

*Golubii I.\**  
*Pidchosa O.\*\**  
*Kushnir V.\*\*\**  
*Sursaieva A.\*\*\*\**  
*Karapetian M.\*\*\*\*\**

## **TRADE AND ECONOMIC COOPERATION BETWEEN UKRAINE AND HONG KONG: CURRENT STATE AND PERSPECTIVES**

***Abstract.** The article discusses the current state and perspectives of bilateral trade and economic cooperation between Ukraine and Hong Kong; examines in details advantages of development of this cooperation in the key sectors; and provides SWOT-analysis of trade and economic cooperation between Ukraine and Hong Kong.*

***Key words:** Ukraine, Hong Kong, export, import, economic cooperation, trade, market.*

***Анотація.** У статті розглядаються сучасний стан та перспективи двостороннього торговельно-економічного співробітництва між Україною та Гонконгом; детально вивчаються переваги розвитку торговельно-економічного співробітництва в ключових секторах; і проводиться SWOT-аналіз торговельного та економічного співробітництва між Україною і Гонконгом.*

***Ключові слова:** Україна, Гонконг, експорт, імпорт, економічне співробітництво, торгівля, ринок.*

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\*PhD (Economics), Associate Professor, Department of International Business, Institute of International Relations of Taras Shevchenko National University of Kyiv

\*\*PhD (Economics), Associate Professor, Department of International Finance, Institute of International Relations of Taras Shevchenko National University of Kyiv

\*\*\*4<sup>th</sup> year student of International Economic Relations of the Institute of International Relations of Taras Shevchenko National University of Kyiv

\*\*\*\*4<sup>th</sup> year student of International Economic Relations of the Institute of International Relations of Taras Shevchenko National University of Kyiv.

\*\*\*\*\*4<sup>th</sup> year student of International Economic Relations of the Institute of International Relations of Taras Shevchenko National University of Kyiv

*Аннотация.* В статье рассматриваются современное состояние и перспективы двустороннего торгово-экономического сотрудничества между Украиной и Гонконгом; детально изучаются преимущества развития торгово-экономического сотрудничества в ключевых секторах; и проводится SWOT-анализ торгового и экономического сотрудничества между Украиной и Гонконгом.

*Ключевые слова:* Украина, Гонконг, экспорт, импорт, экономическое сотрудничество, торговля, рынок.

**Research Rationale.** Expansion of the network of trade partners and comprehensive enhancement of trade and economic cooperation are a key task for governments of various countries. It is especially important for developing countries, including Ukraine, in the context of increasing global competition, strengthening protectionism policies, transforming industrial, agricultural, environmental and general economic policies of many countries in the world as a whole.

The shift in business activity and development of financial and trade hubs in Asia, in Hong Kong in particular, opens up new opportunities for expanding the network of partners and entering new markets, while certain challenges requiring scientific reflection and further practical development appear.

**Recent Research and Publication Analysis.** Various aspects of the trade and economic prominence of Hong Kong and Ukraine are discussed in the papers of H. Yin-Ping, S. Wing-kai Chiu, S. La Croix, A. Freris, R. Hsia, L. Chau, P. Duara, G. Van der Loo, D. Pokryshka, T. Tyshchuk, V. Diachek, A. Mazaraki, T. Melnyk, T. usynska, B. Sydiaga, O. Rogach, O. Pidchosa and others.

Research on quantitative and qualitative assessment of the trade cooperation between different countries is conducted within: OECD, WTO; consulting companies such as McKinsey & Company, Boston Consulting Group; global advisory companies: Deloitte, EY, PWC and KPMG; corresponding international trade and logistics enterprises; and other national and supranational institutions.

**Articulation of the Issue.** The main objective of this article is to study the current state and prospects for development of trade and economic relations between Ukraine and Hong Kong.

**Research Results:**

*General overview of Hong Kong-Ukraine Trade Relations*

Mostly due to its advantageous geographical position and favorable legislation, Hong Kong ranked 7th among the world trade leaders in 2017, accounting for 3.2% of the world total trade (export \$ 550 billion, import \$590 billion).

