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FOREIGN TRADE RELATIONS OF UKRAINE WITH CHINA

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CHAPTER 1. THEORETICAL BASIS OF ECONOMIC COOPERATION BETWEEN UKRAINE AND CHINA

1.1 International Trade Theory

Traditional International Trade Theory. In 1750, Adam Smith pointed out that traditional international trade theory was composed of two parts: classical and neoclassical trade theory. And through further research, various scholars have gradually proposed the Absolute Advantage Theory (Adam Smith), Classical Trade Theory (Ricardo), Neoclassical Trade Theory (Heckscher-Ohlin), and Factor Analysis Theory. The proponents of the theory of absolute advantage have pointed out that in domestic and international trade, a country does not need to shoulder the production of all goods, and trade with surrounding countries is more conducive to the rational utilization of resources.

Contemporary International Trade Theory. According to the research of scholars, contemporary international trade theory mainly consists of two parts: new trade theory and new trade theory.

After World War II, with the deepening development of economic globalization, international trade activities became increasingly frequent. However, constrained by factors such as science and technology, developing countries mainly engage in labor-intensive industries, while developed countries mainly engage in capital intensive industries. This international division of labor also raises many doubts about traditional trade theories.

In the 1950s, "The Mystery of Lyonnais" was published. American scientist Leontief used empirical data to prove that the H-O theory contradicts the reality of American trade. The phenomenon that has emerged in the history of international trade theory at this time poses a challenge to traditional international trade theory. Subsequently, through the dedicated research of scholars, many important international trade theories such as life cycle, trade within the trade industry, and new factor theory

emerged. These trade theories mainly explain the practical problems that arise and promote the continuous improvement and development of post-war international trade theories.

Subsequently, Dixit and Norman, Helpman, Markuson, Ethier, Brander, and Krugman's more comprehensive explanation of new phenomena in international trade triggered a revolution in international trade theory.

The economic development of the 21st century has inspired us that theoretical research should be combined with the corresponding historical background. Therefore, the relevant theoretical research on international trade is also constantly changing with the development of the times. Meanwhile, in this context, in early 2000, researchers represented by Mirici (Heterogeneous Enterprise Trade Model) and Andras (Endogenous Boundary Model) proposed new trade theories. Explained the current international trade and investment issues from the perspective of enterprise heterogeneity.

Strategic Trade Theory. In 1984, Paul Krugman proposed the Strategic Trade Theory in the American Economic Review. He pointed out that the applicability of international trade theory should fully respect the actual economic development of various countries, while traditional international trade theory is based on the rational assumption of a perfectly competitive market, lacking explanatory power and broad adaptability to the reality of international trade. Therefore, he proposed his own idea of a new analytical framework for international trade theory.

In 1985, Krugman and E Helpman co-authored the book "Market Structure and Foreign Trade", which systematically analyzes and explains the issue of intra industry trade from the perspective of monopolistic competition theory, and establishes an imperfect competition theory model based on economies of scale and product differentiation, namely strategic trade theory. Krugman believes that under imperfect competition conditions, economies of scale can enhance a company's international competitiveness. Therefore, enterprises should focus on expanding their own production and achieving economies of scale. However, due to various factors such as economic strength, it is difficult for enterprises to achieve economies of scale solely on their own. In this case,

the government needs to introduce corresponding industrial support policies to support them, thereby further enhancing the overall competitiveness of enterprises. The strategic trade theory is based on the theory of imperfect competition trade, providing a theoretical basis for further intervention in trade activities by the state

1.2 Basic Theory of Regional Economic and Trade Cooperation

The Nature and Form of Economic and Trade Cooperation. According to the characteristics of economic and trade cooperation entities, it can be divided into functional economic integration and institutional regional economic integration. As shown in Table 1, there are six organizational forms and their characteristics.

