Currently, the concept of foreign economic activity is closely connected with the development of the global economy. Over the last decade, the volume of growth rates of foreign trade significantly exceeds the growth rates of domestic commodity turnover. However, by no means has foreign economic activity always appeared to be a positive process of economic development. It happened due to the increase in world exports of goods and services in the total share of their production and the development of economic relations between countries.

There are many definitions of the essence of foreign economic activity in the scientific literature. Therefore, it is advisable to consider the main interpretations of theorists and financial scientists. The most well-known definition, which is given in the Law of Ukraine "On Foreign Economic Activity" of the essence of foreign economic activity is the activity of economic entities of the country and foreign economic entities, as well as the activity of state customers for defense order in cases determined by the laws of the country, built on the relationship between them, which takes place both in the country and abroad [77].

Shkurupiy O. V., Goncharenko V. V., Artemenko I. A. - The enterprise's worldwide industrial, scientific, and technological collaboration, product export and import, and entry into overseas markets are all examples of its foreign economic activities. Through international commercial activities, it establishes connections between firms from other nations [21].

Kozak Y. G., Logvinova N. S. - Foreign economic activity of enterprises is an opportunity to obtain economic benefits based on the advantages of international division of labor, international business relations. Characterize foreign economic activity as the presence of favorable conditions for the enterprise to enter the foreign market with a particular product, its sale and provision of various types of services [29].

Verniuk N. O., Klymenko L. V., Novak I. M. - Foreign economic activity of an enterprise is an important and integral sphere of economic activity, which, with the effective use of a set of modern forms and methods of international business, can positively affect the efficiency and technical level of production, product quality and financial results. Consider the foreign economic activity of the enterprise as a measure of product quality in the foreign market [79].

Thus, the analysis allows to formulate the following definition of foreign economic activity - it is a part of the economic activity of the enterprise, aimed at mutually beneficial relations with a foreign business entity, with the help of the formed strategy of the firm, the implementation of foreign trade operations, in particular export and import.

The objects of foreign economic activity are goods, information, works, services, and results of intellectual property, including exclusive rights to them. Depending on the object, different types and forms of foreign economic activity are presented in Table 1.1.

Table 1.1

Forms and types of foreign economic activity

Forms of foreign economic activity	Types of foreign economic activity
Foreign trade	Export Import Barter deals Compensation bargains
International investment cooperation	Direct foreign (foreign) investments Portfolio investments Credit agreements International financial leasing Joint production in the framework of joint venture
International industrial and technical cooperation	International industrial cooperation Joint construction of industrial facilities Joint production programs Contract cooperation
International science and technology cooperation	Purchase and sale of patents and licenses Joint scientific research Provision of technical assistance

	Personnel training Franchising Consulting and engineering services
International monetary, financial and credit relations	Granting loans and credits Making international payments Purchase and sale of currency Purchase and sale of securities

Source: [85]

Having examined the data in Table 1.1, it is difficult to draw a clear distinction between types and forms of in practice, it is difficult to distinguish between types and forms of external economic activity. Creates of foreign economic forms of external economic activity are characterized by great variety and mobility.

In modern conditions, there are three main ways for an enterprise to enter foreign markets:

1. Making sales connections in desired international markets. This approach, together with the sales function, enables in-depth research into the characteristics of certain markets and the circumstances of employment there. Although it comes at a high cost, it can be successful if the firm sells enough items to cover the expense of building its own sales connection.

2. Using a global sales connection. Utilizing independent resellers is conceivable with this technique. When a business enters new markets, when its own sales connection has not yet been established or is ineffective, it is extremely important. The job of a salesperson necessitates settling a number of significant concerns, including the transfer of exporting rights, compensation, sales responsibility, etc. The contracts for trade and intermediary operations make clear all of these difficulties.

3. A strategy for breaking into international markets by setting up production abroad. This strategy is advantageous when the market is favorable for the business, and the production of goods locally can result in real economic benefits due to reductions in transport costs, duties, non-tariff restrictions, use of skilled but less expensive labor, and proximity of production to raw material sources, etc [36].

By organizing access to foreign markets, an enterprise can significantly increase the efficiency of foreign trade operations. However, it is necessary to know well the conditions of activity in this country, its laws. Based on the research, evaluation and selection of foreign markets, product, price, sales and other types of policies should be developed, that is, marketing activities included in the strategic marketing program.

When starting to conduct foreign trade operations, enterprises should pay attention to such an issue as choosing partners in the global market. After all, the success of a business will largely depend not only on the ability of the enterprise itself to conduct export - import operations, but also on business relations with foreign counterparties.

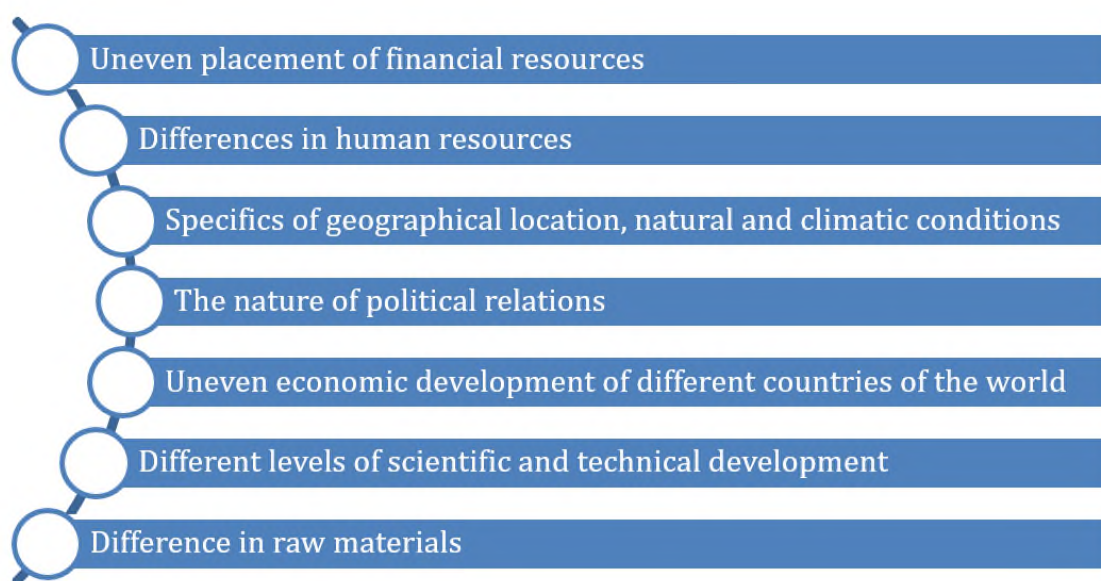


Fig. 1.1. Factors of stimulating the development of foreign economic relations.

Source: [75]

It is acknowledged that foreign trade regulation is an essential element of the financial relations created inside organisational settings. The organization of foreign relations is not merely for allocative prosperity. The major tasks of foreign economic activity control are as shown in: control of foreign economic activity and the development of legislation outlining the legal basis for it; identifying administrative organizations for the control of foreign economic activities; outlining the country's

regulation and supervision that controls foreign trade operations; outlining the trade system and the rules governing the exports and imports of items; the application of borders and monetary rules, as well as the consideration of precautions to protect the nation's interests when engaging in international trade. Almost every country on earth has a background of policing international trade and commerce.

However, the breadth and tactics differ from one country to the next depending on the purposes and objectives set for the country. The rules governing the current international economy as well as national and international policy have an impact on how the government controls foreign trade operations [47].

As with any activity, the foreign trade operations of the enterprise has its motives for development:

- Expansion of the market for products in order to maximize profits against the background of limited and low capacity of the domestic market
- Minimizing the risk of dependence on the domestic market and seasonal fluctuations in demand by entering foreign markets, attracting the necessary resources and technologies, purchasing equipment, components, etc.
- Minimization of the risk of currency fluctuations, optimization of taxation of production activities, overcoming tariff and non-tariff restrictions by placing foreign production
- Linking the market positions of the enterprise in the domestic and foreign markets by extending the life cycle of the product, creating sales networks and subsidiaries
- Formation and provision of sustainable strategic competitive advantages through the use of prerogatives provided by the implementation of foreign trade operations
- Reduction of production costs through active use of the advantages of the international division of labor, international capital flows and technology transfer, use of production facilities abroad, involvement of engineering and other contractual services, active participation in international cooperation [63]

Participants of foreign economic activity are different categories of persons, which according to their functions and powers can be divided into the following groups:

- subjects of foreign economic activity (persons who directly carry out foreign economic activity)
- persons providing functions (in complex or separately defined) for the management of foreign economic activity
- consumers in a broad sense (citizens, business entities, non-governmental organizations)
- intermediaries (persons who provide foreign economic entities with organizational, consulting and other services to assist in the implementation of foreign economic activity) [76]

Functions of foreign economic activity:

- acquaintance with foreign manufacturers;
- application of various techniques for market research;
- assessment of the opportunities of foreign enterprises;
- monitoring of pricing policy for similar and identical goods;
- providing the state with necessary resources for production of competing goods.
- form strategies for the development of foreign trade relations;
- study the basic principles of the country's foreign trade policy;
- ensure control of export-import operations;
- control the certification of products that are imported into the country;
- to attract investors for capital investments;
- sign international contracts with other foreign entities;
- create new trade representations of countries outside their borders [53]

The basis of the entire foreign economic activity is still foreign trade, including export and import of a variety of goods in material form, barter transactions, various services, performance of certain works in interaction with foreign counterparties [62].

1.2 Efficiency factors and risks of foreign economic activity

Before analyzing the factors and risks of foreign economic activity, let's first look at the main theories of foreign economic activities, see Figure 1.2.

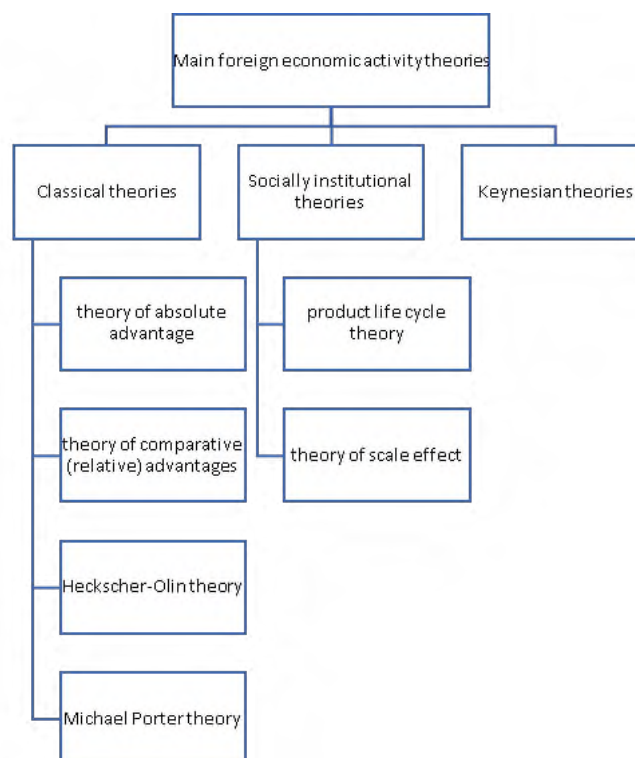


Fig. 1.2. The figure is showing the main theories of foreign economic activity. Made by the author.

Adam Smith's theory of absolute advantage, states that absolute advantage in international trade is the ability of a country to produce a commodity at the lowest cost of production than other countries could. Adam Smith believed that a government should build its foreign trade in such a way that a more excellent orientation was to its inherent absolute advantage, that is, to that production where costs are much lower than production abroad. And to import goods where costs of production are much lower abroad than at home. Suppose countries follow the above recommendation, then through the reallocation of labor in these industries alone. In that case, in sectors with an absolute advantage for a particular country, there will be a worldwide increase in the production of goods at no additional cost [14].

The theory of comparative advantages was put forward by the English economist David Ricardo, who continued the work of Adam Smith and answered

the above question. In his work "Beginnings of Political Economy and Taxation" he considered the case when a country does not have absolute advantages, but still receives certain benefits from participation in international trade. He introduced the concept of comparative, or relative, advantage in the production of goods.

Ricardo's main conclusion was that every country has a comparative advantage, namely, it will always have at least one commodity in which the cost of production is much lower than that of others. In order to reap certain benefits from international trade, a country must be oriented toward exporting goods, so countries that do not have any absolute advantage in production need to find a product in the production of which the opportunity cost is much lower, and export that product abroad. This will be the relative advantage for that country. However, in his work Ricardo did not take into account the other factors of production - capital and land [20].

The next theory of E. Heckscher and B. Olin is the theory of comparative endowment of production factors. Heckscher-Ohlin theory explores not only the influence of labor as a factor of production on the international specialization of individual countries, in the theories of A. Smith and D. Ricardo, but also takes into account capital.

The essence of the theory is that each country should specialize in the production of those goods where more of the factors of production that the country possesses will be used. For example, if the country has a large amount of land, then farming should prevail [58].

The product life cycle hypothesis set out to examine how final goods evolved throughout every step of their existence. Raymond Vernon popularized this hypothesis in the middle of the 1960s. According to this view, there are four basic phases to the life cycle:

- Introduction (product development).
- Growth (growth of demand and expansion of production).
- Maturity (release in large batches, competition is formed at the expense of price).
- Decline (demand for the product declines) [3].

The next theory was proposed by C. Lancaster and P. Krugman in 80s of the last century which is called the "Theory of scale effect". The essence of this effect is that for a given organization of production and technology, the long-term average cost will be reduced if the volume of production is increased. Thus, economies of scale occur [72].

The theory of competitive advantage, published in 1991 by American economist Michael Porter in his book "The Competitive Advantage of Nations." Porter's theory proceeded from the fact that competition in the modern world market is not between countries, but between companies. He showed in his theory how and for how long, a certain company holds competitive advantages. At the same time, the competitive advantages themselves have a dependence on the chosen competitive trade and on the ratios of factors of existing competitive advantages. Therefore, in order to succeed in world trade, it is necessary to choose the right strategy and the competitive advantages of the country. And when choosing a competitive strategy, the state should be based on the structure of the industry in which the company is engaged and, on the position, held by that company in that industry [59].

In contrast to classical theories, the main Keynesian theories in the study of the reasons for the development of foreign economic activity emphasize the demand factors. In particular, the theory of cross-demand is that the optimal result in exports can be achieved when another country has a demand structure similar to the demand structure of the country of origin. According to the reverse theory, a country with strong domestic demand may import goods despite relatively better factor endowment [33].

The interaction and coordination of the operations of the divisions that are functionally relevant to foreign trade operations play a significant role in ensuring the foreign trade operations of firms. The organizational support of the enterprise's overseas economic activity includes the coordination of interactions across divisions that are functionally relevant to it. For the purpose of assuring the enterprise's

international economic contacts, this interaction should be conducted on the basis of formally and informally formed relationships between the system's components.

Risks in foreign trade arise due to:

- changes in the price of goods after a contract has been concluded or a refusal to pay for goods (commercial risks);
- sharp fluctuations in exchange rates (currency risks);
- theft of foreign currency during the transfer of payments;
- loss or damage of cargo during transportation, etc.

There are several ways of protection against such:

1. Forfeiting is a specific form of crediting trade deals. It is used in international trade to protect against commercial risks. The essence of forfeiting is that a financial agent or a forfeiter (often a bank) acquires the commercial debt obligations of a debtor to the creditor on certain terms. Absolutely all risks on debt obligations are transferred to the bank-forfeiter, without the right to turn over to the seller. Forfeiting is always performed with the assistance of a forfeiter which assumes all financial and political risks. The term of the loan may be short, medium and long-term.

Letter of credit is an instruction of the payer's bank to the beneficiary's bank to make payments by order and at the expense of funds of the client to a natural or legal person within the designated amount and on conditions specified in this instruction. Payment under the letter of credit shall be made by non-cash transfer of the amount of the letter of credit to the account of the beneficiary in accordance with the terms of the contract.

2. Trust management operations is understood as a trust relationship between the parties, one of which assumes responsibility for disposing of the property (property, money, or other rights) of the other party in favor of the client. Trust transactions are carried out by the bank on behalf and in the interests of the client on the rights of his proxy. According to the concluded agreement, the trustee acquires the relevant rights and acts as the administrator of the property (this includes the remaining funds in bank accounts). Depending on the type of property and the wishes of its owner, the content of trust transactions changes, as well as the functions of a commercial bank

in them. When performing trust operations, a commercial bank can act in two roles: be a full representative of the client, disposing of his property independently within the contract and perform strictly specific operations with the client's property on his behalf [34].

1.3 Methodology for the effectiveness of foreign economic activity

Enterprises often suffer significant losses due to insufficient feasibility studies of the effectiveness of foreign economic transactions, the lack of estimates of the choice of price currency, payment currency, and other currency and financial terms of the transaction.

Table 1.2

The main groups of indicators for assessing the effectiveness of foreign trade operations management at enterprises

Group of indicators	Indicators
Absolute	volume of exports; volume of imports; the amount of overhead costs for the implementation of the customs control zone; number of complaints received in the customs control zone; number of satisfied claims
Relative	indices of dynamics of exports and imports by value, by physical volume, by price, by quantity and by structure; coefficients of fulfillment of obligations on exports and imports by value, by physical volume, by price; average duration of turnover of export-import operations; return on funds of export-import operations
Structures	commodity structure of foreign economic activity; geographical structure of foreign economic activity; structure of overheads costs of foreign economic activity
Efficiency	currency efficiency of exports/imports; absolute efficiency of exports/imports; economic effect of exports/imports; efficiency of export products sales in the domestic market; efficiency of purchase and use of imported equipment; efficiency of purchase and sale of licenses

Source: [37]

In addition to the above-mentioned indicators, the assessment of the effectiveness of foreign trade operations management can be carried out by

profitability indicators, in particular: profitability of production, profitability of sales, level of profitability of activities, etc. It is also possible to determine the effectiveness based on the profits received by evaluating such indicators as net profit, gross profit, profit from operating activities, etc.

A comprehensive system of indicators is the main prerequisite for a thorough assessment of the effectiveness of management of foreign trade operations of the enterprise. Therefore, recommending the stages of management performance assessment, which will allow developing a structured system of target indicators for a particular enterprise.

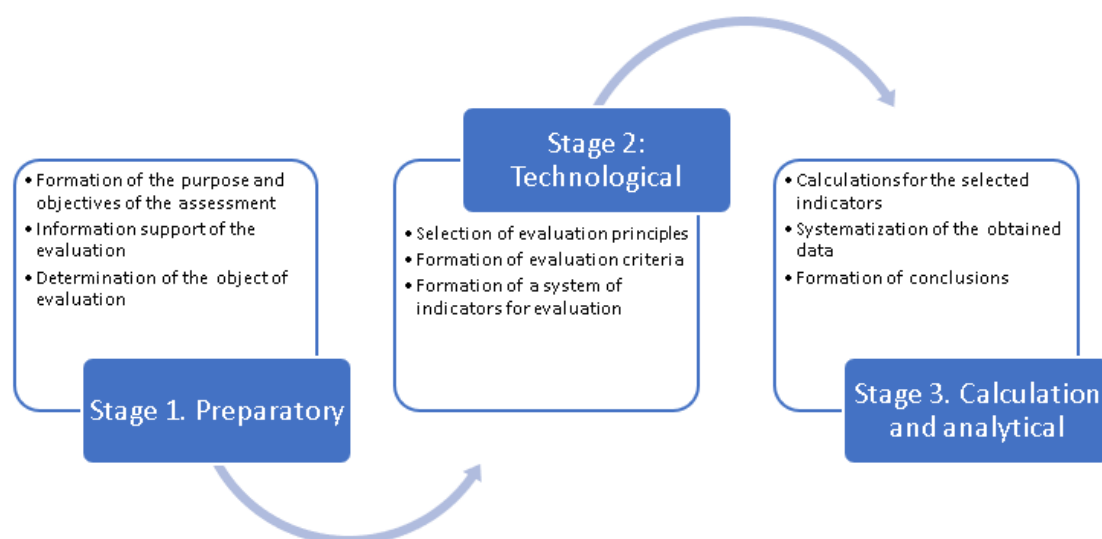


Fig. 1.3. This figure is showing stages of evaluation of management performance foreign economic activity based on target indicators.

Created using source: [48]

There are six basic methods for evaluating international trade operations:

The first comparative method is based on a comparison of the state's international trade turnover features with those at the state level, evaluating the region's position and function as well as its concentration there. Without considering qualitative indicators, which are taken into account to varied degrees in the other methods provided below, the evaluation of this methodology gives a synopsis of the

function of international commerce and local placement of the district at the national level.

The second integral method also includes building the integral variable using the characteristics that describe all players in international commerce. This method makes it possible to examine international economic operations at the regional level more thoroughly since it makes use of a thorough evaluation of economists, which is generated using important characteristics on the basis of algorithm and financial and statistical modeling. Examples include the area international economic activity optimization technique, which enables the identification and quantification of all feasible choices for choosing international contracts, their conditions, clients, executors, etc.

The third cluster method aims to organize areas based on numerous indicators of international trade operations. Creation of an algorithm for the establishment of sectors based on activity in international commerce. Assessing the country's industrial specialty first will help pinpoint its export- and import-oriented sectors. In order to create the best structure for international trade operations, the reasonableness of the export and import structures for the export- and import-oriented branches, respectively, is assessed.

In the fourth method, the effectiveness of the export-import operations is evaluated based on one or two final indicators. The coefficient of balanced foreign trade for each partner state is then calculated, and the sum of these values is used to calculate the overall efficacy of the nations' bilateral trade connections. The drawback of this scientific method is that the estimations do not account for the structural fields of international economic relations and their resource nomenclature, making it impossible to fully carry out the analysis necessary to optimize the structure of foreign trade in the future and to pinpoint the causes and contributing factors of structural imbalance across the entire nation.