The top three suppliers for Hong Kong were the Mainland of China, Taiwan and Singapore in 2017. Their corresponding shares in total imports were 46.6%, 7.6% and 6.6%. Japan, Korea, USA, Malaysia, India were the succeeding suppliers too [1].

The top ten major commodities of Hong Kong's imports were electrical machinery, apparatus and appliances, and electrical parts thereof (36.2%), telecommunications and sound recording and reproducing apparatus and equipment (16.9%), office machines and automatic data processing machines (8.1%), miscellaneous manufactured articles (5.8%), non-metallic mineral manufactures (4.5%), textiles and clothing (3.5%), photographic apparatus, equipment and supplies and optical goods; watches and clocks (2.3%), professional, scientific and controlling instruments and apparatus (2.1%), petroleum, petroleum products and related materials (1.7%) [1].

The top three destinations for Hong Kong's re-exports were Mainland China, the United States of America and India. Their corresponding shares in total re-exports were 54.5%, 8.5% and 4.1%. Japan and Taiwan were the succeeding re-export destinations. Their re-export values were \$127,479 and \$87,292 in HK million, contributing 3.3% and 2.3% respectively to total re-exports.

Re-exports to Vietnam, Germany and the Netherlands were \$77,203, \$73,713 and \$63,771 in HK million respectively, contributing 2.0%, 1.9% and 1.7% respectively to re-exports total [1].

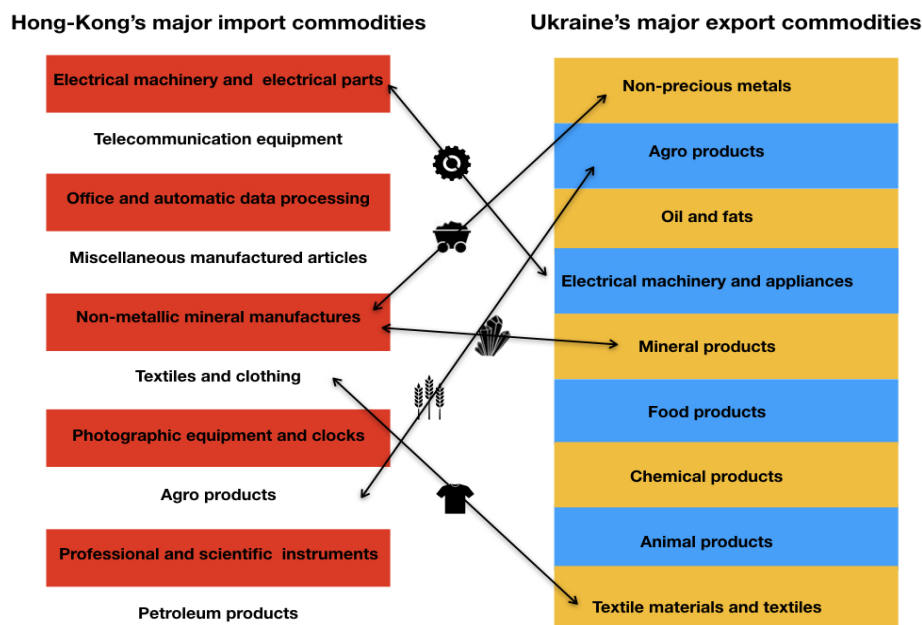
The top three major commodities for Hong Kong's re-exports were electrical machinery, apparatus and appliances, and electrical parts thereof, telecommunications

and sound recording and reproducing apparatus and equipment and office machines and automatic data processing machines.

The values of their re-exports were \$1,385,712, \$758,714 and \$403,715 in HK million respectively. Their corresponding shares in total re-exports were 36.2%, 19.8% and 10.5%. The fourth and the fifth top commodities were non-metallic mineral manufactures and miscellaneous manufactured articles.

Their re-export values were \$201,609 and \$197,415 in HK million respectively and contributed 5.3% and 5.2% respectively to total re-exports. The textiles and clothing were the subsequent commodity with the re-export value of \$171,242 HK million. It contributed 4.5% to total re-exports. Photographic apparatus, equipment and supplies and optical goods; watches and clocks, professional, scientific and controlling instruments and apparatus; power generating machinery and equipment; and plastics in primary forms 4 were the subsequent re-export commodities with values \$101,020, \$89,990, \$50,575 and \$44,404 in HK million respectively. They accounted for 2.6%, 2.3%, 1.3% and 1.2% of the total re-exports [1].