Table 1

Basic Characteristics of Economic and Trade Cooperation						
	Mutual trade preferential treatment	Free trade between member states	Common external tariffs	Free flow of production factors	Coordination of economic policies	Unified economic policy
Preferential trade arrangements	√					
free trade area	√	√				
customs union	√	√	√			
common market	√	√	√	√		
Economic Alliance	√	√	√	√	√	
regional economic integration	√	√	√	√	√	√

Preferential trade arrangements are the most extensive form of economic and trade cooperation. In the process of economic and trade cooperation, trade zone members who sign agreements between member countries enjoy the same preferential policies, while non-member countries will not have such preferential treatment. Free trade zones are further developed on the basis of preferential trade arrangements, where free trade

eliminates mutual tariffs and promotes broader economic and trade relations. Currently, various developing countries are actively exploring trade arrangements in free trade zones. A customs union refers to the establishment of agreements between cooperating member countries, based on zero tariffs, ultimately achieving the same internal trade policy. Customs unions have a great promoting effect on the development of international trade. An economic alliance is a high-level agreement for economic integration, and member countries need to establish a consistent external tariff system. On the basis of a customs union, implementing a unified economic policy and a unified foreign policy is a highly liberalized form of cooperation. Complete economic integration is the highest form of regional economic cooperation. Not only does it require countries to eliminate barriers to the flow of goods, labor, capital, and other aspects, but also to maintain consistency in economic policies. It also requires member countries to formulate unified economic policies and use a unified monetary form.

Other Main Theories of Regional Economic and Trade Cooperation.

In regional economic and trade theory, the tariff union theory published by American economists Jack Viner and K.G. Lipsey is the most attractive among many theories. In the exposition of the theory of tariff unions, it can be seen that the three most important characteristics of this theory are: firstly, the implementation of a zero tariff system among tariff union countries; The second point is that member countries implement a unified pricing system for tariffs on non-member countries; The third point is the need to establish a unified tariff policy among the allied countries, maintaining a pattern of trade creation and trade transfer coexisting.

Large market theory: The core members of this theory point out that early trade had certain limitations. Due to the gains and losses of national interests, member states to some extent divide the market, making it only suitable for domestic enterprises. While reducing production quantity, extensive cross-border transactions have been carried out.

The principle of international division of labor in agreements: This principle was proposed by Japanese economist Kiyoshi Kojima. He pointed out that the so-called international division of labor refers to the two countries transferring their production

lines to the countries specified in the agreement through negotiation. The agreement can also specify specific production methods, market prices of goods, and other specific issues. Comprehensive development strategy theory: In order to more effectively promote the complementary advantages of various countries, based on economic integration. The parties to the agreement must agree on an effective government regulatory mechanism, with a firm political stance and an effective government regulatory mechanism to promote national transformation, actively integrate into the world economic structure, and establish a new international economic order.

1.3 Research on the Theory of Economic Cooperation between Ukraine and China

There are also many studies on the economic and trade relations between Ukraine and China abroad, mainly focusing on Ukraine and Central Asian countries on the development of Ukraine and China's economy and trade. In terms of research direction, the focus is mainly on the current situation and scale of trade development between Ukraine and China. The specific research status is as follows:

Kirkevich Aksana (2012) used both literature analysis and empirical analysis in his article "Research on the Current Situation and Countermeasures of the Development of China Russia Economic and Trade Relations". The paper conducted a relevant analysis on the problems that arise in the cooperation between China and Russia in terms of economy and trade. The author points out that there is complementarity in trade development between China and Russia, analyzes the reasons for the insufficient economic and trade development of both sides, and proposes corresponding solutions. The economic and trade relationship between Russia and China is bound to undergo significant changes, which can promote an increase in economic volume and social welfare for both sides.

In the analysis of the current situation and prospects of trade development between Ukraine and China by Bhattacharabhorn Wimonosarawang (2014), the author points out that the current situation between the two countries is unfavorable for the long-term development of the economy and trade between Ukraine and China. In response to this problem, Ukraine should solve the difficulties from its own perspective. After resolving

the difficulties, both sides can embark on the path of success and push Ukraine and China to a new level.

In Professor Gennadii Bagliuk's (2015) article on the patterns and contradictions of developing the domestic market in Ukraine under the conditions of globalization, the author points out that Ukraine and China are currently interacting in many aspects, which requires joint efforts between the two countries to promote the development of their relations. Both sides need to deepen their relations on the basis of mutual understanding, strengthened dialogue, and expanded cooperation.

Scholars from the Proni Sergii Viktorovich Institute of Comprehensive Technology in Ukraine pointed out that when developing bilateral relations, it is necessary to consider the advantages and disadvantages of the two countries' economic structures to achieve complementary advantages, as well as to comprehensively consider domestic and especially the current comprehensive strategic partnership between China and Kazakhstan, which has created favorable conditions for expanding energy trade cooperation between the two sides in the future. On the other hand, cooperation in technological innovation is also a new direction that both countries must consider.