The index method created by S.I. Ul'tan serves as the foundation for yet another methodology for evaluating international commerce at the local level in the research. This method makes use of crucial evaluation metrics that may be divided into three

primary areas in order to conduct an integrated assessment of geographical international economic activities:

- absolute and relative indicators (indicators of structure, dynamics, comparison) will provide an overall description of international commerce in the area;

- indicators of the degree of involvement of a particular region in international trade (export quota, import quota, foreign trade quota, import coverage coefficients of exports, elasticity of foreign trade turnover, international competitiveness, etc.), which describe the level of regional international trade operations;

- index indicators (net terms of trade index, gross terms of trade index, income terms of trade index, Grubel-Lloyd index, etc.), can provide a more thorough evaluation in specific areas of international trade research.

The next method is multiplicative, beginning with the computation of fundamental quantitative indicators and concluding with a direct evaluation of the region's international trade in terms of key indicators of its economic development, the most significant of which is the gross regional product. The analysis of the effects of the region's international trade operations is followed by an assessment of its multiplier effects on the region's financial stability and economic growth, followed by the formulation of the key findings [41].

1.4 Features of foreign economic activity in Ukraine

The establishment and implementation of agricultural potential is the goal of state regulation in order to guarantee the agricultural sector develops sustainably in the context of ensuring economic and environmental security for the state. While macroeconomic research focuses on how the agriculture sector interacts with other economic sectors and their effects on the economy as a whole, microeconomic analysis focuses on the agricultural sector's internal status and potential.

The main institutional entity, the state, which regulates land relations, receives taxes and fees but makes transfer payments, subventions, and subsidies in their

favor, and finances state programs, participates in and controls the process of circulation of material and financial resources that controls the development of the agricultural sector. State regulation should make sure that a strong material foundation is established for the advancement of people's welfare, that the socio-economic interests of different population segments are balanced, and that the integrity of the nation's territorial area is maintained.

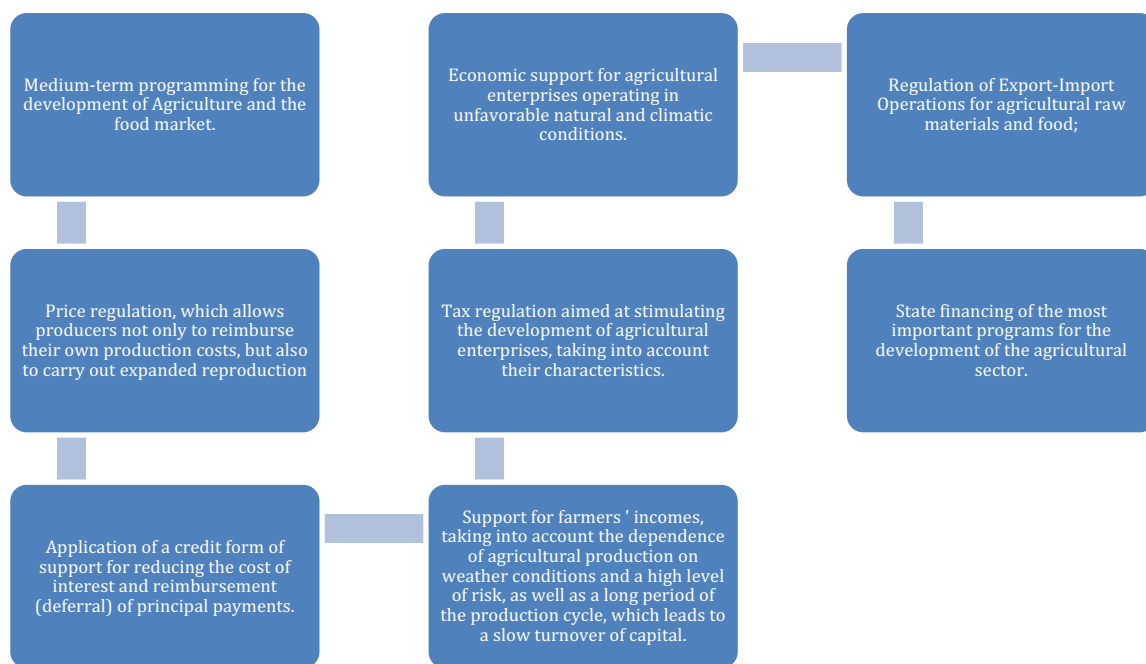


Fig. 1.4. Links of state regulation of the agricultural sector of the economy

Source: [70]

In the first half of 2022, exports of goods amounted to \$ 22731.7 million, or 76.0% compared to the first half of 2021, imports - \$ 25199.5 million or 80.9%. The negative balance amounted to \$ 2467.8 million (in the first half of 2021 it was also negative - \$ 1226.7 million). The export-import coverage ratio was 0.90 (in the first half of 2021 - 0.96). Foreign trade operations were carried out with partners from 221 countries [68].

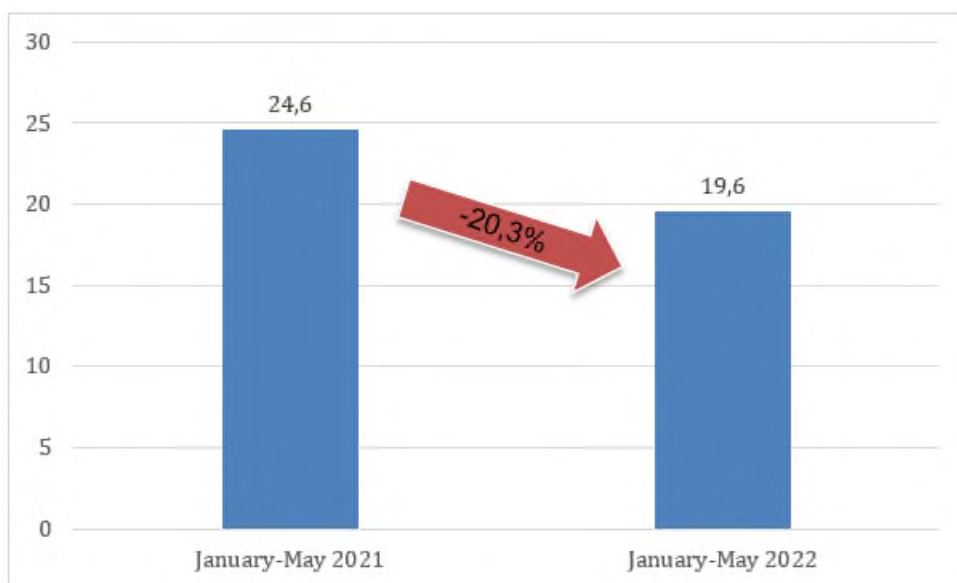


Fig. 1.5. Value of exports in billions of US dollars of Ukraine in January-May 2021 and 2022.

Source: [17]

Exports of goods in January - May 2022 compared to the same period in 2021 decreased by \$ 5 billion. US dollars and amounted to 19.6 billion US dollars. US DOLLARS. Export growth in the first two months of the year by 36.9% could not compensate for its decline in March - May by 50.3%.

One industry had a rise in exports during the course of the previous year's (2021) 11 months. These are goods related to energy and fuel, which in terms of international commerce also includes electricity. Prior to the start of the widespread attacks on energy infrastructure, Ukraine was able to boost its exports of power to the European Union, which totaled \$568 million over the course of this year's first 11 months. This took place as a result of the energy visa-free policy. The chance for Ukraine to connect to the power systems of the EU allows for the sale of electricity to the EU.

In terms of geography, there was a considerable decline in commerce with the CIS nations, the largest of which being the Russian Federation, with a drop in trade of 64%. But there is still commerce, and the CIS includes more than just Russia and Belarus.

The European Union has grown in significance in Ukraine's international commerce at the same period. As a result, there was a 2% decrease in trade turnover. Additionally, over a period of 11 months, Ukraine's exports of commodities to the EU rose by 6%. This may be partially explained by the fact that, although Ukraine's capacity to sell grain to nations on the other side of the ocean was hindered, it developed wheat exports to Romania, which surged 18 times in just 10 months. This occurred when Romania completed an early railroad track of our width from Ukraine to one of its ports. This made it possible to ship grain to this port by train, where it was subsequently shipped by boats from Romania [82].

One of the key elements in assuring continued socioeconomic growth of nation is an efficient system of governmental control of foreign trade operations. Today, international economic cooperation is where the best chances for addressing the issues of economic growth, modernizing the national economy, and transforming it into an innovative mode of development are focused. Utilizing the full potential of global economic cooperation, including the system of state control of foreign trade operations, is essential for the successful execution of this strategy.

The introduction of numerous organizational, legal, and technical measures aimed at enhancing the effectiveness of state regulation of foreign trade operations in the context of further integrating Ukraine into the global economic system should serve as the foundation for further development of this system. It should be highlighted that the interests of its subjects are coordinated at all levels during the course of overseas economic operations. The system of state regulation of foreign trade operations is defined by its reliance on outside forces, its vulnerability to economic, geopolitical, and social changes, and the national and local execution of regulatory policies [50].

One of the key indicators of the effectiveness of the foreign economic activity taxation system is the volume of their revenues to the state budget. Their analysis provides full coverage of all factors of influence, in particular, the efficiency of customs authorities, changes in tax and customs legislation, the volume of export-import operations and general indicators of economic activity in the country.

Business entities engaged in foreign trade operations should take into account the following factors when planning the tax burden on foreign trade operations:

- the way of entering international markets: direct (independently) or indirect (through an intermediary)
- norms of currency legislation of Ukraine;
- form of payments depending on the type of transactions with foreign counterparties;
- terms of delivery of goods, which are agreed at the stage of concluding a foreign trade agreement and are fixed in the form of the basic terms of delivery INCOTERMS;
- the need for step-by-step monitoring of the movement of goods, including outside the national customs space of the country;
- the need for parallel representation of export operations in at least two currencies (national and foreign), which leads to the formation of exchange rate differences (both negative and positive);
- the need for separate VAT accounting.

When developing the mechanism of foreign economic activity taxation, two approaches are usually used. The first one is based on the criterion of territoriality, which provides for taxation of all income of the subject of foreign economic activity arising in a given state jurisdiction regardless of the national ownership and residence of such subject. However, in the process of practical implementation of this approach there are serious difficulties in the choice of different criteria (in different countries) for determining the territoriality of certain types of foreign trade operations and income associated with it. The second approach is based on the residency of the subject of foreign economic activity. The resident of this state jurisdiction is determined from the position of permanent location for tax purposes [87].

Foreign economic activity covers relations between Ukrainian and foreign business entities and it can be carried out both on the territory of Ukraine and abroad (Article 1 of the law on foreign economic activity),

Foreign economic activity includes the following operations (Article 4 of the law on foreign economic activity):

- export / import of goods, capital and labor;
- provision of consulting, insurance, forwarding, production services to foreign business entities, legal and other services and receiving such services from them;
- scientific, scientific and technical cooperation with foreign business entities;
- international financial transactions, including credit transactions;
- joint business activity with foreign business entities, both on the territory of Ukraine and abroad (for example, creating joint ventures, joint ownership of property, conducting joint business operations etc.);
- commodity exchange (barter) operations with foreign business entities [30]

Taxation of value added tax when crossing the customs border in Ukraine are exempt:

- goods and services that are provided for own needs diplomatic missions and consular services;
- special purpose goods for disabled persons;
- medicines and medical devices;
- goods of critical import for domestic production;
- cargoes with humanitarian aid;
- raw materials and materials imported into the territory of Ukraine on tolling conditions;
- goods imported under intergovernmental free trade agreements, agreements on humanitarian, scientific and technical cooperation;
- other, according to the laws of Ukraine.

Criteria of foreign economic entities that are granted privileges:

- their exports exceed imports;
- the volume of their exports is not less than 5% of the volume of sold goods sold;
- steadily export knowledge-intensive goods.

In addition, the benefits apply to the territories of special economic zones. There are 4 groups of benefits:

- Reduction or abolition of export-import duties and simplified procedure for foreign economic operations;
- Tax privileges related to the tax base of depreciation accruals, salary expenses;
- Financial incentives, which include various forms of tax subsidies. They are provided in the form of lower prices for utilities, reduced rent for the use of land plots, soft loans;
- Administrative privileges. Provided by the administration of the zone in order to simplifying the procedures of enterprise registration and "entry-exit" regime of foreign citizens [78].

Export flows to several EU nations are rather low, which is caused by a variety of factors, despite the fact that the development of the Ukrainian economy in the previous decade has shifted its vector from the Russian to the European one, notably in the trade aspect:

- A substantial economic divide between Ukraine and the EU member states;
- The inefficient process for crossing the border into the EU, which necessitates the harmonization of Ukrainian customs law;
- The demands of the local market and those long-standing overseas partners with whom trade connections have been established are the primary targets of domestic firms' output;
- By local businesses, the potential of unexplored international markets is still untapped.

The latter is the primary driver of trade growth between Ukraine and the EU, as an untapped foreign market is one that has a potential volume of consumption of goods that is in line with the exporting nation's area of expertise and provides easier trade conditions than others, making international trade more alluring in terms of product variety and geographic diversification [49].

Table 1.3

Exports of wheat, legumes and flour from Ukraine, thousand tons

	Years				Deviation (-/+)	
	2020-2021(thousand tons)	2020-2021 in June (thousand tons)	2021-2022 (thousand tons)	2021-2022 in June (thousand tons)	2021-2022 to 2020-2021 (thousand tons)	in June (thousand tons)
Wheat and legumes, total	42461	301	47105	75	4644	-226
Wheat	16029	52	18573	3	2544	-49
Barley	4146	0	5679	0	1533	0
Rye	6,5	2,2	161,9	0	155,4	-2,2
Corn	21588	245	22384	71	796	-174
Wheat flour	111	0,6	69,8	0,1	-41,2	-0,5
Other flour	1,1	0	1,6	0	0,5	0
Total flour	112,1	0,6	71,4	0,1	-40,7	-0,5
Exports total (grain + flour)	42610	302	47200	75	4590	-227

Source: [22]

The agricultural industry in Ukraine is able to secure local consumption of high-quality, ecologically responsible agricultural goods as well as grow its supply to international markets in the EU member states thanks to the country's excellent ecological and economic circumstances. The EU and Ukraine's agribusiness companies were able to adjust to the competitive landscape thanks to the signing of the agreed framework. One may suggest that in today's interconnected world, the nations that cooperate with one another to advance their economies and pursue shared goals are the ones that profit the most. After the Russian Federation invaded Ukraine, exports of marketable goods declined by roughly twofold, while imports increased by thrice. By preventing local exports, the Russian Federation aims to harm the regional economy. It is reasonable to focus on the export of grain crops like wheat, corn, and barley now in order to strengthen the nation's economy because they have historically accounted for the highest percentage of exports. The agriculture and livestock industries should be developed further, and Ukraine should broaden its product line. Likewise, while shipping agricultural commodities, adhere to all sanitary and phytosanitary regulations, which serve as a primary assurance that customers will get safe and superior-quality goods.

Because Ukraine produces significantly more than it can eat, the situation is objectively very challenging for farmers. All items cannot, therefore, be sold on the domestic market. We are destined to have high transitional balances and low prices without sea exports. Because of this, businesspeople are working hard to find export routes through Poland and Romania, and they are succeeding. However, the development of transit through Moldova continues to be problematic [42].

The ingestion of wheat worldwide is anticipated to increase by 11% from 2016 to 2026. It is anticipated that China, Pakistan, and Vietnam would increase their usage of wheat as animal feed.

Egypt, Indonesia, Algeria, Brazil, and Japan are the top five countries importing wheat, and their percentages are anticipated to continue high.

The consumption of corn worldwide is also anticipated to increase. In particular, an increase in maize consumption per person of 3 percent year is anticipated, particularly in African nations. Vietnam has a potential to overtake Egypt as the fifth-largest grain importer, moving up from its current position.

The increase in global population is mostly responsible for the rise in grain both demand and consumption. The UN predicts that by 2050, there will be around nine billion people living on Earth. Actually, Africa and Asia, where Ukraine historically holds a strong position in grain exports, will account for the majority of the population rise.

In fact, 50 percent of all grain shipments from Ukraine go to nations in North Africa, Europe, and the Persian Gulf. A different portion of exports, which have lately expanded dramatically, is made up of Asian nations, including China, India, and Vietnam, as well as Southeast Asian nations, including Indonesia. Plans are for actively expanding exports to Latin American nations, including Mexico, Argentina, and Brazil. With 12 percent of the world food retail industry, Ukraine is a significant player in the global grain trade [80].

CHAPTER 2. EVALUATION OF THE EFFECTIVENESS OF FOREIGN TRADE OPERATIONS OF THE FARMING ENTERPRISE AGRO-RIPKY

2.1 General characteristics of the farming enterprise Agro-Ripky and its foreign trade operations

The limited liability Company Agro-Ripky is registered on the territory of Ukraine and is an active participant in foreign trade operations. For a long time, the company has been a producer of the agroindustry, consistently implementing a long-term strategy for the development and improvement of the efficiency of the entire chain of vertically integrated crop production.

The company has an accounting department, an agronomic service, a legal department, an engineering department and two tractor and arable teams. The services are headed by chief specialists and two foremen. The structure that characterizes the management of the enterprise is formed on the principles of defining reliable relationships between individual departments of the enterprise, the distribution of duties, functional actions, responsibilities, etc.

Currently, the cultivation of the following crops is carried out in Agro-Ripky is the next:

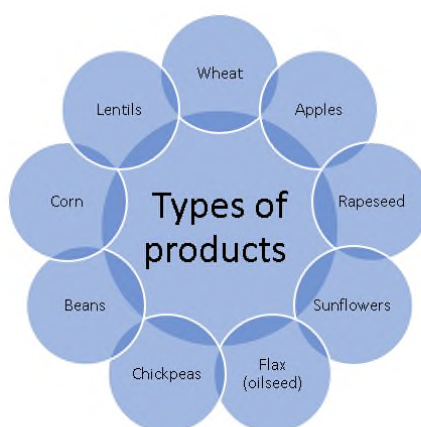


Fig. 2.1. This figure is showing the agricultural crops cultivated by Agro-Ripky. Made by the author.

The total area of cultivated agricultural land is 2.5 thousand hectares. The structure of crops of agricultural products in Agro-Ripky is shown in the Figure 2.2.

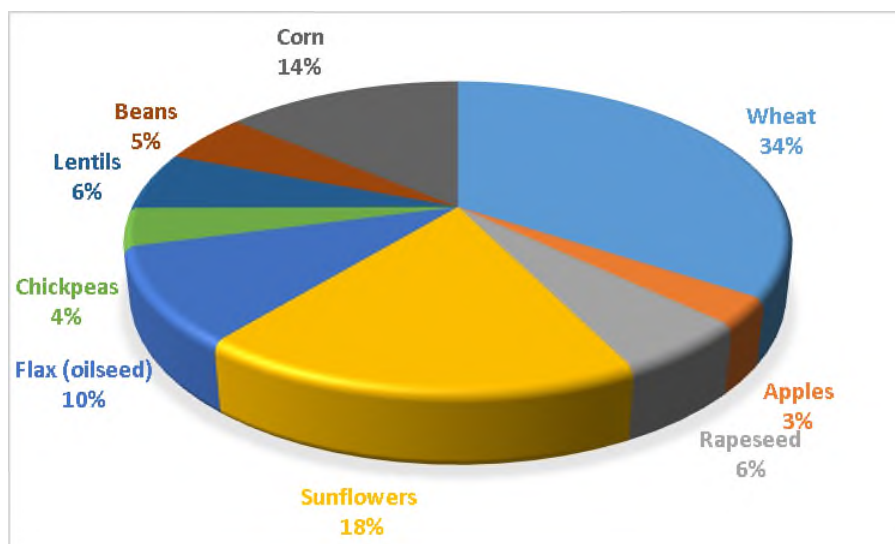


Fig. 2.2. This figure is showing the structure of agricultural crops in the farming enterprise Agro-Ripky. Made by the author.

As the data show, the largest area of crops in the organization is reserved for wheat. Moreover, at the enterprise, as in the whole region, mainly winter wheat is cultivated. Sunflower accounts for more than 18%. It should be noted that the crops under this crop have almost doubled over the past three years, due to the high market attractiveness of this crop. All other crops occupy a significantly smaller share in the structure of crops.

The dynamics of production of the main types of products in Agro-Ripky is presented in the Table 2.1.

Table 2.1

Dynamics of production of the main types of products in Agro-Ripky, tons

Types of products	2019 (tons)	2020 (tons)	2021 (tons)	2021 in % to	
				2019	2020
Sunflowers	3572	6563	5455	152,72	83,12
Wheat	8899	10688	9558	107,41	89,43
Rapeseed	679	1146	441	64,95	38,48
Lentils	528	301	250	47,35	83,06
Beans	1425	1255	1361	95,51	108,45
Corn	1427	2455	2033	142,47	82,81
Flax (oilseed)	732	1551	1689	230,74	108,90
Apples	6	8	13	216,67	162,50

Source: [9]

The presented data show that for most types (except lentils, beans and apples) of products in 2021, a smaller harvest was obtained than in 2020. Thus, 10558 tons

of wheat were produced, which is 10.57% less than in 2020, but 7.41% more than in 2019. 5455 tons of sunflower were produced, which is 16.88% less than in 2020, but 52.72% more than in 2019. A similar situation is observed for almost all types of agricultural crops. At the same time, the apple harvest is increasing annually from 6 tons in 2019 to 13 tons in 2021. In general, in 2021 in total it was 20800 tons of products; in 2020 it was 23967 tons; and in 2019 it was 17268 tons of goods.