Ukrainian world export structure includes non-precious metals; agro products, oils, electrical machinery, apparatus and appliances, mineral products, food products, chemical products, animal products and textile materials and textiles.



**Fig. 1 Ukraine and Hong Kong Prospective Sectors of Cooperation**

Source: developed by the authors.

Based on the Figure 1 one can draw up the conclusion that Ukraine and Hong Kong have prospective sectors of cooperation: electrical machinery, textile and clothing, agricultural products, etc.

Hong Kong is ranked number 74 in Ukrainian export. Ukraine exported to Hong Kong goods worth \$5,5 billion USD in 2017, 10% more than in 2016 (Table 1). It proves the fact that there is a lot to be done to facilitate the movement of goods and services between two trade partners.

As we see from the Table 1, the total trade volume between Ukraine and Hong Kong in 2016 and first half of 2017 was constantly increasing: by 20.5% and 40.5% accordingly. New rounds of negotiations, optimization and intensification of the Ukrainian export policy in 2017 contributed to higher indicators of export and import evidencing the positive dynamics of trade relations between Ukraine and Hong Kong.

*Table 1*

**Trade between Ukraine and Hong Kong:**

(US \$ million)	2015		2016		Jan-Jun 2017	
	Value	Growth, %	Value	Growth, %	Value	Growth, %
<b>Total Exports</b>	116.184	-30.1	147.099	+26.6	79.039	+33.6
<b>Domestic exports</b>	0.787	-76.8	0.213	-72.9	0.139	-10.6
<b>Re-exports</b>	115.397	-29.1	146.886	+27.3	78.900	+33.7
<b>Imports</b>	18.947	-38.8	15.797	-16.6	13.095	+104.9
<b>Total trade</b>	135.130	-31.4	162.896	+20.5	92.134	+40.5

Source: developed by the authors, based on [2].

Considering the current stage of trade relations between Ukraine and Hong Kong, one has to bear in mind that in May 2018 the State Service of Ukraine on Food Safety and Consumers Protection and the competent authorities of Hong Kong agreed on the veterinary health certificate necessary for exports of poultry meat and its products as well as eggs and egg products from Ukraine to Hong Kong [3].

According to the Ukrainian Food Export Board, Hong Kong traders and distributors expressed their interest in Ukrainian chocolate and confectionery in 2017 [2].

Therefore, the trade volumes are still not sufficient, emphasizing the importance of further research so as to find and understand the common ground to lay the foundation for developing economic relations between Ukraine and Hong Kong.

### *Coordination of Trade and Economic Cooperation*

The trade and economic cooperation between Ukraine and Hong Kong is governed by the following instruments:

- Agreement between the State Fiscal Service of Ukraine and Hong Kong Customs and Excise Department on Cooperation and Mutual Administrative Assistance on Customs Questions signed in 2010 with a view to strengthening collaboration between customs authorities of both Parties as well as reaching more efficient governance of mutual trade;
- Agreement between the Cabinet of Ministers of Ukraine and the Government of the Special Administrative Region of the People’s Republic of China on Mutual Cancellation of Visa Requirements signed in 2010 so as to stimulate the movement of tourists between both Parties as well as business relations;
- Agreement between the Cabinet of Ministers of Ukraine and the Government of the Special Administrative Region of the People’s Republic of China on Sea Transport signed in 2003 and aimed at developing commercial shipping between the Contracting Parties [4].

### *Trade and Economic Potential of Cooperation*

Ukraine is a significant player of the world agricultural markets with developed competitive advantages (Fig. 2).



**Fig. 2 Advantages of Ukrainian Agricultural Products**

Source: developed by the authors, based on [5].

It is the sixth largest producer of corn, growing 39 million tons a year. It is also the seventh largest producer of wheat in the world, growing around 27 million tons a year. It is the world's largest supplier of sunflower, regularly producing more than 10 million tons a year and it is a top ten producer of sugar beet, barley, soy and rapeseed.