In the article "[Research on Bilateral Trade Development between Laos and China](#)" by [Wan Sai \(2014\)](#), the author analyzed the economic and trade cooperation between Laos and China. The author believes that there is a certain potential for economic and trade development between Laos and China, and the cooperation has a certain foundation. The cooperation between the two countries can be further strengthened and will continue to deepen. The economic path of Laos and China will definitely move towards a healthy and harmonious development path. The international investment environment makes trade and cooperation between the two countries more stable. In the article "[Research on the Development of Economic and Trade Relations between Ukraine and China](#)" by [Rahal Farah \(2017\)](#), the author used historical discovery method, comparative analysis method, and empirical testing method to point out the huge challenges that the two countries are facing. Ukraine relied on macroeconomic regulation by the state to promote industry economic growth during the 21st century economic transition period, and economic growth relied on expanding skills Increase

employment opportunities and global integration of private enterprises. China is an important partner in helping Ukraine achieve this goal. Therefore, it is necessary to have a correct view of China's potential and influence in promoting Ukraine's development.

Koza (2012), a scholar at Kharkiv State Technical University in Ukraine, focused his research on comparing the government systems of Ukraine and China. He pointed out that the Chinese government system has obvious advantages in promoting economic development, and the Ukrainian government should fully learn from the experience of the Chinese government, mainly reflected in the following aspects: fully recognize the huge role of small and medium-sized enterprises in promoting the economy, and increase support for small and medium-sized enterprises; Deepening reform and improving productivity: vigorously supporting young people's entrepreneurship; Improve legislation and tax systems to attract foreign investment; Improve the welfare level of enterprise employees.

At present, there is relatively little research on the economic and trade relations between Ukraine and China. The specific research results on the economic and trade relations between China and other countries are summarized as follows:

Zhu Jiang (2005) pointed out that since the establishment of diplomatic relations between Ukraine and China in 1992, the economic and trade relationship between Ukraine and China has gone through a repeated process from a period of prosperous trade development to a period of decline. He pointed out the economic development trends of both Ukraine and China, and pointed out that in today's economic and trade forms, it is in a golden period of development.

In his article "Research on the Development of Economic and Trade Cooperation between Heilongjiang Province and Russia" by Li Weizhu (2010), the cooperation between the two countries is divided into various stages of development, with both upward and downward periods. The article specifically analyzes that although the trade scale between Heilongjiang and Russia is gradually expanding, there are also problems such as a single commodity structure, low trade levels, and the frequent use of tariff and non-tariff barriers.

In Zhang Shuang's (2010) paper on service trade research between China, the United States, and Canada, comparative analysis and data analysis methods were used. The author believes that there are many influencing factors that need further research, exploration, and practical testing, as there are significant differences in various factors between different countries.

In Cao Zhigang's (2012) article on the development of contemporary Sino Korean trade, the author adopted research methods such as historical literature, comparative analysis, problem-solving statistics, and a combination of history and economics. After the Korean War, the two countries quickly resumed trade and achieved rapid development, with trade volume increasing by about 60 times. At present, China and South Korea have many industrial and trade cooperation, among which the most important are the development of cultural industry cooperation, shipbuilding technology cooperation, and so on. In trade with China, South Korea has relied on China's vast domestic market to get rid of more trade opportunities and strengthen trade cooperation relations.

In Yang Danzhu's (2012) article on the development of Sino US trade, the author studied the development process of Sino US trade. The author believes that the United States must first respect China's economic status in the world when conducting trade with China. Currently, trade cooperation between China as the second largest economy and the United States as the largest economy is mutually beneficial for both sides, and the two complement each other.

In Alia's (2012) article on the study of economic and trade relations between Kazakhstan and China, the author adopts a combination of comparative and empirical research methods to point out that there are some development problems in the trade relations between Kazakhstan and China, among which the most important is that energy trade cooperation between Kazakhstan and China is the focus of bilateral trade cooperation, especially since China and Kazakhstan have become comprehensive strategic partners, This has created favorable conditions for both sides to expand energy trade cooperation in the future. On the other hand, cooperation in technological innovation is also a new direction that both countries must consider.