As the data show, as a result of fluctuations in production volumes at the enterprise, there is a fluctuation in revenue with a general growth trend from UAH 325,488 thousand in 2019 to UAH 368,752 thousand in 2021. Thus, revenue for the study period increased almost 1.13 times. However, compared to 2020, it decreased by UAH 901,970 thousand or by 20%.

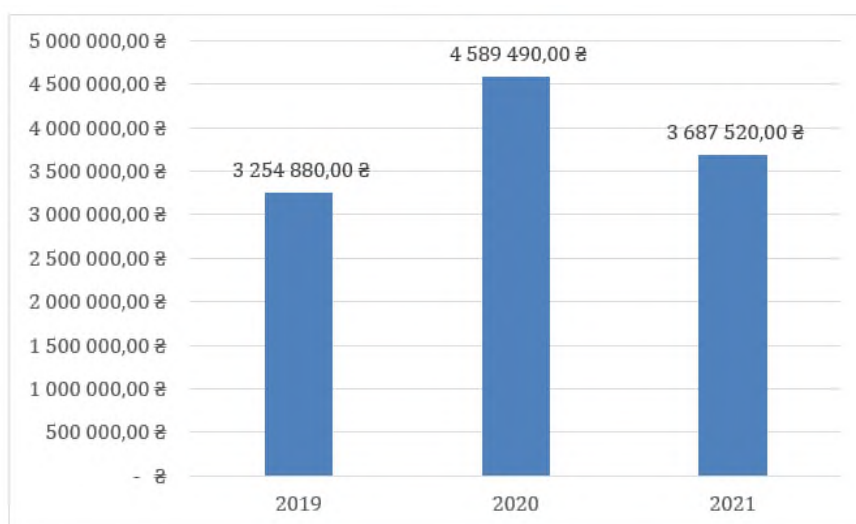


Fig. 2.3. This figure is showing results of production and economic operations of Agro-Ripky, UAH. Made by the author using [28].

The dynamics of revenue for the main types of products is presented in the Table 2.2.

Table 2.2

Dynamics of revenue from the sale of the main types of Agro-Ripky products,
UAH

Types of products	2019 (UAH)	2020 (UAH)	2021 (UAH)	2021 in % to	
				2019	2020
Sunflowers	789180	1479210	1319470	167,20	89,20
Wheat	1719601	1468732	1041975	60,59	70,94
Rapeseed	82610	324260	99920	120,95	30,81
Lentils	39440	61920	54550	138,31	88,10
Beans	113520	265470	244510	215,39	92,10
Corn	359840	655740	496850	138,08	75,77
Flax (oilseed)	145680	325870	374500	257,07	114,92
Apples	1150	1600	2600	226,09	162,50
Other products	3859	6688	3145	81,50	47,02

Source: created using the annual reports for 2019, 2020, 2021 years of performance of Agro-Ripky [7]; [8]; [9].

The data presented in the table show that in 2021 there is a drop in revenue for almost all types of products produced, with the exception of oilseed flax beans and apples. The largest decrease in revenue is observed from sales of rapeseed and other products. According to these types of products, sales decreased by more than 2 times. Moreover, revenue from sales of other products decreases annually.

Agro-Ripky carries out active export activities. All exports are made to Turkey. The volume of products exported by the company fluctuates from year to year, which is due to fluctuations in the volume of its production.

Research has shown that Agro-Ripky carries out active export activities. All exports are carried out to Turkey.

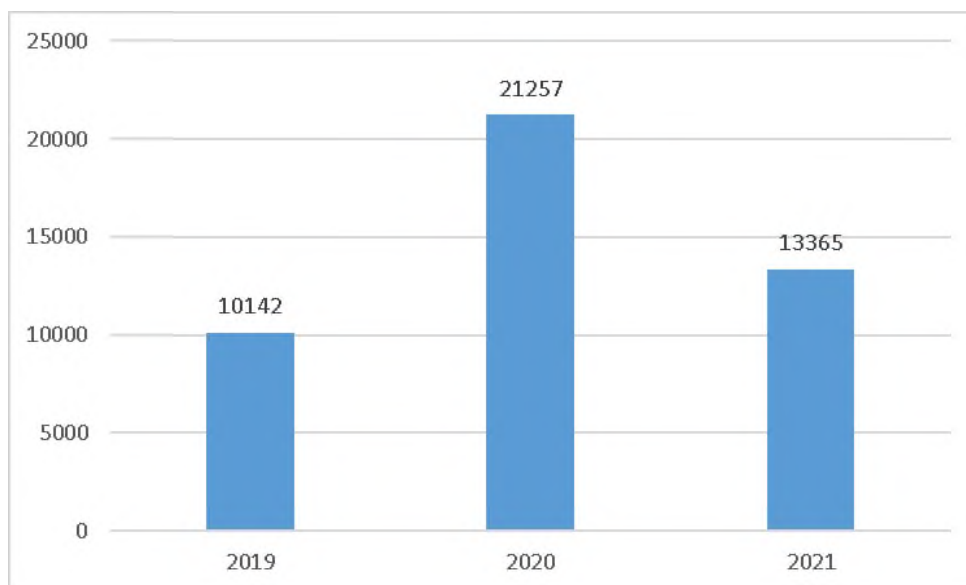


Fig. 2.4. This figure is showing the dynamics of exports of products in physical terms in tons from 2019 to 2021. Made by the author using source [6].

The data shown in the figure shows that the volume of exports of products at the enterprise varies by year, due to fluctuations in the volume of its production. So, if in 2019 10142 tons were exported, then in 2020 21257 tons, which is more by 11115 tons. However, in 2021, 7892 tons less were delivered than in the previous year, namely 13365 tons.

Table 2.3

Dynamics of export of products of Agro-Ripky, tons

Types of products	2019 (tons)	2020 (tons)	2021 (tons)	Difference of 2021 from	
				2019	2020
Wheat	8427	17784	12560	4133	-5224
Rapseed	0	1325	0	0	-1325
Lentils	501	0	203	-298	203
Beans	1214	842	602	-612	-240
Flax (oilseed)	0	1306	0	0	-1306

Source: created using [60].

As the data show, the consistently exported types of products of the enterprise are wheat and beans. All other types of products had one-time export deliveries. Moreover, if wheat exports fluctuate over the years, the export of beans decreases annually. At the same time, there is a significant fluctuation in lentil exports with the overall dynamics of decline.

The structure of exports of Agro-Ripky by year in the context of types of products is shown in the next figures.

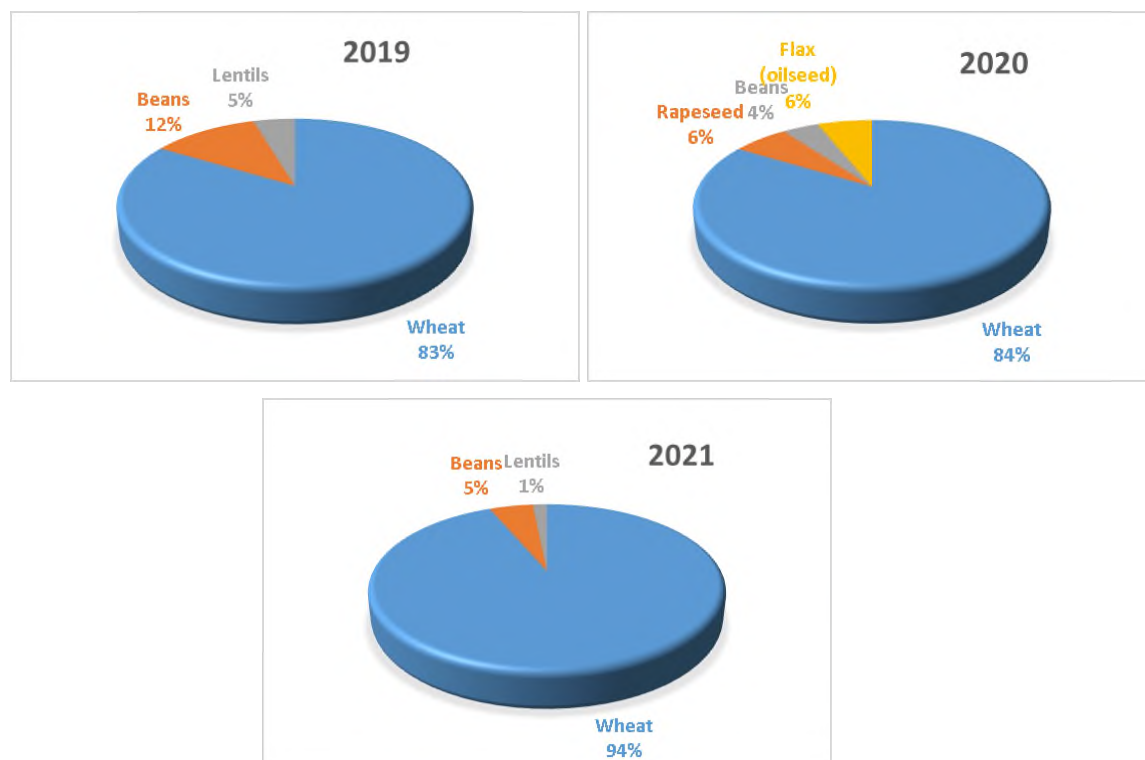


Fig. 2.5. These figures are showing Agro-Ripky export structure by product type in percentage in 2019, 2020 and 2021.

As the data of the figure show, wheat occupies the largest share in the structure of exports throughout the study period, and it is increasing from 83% in 2019 to 94% in 2021. The share of beans varies by year with the overall dynamics of decline from 12% in 2019 to 5% in 2021. The share of lentils decreased by more than 2 times during the study period and amounted to 1% in 2021.

Thus, at the conclusion of the contract, the FOB delivery terms are mainly reflected, which stipulate that the seller is obliged to deliver the goods to the port and load them on the vessel specified by the buyer; the costs of delivering the goods on board the vessel are borne by Agro-Ripky. The risk of accidental loss of property or its damage is borne by Agro-Ripky – until the moment the goods cross the side of the vessel, and by the buyer – from the specified moment.

When organizing exports within the framework of supply contracts, different delivery conditions are used depending on the logistics chain used. The structure of exports of products according to the terms of delivery is presented in the Table 2.4.

Table 2.4

Agro-Ripky export structure by applicable delivery terms

Terms of delivery	2019 (%)	2020 (%)	2021 (%)	Absolute deviation from	
				2019	2020
FOB	92	91	95	3	4
FAS	8			-8	0
CPT		9		0	-9
FCA			5	5	5

Source: created using [26].

As a result of the conducted research, it was found that specialists of various services are involved in the organization of export activities in Agro-Ripky, and third-party organizations are involved in the organization of customs clearance of goods and the organization of transport flow. At the same time, the company exports most of its products. Export deliveries are carried out only to Turkey.

2.2 Calculation and analysis of performance indicators of foreign trade operations of farming enterprise Agro-Ripky

To assess the efficiency of production and economic Agro-Ripky, indicators characterizing the dynamics of resources and the effectiveness of their use were calculated. The calculation results are presented in the Table 2.5.

Table 2.5

Performance indicators of Agro-Ripky

	2019 (UAH)	2020 (UAH)	2021(UAH)	Difference from 2021 (UAH)	
				2019	2020
Revenue	3254880	4589490	3687520	432640	-901970
Cost of goods sold	2164960	3103490	2646230	481270	-457260
Gross Profit	1089920	1486000	1041290	-48630	-444710
Total Operating Expenses	464850	541254	450847	-14003	-90407
Net Profit	522142,4	784276,72	493748,26	-28394,14	-290528,46
Gross Margin	33,49%	32,38%	28,24%		

Source: created using annual reports from [9].

The calculation results shown in the table that there is a fluctuation in the efficiency of the use of basic resources in Agro-Ripky. So, if by 2020 there is an

increase in all indicators, then by 2021 there was a significant decrease in them. Although the indicators of 2021 exceed the indicators of 2019. To a greater extent, the fluctuation in performance indicators was influenced by the fluctuation in revenue and the overall increase in the cost of sales. However, despite the fluctuation in performance indicators, Agro-Ripky is efficient, as evidenced by profitability indicators whose size exceeds the average industry in the region. These are the formulas that were used for the Table 2.5.

$$\text{Gross Profit} = \text{Revenue} - \text{Costs of goods sold} \quad (1.1)$$

The difference between revenue and production costs is known as gross profit. It displays how the company's manufacturing operations have an impact.

The cost of transportation services, environmental considerations, the socioeconomic context in which a firm operates, the costs of manufacturing resources, and international business relationships are only a few examples of external variables that have an impact on gross profit.

The following goals are ensured by accurately measured indicators: Analyzing the discrepancy between product costs and sales revenue; figuring out the best price for a good or service; taking effective action to organize the company's operations; and identifying the firm's issues and weaknesses [55].

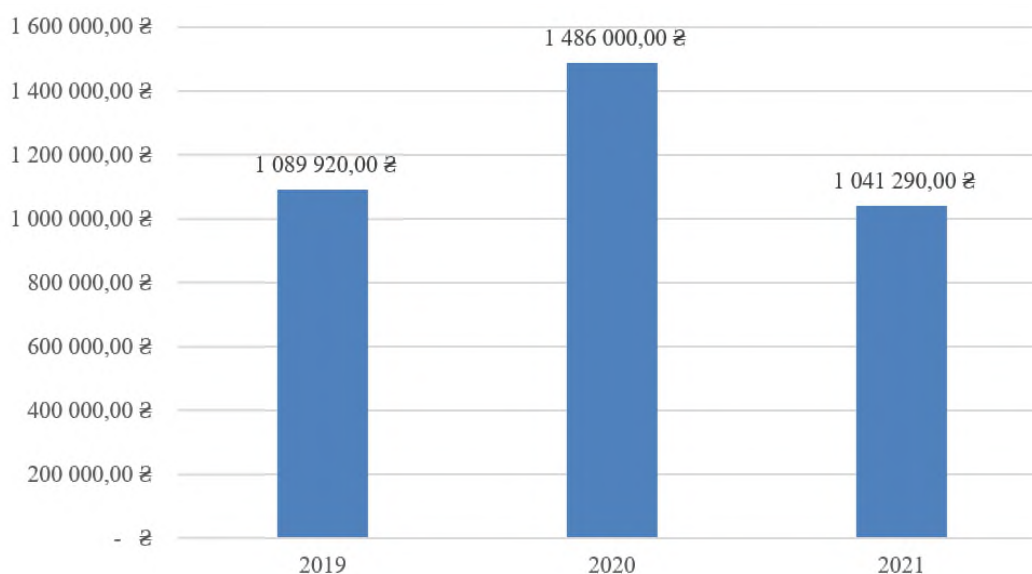


Fig. 2.6. Agro-Ripky's Gross Profit (UAH) from 2019 to 2021.

According to the Figure 2.2.1 Agro-Ripky's Gross Profit was fluctuating from 2019 to 2021. It is shown the increase by 396080 UAH in 2020 comparing to the previous year or increase by 18%. Meaning the increase in revenue due to the increase of the production of almost every types of the product. However, the costs of goods sold also increased in 2020 but the outcome of the production was higher than the input. If to pay attention to the 2021, it is shown the decrease in Gross Profit by 457260 UAH or by 15% comparing to the 2020. The reason for this was a Covid-19 effect and decrease in revenue due to closed borders for some time.

Working through production and management procedures in terms of cost reduction is necessary to improve the situation. Also, routinely remove from the balance sheet undesirable debts owed to partners and clients; to implement a price strategy while considering customer demand and the overall state of the industry; update machinery to increase manufacturing efficiency and product quality; construct or strengthen controls over intangible assets through rules and services.

$$\text{Gross Margin} = \text{Gross Profit} / \text{Revenue} * 100\% \quad (1.2)$$

A profitability ratio that contrasts a company's gross margin with its revenue is the gross margin ratio, sometimes referred to as the gross profit margin ratio. It displays the amount of profit a business makes after deducting the cost of goods sold [18].

The purpose of calculating this coefficient is to determine the final cost of commodities or products; by replacement, you may determine the lowest and best value at which you can benefit; cost optimization and the financial study of the efficiency of sales and procurement.

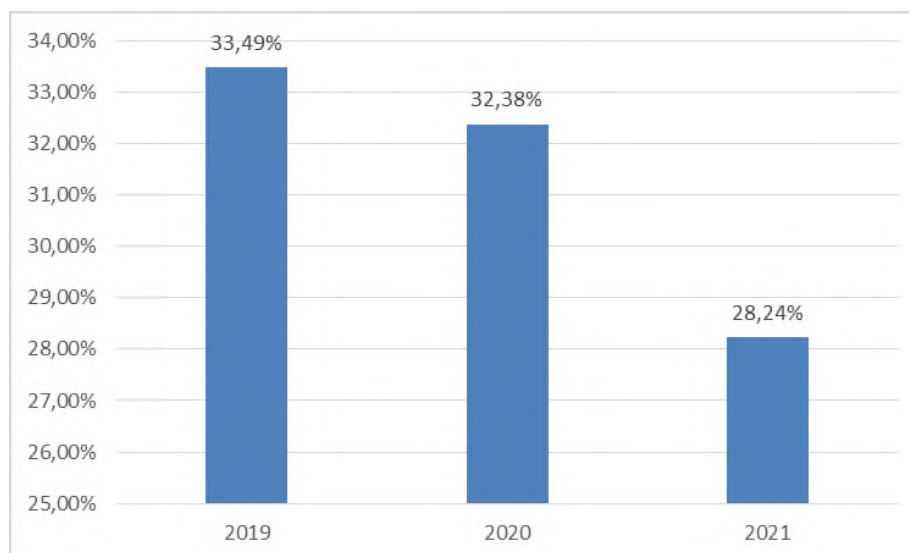


Fig. 2.7. Agro-Ripky's Gross Margin (%) from 2019 to 2021.

According to the Figure 2.7 Agro-Ripky's Gross Margin was decreasing from 2019 to 2021. This ratio was 33.49% in 2019 and decreased by 1.11% in 2020 which might be connected with the increase in the cost of goods sold due to the suppliers and inflation in general. As for 2021 there is the continuation of the decrease in Gross Margin to 28.24% showing that the enterprise has been facing some difficulties especially after the beginning of the Covid-19. The reason were the higher supplier costs, some changes in the industry particularly difficulties in the export due to closed boundaries, and distribution and transportation costs also played the role in decreasing the Gross Margin.

The needed actions are the next to differentiate the ways of distribution of the products, find out new customers in terms of export to new countries not only Turkey, to buy the inventory at the cheaper price or to rent it, which might decrease the cost of maintenance, restate the pricing strategy comparing to the competitors.

$$\text{Operating Profit} = \text{Gross Profit} - \text{Total Operating Expenses} \quad (1.3)$$

Operating profit is the revenue generated by a company's main lines of operations. The balance is what remains after operational expenses are deducted from sales proceeds. Operating profit may be defined as the immediate gain a company experiences from its primary business operations. Basic expenses are deducted from revenue, or the total amount of all cash collected, for this reason.

The most crucial metric for determining how well a company's core business is performing is operating profit, which in practice potential investors pay close attention to. Therefore, in order to draw in investment, the organization's management needs guarantee that this indication has a high value [32].

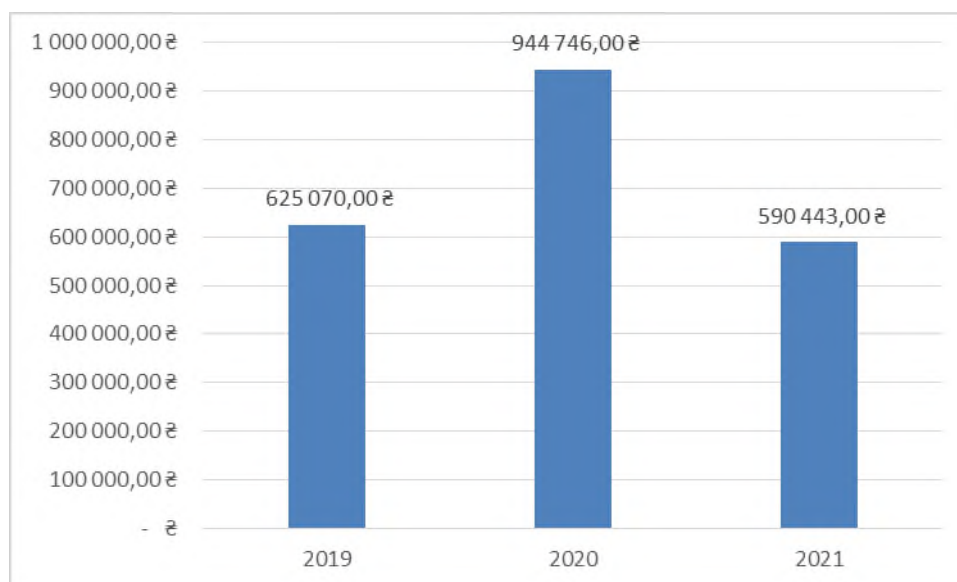


Fig. 2.8. Agro-Ripky's Operating Profit (UAH) from 2019 to 2021.

According to the Figure 2.8 Agro-Ripky's Operating Profit was fluctuating from 2019 to 2021. In 2020 there was an increase in Operating Profit by 319676 UAH comparing to the previous year. This was done due to the rise in the tons of the productions. However, the costs of goods sold also increased in 2020 but the outcome of the production was higher than the input. If to pay attention to the 2021, it is shown the decrease in Operating Profit by 354303 UAH or by 38% comparing to the 2020. The reason for this was a Covid-19 effect and decrease in revenue due to closed borders and not having the maintainance of machinery in time because of the lockdown.