#### *Investment Potential of Ukraine*

Nowadays Ukraine is viewed as an attractive investment option for a variety of reasons, including its large consumer market, a highly-educated and cost-competitive work force, and abundant natural resources. Ukraine's Association Agreement (AA) with the European Union (EU), which includes a Deep and Comprehensive Free Trade Area (DCFTA), gives Ukraine preferential market access and is accelerating Ukraine's economic integration within the EU. Ukraine's economy demonstrated real GDP growth of 2.5 percent in 2017, and the IMF forecasts growth of 3.2 percent in 2018.

The government of Ukraine actively seeks FDI. In 2014, the President established the National Investment Council as a consultative and advisory body under the President, and in 2016 the Ukrainian government also established the Ukraine Investment Promotion Office (UkraineInvest) as an independent advisory body with a mandate to attract and support FDI. Ukraine also established a Business Ombudsman in 2015 to provide a forum for domestic or foreign businesses to file complaints about unjust treatment by state or municipal authorities, state-owned or controlled companies or their officials. Ukrainian legislation provides for national treatment of foreign investors, in line with its World Trade Organization (WTO) commitments.

#### *Agro-industrial potential of Ukraine*

The largest portion of Ukraine's present agricultural output consists of a diverse combination of cereal and forage crops including wheat, corn, barley, sunflower, sugar beet, tobacco, legumes, fruits and vegetables. Ukraine maintains a leading position as a large producer of cereal grains, particularly wheat. The entire annual cereal crop can reach as high as 90-100 million tons.

Assuming a favorable harvest and deducting the 40-50 million tons needed for the domestic market, this still leaves approximately 50-60 million tons available for export on an annual basis. With such outputs, Ukraine currently occupies the third place on the world grain export market. Industry experts predict that by the mid-2020s, Ukraine will be No. 3 in food production worldwide, second only to the U.S. and Brazil. Another major growth opportunity for Ukraine lies in the area of organic farming where the country's unspoiled soil allows it to become a major producer of organic food [6].

Ukraine has a large manufacturing base which historically was focused on heavy industry. In recent years, this sector has undergone changes and has gradually diversified in response to market sector demands. The sector continues to be supported by an extensive network of polytechnic institutes with annual graduation of thousands of engineers in a wide range of subjects.

The automotive industry in Ukraine has become one of Ukraine's fastest growing industries owing to a favorable combination of increasing demand, availability of skilled workers, competitive costs and access to markets. At the present time Ukraine's auto manufacturing output is approximately 200,000 vehicles per year. New foreign investors are investing and expanding operations in cluster areas, particularly in Western Ukraine. This manufacturing is concentrated largely in the assembly of foreign passenger cars for the export market, and domestically produced heavy vehicles for the domestic market.

Ukraine today ranks among the 10 largest shipbuilding countries in Europe. The country's maritime industry is extremely large and diversified and includes design bureaus, research facilities, shipyards and repair facilities. At the present time, there are over 35 major state companies that are engaged in design and construction of a wide range of vessels. These include powerboats, barges, bulk carriers (dry cargo ships), and tankers, including liquefied gas carriers.

In turn, these facilities are supported by an extensive network of technical colleges and universities which continuously contribute to a pool of experienced workers with high degrees of specialization. In addition, Ukraine devotes significant



resources to training of merchant seamen who are able to service both the domestic market and foreign companies as well. It is estimated that Ukraine currently has over 100,000 trained seamen in its maritime registry.

Ukraine has over 1,000 local IT service companies and more than 100 leading global companies with subsidiaries in the country. 13 information technology companies in Ukraine are included to “The Global Outsourcing 100” by the International Association of Outsourcing Professionals (IAOP) [7].

The impact of IT growth on Ukraine’s economy has been dramatic with the combined value of such outsourcing now exceeding \$2.5 billion on an annual basis (2015). IT outsourcing is Ukraine’s third largest export sector. Ukraine is also concentrating on creating favorable conditions that would allow IT entrepreneurs to expand further into domestic markets [7]. The opportunities for combining IT skills with such sectors as agriculture, aviation and medicine are just a few examples of the future directions that Ukraine is beginning to grow.

Ukraine’s IT sector offers foreign investors highly skilled experts, competitive salaries, quality education and English proficiency – all of which will contribute to the growth of this dynamic sector.