Renya (2017) pointed out that Ukraine and China have a long history of relations, and

the two countries have never had any conflicts of interest or serious political and economic conflicts. In addition, Ukraine and China have complementary economies, and the two countries have great potential for cooperation and development in the future. Currently, the relationship between Ukraine and China has not yet fully developed, but more and more Ukrainian experts point out that developing the relationship between Ukraine and China should be a priority direction of Ukraine's foreign policy. The "Silk Road Economic Belt" initiative proposed by China in 2013 provides a new platform and unprecedented opportunity for the development of bilateral relations.

The trade development time between Ukraine and China is not short, but there are not many research results related to this direction. There are many scholars and research institutions in China that specialize in studying the development of trade relations between China and other countries, mainly focusing on trade with the United States, Russia, East Asian, Southeast Asian, and Latin American countries. Due to the limited research on trade between Ukraine and China, it is possible to analogize trade between Ukraine and China by referring to research on China's trade with these countries, especially the trade between China and the CIS countries. This has pointed out the direction and provided feasible methods for the research on trade between Ukraine and China. Currently, research on trade between Ukraine and China is also focused on a relatively superficial level, without in-depth analysis, which indirectly indicates the necessity of this study.

CHAPTER 2. ANALYSIS OF ECONOMIC AND TRADE COOPERATION BETWEEN UKRAINE AND CHINA

2.1 Overall Overview of Ukraine's Import and Export Trade

Ukraine's economic and trade relations with China achieved significant growth in 2008. In 2009, Ukraine's GDP decreased by 15%, while inflation reached 16.4%. According to Ukrainian customs statistics, the bilateral trade volume between Ukraine and China in 2015 was 6.17 billion US dollars, a decrease of 23.7%. On the surface, the conclusion may seem counterintuitive, but in reality, due to the collapse of the steel industry, which dominates the Ukrainian economy, Ukraine has had to ease its economic decline by increasing exports. Due to China's strong demand for agricultural products, Ukraine has increased its exports of Chinese agricultural products. Meanwhile, due to Russia and the West's unwillingness to provide economic assistance to Ukraine, China's economic impact on Ukraine has also increased. China has also turned Ukraine into an important node on the Western Silk Road, thus enhancing China's geopolitical influence by establishing economic ties with Eurasian countries.

Although the development momentum between Ukraine and China is good, the scale of economic and trade cooperation between Ukraine and China is not large, and more technological trade cooperation is needed to upgrade the trade relationship between the two countries. Especially at present, the development of economic and trade between Ukraine and China is affected to a certain extent. Therefore, it is necessary to enhance the trade relationship between the two countries and enhance the level of economic and trade between Ukraine and China through technological cooperation.

The specific current situation of Ukraine China economic and trade cooperation and the total import and export trade volume are shown in Figure 2.

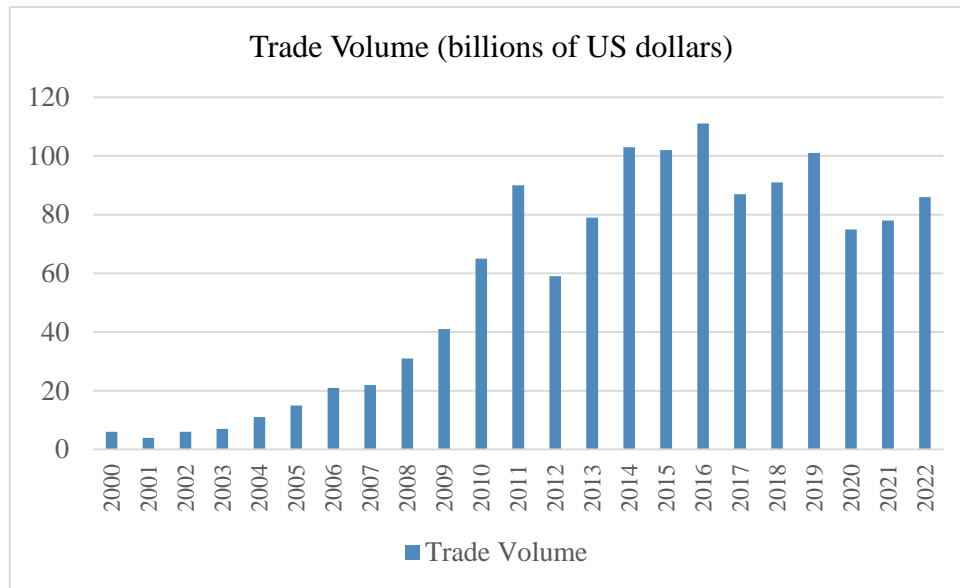


Figure 2 Total import and export trade volume between Ukraine and China from 2000 to 2022 (in billions of US dollars)