Increasing sales of items and revenue (services, works) by achieving this, it is important to: broaden the nomenclature and assortment; increase the sales markets; run demand-stimulating advertising campaigns; and create loyalty programs, bonus plans, and discount policies, among other things.

The company's cost-cutting efforts are rightfully acknowledged as the most successful. Companies attain success because strategies (plans) to save expenses are

developed. In this instance, they first optimize costs that directly affect the final cost of goods (works, services): switch out suppliers of goods and services, renegotiate contracts for better terms, buy less expensive raw materials; optimize staff, revise terms of compensation and bonuses; lower overhead costs (move to offices remote from the center and more affordable, reduce the number of non-production employees, cut budgets for maintenance and repair of premises, stationery, cellular telephone, etc.).

$$\text{Operating Margin} = \text{Operating Income} / \text{Revenue (Sales)} \quad (1.4)$$

After operational expenditures are subtracted from revenue, operating margin displays the portion of operating profit. Operational margin, put simply, demonstrates how much operating profit a business makes for each dollar of revenue. Therefore, the corporation is more efficient if its operating margin is bigger. If it is not possible to raise sales, a firm must either optimize or minimize things included in operating expenditures or increase revenues while keeping the same level of operating expenses in order to enhance the operating margin.

The group of metrics known as the Profitability Ratios includes the operating margin. Due to the nature of industries and business models, it is only worthwhile to compare operating margins for businesses operating in the same industry. Typically, investors use a stock screener to analyze the profitability ratios of several firms.

A positive or negative operational profit margin ratio is possible. A company must use the aforementioned strategies to boost efficiency if it has a negative operating margin since this indicates that the company is already unprofitable at the core business stage [19].

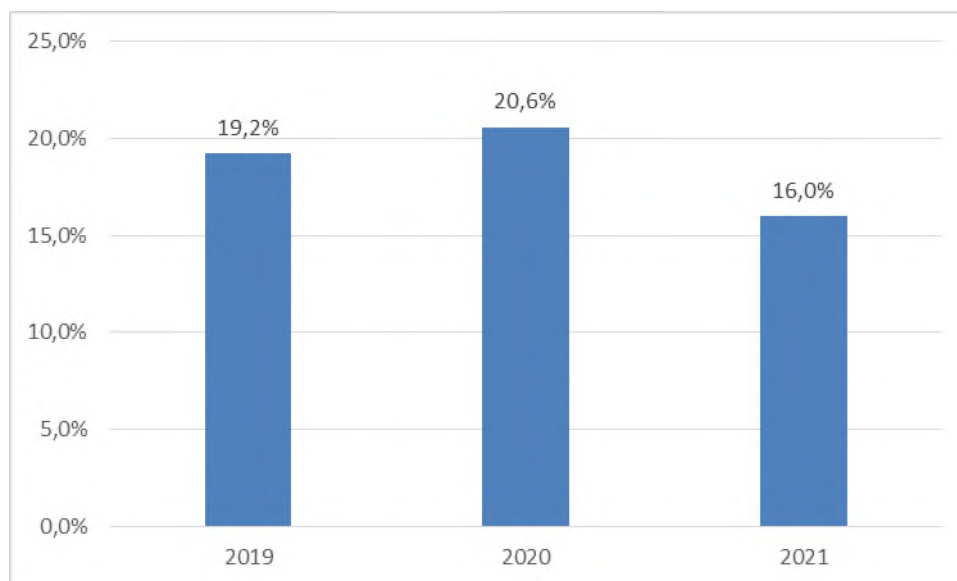


Fig. 2.9. Agro-Ripky's Operating Profit Margin from 2019 to 2021.

According to the Figure 2.9 Agro-Ripky's Operating Profit Margin was fluctuating from 2019 to 2021. In 2020 there was an increase in Operating Profit Margin by 1.4% comparing to the previous year. Explaining that the enterprise was going good in transforming the sales into profits. However, the decrease of Operating Profit Margin in 2021 comparing to two previous years are showing that operating expenses had an impact on the result if this is about internal environment. If to take into account the external environment, so the massive influence was Covid-19 in every aspect like political, economical, social and technological.

Every business that wants to expand must boost operational profit. Increasing sales income through pricing strategy and assortment changes; streamlining variable costs through technology; enhancing the logistics system and other measures; and decreasing overhead expenses will all have a beneficial impact.

Investments and financial flows have little impact on the indicator. The indicator cannot be improved by raising capital at the expense of interest, and it is unnecessary to factor in income from stock and other ownership interests in other businesses because they are not included in revenue. Simply said, auxiliary activities should not be enhanced at the expense of operational activities if operating profit is to be raised.

Without measuring profitability, it is challenging to comprehend the issue as a whole. Profit plays a significant part in evaluating the effectiveness of a corporation.

Profitability is a relative indicator that is calculated as the profit-to-resource ratio, the effectiveness of which must be assessed.

The determination of profitability enables one to assess a company's effectiveness, to analyze other businesses in the same sector, and to choose the most profitable avenue for capital investment.

Profitability may be increased primarily through raising revenue, cutting costs, and selecting more lucrative projects and items from the company's selection of offerings.

$$ROA = \text{Net Income} / \text{Total Assets} \quad (1.5)$$

ROA illustrates how effectively capital is used in a business' operations. The value in the denominator of ROA may be viewed as both assets and all liabilities as well as capital raised to operate the firm. Total assets on a balance sheet always equal total liabilities. When comparing ROA to a company's necessary return on equity or weighted average cost of capital, it's important to remember that return on equity does not adequately reflect these percentages. The distinction between return on assets and return on equity is that the denominator of ROA covers all assets, even those that were financed with debt. Therefore, a ROA that is lower than the needed return on equity is totally acceptable [61].

The growth in the firm's profit and the asset optimization of the company are the two primary groupings of elements that affect the increase in return on assets.

There are several ways to boost profits, including raising sales volumes, lowering manufacturing costs, enhancing product quality, lowering management and commercial expenses, raising product pricing, lucrative financial and real estate transactions, and lowering operational costs. The biggest shift in this direction has been a decrease in production costs.

This can be accomplished by implementing more cost-effective solutions, utilizing contemporary energy-intensive technologies, making reasonable use of equipment, optimizing the product line, utilizing new types of materials, lowering

the cost of attracting customers, reusing materials, increasing employee motivation and productivity, and cooperating with suppliers on more advantageous terms.

Asset optimization techniques include limiting current asset inventories, lowering accounts receivable, and increasing control over the use of material resources, and selling or liquidating unnecessary or redundant items.

$$ROE = \text{Net Income} / \text{Total Shareholders Equity} \quad (1.6)$$

Return on equity, or the ratio of net profit obtained for the period divided by the organization's own capital, is a relative metric of activity efficiency. One of the economic coefficients is a member of the profitability coefficients group. Depicts the accounting profit earned as a result of the shareholders' investments. In terms of accounting profit, their performance is indicated by their return on equity ratio [27].

Investors can evaluate a company's use of its own capital by looking at its ROE. Naturally, the greater this metric, the better the company's return on equity. It's critical to recognize that the ROE indicator for businesses measures the interest rate at which money spent in the company's operations earns money.

The Return on Equity coefficient frequently provides a better measure of profitability since, unlike the return on assets indicator ROA, it solely considers the company's own capital. If the ROE indicator significantly deviates from the industry average ROE value, this is a hint to further investigate the factors that led to the high result.

When examining a company's ROE multiplier, you should also right away look at the data of the ROA coefficient, which takes the company's debts into account and will help you determine whether the company's high ROE is the result of a big debt.

$$ROS = \text{Operating Profit} / \text{Net Sales} \quad (1.7)$$

One of the most revealing metrics for assessing a company's general success is return on sales. The return on sales ratio piques the interest of creditors and investors. It clearly reflects a firm's capacity to repay debt, the opportunity for reinvestment, and any forthcoming dividends.

The strongest predictor of a company's profitability may not be more revenue because a company's costs and revenue may change over time. Because of this,

businesses consider the return on sales ratio to be one of the most reliable metrics for gauging yearly success [57].

The company's capacity to produce a profit under the existing production regime and operational procedures is shown by the return on sales ratio. In financial modeling and business appraisal, it is frequently employed.

This indicator is crucial for determining how the organization will act in a variety of scenarios—both good and negative—and, in turn, for forecasting the effectiveness of management actions.

One of the key metrics for measuring a company's overall success is the return on sales ratio. It is important to keep in mind, though, that the coefficient alone will not tell you how productive a firm really is.

If expenditures rise disproportionately and farther after an increase in revenue, losses may result. On the other side, a decline in sales and strict expenditure control might result in greater profit increase.

$$ROI = \text{Net Profit} / \text{Cost of Investment} \quad (1.8)$$

Using the scientific concept of return on investment, investors may assess their holdings and assess an investor's effectiveness to that of other assets (ROI). To create a business case for a certain proposition, additional methods are occasionally included to a ROI estimate. How successfully a company is handled is determined by looking at the total ROI for the enterprise.

Instead than focusing on immediate profit or cost reductions, a return on investment may be calculated by looking at one or more of an organization's primary goals, such as expanding its market revenue share, building infrastructure, or getting the business ready for sale [11].

To evaluate which financial asset has the potential to give a larger return for the investor, the ROI value may be compared to companies in other industries, to the yield on bonds, bank deposits, and other financial assets. If the return on investment in a metallurgical business is 2% and the state bank offers its depositors a deposit of 7%, an investor would often pick a bank deposit or continue searching for a more lucrative company on the market.

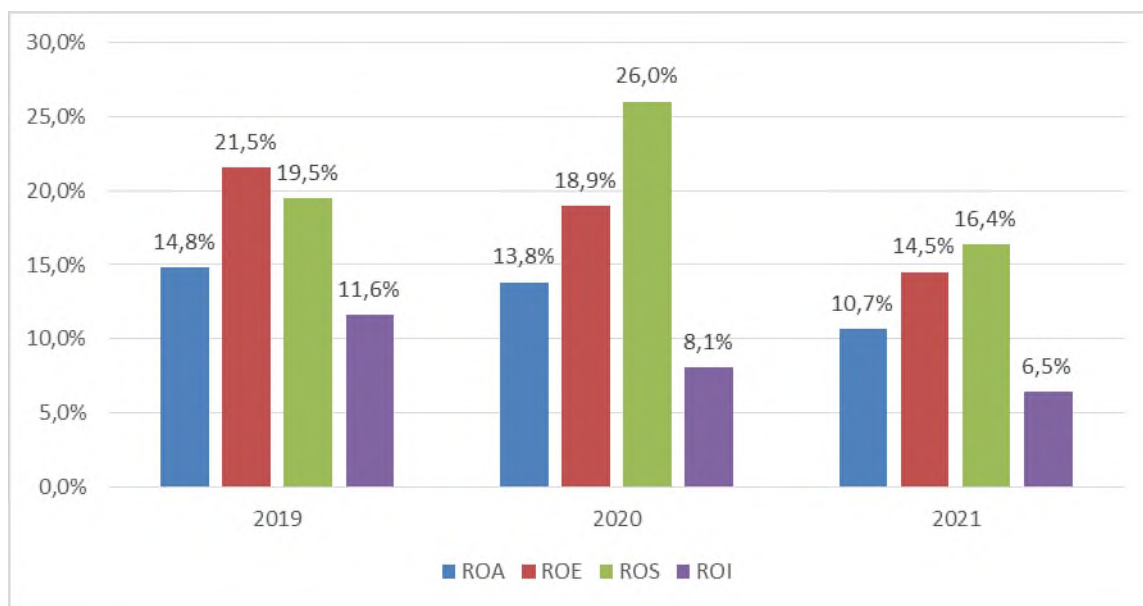


Fig. 2.10. ROA, ROE, ROS, ROI of Agro-Ripky. Made by the author.

According to the Figure 2.10 it is possible to conclude that Covid-19 has a huge affect on the profitability indicators of Agro-Ripky's performance.

ROA indicator is still good in 2021 considering that the average good ROA is considered to be 5%. However, there was a reduction in this ratio in 2019, 2020 and 2021 gaining 14.8%, 13.8% and 10.7% respectfully. The drop in ROA indicates that the company may have overinvested in assets that did not lead to revenue growth, which means the company may be in trouble. As a rule, the main reason for a decrease in return on assets and a decrease in sales is an increase in the cost of manufactured goods. And when this circumstance is revealed, it is necessary to use all forces to eliminate this factor. For example, to find new suppliers of raw materials with cheaper prices, to use energy-intensive equipment to reduce energy costs, to introduce more modern technologies in the right directions, and so on.

Another significant reason for the deterioration in profitability is a decrease in sales. This may be due to the fact that the cost of production has increased, the sale price has increased. It is necessary to pay attention to the pricing policy, attract marketers and conduct research in the field of the range of products produced, whether they are competitive in the market. In order to increase profitability, there is an opportunity to reduce working capital or permanent assets, for example, sell equipment that works poorly and inefficiently, reduce stocks of raw materials and

work in progress, sort out accounts receivable, and so on.

ROE indicator is still in a normal position in 2021 considering that the average good ROE is determined to be 15-20%. However, there was a reduction in this ratio in 2019, 2020 and 2021 gaining 21.5%, 18.9% and 14.5% respectfully. The firm may be less effective at generating earnings and raising shareholder value if ROE is dropping. The decrease in the return on equity for the study period 2019-2021 is caused by both a negative factor (reduction in Net Profit) and an increase in the amount of equity, which leads to increased financial autonomy of the enterprise, and therefore is a positive trend. In general, the level of return on equity indicates a low investment attractiveness of the analyzed agricultural formation, if the profitability trend does not change in future periods. Considering the calculation method, it is possible to state that a drop in equity will result in an increase in return on equity, given that the company's performance stays at the same level. Net profit will rise with decreased production, sales, and other costs; income will rise with more effort. Working in this way will therefore boost return on equity.

ROS indicator is still in a good position in 2021 proving that the company is making profit by efficiently using the sales. However, there was a reduction in this ratio in 2021, it gains 16.4% comparing to the previous year of 26%. One of the main reasons or factors that influenced was Covid-19. Due to closing borders the dynamic of the export operations decreased causing the decrease in income. Agro-Ripky must use the proper strategies when determining pricing in order to enhance the amount of profit realized. Prices should represent the socially required expenses of producing and selling a product, as well as its qualities, consumer appeal, and effective market demand. The amount of profit obtained, the company's liquidity and solvency, and its financial position all play a significant role in determining the price that should be charged.

When evaluating factors, there is possible to identify the reasons that affect the dynamics and structure of profit, as well as determine the possibilities for their further improvement, most often they are: an increase in production volumes, due to updating technical equipment and increasing productivity; ensuring profitable sales,

due to improving the conditions of settlement relations with third-party organizations; changes in products sold taking into account consumer demand; reducing circulation expenses; evaluating the real cost of products sold taking into account their quality and competitiveness; increase in other income not related to the main activity.

ROI indicator is still in not in a good position in 2021. Moreover, there was a reduction in this ratio in 2019, 2020 and 2021 gaining 11.6%, 8.1% and 6.5% respectfully. One of the reasons of the decreasing that ratio was a decrease in profit due to pandemic period. Another reason is lack of brand awareness and not having a marketing campaign.

The factors include a number of actions and measures that will aid in enhancing the effectiveness of the business, such as boosting product sales volume, employee productivity, fixed asset utilization, working capital composition, and structure optimization, the introduction of an efficient marketing strategy, and enhancements to product quality and competitiveness.

According to the study of Łukasz Kryszak, Marta Guth, Bazyli Czyżewski investigating whether the size of a farm matter for its profitability it will be a reasonable decision to conclude that different size farms have different performance and it is own benefits from the size. The farms with the best rates of return on assets are the smallest ones. One may argue that medium-sized and big farms offer the best circumstances for farm owners since small farms, even when successful, do not produce much "mass" of money and the biggest producers are the least efficient. Fields that are enormous and especially huge have substantially greater equity turnover values. It might imply that smaller organizations have too much ownership in comparison to their actual capacity for output. The share of current assets is larger for large farms, indicating more liquidity. Since their average investment level exceeds depreciation, they are likewise more invested [39].

To sum everything up, it is possible to mention that the key need for the effectiveness of economic operations and the successful development of any firm is profitability. Increased worker productivity, the establishment of a sales system, the

improvement of product quality, and competitiveness management are all important to ensure the rise of profitability.

The main indicators characterizing the effectiveness of production and trade operations are profit indicators for example gross profit and net profit.

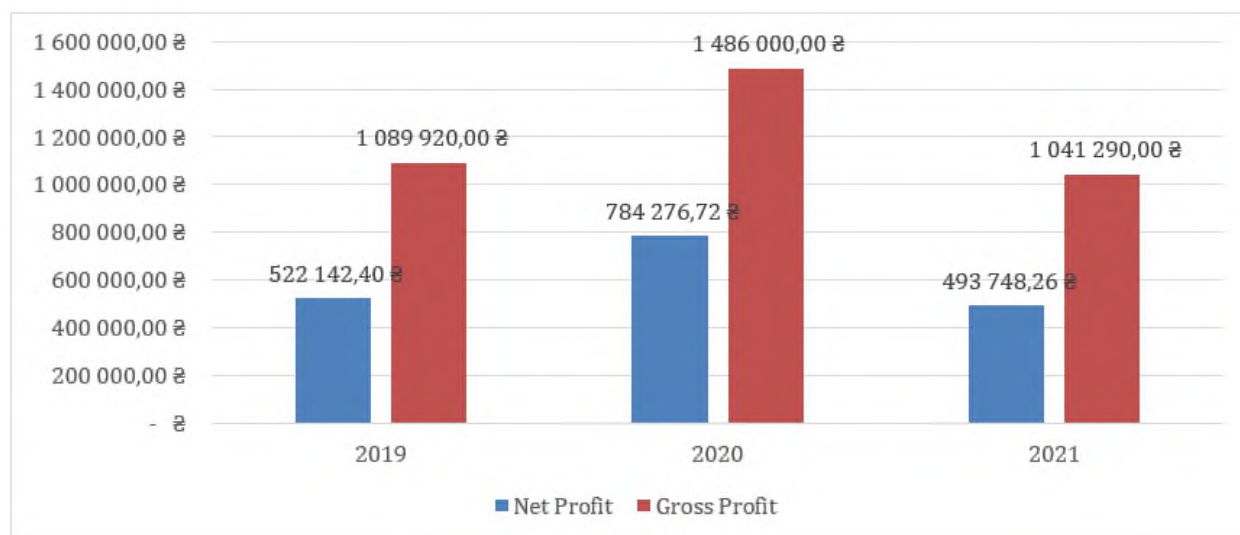


Fig. 2.11. This figure is showing the dynamics of Agro-Ripky profit indicators, UAH.

Made by the author using source [5].

The data show that as a result of decrease in production in 2021, compared with 2020, there is a decrease in profit indicators. Moreover, if in 2020 the profit from sales exceeded the net profit, then in 2020 the opposite trend is observed - the excess of net profit over profit from sales. This trend is due to the higher profitability of other activities in 2021 than in 2020. In general, it should be noted that over the three years studied, the profit from sales increased amounting to 1041290 UAH, and net profit by amounted to UAH 493758.26.

Thus, the company's activity is profitable, despite fluctuations in the amount of income over the years caused by changes in production due to weather, climatic conditions and Covid-19.

The evaluation of the impact of all the aforementioned criteria on the amount of profit realized by the firm from export operations is the export analysis's ultimate output, see Figure 2.12.

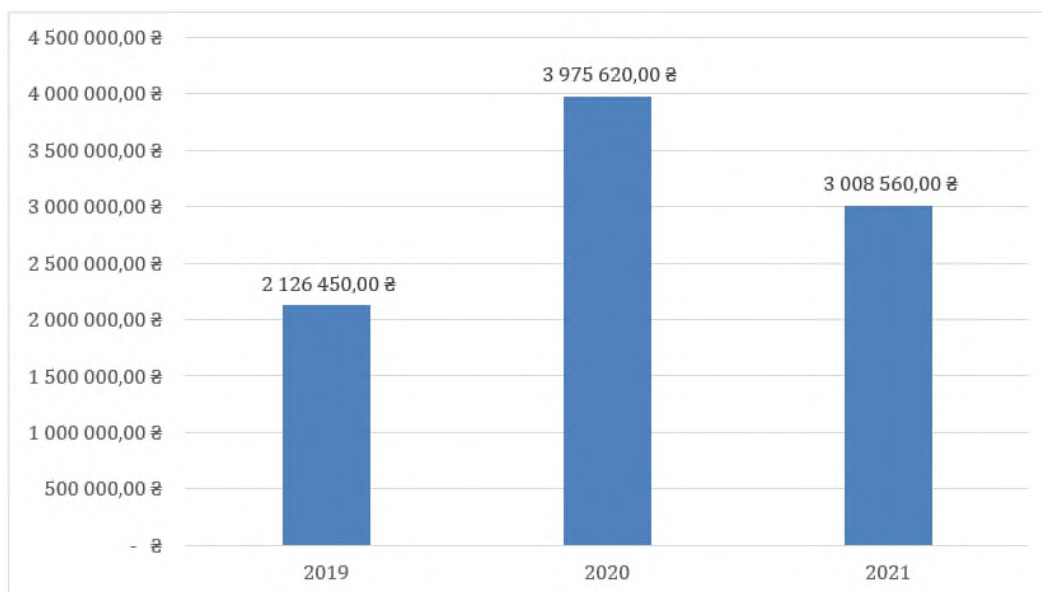


Fig. 2.12. Dynamics of export revenues of Agro-Ripky in thousand UAH from 2019 to 2021.

Made by the author using source [5].