Ukraine’s vast road, rail, air and sea infrastructure, together with the benefits of its geographic location, makes the country an important transit corridor for trade and travel between Europe, Asia and the Middle East. Ukraine’s seaports were originally designed to support the country’s traditional exports of ferrous metals, coal, iron ore and grain. The infrastructure supporting this capacity has aged but provides significant opportunity for investment and redevelopment. Introduction of technological upgrades to service Ukraine’s increasingly diverse import/export requirements is another investment opportunity.

Ukraine is currently undertaking a broad range of initiatives to improve its maritime infrastructure by focusing on improving its legal and regulatory environment, improving port management systems and creating an open market between domestic seaports.

With the assistance of international donors and the private sector the government is embarking on a parallel program of providing increased training for port personnel, introducing modern technology for loading and unloading together with privatization of certain port facilities.

Ukraine has 23 major airports (19 government owned) with 12 carrying the designation of international and offering regularly scheduled flights for commercial airlines. Major redevelopment occurred in 2012 when Ukraine upgraded and/or built new international airports in Kyiv, Lviv, Kharkiv and Donetsk [18]. However, given the size and population of the country the air transport sector of Ukraine continues to remain underdeveloped and open for investment.

Considering the export structure of Ukraine and its developed agriculture the economic interaction between Ukraine and Hong Kong should be based on the following products:

#### *Grain*

Ukrainian agrarians exported 44.3 million tons of grain during the marketing 2016-2017 year (\$6.4 bln). In particular, the export consisted of 17.5 million tons of wheat, 5.3 million tons of barley, 11.4 thousand tons of rye, and 20.7 million tons of corn.

Major markets for the exports of Ukrainian grain are Egypt (13.5%), Spain (6.7%), India (6.5%), Saudi Arabia (5.3%) and the Netherlands (5.3%) [8].

Competitive advantages of Ukraine in this sector are abundant and rich soils, favorable climate, geographical position, low prices (due to low land rents and wages), large holding companies in the industry accumulating huge resources and using them efficiently.

#### *Soybeans*

Over the period from January to September of 2017, Ukraine exported 1.68 million tons of soybeans. In dollar terms, this amounted to \$ 635.88 million.

In 2018 (January-April) Ukraine exported 1.24 million tons of soybeans (\$474.92 million). From the beginning of 2017/18 season (September-April), Ukraine

produced 138.6 thousand tons of soybean oil. This is almost 27% higher than last year.

Major markets are the EU (33%), Egypt (15%), Iran (18%), and Turkey (27%) [9].

However, analysts see a trend towards further growth of soybean processing and exporting. The crucial advantages of Ukraine as the soy beans export are a constantly growing world demand, acceptable purchasing price, enhanced soil structure (more Nitrogen), high volumes of production, high returns (52%) and economies of scale through vast cultivated areas.

#### *Oil and fats*

Ukraine is the largest sunflower oil exporter in the world. In 2017 Ukrainian enterprises (marketing year 2016-2017) exported 5.84 mln tons of sunflower oil (increase by 30.4%) worth \$4.48 bln. The positive trend is to continue with total satisfaction of internal customers' needs. Currently Ukraine exports sunflower oil to 124 countries over the world. The export of refined sunflower oil reached 478 700 tonnes (increase by 2.6%). National exporters supplied this product to 20 countries. The total amount of soybean oil sold abroad by Ukrainian producers rose by 16% and was transported to 29 states.

Major markets are India (44.7%), EU (26.2%), China (10.1%), Iraq (4.2%), Malaysia (2.1%), and Iran (2.0%) [10].

Reasons for flourishing oil and fats sector are bumper crops and favorable weather conditions in Ukraine.

The statistics for the marketing year 2017-2018 are not available yet, but according to forecasts by both foreign and Ukrainian experts the production of sunflower oil may be estimated at the level of 5.65-6.3 mln tons, while domestic consumption will be only 0.4 mln tons.

Food production:

#### *Milk*

Ukrainian milk producers increased their exports of dairy products by 82.4% in 2017 as compared to 2016, when 109.2 thousand tons were exported (\$158 million).