From Figure 2, it can be seen that the economic and trade development between Ukraine and China has shown a growth trend, but it has declined rapidly in 2012 and has also shown a downward trend since 2016. According to Chinese statistics, the total export trade volume of Ukraine to China in 2015 was 11.122 billion US dollars, with a trade deficit of 1.35 billion US dollars. In addition, both sides are discussing cooperation projects in multiple fields. Although the prospect of China importing Ukraine is promising, trade with Ukraine is only a small part of China's total trade volume, especially as China's economy has become the world's largest trading nation for goods and a world trading nation. Trade with Ukraine only accounts for a small portion of China's total trade volume. Due to the impact of the epidemic, there was also a downward trend in 2019. However, after the global pandemic recovery in 2021, the development of Ukraine China economic and trade has shown an upward trend.

China provides loans to Ukraine in terms of cooperation with Ukraine. China's investment in Ukraine is to support Ukraine's development and also to develop the Ukrainian market. During the Ukrainian President's visit to China, China also made a commitment to Ukraine, promising to invest in Ukraine, which will accelerate the development of cooperation between Ukraine and China. According to the statistics of the National Bureau of Statistics of Ukraine, the foreign trade data for Ukraine in 2022

is as follows.

In Ukraine's trade of goods, the total value of exported goods was 38.134.8 billion US dollars, a year-on-year decrease of 29.3%. Main export destinations: Russia (14.6%), Türkiye (7.7%), China (7.3%), Egypt (5.2%), Italy (5.0%), Poland (5.1%), India (3.7%), Germany (3.8%).

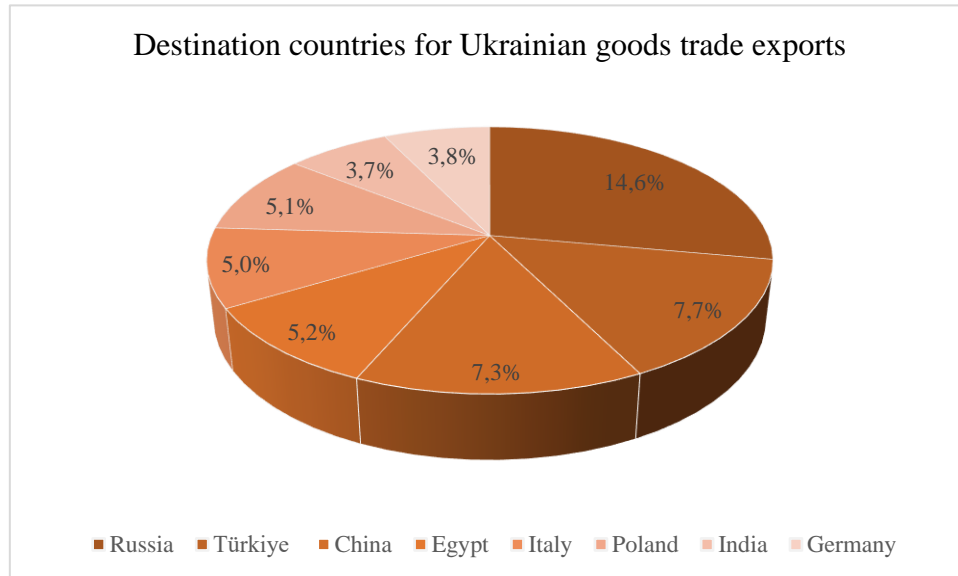


Figure 3 Destination countries for Ukrainian goods trade exports

In 2022, the total value of imported goods from Ukraine was 36.16 billion US dollars, a year-on-year decrease of 28%. Mainly due to the turbulent situation in Ukraine, the country's economic situation has been continuously declining, and the demand for foreign trade has decreased, which has affected the development of import trade.

At present, Ukraine's main importing countries are Russia (accounting for 20.2%), Germany (10.1%), China (9.6%), Belarus (6.2%), Poland (5.8%), Hungary (3.9%), and the United States (3.2%). The specific details are as follows.