As the above data shows, export revenue as well as the company's revenue as a whole is subject to fluctuations over the years with an upward trend from 2126450 UAH in 2019 to 3975620 UAH in 2021, which is less than in 2020 by 967060 UAH revenue due to the negative impact of covid-19 on export and the economy as a whole, growth rate of export revenue is shown in Figure 2.13.

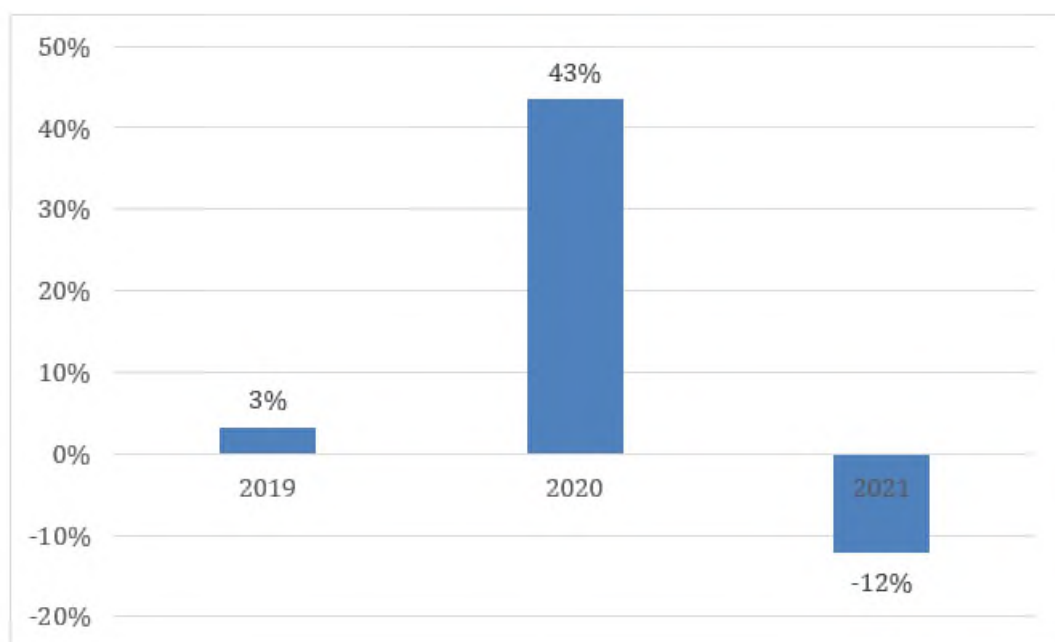


Fig. 2.13. Agro-Ripky's export revenue growth rate in % from 2019 to 2021, made by the author.

According to the statistics, if export income were growing annually until 2020, it started to decline in 2021. Therefore, if export income increased by 3% in 2019 compared to the prior year, it increased by 43% in 2020. The decline in export revenue was 12% in 2021, unfortunately. However, it is essential to perform the analysis for the dynamics of the share of export revenues in total revenues, see Figure 2.14.

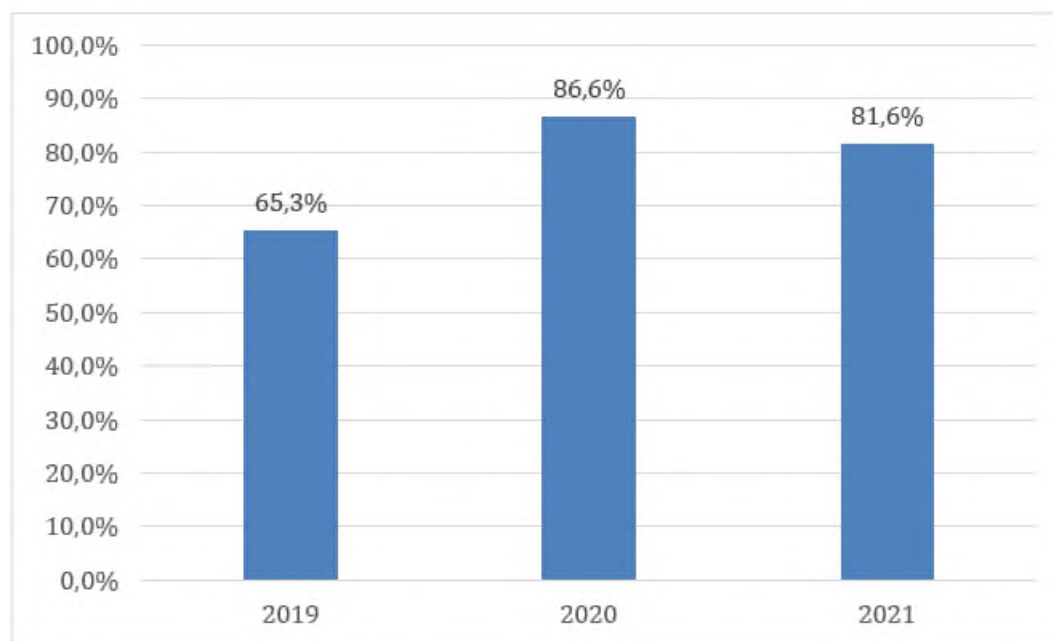


Fig. 2.14. The dynamics of the share of export revenues in total revenues from 2019 to 2021 in %. Made by the author.

According to the data, the percentage of export earnings tends to increase with time. It increased from 65.3% in 2019 to 86.6% in 2020. Nevertheless, it fell by 5% in 2021 when compared to 2020.

Table 2.6

Share of export revenues by type of products in % from 2019 to 2021

Types of products	2019 (%)	2020 (%)	2021 (%)	Absolute deviation of 2021 from (%)	
				2019	2020
Wheat	83,1	83,7	94	10,9	10,3
Rapeseed	0	6,2	0	0	-6,2
Lentils	4,9	0	1,5	-3,4	1,5
Beans	12	4	4,5	-7,5	0,5
Flax (oilseed)	0	6,1	0	0	-6,1

Source: [7]; [8]; [9].

The information above demonstrates that not all product categories are exported by the Agro-Ripky. Rapeseed and flax were not exported in 2021. However, the percentage of export earnings for goods like wheat that are exported is greater than 80%, and in 2021, it is greater than 90%. Therefore, export supplies are the primary source of income for a given class of items, see the dynamic of the export income in Figure 2.15.

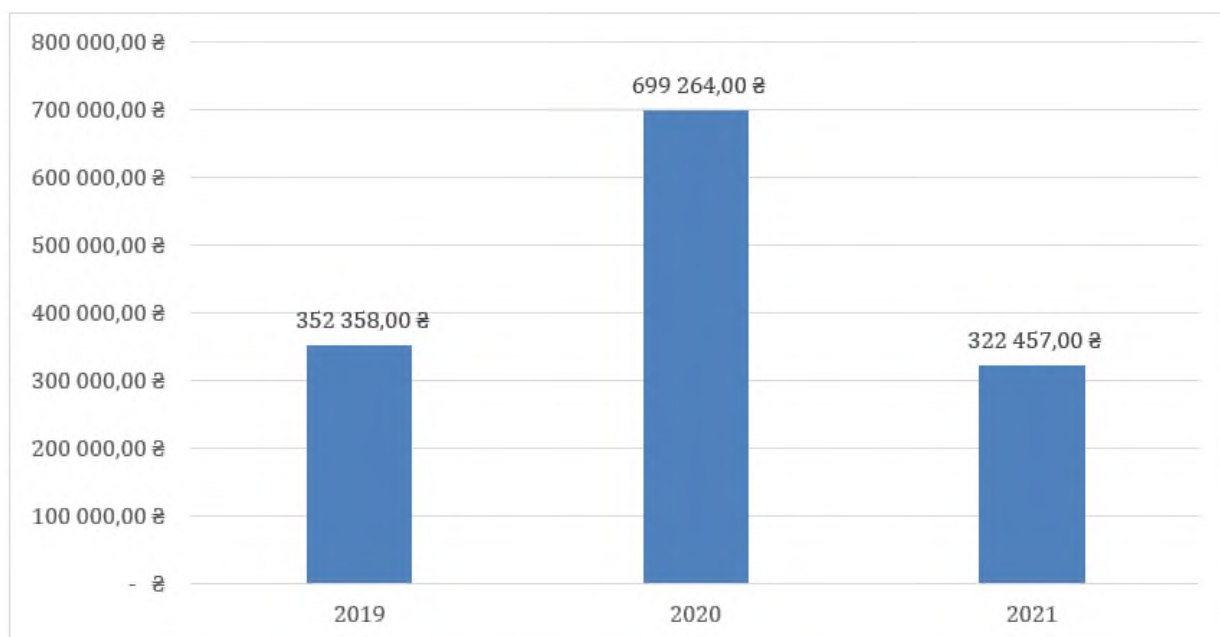


Fig. 2.15. Agro-Ripky's dynamic of the export income from 2019 to 2021 in UAH.

Made by the author using [6]

The aforementioned information demonstrates that the export profit during the observation period had the same characteristics as the export revenue. In other words, it rose to UAH 591,264 in 2020, up UAH 373,458 from 2019, but it fell to UAH 296,457 in 2021, a loss of UAH 294,801. Specifically, more almost half. This graph unequivocally illustrates the detrimental effects of COVID-19 on the fall in Agro-export Ripky's earnings, see the share of export profit in the total profit from sales of the enterprise shown in Figure 2.16.

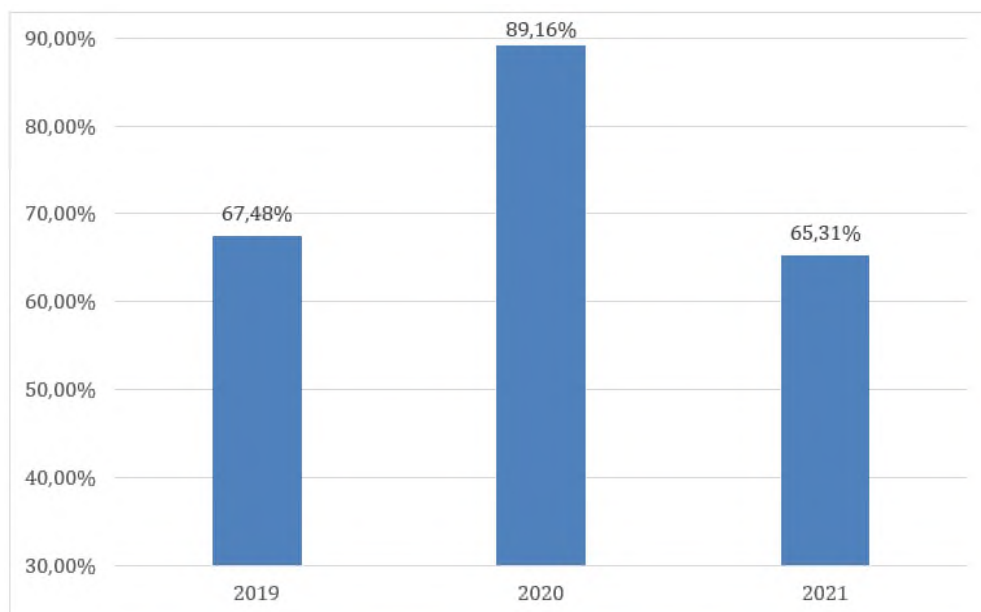


Fig. 2.16. The share of export profit in the total net profit in Agro-Ripky from 2019 to 2021, in %. Made by the author.

The information in the graph demonstrates that the proportion of export profit in the structure of sales profit follows the same patterns as the proportion of export revenue in the overall revenue of the company. However, the proportion of export sales is larger than the proportion of export income for the whole time under study, indicating that the enterprise's export efforts are more effective than its domestic market operations.

On the basis of the return on sales indicator, it is possible to evaluate the efficacy of export and domestic market operations in comparison, see Figure 2.17.

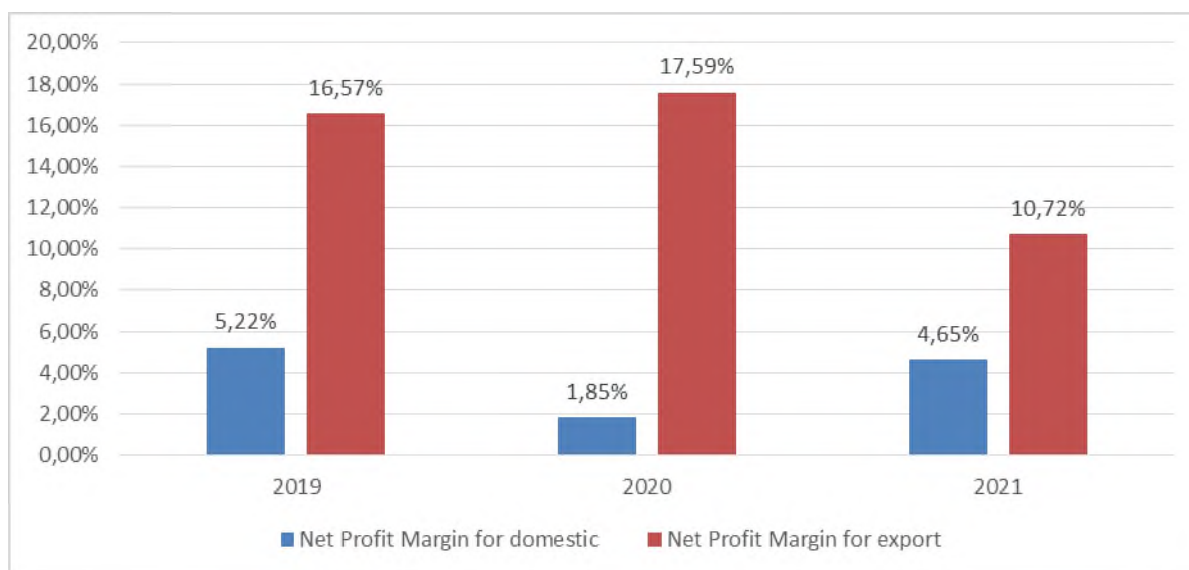


Fig. 2.17. Comparative assessment of the effectiveness of export activities and

activities in the domestic market Agro-Ripky in 2019-2021, %. Made by the author.

The statistics in the Figure 2.17 demonstrate that, during the process of the investigation, the Agro-Ripky's export operation proved to be more successful than its domestic market activity from 2019 to 2021. However, the 2021 it was a decrease because of the Covid-19 influence. As a result, the research demonstrated that export activity is one of the organization's main areas of activity since, for a number of items, exports greatly outpace domestic market sales. However, due to Turkey's capacity to impose new, high export quotas or impose restrictions on foreign commercial engagement with Ukraine, the organization of exports to a single nation is connected with significant economic risks in today's politically and economically uncertain environment.

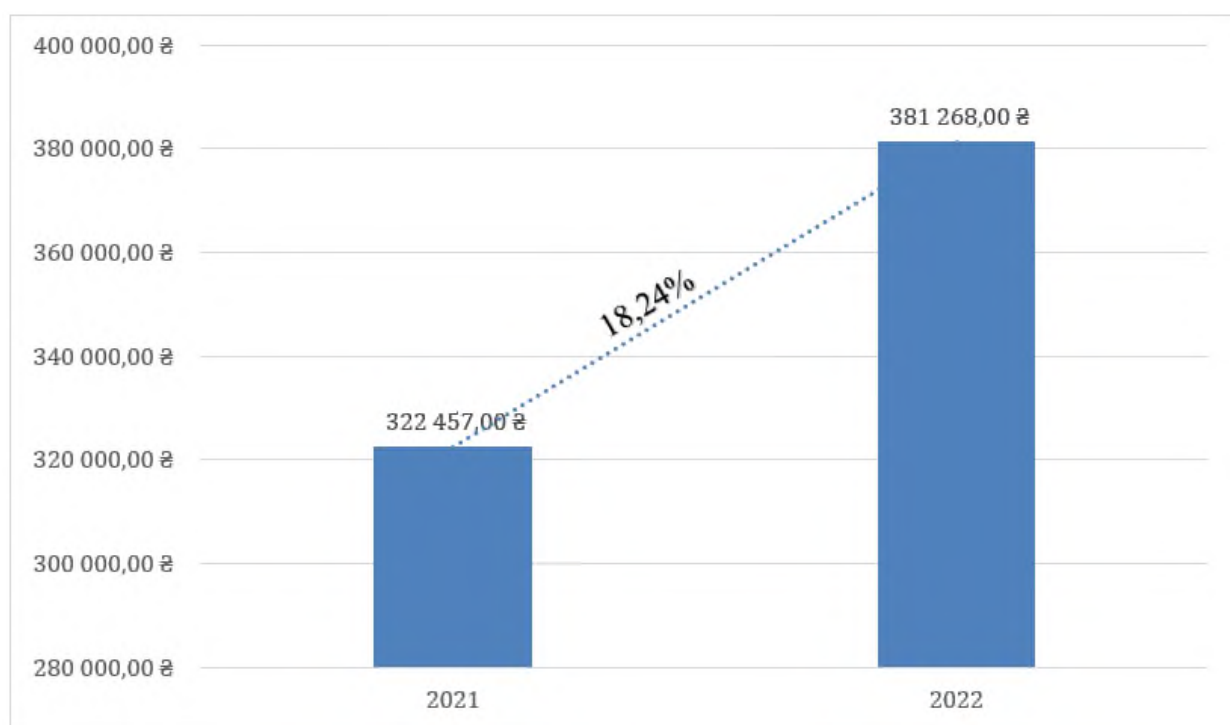


Fig. 2.18. Net Profit (UAH) from abroad for Agro-Ripky in 2021 and 2022. Made by the author.

According to the Figure 2.18 it is possible to conclude that for the company that was an improvement in profitability by 18.24% despite the war in Ukraine, due to the open borders and that the purchase of materials took place last year and inflation has not affected it.

In wartime conditions, it is necessary to evaluate the success of work not by

traditional criteria, for example, the amount of profit, but by the continuity of production and logistics. To ensure the smooth operation of the pig farm, the company's feed mill has formed a long-term strategic stock of mixed feeds and ingredients for their production.

Due to the war in Ukraine, a large number of agricultural enterprises have already changed or are now changing their specialization. Some crops are no longer grown, they have been replaced by others. The production of some crops, which grew before the Russian invasion, will now decrease, and next year it will fall.

According to forecasts, Ukrainian farmers will get the smallest harvest in 2022 from wheat, sunflower and barley, since a significant part of the cultivation of these crops is located directly in regions suffering from occupation and military operations.

2.3 External environment of farming enterprise Agro-Ripky macroeconomic and industry

The modern agricultural and rural development approach prioritizes sustainable development efforts, which also have a broad strategic scope. A comprehensive plan for the sustainable development of agro economics for the period up to 2030 is presently in place in the world's most advanced nations, particularly in the EU countries. This strategy takes into consideration important economic, environmental, and social concerns. The current state of Ukraine's agriculture and rural regions is defined by the existence of a sizable number of pressing issues, although domestic agriculture continues to be one of the most effective and lucrative sectors of the economy.

Without systematic efforts to apply the idea of sustainable development, the basis of which are now pretty clearly described in domestic research and practice, it is impossible to assure the preservation and development of the potential for agribusiness and rural regions today. In order to strengthen the national economy, safeguard its own interests, and meet the needs of the populace and the country's

future generations, strategic priorities within the framework of sustainable development should be used as a guide for the domestic agricultural sector. These goals include improving the level of competitiveness of the national agricultural sector, the quality of rural residents, and resolving the issue of ensuring food security for the country [40].

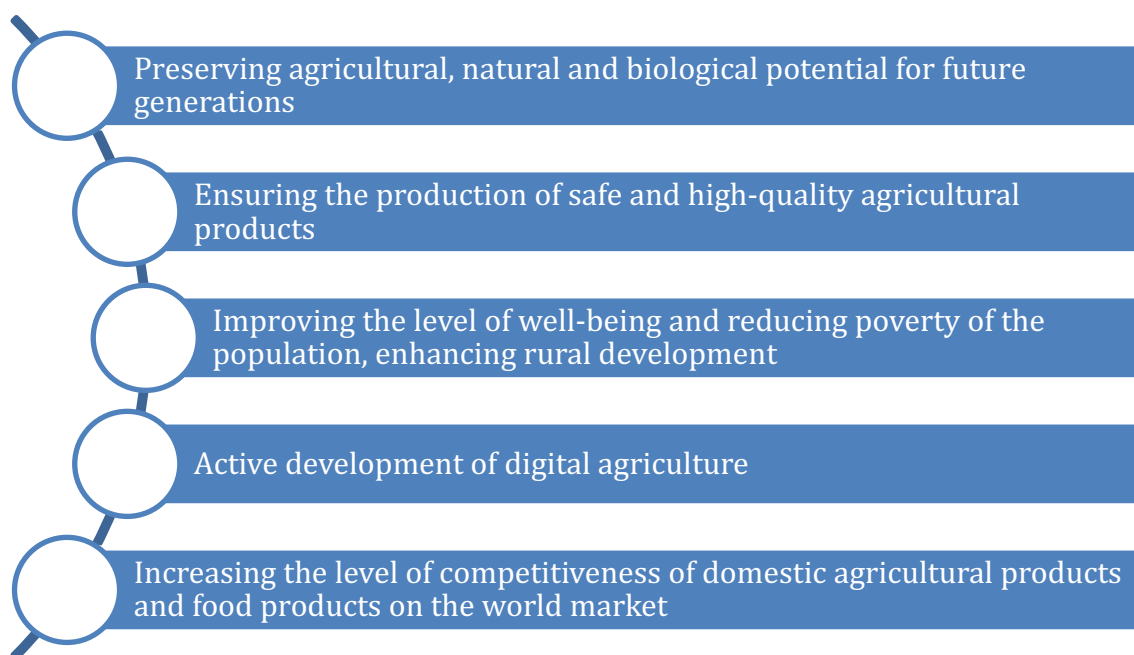


Fig. 2.18. Strategic guidelines for sustainable development.