In 2017, exports amounted to 29%, cheese – 12%, whey – 9%, milk and cream – 3%, and fermented milk products – 1% [11]. The profitability of milk production (the Ukrainian milk index – the purchase price for milk compared with the price of a concentrate diet for feeding cows) increased by almost a third during one year.

Export activities of this sector can be explained by entering new markets (decreased dependence on Russian export), new possibilities within the EU-Ukraine free trade zone, sufficient standards and quality recognized by EU counterparts and higher average productivity of cows.

18 Ukrainian enterprises have obtained the right to export these products to the European market. At the same time, the promising market for the export of Ukrainian dairy products is the Mainland of China – 27 Ukrainian enterprises have received the right to export to this country. Also, domestic milk and dairy products are supplied to the CIS countries, South Africa, Morocco, Iraq and Montenegro [12].

#### *Chocolate and confectionery products*

In 2017 export of Ukrainian chocolate amounted to 61 010 tons or \$151 mln (11% increase). Major importers of Ukrainian chocolate include Kazakhstan (15%), Belarus (10%) and Georgia (7%) [13].

The Ukrainian chocolate market is characterized by growing domestic production and export (with the exception of 2015-2016), need for diversification of import partners, intense competition, high and modern standards (since 01.01.2018).

Participation in the HKTDC Food Expo 2017 prompted the interest of buyers and distributors from South Korea, China and Hong Kong in Ukrainian sweets [14].

Entering Asian chocolate markets has different reasons: markets are quite flexible, variety of trading partners. BUT attention has to be paid to peculiarities of the consumer markets (for example, chocolate is considered a seasonal product in China, that's why retail and wholesale buyers from Hong Kong are interested in transportation of small bars only from September to March).

#### *Starch*

Export volumes of corn starch are constantly growing as well. During the marketing season 2016-2017 Ukrainian producers supplied external markets with 57

200 tonnes of corn starch (2 times the indicator of the previous marketing year) worth \$12.584 mln.

The largest importers of this product are Indonesia (37%), the EU, the UAE and Saudi Arabia [15].

Ukrainian market of this commodity is defined by constantly growing production (28% growth), low costs (compared with other types of starch), decreasing share of export to Russia (80% decline) and orientation to Asian markets.

#### *Water and alcohol*

Ukraine is a significant player of soft and alcoholic beverage market in the world. In 2017 Ukraine exported these types of product worth \$209.2 mln and there is still a lot of room for growth [16]. For instance, Ukrainian wine has become extremely popular among European consumers and Ukrainian vodka has received numerous awards abroad emphasizing its quality and popularity in the world.

Ukrainian alcohol has the following advantages:

- high sales (3.1% in 2017);
- European standards;
- internal competition;
- growing number of small enterprises.

Major export markets are EU, CIS countries, USA.

Another prospective sector includes exporting Ukrainian mineral water to Hong Kong with packaging and labelling done in Hong Kong. Hong Kong currently faces shortage of clean drinking water evidencing the need to diversify its water imports. Ukrainian market of mineral water is quite strong: cheapness, pace of growth – 10-11% a year, wide range of products, 500 water sources utilized, approximately 300 producers (small- and medium-enterprises as well), proper standardization, high profit margins (30%). Target markets are Moldova, Russia, Georgia, Italy, France, and Bulgaria.

#### *Poultry*

In 2017, Ukraine exported \$ 313.4 million worth of poultry meat and was among the world's top exporters of frozen chicken.

In 2018, export of Ukrainian chicken meat grew by 8.2% (184.6 thousand tons) [17]. Ukraine continues to enter world markets in the chicken sector. In the seven months of 2018, the Netherlands was the main buyer – 16.5%. Also, the export geography included such countries as Iraq – 12,7%, Slovakia – 9%, Azerbaijan – 5.7%, UAE – 4.9%, and Saudi Arabia – 4.6% [18].

Moreover, Ukraine and China signed a Memorandum on cooperation and assistance in the mutual trade of poultry meat. This will help develop cooperation with Asian market and expand the range of exported and imported goods.