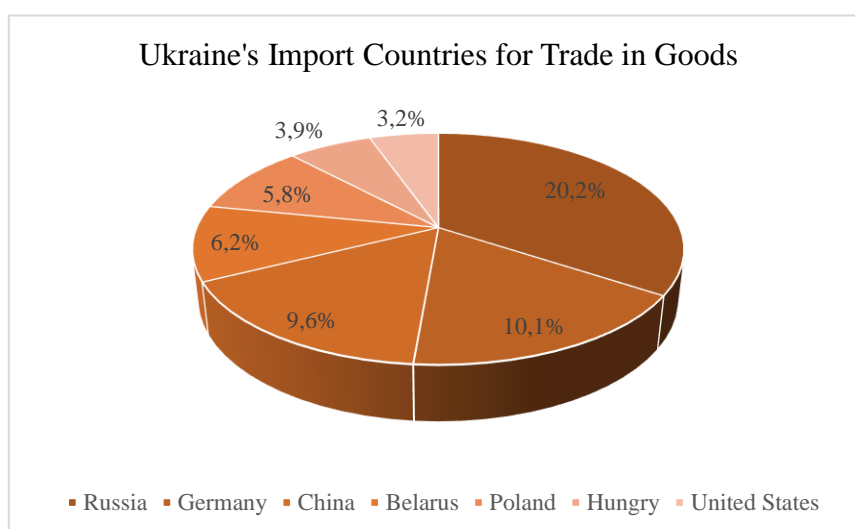


Figure 4 Ukraine's Import Countries for Trade in Goods

From the above data, it can be seen that in the trade of goods in Ukraine, goods exported to China account for 10.1%, and among Ukraine's main importing countries, China's imported goods account for 9.6%. The trade scale between Ukraine and China is very small, and there is still a lot of room for appreciation.

2.2 Current Situation of Economic and Trade Cooperation between Ukraine and China

Analysis of goods exported from Ukraine to China. According to Ukrainian customs statistics, the bilateral trade volume between Ukraine and China in 2017 was 9 billion US dollars, a decrease of 24% in the same year; The total trade volume of goods imported from China has declined to 5.3 billion US dollars, a 40% year-on-year decrease, causing China to fall to fourth place among Ukraine's importing countries. The classification of goods exported from Ukraine to China can be clearly described in Table 2, as follows:

Table 2 Types of Goods Exported from Ukraine to China (%)

Customs classification	HS code	Product category	2022	Same period last year	YoY%	Proportion%
class	chapter	total value	2,589	2713	-2.1	100
Category 5	25-27	Mineral products	1,508	1805	10.2	61.5
Category 2	6-14	Plant products	362	36	991.9	14.6

Category 3	15	vegetable oils and animal fats	351	437	-16.7	13.6
Category 16	84-85	mechanical and electrical products	101	252	-51.3	4.1
Category 9	44-46	Wood and its products	87	85	15.6	3.7
Category 17	86-89	Transportation equipment	58	54	15.5	2.4
Category 4	16-24	Food, beverages, tobacco	7	6	43.3	0.3
Category 6	28-38	chemical products	6	44	-84.2	0.3
Category 18	90-92	Optics, clocks, medical equipment	5	13	-58.2	0.2
Category 7	Apr-39	Plastic, rubber	4	12	-63.8	0.2
Category 5	72-83	Base metals and products	3	8	-59.8	0.1
Category 1	01-05	Live animals, animal products	2	6	-43.5	0.1
Category 10	47-49	Cellulose pulp, paper	2	6	-72.1	0.1
Category 12	50-63	Textiles and raw materials	1	1	-2.6	0
Category 13	68-70	Glass, ceramic	1	1	6.3	0
		other	7	9	-32.3	0.2

From the above table, it can be seen that the trade development process between Ukraine and China is relatively diverse among the products imported from Ukraine. As of 2017, Ukraine's exports to China mainly consisted of mineral products, plant products, and animal and plant fats and oils. Among them, the export values of mineral products, plant products, and animal fat products were 1.61 billion US dollars, 390 million US dollars, and 360 million US dollars, respectively, a decrease of 10.1%, 16.7%, and 13.6% compared to the same period last year. In addition, the export value of food, beverage, and tobacco accounts for more than 40% of the total trade exports between Ukraine and China, making it the backbone of export products. At the same time, the export value of chemical products and cellulose pulp and paper products is gradually decreasing.