Source: [45]

Environmental safety is a crucial element of economic security and a prerequisite for the sustained growth of an agricultural company. It is considered as a state of production that will hurt people or the environment hardly or not at all. An increase in anthropogenic influence on land resources goes hand in hand with the high level of agricultural land plowed and the quick development of chemical stimulation of output. Due to the depletion of the soil caused by these processes, production efficiency is reduced. Additionally, overuse of fertilizers and other pest control techniques degrades crop quality and pollutes the environment.

Consequently, it should be suggested to develop a mechanism that will stop and prevent the majority of harmful environmental processes, encourage producers to carry out their activities while taking into account all applicable environmental

standards, and discourage them from abusing non-environmental processes in order to boost their income. A structural role in providing economic security is played by the production component. It is in charge of designing and modifying the manufacturing process, choosing which technical procedures will be used, and ensuring its productivity and efficiency.

The production component of economic security supports the firm's continuing reproduction and economic growth if the management of the company uses its production capacity and production innovations responsibly and efficiently. Its market component is essential for ensuring financial stability. To put it another way, it is a characteristic of the enterprise's production capacity to the needs of the external market. defending the company from inadequate product and sales practices, unethical market activity, and wrong pricing schemes [46].

According to the results of the sowing campaign 2022, the biggest change in the structure of crops concerned wheat, corn, sunflower and soybeans. The area under spring wheat remained at the level of the previous year. The area under sunflower decreased compared to last year, but insignificantly, and remained high at 4 million 702 thousand hectares. There was a reduction in corn crops: this year 4 million 639 thousand against 5 million 500 thousand hectares last year [54].

Since 2010, there has been a clear trend of increasing production in the agriculture of the region.

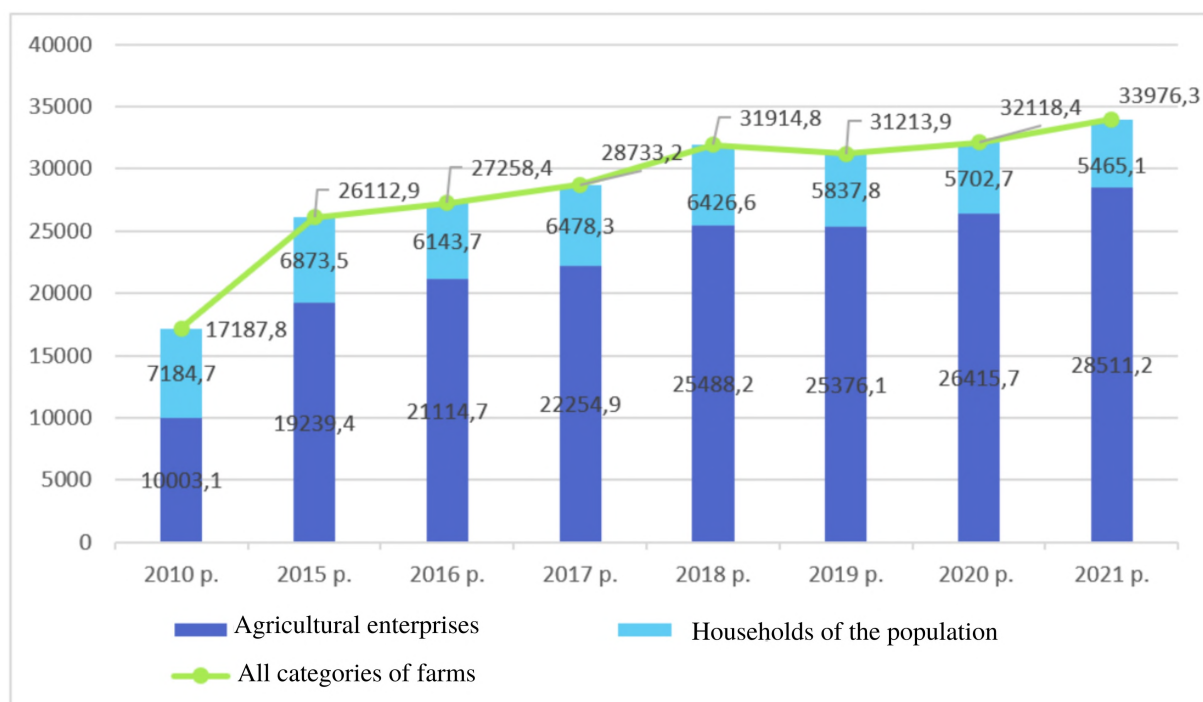


Fig. 2.19. Dynamics of gross agricultural production, UAH million

Source: [51]

In the structure of agricultural production of agricultural formations of the region, the largest share is occupied by grain (67.2%) and industrial (24.5%) crops. In 2021, grain production in the region increased by 3.6 times compared to 2010 and reached a historical maximum of 5.6 million tons, oilseeds - almost 7 times and amounted to 1.1 million tons.

According to SIGMA conclusions, Ukraine demonstrates alignment with many European principles. In the agricultural sector of Ukraine, the strategic management mechanism is in its infancy. At the same time, domestic and foreign analysts believe that the Ukrainian market has entered the stage when the lack of a developed strategy prevents enterprises from working effectively. Now an agricultural enterprise must determine and predict the parameters of the external environment, the range of products and services, prices, suppliers, sales markets, and most importantly – its long-term goals and strategy for achieving them [69].

Agribusiness in Ukraine is subject to several dangers that are related to the government and laws. There are issues, nevertheless, that are not just brought on by governmental organizations. Here is a list of them:

- unstable political situation;
- raiding;
- risks of fraud and deception;
- unprofessional staff, theft and deception of staff;
- shadow schemes: cash payments, the desire to avoid taxes;
- legal bureaucracy (lack of electronic document management, need for seals and signatures, physical presence);
- problems with farmers' communication with investors, language barrier;
- distrust of intermediaries.

More global issues are solved by agriculture technology worldwide. Artificial meat, vertical farming, and the development of new plant species are all being done in considerably bigger quantities than domestic ones. The global indication of innovation expenses in the field of plant breeding is 15% or more of turnover. For instance, businesses that specialize in farming-related goods and technology have spent nearly \$2 billion over the previous two years on digital development, including R&D, lab equipment, and digital.

Focus is the primary distinction between global high-tech solutions and those from Ukraine. While technologies overseas attempt to boost yields and overall industrial efficiency, in Ukraine they are focused on tightening control and combating theft.

It would be inaccurate to claim that Ukraine's agriculture system lacks innovation. The agroindustrial complex is a well-known example of where drone technology is being used. In farming, they are used to manage resource consumption, apply fertilizer, monitor crops in agromonitoring areas, and other things.

This is not an exhaustive list of the unique characteristics of agribusiness, which determine the unique requirements of such businesses. These characteristics include the size of the business, dependence on environmental and meteorological factors, use of large, expensive equipment, frequently a large staff, the need to optimize logistics and warehousing, and the need to monitor the condition of plants or animals [1].

For analysis of external and internal environment of Agro-Ripky the SWOT analysis should be implemented.

1. Strengths:

- natural resource potential of the industry;
- favorable natural and climatic conditions;
- availability of land resources of proper quality;
- distribution of innovative technologies of agricultural production;
- availability of qualified specialists with new views on modern business conditions;
- increasing the number of agricultural enterprises that are ready and understand the need to switch to an environmentally and economically balanced management system;
- the emergence of new environmental needs, interests and ecological culture of the population;
- opportunities to diversify the activities of agricultural enterprises.

2. Weaknesses

- there is no systematic and Comprehensive Agricultural Policy and economic methods of management and incentives are practically not applied;
- imperfection of the legislative framework regarding the rules and regulations for the production of environmentally friendly products;
- lack of state support for producers of environmentally safe products and a system of control over all parts of the product life cycle;
- lack of economic levers to stimulate the production of environmentally friendly products;
- too high prices for environmentally friendly products in retail chains of Ukraine;
- constant attacks from enterprises that prefer traditional technologies;
- lack of its own sales network infrastructure;
- lack of material and technical base due to weak financial support and insufficient credit security;

- shortcomings in strategic activities;
- personnel and information support of marketing activities.

3. Opportunities:

- strong potential for the production of organic agricultural products, their sale for export and for domestic consumption;
- adaptation of the main marketing processes taking into account environmental requirements;
- save money by saving resources;
- improvement of natural resource and market potential;
- high competitiveness of environmentally friendly products;
- opportunities for innovation in agricultural production;
- growing demand for organic products on the domestic market.

4. Threats

- military operations in Ukraine;
- risks of crop losses and lack of a system of compensation for losses related to the production of environmentally friendly products;
- speculative price surcharges of processing enterprises and traders, due to which agricultural producers of organic products do not receive a significant amount of funds as a result of its sale, and the main part of profits remains in the field of processing and trade;
- lack of sufficient product quality control at enterprises;
- functional environment of the enterprise that does not support strategic intentions for greening agricultural production;
- weak development of the market infrastructure of domestic food markets.

Based on the results of the SWOT analysis, the strengths and weaknesses of the industry were identified. The strengths of the industry and its main opportunities are a strong natural resource potential, favorable natural and climatic conditions and the emergence of new environmental needs among consumers. This can contribute to the transition to an environmentally and economically balanced management system. The weaknesses of the implementation of the strategy for greening

agricultural production are a fairly low level of state support for the industry, especially with regard to the regulatory framework, systematic and complex state actions, and economic levers to stimulate the production of environmentally friendly products.

According to the study performed by Svitlana Tkalenko, Tetyana Melnyk, Liudmyla Kudyrko named empirical analysis of exports of organic agricultural food products of Ukraine Ukraine will need to implement a variety of structural reforms if it wants to boost its exporter status for OAPs. The sector for farm production, which is now off-limits to non-residents, ought to be the first to access. thus taking into account the administrative conformity of state organic products safety and quality norms to global norms. Assuring data openness on the circumstances of creation, manufacturing, distribution, and commerce in green agro-food items is a significant problem for Ukrainian exporters to resolve in the coming years Finding the right balance with both practical security concerns and commercial facilitation is essential. Throughout the instance of natural agri-food items, this is proposed. If neo-protectionist rhetoric about the safety of domestic industry and import limitations is strengthened in light of the COVID-19 epidemic [73].

The spread of COVID-19 has had a significant impact on the global wheat market. The aggravation of the epidemiological situation in some countries led to the postponement of the start of agricultural work. This affected not only the area of crops, but also yields, especially in the EU and the United States. Reduced demand for meat products due to the introduction of quarantine measures by countries and the deterioration of the financial condition of households led to a decrease in demand for feed wheat from animal husbandry.

A drought and the COVID-19 epidemic were two Force Majeure events that affected Ukrainian agriculture in 2020. When it comes to the pandemic, small agricultural producers that specialize in finished horticulture items and animal products that are marketed directly to consumers were the most vulnerable. They were particularly badly hit by the epidemic in the spring, when Ukraine was placed under a total lockdown and all marketplaces were shut down [4].

According to the Ministry of Economy, in January-July, the decline in the composite production index was 7.7% (a decrease of 7.3% in January-May 2020), and now, against the background of easing the quarantine, it is gradually beginning to recover. At the end of July, Agriculture showed a decrease in total production by 40.6% compared to an increase of 12.2% in June 2019 and -18.7% at the end of the first half of this year compared to + 5.8% in January-June 2019.

The agricultural sector is crucial for Ukraine's food security. Trade in agricultural products is one of the two main sources of foreign exchange earnings in the country. In general, the export of agricultural products, primarily grain, gives Ukraine up to 40% of foreign exchange earnings [13].

In contrast to other nations, where COVID-19 is the root of the crisis and measures are taken to address it, systemic issues with the agricultural sector dominate in Ukraine. These issues include a land market that is still not functioning, a sizable portion of the public sector, a number of state enterprises, a slow pace of privatization, and poor performance. Therefore, just supporting business is insufficient for Ukraine, as it is for other nations, to emerge from the crisis; macro stability must also be supported.

Investment in agriculture is drastically decreasing as a result of the pandemic's impact on the nation's economy. According to researchers at the Institute of Agrarian Economics, the total capital investment in agricultural production in 2020 at current rates of investment activity would be close to 51 billion UAH, or 2.0 billion USD. This is 17–20% less than in 2017 and 2018 and 5% less than in 2019. In the event of a worsening of the situation and the conditions of the synergy of existing and new detrimental factors, in particular: a decline in the financial health of businesses, a reduction in investment projects for agro-industrial production, as well as the global economic crisis linked to the COVID-19 pandemic.

Crop product exports decreased to \$ 5.73 billion (by 11%) in the first seven months of 2020. Corn accounts for the greatest portion of agricultural exports, with 18.9 million tons exported, 14% fewer than during the same time previous year. However, exports of wheat climbed by 7% to 6.8 million tons. Barley exports are

also on the upswing, rising by 53% to 2.1 million tons. Exports of soy products fell by 52% to 0.83 million tons. The export of other plant products rose 39% to 0.52 million tons [35].

Beginning on October 1, businesses in Ukraine will be able to ship products directly from their warehouses to at least 35 nations that are signatories to the Convention on Joint Transit Procedure.

Customs declarations need to include a barcode in order to be promptly located in the system, according the Convention on the Joint Transit Procedure, to which Ukraine is now a party. In actuality, customs inspectors merely need to scan the declaration's bar code with a reader, greatly accelerating the entire process [84].

Ukraine adopted the Convention on Common Transit and was granted a "customs visa-free regime," which entails the introduction of a computerized transit system. This is a tremendous accomplishment, and Ukraine carried it out as swiftly as they could.

The NCTS is a system for exchanging data on every step of the customs clearance and transit of products, which greatly saves the work and time required for this process and lowers the danger of corruption.

The EU-CTC Working Group on Joint Transit and Simplification of Formalities in Trade in Goods had a meeting towards the end of the year, and Ukraine attended for the first time as a full-fledged Country Party to the Convention, not as an observer. And the European Union was quite pleased with the initial outcomes of the international application of NCTS in Ukraine.

And despite everything, it is worth taking pride in the fact that the battle continued, and in fact, European institutions boosted the amount of help they provided to Ukraine and gave it a fresh momentum. Information security-related technical support in the IT industry has grown significantly in importance. Therefore, bolstering the infrastructure of customs with servers, network hardware, and software is currently a major priority.

The partners offered a backup mobile data center and networking hardware to the state customs department to provide a dependable connection to the current

customs network. Additionally, provided current Wi-Fi apparatus that offers the required degree of security and fault tolerance. Some equipment for obtaining a visa-free customs regime was funded by the project (barcodriders, seals). Additionally, we bought first-aid kits made in the US, generators for local customs, and hundreds of bulletproof jackets, helmets, and ballistic plates that satisfy NATO requirements. These purchases were made at the request of customs [83].

As a result of military operations, the 2022 sowing campaign was the most difficult since the beginning of Ukraine's independence. The occupation of territories and military actions led to a reduction in acreage by 3.5 million hectares, a shortage of labor, equipment, fuel, funds, and the destruction of logistics routes – all this caused unprecedented challenges for farmers. Given that Ukraine is one of the world leaders in the export of grain and oilseeds, the invasion of the Russian Federation has had a significant impact on agriculture and food security around the world. Last season, Ukraine exported almost 6 million tons of oil, which is more than 47% of global sales of the product. The outbreak of war caused a shock in the global oilseed market: prices increased significantly and supply volumes decreased.

Climate (global warming leading to climate change), COVID-19, Conflicts (war in Ukraine) comes to the conclusion that a combination of 3C factors can have a devastating impact on food security at the European and global levels, while the current international perspective is dominated by the outbreak of military conflict in Ukraine, which makes the global food crisis increasingly real [54].

Table 2.7

Damage size the agricultural sector of Ukraine due to war by category

Category	Total cost, UAH million.
Agricultural machinery	115416
Storage facilities	42500
Animal husbandry	14500
Perennial crops	13948
Factors of production (fuel, fertilizers, SPR)	3816
Manufactured products	74880
Total	265060

Source: [12]

The extent of the agriculture sector's losses in Ukraine cannot be determined with certainty until the war is over. Identifying the areas now engaged in active hostilities, estimating the resources that would be present there in the event of a complete invasion of the Russian Federation, and using damage coefficients that have been independently computed for each region and type of damaged assets.

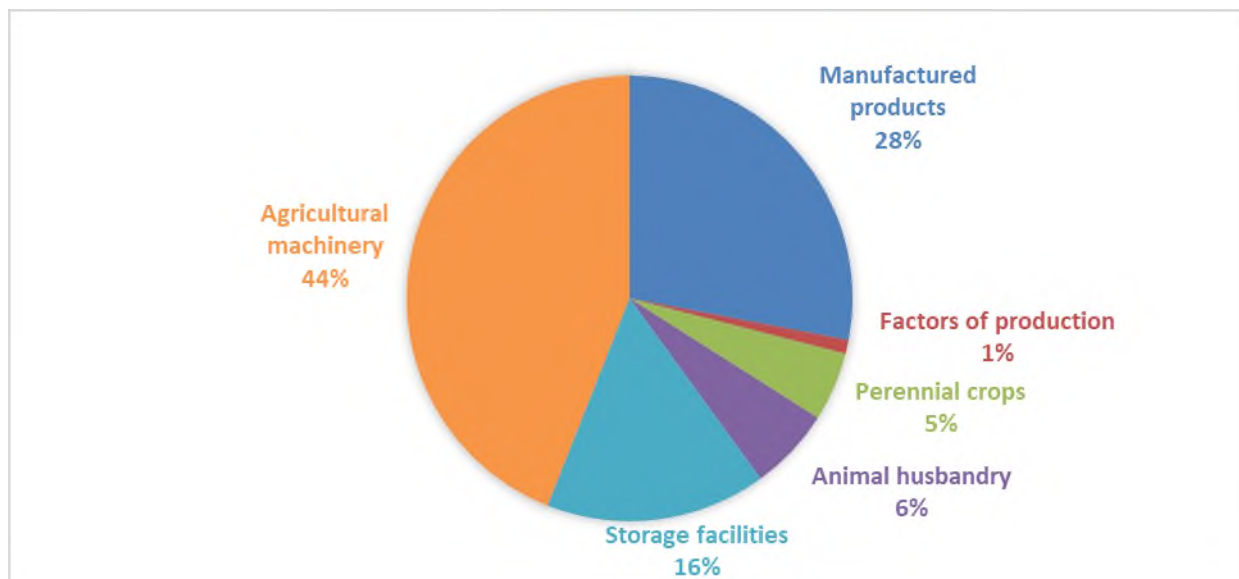


Fig. 2.20. Damage structure the agricultural sector of Ukraine due to war by category

Source: [12]

Grains, oilseeds and other agricultural products are assets that are lost not only as a result of physical damage due to active hostilities, but also due to organized theft by the invaders.

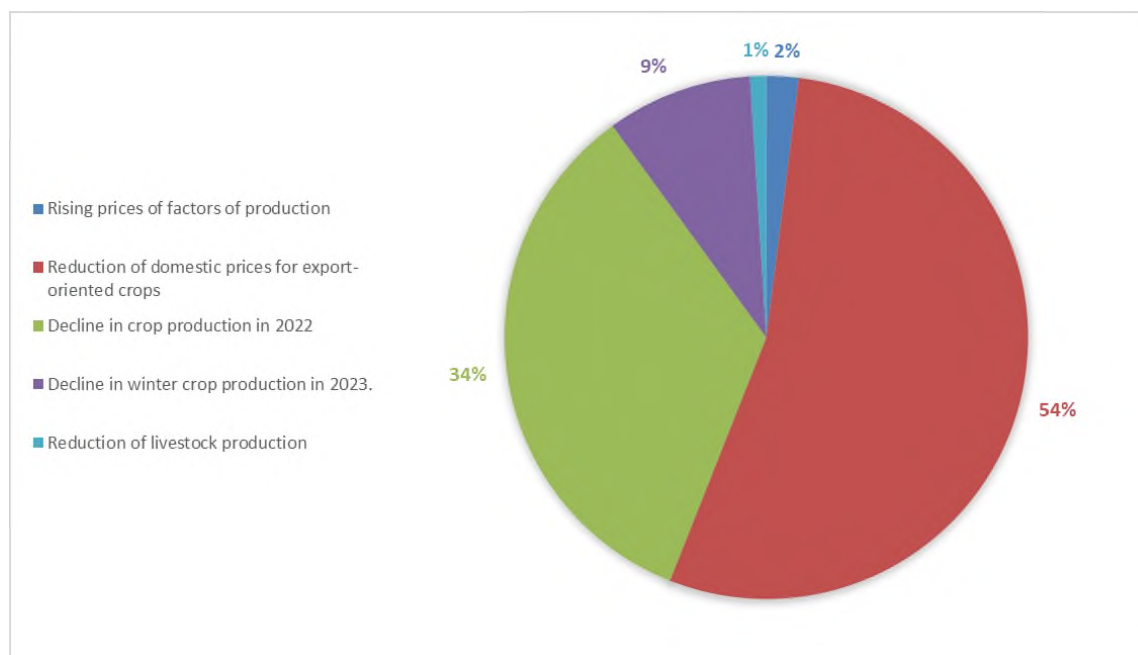


Fig. 2.21. Structure of indirect costs by category

Source: [71]

Ukraine's agriculture industry suffered damages of \$6.66 billion during eight months of a full-scale conflict between Russia and Ukraine. US A, or over 23% of the entire value of Ukraine's agricultural assets. The structure and evaluation of damage in agriculture are frequently covered in depth by the war damage survey. 1 However, the damage does not accurately represent all of the losses suffered by agricultural producers. Agricultural losses should be considered in addition to damage. While damage indicates the loss of tangible assets, indirect losses account for the revenue lost from fewer items being produced as well as the additional costs that companies must pay as a result of the war.