### *Pork*

Ukraine has increased exports of pork. In 2017, the foreign markets sold products for \$ 10.5 million, which is 2 times more than in 2016. In 2017 Georgia was the main buyer of pork products – exports of \$ 6.1 million, which is 2.4 times more than in 2016. The second Hong Kong increased the purchase of Ukrainian pork 2.5 times – up to \$ 2 million over the past year. Closing down three leaders is Kazakhstan which bought pork for \$ 0.99 million [18].

The main advantages of increasing and developing Ukrainian pork export to Hong Kong include its competitive price and customization, i.e. Ukrainian farmers can raise special breeds of pigs with regard to the domestic demand.

### *Light industry (textile)*

Textile industry of Ukraine showed positive dynamics in 2017 as well. The volumes of production of industrial products grew by 6.3% compared to 2016. Sectoral capital investment increased by 22%. In particular, exports reached almost 503,8 million dollars, which is 2 times the amount exported in 2016 [19].

Ukrainian textile products are exported to 150 countries. Major markets include EU (84%), Belarus, Moldova, Canada, and the USA.

Advantages of the Ukrainian textile industry include stable growth, quality, low prices, and government support (through legislation and public financing).

### *Ukraine farming facts:*

- More than two thirds of Ukraine can produce crops or livestock;
- Ukraine is the worlds' largest sunflower producer;

- Nearly a third of world’s black soil is in Ukraine;
- The Ukraine exports more than 30 million tonnes of grain a year;
- Ukrainian corn yields have increased 150% in the last 20 years;
- Europe’s two largest farms – Ukrlandfarming at 654,000 hectares and Kernel at 615,000 hectares – are in Ukraine. Both are integrated holdings focusing on various types of agricultural products.

In conclusion, it is worth mentioning that trade cooperation between Ukraine and Hong Kong will not only make for mutual benefits but also strengthen them as market participants considering the volatility of various markets, signs of growing protectionism and other barriers hampering trans-border movement of goods and services nowadays. To better understand and visualize the prospects and challenges for the development of trade and economic relations between Ukraine and Hong Kong, we used the SWOT-analysis, results of which are presented in Table 2.

*Table 2*

**SWOT-Analysis of Trade and Economic Cooperation  
Between Ukraine and Hong Kong**

Strength	Weakness
1. Geographical position of Ukraine 2. Developed market infrastructure 3. Highly educated workforce in Ukraine 4. Abundant financial resources in Hong Kong 5. Increased labour efficiency of Ukrainian workers	1. Logistics limitations 2. Intercultural barriers 3. Foreign currency regulations 4. Customs issues
Opportunities	Threats
1. Expansion of export-oriented production 2. Investment cooperation 3. Transfer of technologies and stimulation 4. of venture enterprises 5. Intermediary activities 6. Development of regional and global business relations 7. Sea logistics potential 8. Intermodal transportation between Asia and Europe through Ukraine	1. Volatility of external markets 2. Harsh weather conditions threatening the agricultural industry 3. Fluctuations of world demand for particular agricultural products

Source: conducted by the authors.

**Conclusions.** Intensification of trade between Ukraine and Hong Kong is possible through establishment of a joint trade and investment platform. Economic justification of this platform includes, in particular:

- reasonable priced resources and manufactured products in Ukraine;
- logistics potential of Hong Kong and Ukraine;
- complexity of export-import operations carried out through China;
- unpredictable restrictions on trade operations and contractual relations with some Chinese trade agents.

The foregoing establishment will act as a cornerstone in facilitation of mutually beneficial trade relations between Ukraine and Hong Kong removing existing barriers, namely complex customs procedures and simplification of accounting transactions (currently Ukrainian companies buying/selling goods to Hong Kong have to record each transaction separately as Hong Kong belongs to the Ukrainian list of offshore jurisdictions).

A joint venture will help to apply skills and expertise of trade agents from Hong Kong as well as innovativeness and readiness to work of Ukrainian counter-agents and will increase the level of mutual trust in general.

To begin with, trade that could be carried out through such a company may be focused on agricultural products (both traditional and organic) with subsequent deepening and expansion of areas of cooperation. On the other hand, a trade and investment company will channel investment resources of Hong Kong in Ukraine considering its growing investment attractiveness.

In general, it is necessary to note the significant potential for development of cooperation, existence of a basic system of coordination and mutual interest of the parties.

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