Analysis of goods imported from China by Ukraine. In 2022, Ukraine imported mainly mechanical and electrical products and textile products from China. The trade volume of mechanical and electrical products, base metals, and products imported by Ukraine from China was 1.91 billion US dollars and 560 million US dollars respectively, showing a downward trend compared to last year, with a decrease of 30% and 40% respectively. Even though the downward trend is obvious, the import volume of mechanical and electrical products still occupies the main market of Ukraine's mechanical and electrical products, currently higher than European countries such as Russia and ranking first. At the same time, the import of mineral products increased significantly, with an increase of 34.5% in import volume. The import value of light industrial products such as umbrellas and shoes has been decreasing year by year, with a decrease of nearly 50% compared to last year. China's imports of textiles and raw materials account for 21.9%, furniture, toys and miscellaneous products account for 27.3%, light industrial products such as shoes, boots, and umbrellas account for 39.5%, and ceramic glass accounts for 67.0%. The specific categories of goods imported by Ukraine from China are as follows.

Table 3 Types of goods imported by Ukraine from China

Customs classification	HS Code	Product category	2022	Same period last year	YoY %	Proportion %
Classification	Chapter	Total	5,409	7, 901	-31.5	100
Category 16	84-85	mechanical products	1,905	2, 819	-32.4	35.2
Category 15	72-83	Plant products	561	942	-40.5	10.4
Category 11	50-63	vegetable oils & animal fats	514	820	37.3	9.5
Category 7	39-40	electrical products	478	582	-17.8	8.8
Category 6	28-38	woodwork	407	439	-7.3	7.5
Category 20	94-96	Transportation equipment	356	454	-21.6	6.6
Category 12	64-67	Food, beverages, tobacco	288	629	54.2	5.3
Category 13	68-70	chemical products	226	271	-16.5	4.2

Category 17	86-89	Optics, clocks, medical equipment	206	324	-36.6	3.8
Category 18	90-92	Plastic, rubber	91	155	-41.3	1.7
Category 4	16-24	Base metal products	78	94	16.7	1.5
Category 8	41-43	Live animals, animal products	73	102	28.3	1.4
Category 10	47-49	Cellulose pulp, paper	68	93	26.7	1.3
Category 2	06-14	Textiles and raw materials	45	59	-23.5	0.8
Category 5	25-27	Glass, ceramic	36	27	34.5	0.7
		Others	76	92	37.6	1.4

From Table 3, it can be seen that in 2022, Ukraine imported the most products from China, including mechanical and electrical products, accounting for about 35.2%, at \$54.09 million, a year-on-year decrease of 31.5%. The combined proportion of plant products and animal fats reached over 50%, indicating that the import and export trade structure between Ukraine and China tends to be too large. Ukraine imports goods from China. After more than 20 years of development in Ukraine China trade, although the overall development momentum is very good, there are still certain problems in specific implementation issues. The existence of problems is not necessarily a bad thing, and it still plays a certain promoting role in Ukraine China economic and trade relations. Because the trade development time between Ukraine and China is relatively short, it takes time to gradually adapt. The most common commodity structure between China and Ukraine is the cooperation between goods trade, and the proportion of investment in the service industry is not very high. The focus of cooperation between Ukraine and China is mostly on the cooperation of advantageous industries. Most of the goods imported by China from Ukraine are products that China lacks and have a relatively high demand, and the products in demand are mostly hard demand products. In recent years, the Chinese economy has developed rapidly and its economic structure is becoming increasingly rational. China's demand for imported goods from Ukraine has not decreased and is still expanding. The goods exported by China to Ukraine are

mainly light industrial goods, and the value of the goods is not very high. The elasticity of demand has increased, and Ukraine's demand for Chinese imported products is closely related to market demand, with poor stability. This trend is also unlikely to change in the short term. The structural changes in exported goods can also lead to changes in the total trade volume, but the economic and trade development of both sides still has unstable characteristics, and the stability of their relationship is the foundation of their cooperation. The commodity trade between Ukraine and China has always revolved around the development of light textile products and steel products. Ukraine needs to establish more long-term technological trade cooperation with China to improve Ukraine's production technology level. The current industrial structure is single, and industrial technology upgrading is needed to avoid the dilemma of a single industrial structure. China's years of investment in production technology have already taken a leading position in many industrial fields, especially in the field of military industry technology. China has achieved years of "military to civilian" transformation and has gradually explored a relatively mature level of technological transformation. Ukraine can engage in "military civilian" technology trade with China to improve the "military civilian" technology in Ukraine's domestic military industry. Moreover, Ukraine can focus on introducing mature production technologies from China in international trade to rapidly enhance Ukraine's production technology.