CHAPTER 3. WAYS TO IMPROVE THE EFFICIENCY OF FOREIGN TRADE OPERATIONS OF FARMING ENTERPRISE AGRO-RIPKY

3.1 Main directions for improving the efficiency of export activities of the enterprise farming enterprise Agro-Ripky

With the total rejection of chemical impurities, synthetic fertilizers, genetically engineered seed types, and pesticides, traditional agricultural practices have recently gained popularity around the world. In response, there is a growing demand for organic products and public interest in both organic food and everyday consumer items. This is due to the promotion of a healthy diet and a responsible attitude toward the environment. In terms of promoting the consumption of organic goods and expanding organic production, Ukraine is slowly catching up to European nations. In addition to looking for new ways to make money, the potential is also reflected in concern for the well-being of the country and the preservation of the planet's resources.

The growth of organic agriculture in Europe and throughout the world has helped Ukraine. First of all, due to the fast expansion of demand in European nations, not all customers can be satisfied. As a result, Ukraine's capacity to offer goods to European nations has expanded since it joined the World Economic Society.

Second, farms must follow specific rules to meet the strategic objectives of sustainable development. In particular: guarantees public health, attains food security, protects the environment, and promotes sustainable rural development. Prioritizing adherence to these principles can improve Ukrainians' quality of life and the growth of organic farming.

Third, awareness of environmental issues and personal health is growing yearly. Young people's eating habits are rapidly changing, and a new responsible consuming culture is forming, where items should not only suit human requirements but also have a minimal negative impact on the environment. Without government backing

and interference, organic farming cannot grow in Ukraine. A variety of initiatives have been established over the past few years to progressively expand the number of organic farms, producers, and consumers among Ukrainians [38].

The marketing activity of an organization plays an increasingly vital part in attaining success in the global market in the current climate of greater global market competitiveness. According to the experience of prosperous foreign businesses, it is precisely a well-thought-out international marketing strategy that enables to steer a company away from a passive adaptation to the outside world and toward the active use of market opportunities and the creation of promising new business niches based on satisfying the needs of the market. As a result, a company that is expanding its operations into worldwide markets cannot ignore the importance of international marketing, including the creation of an international marketing plan.

The sole route for future growth for many small and medium-sized Ukrainian companies is now through the European Union (EU) market. Following the EU's unilateral opening of its markets, it was able to provide domestically produced goods duty-free and to compete on an equal footing with manufacturers worldwide.

Finding the profile of a possible client in the EU markets, or the target market that would be interested in the company's goods, is the first step in the sales market study. Then, in order to pinpoint nations where the demand for goods or services comparable to those provided by the firm is anticipated to increase, it is necessary to evaluate the important trends in the growth of EU markets. To create a long-term phased plan for entering the EU markets in the future, it is critical to at this point identify all possible profitable sales markets and their volume. Three to five nations with the most promising markets and the fewest entrance obstacles should be chosen as a result of the examination of the sales market. The amount of resources that a Ukrainian small- and medium-sized business enterprise is willing and able to invest should be reflected in the number of nations chosen.

There are several main options for entering the EU market – working directly with B2B customers, using distributors as partners to enter the market and selling through supermarket chains, see Table 3.1.

Table 3.1

The main options for entering the EU market

working with B2B clients	working with distributors	retail
<ul style="list-style-type: none"> + Stable demand with a certain frequency of deliveries + The absence of intermediaries allows to get the greatest economic benefit - Reducing the level of profitability while increasing sales volumes to key customers - Additional logistics costs to maintain the frequency of deliveries - Additional investments to meet the demand of key customers 	<ul style="list-style-type: none"> + Allows to meet the demand from small and medium-sized customers + Supply stability is ensured by using the distributor's infrastructure - Distribution of profitability between the company and the distributor 	<ul style="list-style-type: none"> + Getting the highest level of profitability through sales to end users - Additional costs to ensure a high level of distribution and supply management - Long negotiation process

Source: [66]

The selection of a market entrance strategy should be made with the goal of gaining as many prospective clients as feasible and lowering operational expenses in the EU markets. Therefore, the ideal course of action is to mix luring distributors with dealing with B2B clients. Small and medium-sized enterprises should put cooperation with grocery chains last on their list of priorities since it demands time and money commitment to secure continuous supply. The following phase should be to create a business plan that addresses issues like how much funding is required to support work in the EU markets, which regulatory requirements or limits apply in various EU nations, if a representative office has to be established there, and whether the business model is adaptable enough to take into account changes in the economic climate in the EU countries.

On February 28, 2020, the Ministry of digital transformation of Ukraine launched the National Entrepreneurship Development Project Diya.Business.Project Action. The business includes an online and offline component. The goal of the project is to build a full-fledged, efficient and efficient ecosystem for the development of small and medium-sized businesses in Ukraine.

On May 11, 2021, the office for entrepreneurship and Export Development joined the implementation of the Diya project.Business.

Website Diya.Business is a one stop-shop for SMEs, which includes:

- Up-to-date business information
- 65 + types of Free Online and offline consultations for developing business
- Educational courses at an online school for entrepreneurs
- 100 + business ideas
- Interactive reference book
- Unified catalog of services and features
- Cases and news
- Map of business support organizations with a smart filter system
- Templates for business operations
- Catalog of exhibitions and events for entrepreneurs
- Offers and opportunities from Diya partners.Business
- Integrated single export web portal Diya.Business.Export [56]

It is proposed to create a structure of innovation potential as an alternative to the common resource approach, formed under the influence of organizational and economic factors. This structure would be formed under the influence of an enterprise's volume of resources (material and information), as well as the quality, professionalism, and tenacity of its management personnel, see Figure 3.1.

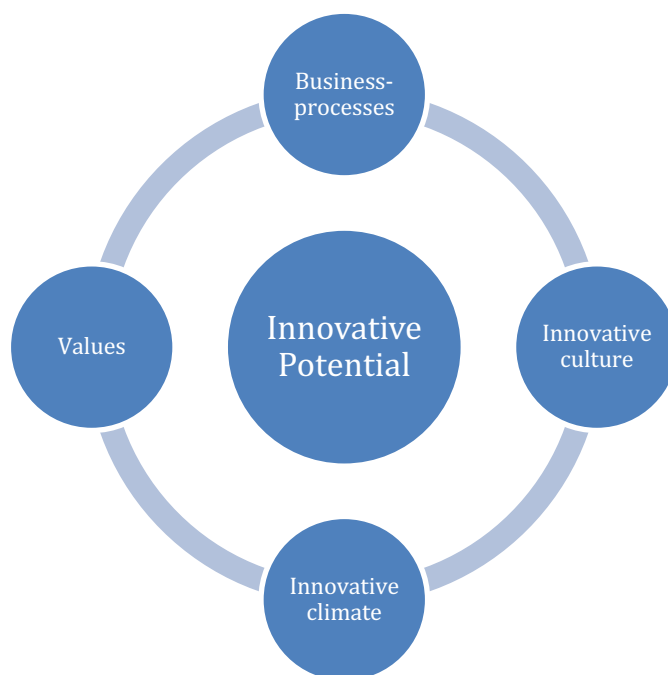


Fig. 3.1. Structure of innovative potential of the enterprise as a set of factors of organizational and economic origin.

Source: [86]

Some experts assert that by involving innovative culture, it is possible to effectively accomplish the following goals: in the economic sphere, accelerating and improving the efficiency of introducing new technologies and inventions; in the management sphere, effectively countering bureaucratic trends; in the educational sphere, encouraging the disclosure of an individual's innovative potential and its implementation; in the cultural sphere, optimizing the ratio between traditional and contemporary values.

A differentiated export policy will help to offset the risks of restricting export operations, as it involves exporting products to several countries. As a result, even if restrictions are imposed on the supply of products to one of them, commodity flows can be redistributed between other countries. However, to enter the markets of other countries, it will take time and work to find potential markets and foreign partners. The differentiated export policy will allow determining the sequence of actions of the management and employees of Agro-Ripky to enter new foreign markets.

The following mechanism for implementing a differentiated export policy in Agro-Ripky is proposed:

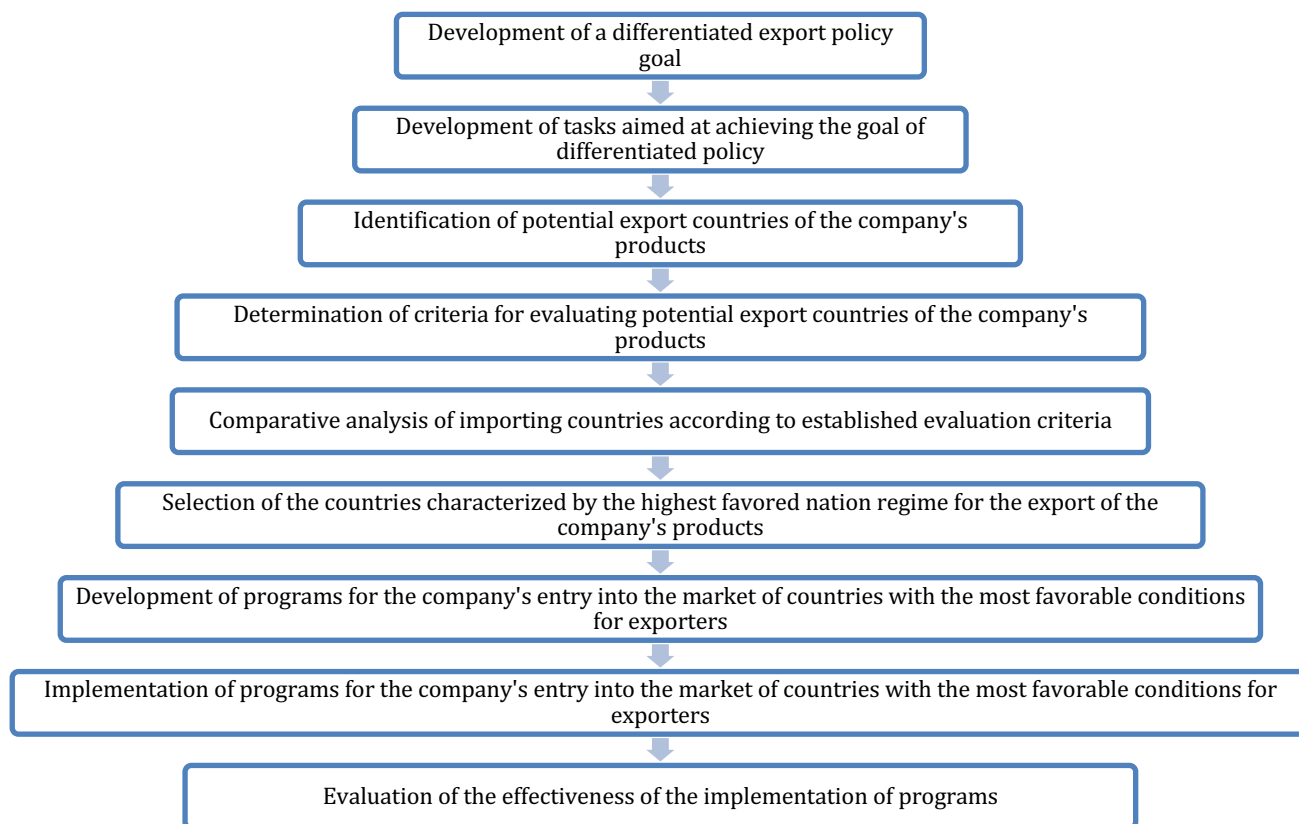


Fig. 3.2. This figure is showing the proposed mechanism for the development and implementation of a differentiated export policy for Agro-Ripky. Made by the author.

At the first stage of the proposed mechanism, it is necessary to establish the goal of a differentiated export policy, as well as tasks aimed at achieving this goal. Setting a goal allows to concentrate the efforts of the management and employees of the organization, and accordingly will minimize unproductive costs. In turn, the development of tasks makes it possible to determine the direction of activity for the formation of a system of differentiated exports to Agro-Ripky, as well as to identify those responsible for the implementation of each of the selected areas of work.

The purpose and objectives of the differentiated export policy of Agro-Ripky are presented in the Figure 3.3.

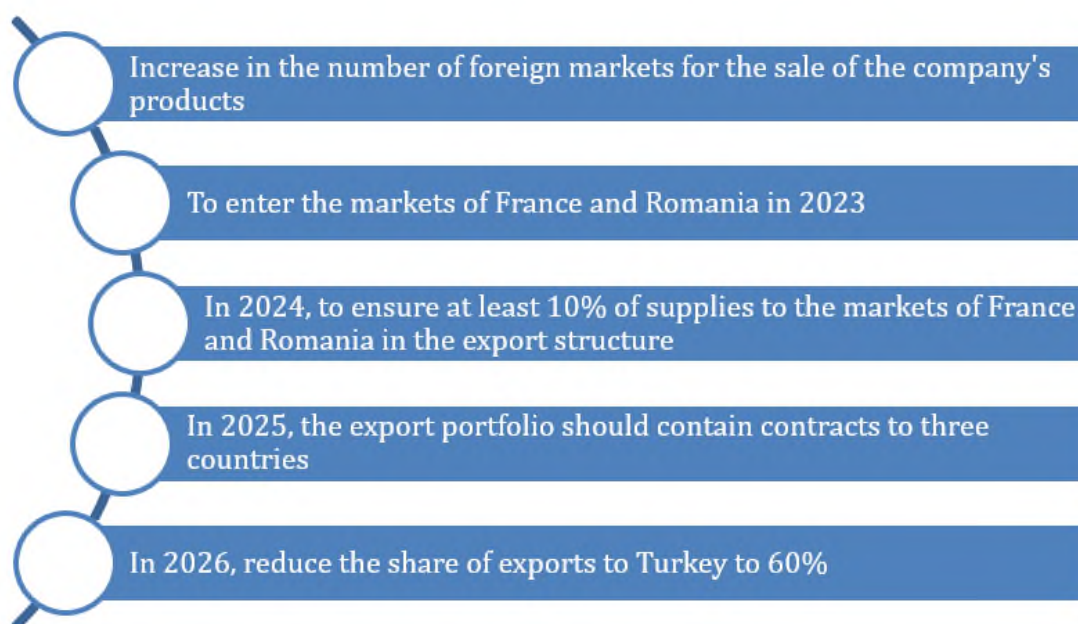


Fig. 3.3. This figure is showing the proposed objectives for increasing in the number of foreign markets for the sale of the company's products. Made by the author.

An important aspect in the development and implementation of the differentiated export policy of the enterprise is the selection of exporting countries. For an objective assessment of potential foreign sales markets, it is necessary to develop a system of evaluation criteria and establish their degree of importance for ensuring effective export operations. The selected criteria make it possible to provide a comprehensive assessment of the export potential of each of the selected countries and, accordingly, to identify those countries whose entry into the markets will be associated with minimal risks.

The proposed objective is to choose France and Romania to enter due to the latest news. The governments of France and Romania have signed an agreement that will allow exporting more grain from Ukraine to Europe and beyond. French Transport Minister Clement Bohn said on September 12, 2022 that he will sign an agreement with Romania to help increase Ukrainian grain exports to developing countries, including the Mediterranean. Ukraine's grain exports have fallen since the start of the war because its Black Sea ports, a key supply route, have been closed for a long time, raising global food prices and raising concerns about shortages in Africa

and the Middle East. Romania, the second largest exporter of wheat in the EU to non-EU countries, including Egypt, after France and the largest exporter of corn, was one of the alternative export routes for Ukrainian grain [24].

Additionally, Romania experienced the largest decrease in agrarian labour force in the EU in 2022, with an anticipated average reduction of 21 percent.

Following the nation were Slovakia, Portugal, and Malta, which had declines of 15 percent, 12 percent, and 11 percent, correspondingly.

The COVID-19 outbreak and the military conflict in Ukraine caused issues with supply chains that resulted in extreme higher inflation throughout the year. Each European union member country's changes in farm employment levels showed a different level of vulnerability to or resistance to these outside forces [65].

Although since start of the war in Ukraine, Romania reportedly allowed the transport of more than 5.2 million tonnes of Ukrainian grain via its terminals.

requesting the continuation of the Black Sea Grain Initiative, a pact involving Russia, Turkey, and Ukraine that was mediated by the Nations that permits the shipment of grains and manure from Ukrainian terminals along the Black Sea to the rest of the globe.

The Chilia and Bastroe canals, which connect the Danube River to the Black Sea, have been opened to grain-carrying Ukrainian boats, according to a July announcement from the Romanian Ministry of Foreign Affairs.

The distance separating Romania and Ukraine is 600 kilometers.

So terms of being able to export grain as well as other items from Ukraine through its terminals, according to Romanian President Klaus Iohannis, Romania must update and develop its facilities. The president further mentioned that an inter-ministerial group had been formed on this subject by Prime Minister Nicolae Ciuca [64].

Due to the dry weather, the harvest of wheat in the European Union might drop by about 5 percent in yearly terms in the upcoming agricultural year 2022–2023. To 278.8 million tons, the entire grain production in the European Union will decline by 4 percent. The wheat crop in France, which produces 18 percent of the food

consumed in the EU, might decrease by more than 5 percent. Only China, Russia, India, and the United States produce more wheat than France, which is also the fourth-largest exporter of this commodity globally. Extreme heat and such weather will have a detrimental impact on the harvest of all grains in Europe. The temperature has increased well above usual for this time of year. The FAO (Food and Agriculture Organization of the United Nations) estimates that the world's grain harvest would total 2.78 billion tons in the current calendar year, an increase of 16 million tons from the previous year. According to a statement from the agency, this modest dip may be the first in four years [74].

According to the consultancy firm Strategie Grains, corn output in the EU is predicted to fall to a 15-year low, which would result in an increase in imports from Ukraine of 10.4 million tons in 2022–2031, up approximately 30% from the previous year. Less import demand from Europe means less for regions like the Horn of Africa, which is suffering from a drought.

Following a deal with Russia mediated by the UN that permitted the return of supplies from ports that had been closed off since the start of the war, Ukrainian exports of grain and wheat rose. However, it's still unclear how much Ukraine will be able to export, particularly if the conflict continues. This is a fanciful notion that Ukraine will be able to close the supply and demand gap at the moment. Compared to the 42.1 million tons of maize harvested in 2021 following Russia's military invasion, official projections indicate that Ukraine will harvest 25 to 27 million tons of corn in 2022 [10].

3.2 Recommendations for improving the efficiency of foreign trade operations of farming enterprise Agro-Ripky

A case might be made that Ukrainian agricultural businesses have the best chances of integrating with EU nations because of their closeness to each other and their degree of economic growth.

Table 3.2

Conditions for expanding the export of agricultural products to world markets

Background	<ul style="list-style-type: none"> - growth of agricultural production volumes - increase in the production of environmentally friendly products - liberalizing measures for export-oriented types of agricultural products - product labeling indicating the content of harmful substances - increasing the depth of processing of raw materials and stimulating the export of finished quality products - reducing trade barriers when importing the latest technologies
Methods	<ul style="list-style-type: none"> - creation of joint agricultural and processing enterprises - attracting foreign investment in the agricultural sector - harmonization of quality standards with EU standards - quality control of imported products from EU countries - favorable conditions for investors who introduce innovations in agriculture
Funds	<ul style="list-style-type: none"> - monitoring and forecast of the global market-holding international exhibitions and conferences - creation of consulting firms and marketing services - participation in trade and economic associations - stimulating the export of agricultural products to EU countries - export activities at the level of agricultural enterprises

Source: [52]

Therefore, in modern economic conditions, the state should take the initiative to form and support export-oriented agricultural sectors at least during the transition period.

The most common driving forces in the agro-industry are a number of factors:

- 1) changes in the company's integrated approach to production processes.
- 2) changes in the product range. Entering new markets with new products.
- 3) changes in the company's pricing policy. Entering a market with lower prices by optimizing costs.
- 4) changes in production technologies. Study of the experience of foreign manufacturers.
- 5) changing the approach to monitoring and analyzing the information space.
- 6) increasing the production capacity of the enterprise, updating the fleet, upgrading equipment and equipment.
- 7) attracting highly qualified specialists to work, creating new jobs.
- 8) setting salaries above the average level for similar enterprises in the industry.

Along with the generally accepted methods of statistical analysis, in order to comprehensively assess the prospects for the development of export potential, it is advisable to carry out a more detailed analysis of the macro environment that affects the development of Agro-Ripky.

Table 3.3

PEST analysis of Agro-Ripky

<i>Political</i>	weight	point	weighted assessment
Aggravation of the military and political situation in the country	0,2	-2	-0,4
Regulatory and legal (internal) state regulation of the industry	0,25	-2	-0,5
Reduction of agricultural subsidies	0,2	-1	-0,2
International relations between buyer and exporter countries	0,3	2	0,6
Introduction of export / import restrictions for food security reasons	0,3	-3	-0,9
Total			-1,4

<i>Economical</i>	weight	point	weighted assessment
Lack of concessional lending to agricultural producers	0,2	-2	-0,4
Low level of profitability of production of small farms	0,2	-3	-0,6
Rising inflation rate	0,1	-4	-0,4
Growing demand for agricultural products in the world	0,3	3	0,9
High prices for material and technical resources and agricultural equipment	0,15	-1	-0,15
Total			-0,65

<i>Social</i>	weight	point	weighted assessment
Insufficient level of social protection of the rural population	0,1	-1	-0,1
Low level of infrastructure development in rural areas	0,1	-2	-0,2
Emigration of the rural population abroad for employment purposes and due to war in Ukraine	0,2	-2	-0,4
Decline in the rural population	0,2	-1	-0,2
Influence and regulation of rural communities on the company's activities	0,3	-1	-0,3
Total			-1,2

<i>Technological</i>	weight	point	weighted assessment
Unsatisfactory state of material and technical support of farms	0,3	-3	-0,9
Availability of innovative agricultural technologies	0,3	3	0,9
Low level of profitability of production in small farms	0,3	-4	-1,2
Low level of qualification of workers	0,4	-2	-0,8
State support for scientific developments	0,2	1	0,2
Total			-1,8

Source: made by the author

Based on the PEST analysis, it can be said that agricultural firms in Ukraine work under challenging macroeconomic conditions, with the quantity and intensity of the negative aspects outweighing the positive ones by a wide margin. The biggest detriment to the sector is technology.

Reasons, including insufficient material and technical assistance for most farms and a low degree of adoption of modern agricultural technology. On the plus side, there is an increase in global demand for agricultural goods and a market for innovative agricultural technologies.

Only a small number of significant market participants actively promote to international markets using their online resource. Instagram is one of the free and simple-to-use technologies. You may rapidly capture the reader's attention by using

the social network in photographs in addition to allowing you to display the product's face.

Internet advertising is more effective than advertising on billboards, television, or anywhere else and at any time. Online advertising functions in a way that motivates a possible customer to participate in the process you need: click on the banner and travel to the desired page, click on the hyperlink, respond to a question, or complete a form. As a result, positive outcomes are attained relatively instantly. Reaching a sizable number of internet users who, in some way or another, may be potential consumers or who, after viewing the advertisement, might even become regular customers is now achievable thanks to the powers of online advertising. Everything is based on the nature of the activity and objectives of internet advertising [44].

A company's website is its Information Center, a digital office where you may give site visitors organized information about the business's operations, goods, and services.

- There is no need to spend money on retaining a staff of consultants who will continuously respond to the same inquiries;
- The site exposes the customer to the organization and subtly explains why you are deserving of their confidence.
- Customers are always welcome to browse the whole assortment of goods and services.
- With just a few clicks, prospective clients may get whatever information they need, including the locations of sales offices and their phone numbers, details on shipping and return policies, the ability to send a letter or request a callback, and more.

A website designed in a corporate, individual style is the company's image and presentability. For any modern company, it is an eloquent evidence of stability, success, ambition and confidence in the future. A professionally made resource, trendy design, impeccable usability – all this indicates the seriousness of your company and respect for customers [2].

To enter a new market, you also need to analyze advertising opportunities. One of the most used browsers is Google, see Figure 3.4.

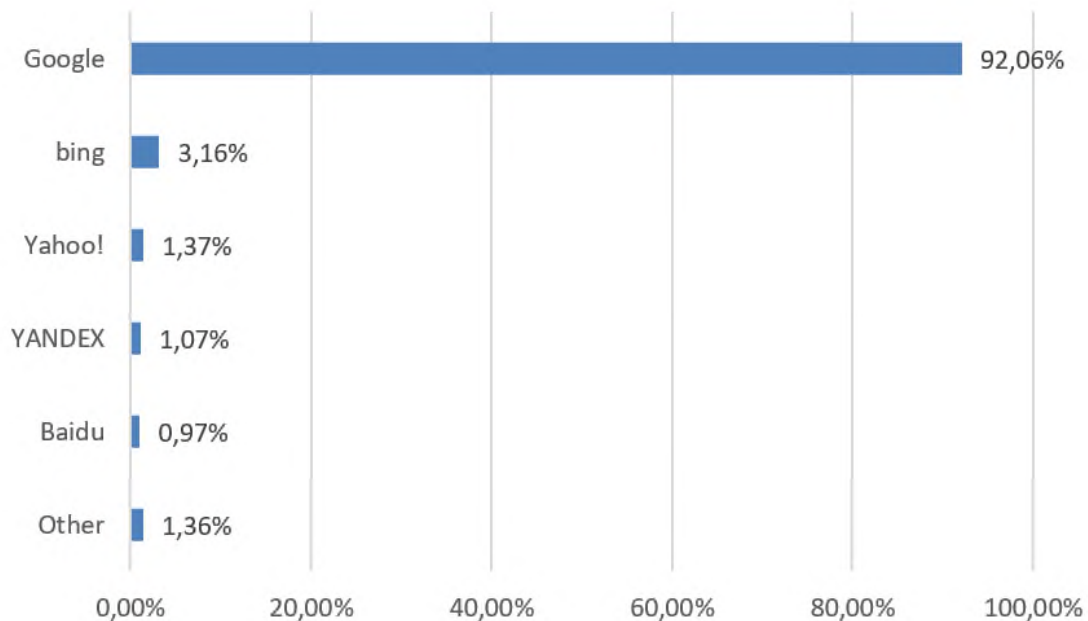


Fig. 3.4. Desktop, Mobile & Tablet Search Engine Market Share Worldwide, Dec 2021 - Dec 2022

Source: [67]

Google is still a search engine giant in 2022, with more than 90% of the global search market share. Microsoft Bing Microsoft Bing is the second most visited search engine in the world.

In actuality, Google is accurate in that it gives websites a ranking based on factors including brand recognition, company size, and possible user advantages. You are more likely to assign a work to a large, reputable organization than to a small contractor if you need to do it. Every client will have a different explanation for why. When consumers search for a product or service, Google lists businesses in the TOP that have the necessary expertise and potential to address their needs.

There is a chance to apply one of the following strategies (or all of them) to rank at the TOP in a highly competitive topic:

- Utilizing extended keywords with long tails, using narrower keywords, and selecting a narrower target audience.
- Becoming one of the top brands in business.

- Choosing another set of related but less competitive keywords.
- Links from websites of partners, clients, and distributors – nearly every commercial website contains pages for partners, clients, suppliers, and distributors. requesting that each partner with whom a firm works publish a link to the website.
- Reviews and recommendations — offer to publish comments about collaboration that favorably describe the business on the partner's or client's website if it has a section for reviews but not one for partnerships. inviting clients and partners to comment on the effectiveness of collaboration [31].

To ensure the possibility of implementing a differentiated export policy and the planned entry of the enterprise into selected foreign markets, it is necessary to use international marketing tools. In this regard, Agro-Ripky is proposed to form the following system for promoting products to foreign markets.

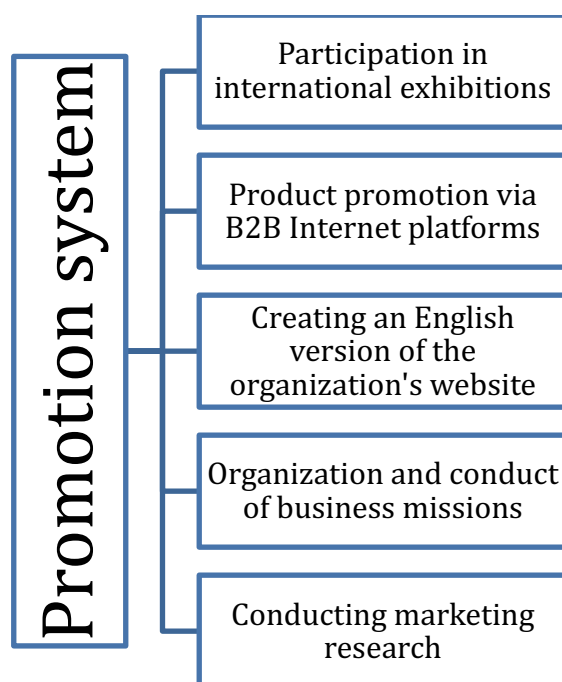


Fig. 3.5. This figure is showing the proposed system for promoting the products of Agro-Ripky in foreign markets. Made by the author.

As the practice of enterprises taking an active part in exhibition events shows, the costs of these events are highly effective in the form of export contracts. In this regard, Agro-Ripky is invited to take part in the most rated exhibitions in potential importing countries of products.

Table 3.4

Exhibition and fair events to be held in 2022

City and country of the exhibition event	Name of the exhibition event	Duration of the event	Format of the event (online/offline)	Organizer of the exhibition event	Specialization of the exhibition event
Paris, France	SIMA-SIMAGENA International Exhibition of agricultural machinery	06-10.11.2022	offline	https://en.simaonline.com/ Comexposium 70 Avenue du Général-de-Gaulle F-92058 Paris, France Tel: +33 (0)176771111 www.comexposium.com	Agricultural machinery, services, equipment and machinery for intensive animal husbandry
Lyon, France	PROD PACK - EUROMANUT - CFIA	16-18.11.2022	offline	https://www.prodandpack.com/ Comexposium 70 Avenue du Général-de-Gaulle F-92058 Paris, France Tel: +33 (0)176771111 www.comexposium.com	European packaging exhibition. EUROPACK-EUROMANUT-CFIA is an exhibition for all players in the food industry and equipment, packaging, labeling and processing specialists in all industries. Held every 2 years
Cluj-Napoca, Romania	Identicom 4 2023	24.05.2023 - 26.05.2023	offline	IDENTICOM 4	International Exhibition Identicom 4 2023 Cooperation between Industry, Customers and Workforce in Cluj-Napoca, Romania

Source: [25] and [81]

Along with the access to B2B online platforms, an important direction for the development of Agro-Ripky's export operations is the creation of an English-

language version of the site, which will allow potential foreign buyers to familiarize themselves with the company's products and get feedback.

B2B online platforms for finding foreign partners:

Global Sources - It offers offline and online B2B services for suppliers from Asia and wholesale buyers from all over the world.

All.Biz - One of the oldest B2B online platforms in the CIS. More than 1.3 million companies from 90 countries and 102 markets of goods and services are represented on the marketplace. The monthly number of visitors is 11 million.

Alibaba - The world's largest B2B online marketplace. More than 5 million companies from 120 countries are represented on the marketplace. The monthly number of visitors is 45 million.

In order to enter new markets, an important area of activity is the organization of business missions that allow a company to form and establish contacts directly with potential consumers.

Thus, within the framework of the established tasks, Agro-Ripky is proposed to enter the French and Romanian markets in 2023.

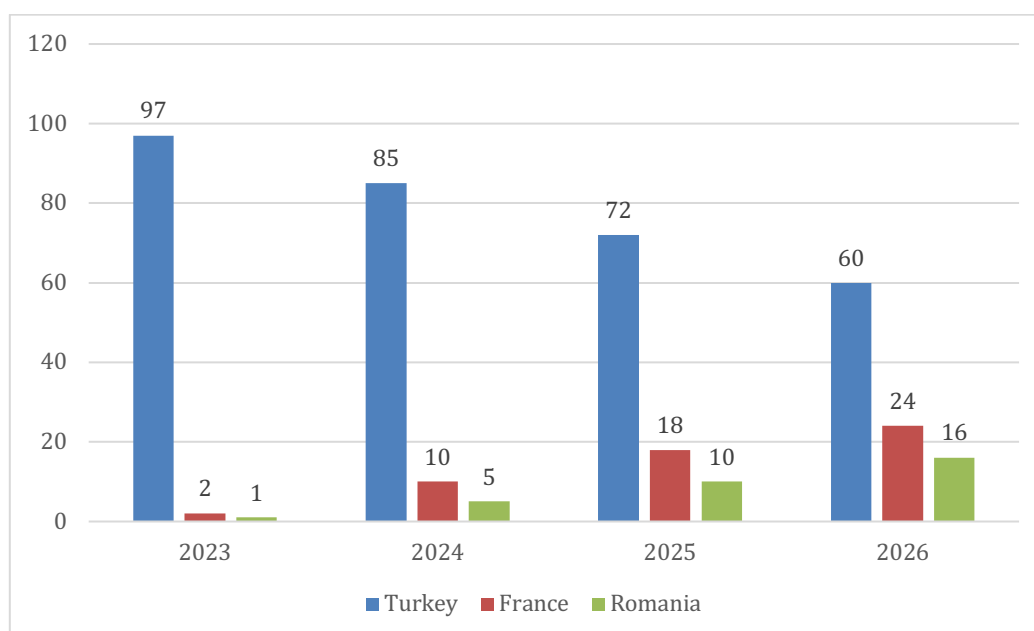


Fig. 3.6. This figure is showing the forecast export structure of Agro-Ripky in % till 2026. Made by the author.

Thus, as the figure data show, by 2026, when implementing the proposed policy, a high degree of export differentiation will be achieved, which will ensure that the risks of export supplies are minimized and will allow maintaining a high level of efficiency of export operations.

The main function of agromarketing is the organization of complex marketing activities aimed at the production and sale of competitive products of the agro-industrial sector of the economy, which meets the needs of consumers and contributes to obtaining a positive financial and economic result of the enterprise. The implementation of the main function is complemented by a complex of various functions and activities that are similar to the functions of traditional marketing.

According to study, firms that exports have an 11% higher chance of surviving. This is accomplished for a multitude of applications, including as distributing risk across several areas, increasing turnover, and enhancing creativity because it is necessary to create goods for certain marketplace.

When one business has exhausted its domestic market, it might be profitable to begin searching for prospects elsewhere, which further offers advantages for motivating a business to expand.

Revenue can be considerably increased by shipping items. This is partly since international customers are more inclined to order significant amounts of merchandise when ordering online.

Sales volumes brought on by overseas commerce can also be used to compensate research and development (R&D) as well as other expenditures.

It's indeed beneficial for businesses to go to world trade which have not been as adversely hit throughout a global recession like the one caused by the present epidemic to improve revenues.

Businesses that transport particular goods might remain robust by spreading potential hazard over a variety of countries [16].

Currently, great hopes for the performance of marketing functions rely on the information and consulting service. Consulting activities are aimed at providing practical qualified assistance in organizing the production of agricultural products

and improving its efficiency, processing and selling the final product to the consumer.

The high efficiency of integration is evidenced by the accumulated experience of many developed countries, in which specialized information and consulting services have already been formed, which play a major role in achieving self-sufficiency of these countries with food.

It is advisable to form a marketing service at enterprises for the production and processing of agricultural products on the basis of a gradual transformation of its supply and sales service. At the same time, the development of marketing activities should lead to the improvement of the management system of the enterprise as a whole, allowing it to better adapt to market conditions.

It is necessary to form an effective system that carries out purposeful and comprehensive marketing activities. The necessary conditions for the development of marketing in the agro-industrial complex are: the organization of various forms of agromarketing; the creation and functioning of agromarketing commercial structures serving business entities; evaluation of the effectiveness of marketing activities at enterprises.

Main stages of implementation plan:

1. Development of the direction of the foreign trade operations development strategy;
2. Research of potential countries for export (France, and Romania)
3. Preparatory stage of strategy implementation
4. Development of conceptual features of the strategy
5. Drawing up a comprehensive strategy implementation plan
6. Economic justification of the foreign trade operations development strategy
7. Forming a working group of the direction
8. Passing the required licensing
9. Preparing of land plots
10. Search for international partners
11. Trial delivery of the batch

12. Technical works
13. Signing an agreement with partners
14. Seeding of fields
15. Control over cultivation
16. Start of production
17. Start of main sales activity

Ukraine's agricultural sector has enormous potential. Farmers will be able to gather 100 million tons of grain by using it during the following five to ten years. These ideas are quite doable as yields steadily improve. Producers of agricultural goods have already mastered the art of balancing quantity and quality. As a result, they were able to enhance the quantity and geographic scope of their exports to foreign markets. African, European, and Asian markets all carry Ukrainian cuisine goods. However, from the perspective of the businesses themselves, it is difficult to attain the target of 100 million tons. After all, there is a need for investment, infrastructure, and new machinery [43].

The European Union is the top market for small and medium-sized companies (SMEs). Due to the high buyer solvency, income in euros and dollars, and the size of the market itself, which is close to 500 million people, this path is now highly popular.

Cereals and sunflower oil, bread, cereals and sugar, milk and cheese, vegetables and fruits, gravel, sand and clay, wood and plywood, motors, turbines, pumps, compressors, furniture, etc. are the primary exports of Ukrainian SMEs to the EU. The selection of goods is always expanding.

Dollars or euros, which are more powerful and reliable than the hryvnia, are paid to the business owner for the items supplied. Our goods are less expensive and consequently more competitive due to the national currency's weakness, whereas overseas you can make a better income if you convert foreign currency earnings into hryvnia.

There is always a market for every product since there are more than 7 billion people on the earth. It is much preferable to purchase goods from Ukraine that are not in high demand abroad.

Abroad, it is possible to find not only a buyer, but also a partner who will help you enter the market. Over time, he can become a shareholder and investor, significantly increasing your capital [15].

This market is characterized by high consumer demand for agricultural products, as well as a shortage in the market due to the fact that local producers cannot fully provide for the local population. In addition, consumers have a high solvency, since the middle class is most developed, which consumes products in its diet. Thus, the company will be able to enter the market and take a certain share, since demand currently exceeds supply. The delivery of high-quality goods to Europe will make it possible to take a competitive position in the market. In addition, prices for agricultural products in European countries are quite high, so Agro-Ripky, due to its production capabilities and the high euro exchange rate, can set a low price for consumers and at the same time get a high profit [23].

CONCLUSIONS AND RECOMMENDATIONS

In the chapter 1 of the Master Thesis the theoretical aspect of foreign economic activity was evaluated with the help of next tasks describing the essence, forms, and functions of foreign economic activity; interpreting efficiency factors and risks of foreign economic activity; discussing methodology for the effectiveness of foreign economic activity, and elaborating features of foreign economic activity in Ukraine. We found out that there are a lot of scientific explanation to the term “foreign economic activity”, however the conclude meaning is that it is a part of the economic activity of the enterprise, aimed at mutually beneficial relations with a foreign business entity, with the help of the formed strategy of the firm, the implementation of foreign trade operations, in particular export and import.

There are forms of foreign economic activity such as foreign trade, international investment cooperation, international industrial and technical cooperation, international science and technology cooperation, and international monetary, financial and credit relations. A significant function of foreign economic activity is to create conditions under which each subject of foreign economic activity, on the one hand, would maximize the positive effect for society and, on the other hand, receive benefits.

The factors of influence on the provision of foreign trade operations of an enterprise by state mechanisms should include political, economic, administrative, institutional, legal and social factors. In foreign trade operations there are commercial, currency, inflation and market risks. Stages of evaluation of management performance foreign economic activity were investigated highlighting the preparatory, technological and calculation and analytical stage. That let us analyze the types of the indicators of effectiveness which should be used according to the companies’ goals purposely.

The foreign trade operations of Ukraine was elaborated by making the research of export theme and how it was affected by the Covid-19 and war in the country. In Ukraine the agricultural goods are produced more than consumed so the best way is

to export in, however, there are still military operations which make the trade process more complicated.

In the chapter 2 of the Master Thesis the effectiveness of foreign trade operations of the farming enterprise Agro-Ripky was analyzed by completing the next tasks: appraising the structure, dynamics, and directions of foreign trade operations of farming enterprise Agro-Ripky; maintaining the calculation and analysis of performance indicators of foreign trade operations of farming enterprise Agro-Ripky; and investigating the external environment of farming enterprise Agro-Ripky macroeconomic and industry. The limited liability Company Agro-Ripky is registered on the territory of Ukraine and is an active participant in foreign trade operations. The agrocompany produces wheat, lentils, corn, beans, chickpeas, flax, sunflowers, rapeseed, and apples. The total area of cultivated agricultural land is 2.5 thousand hectares. Dynamics of production of the main types of products in Agro-Ripky were fluctuating due to the Covid-19. Particularly, in 2021 in total it was 20800 tons of products; in 2020 it was 23967 tons; and in 2019 it was 17268 tons of goods. Export deliveries are carried out only to Turkey. The consistently exported types of products of the enterprise are wheat and beans. All other types of products had one-time export deliveries.

To a greater extent, the fluctuation in performance indicators was influenced by the fluctuation in revenue and the overall increase in the cost of sales. The drop in ROA (1.7%), ROE (14.5%), ROS (16.4%), and ROI (6.5%) in 2021 indicating that the some number of actions should be included that will aid in enhancing the effectiveness of the business, such as boosting product sales volume, employee productivity, fixed asset utilization, working capital composition, and structure optimization, the introduction of an efficient marketing strategy, and enhancements to product quality and competitiveness. The Agro-Ripky's export operation proved to be more successful than its domestic market operations from 2019 to 2021.

However, the 2021 it was a decrease because of the Covid-19 influence. As a result, the research demonstrated that export operations is one of the effective organization's main areas of operations since exports (10.7% effectiveness in 2021)

greatly outpace domestic market sales (4.65% effectiveness in 2021). The spread of COVID-19 has had a significant impact on the global wheat market. The aggravation of the epidemiological situation in some countries led to the postponement of the start of agricultural work.

In the chapter 3 of the Master Thesis ways to improve the efficiency of foreign trade operations of farming enterprise Agro-Ripky were suggested by performing such tasks as defining the main directions for improving the efficiency of export activities of the enterprise farming enterprise Agro-Ripky and giving recommendations for improving the efficiency of foreign trade operations of farming enterprise Agro-Ripky. The main options for entering the EU market are working with B2B clients, working with distributors and retail. The main directions are to increase in the number of foreign markets for the sale of the company's products; to enter the markets of France and Romania in 2023; in 2024, to ensure at least 10% of supplies to the markets of France and Romania in the export structure; in 2025, the export portfolio should contain contracts to three countries.

The suggested promotion tools are participation in international exhibitions; product promotion via B2B Internet platforms; creating an English version of the organization's website; and conducting marketing research. In 2026, the recommendation is to reduce the share of exports to Turkey to 60%, however increase for France by 24% and Romania by 16%, since Agro-Ripky is more effective to earning profit from export.

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