Steel products were once the main export of Ukraine to China. The growth rate of steel products is also relatively large, even exceeding 90% in 2009. China's trade deficit with Ukraine is mainly due to imports of Ukrainian steel products. Steel products are relatively susceptible to the influence of market supply and demand, as well as national policies. This easily affected nature also brings some inevitable unstable factors to the development of bilateral trade between the two countries. China's steel production capacity has improved, and the Chinese government will also take a series of macroeconomic control measures, resulting in a downward trend in steel imports. China became an exporter of steel in 2005, which will affect Ukraine's import situation to China. The current production status of Ukraine's steel industry is that Ukraine has abundant resources needed for steel production such as coal, iron ore, and manganese

ore. Ukraine's steel production and pig iron production once accounted for 35% and 40% of the former Soviet Union's, respectively. Ukraine is a major steel producing country, and its steel cooperation with China has declined. The commodity structure of foreign trade is mainly related to the domestic commodity structure. Under the unchanged system, the purpose of foreign trade development is to achieve optimal allocation of resources. Fully leverage various advantages. After independence, Ukraine fully utilized its regional advantages and focused on industrial adjustment. The characteristics of industrial adjustment are quite obvious and in line with the country's development conditions.

The rich commodity structure requires Ukraine to focus on optimizing and adjusting its industrial structure. The economic development level of the two countries mainly depends on their natural conditions, and the direction of cooperation has a certain rationality and directionality.

2.3 Analysis of Economic and Trade Issues between Ukraine and China

Ukraine and China have a high degree of trade integration but a small development scale. Trade integration is a comprehensive indicator used to measure the interdependence between two countries in trade. Trade integration refers to the proportion of a country's exports to a trading partner country to its total exports, as well as the proportion of that trading partner country's imports to the world's total imports. The larger the value, the closer the trade relationship between the two countries. The calculation formula for trade integration is as follows:

$$TCDab=(Xab/Xa)/(Mb/Mw) \quad (1)$$

In equation (1), TCDab represents the degree of trade integration between country A and country B, Xab represents the export volume of country A to country B, and Xa represents the total export volume of country A; Mb represents the total import volume of country b; MW represents the total world import volume. If $TCDab > 1$, it indicates that a and b have close trade ties. If $TCDab < 1$, it indicates that a and b have loose trade ties.

From the analysis of the trade integration index between Ukraine and China, the trade

integration index between Ukraine and China has been above 1.0 since 2010, indicating a high level of trade integration between Ukraine and China. As for the trade integration index, a value greater than 1 indicates a higher level of trade integration index between the two countries. From the trade integration index between Ukraine and China, it can be seen that until 2010, the trade integration index between Ukraine and China remained below 1, indicating that the proportion of trade cooperation between Ukraine and China in the country's total import and export trade is very small. With the acceleration of trade cooperation between Ukraine and China, trade exchanges between Ukraine and China are gradually increasing. After 2010, the Trade Integration Index broke through 1.0 for the first time in 2013 and only reached a historical high of 1.6 in 2018. Despite a slight decline in 2019, it still reached a high of 1.4. Since the end of the COVID-19 pandemic, the trend of trade integration index has gradually increased. The trade integration index is relatively high and there is a lot of development space, but the low scale is affecting the development of trade between Ukraine and China, and there is still a lot of development space for the economic and trade between Ukraine and China. Ukraine and China have relative comparative advantages in international trade. Ukraine's military industry, agriculture and animal husbandry are more developed and advanced, and the quality of labor and talent is higher than that of China. China has inherent advantages in the electromechanical industry, mechanical manufacturing industry, and light industrial products. It should increase the development of advantageous industries, vigorously develop the electromechanical industry, and attach importance to Ukraine's market in the mechanical manufacturing industry. On the other hand, Ukraine should develop its domestic military industry, agriculture and animal husbandry in a balanced manner, continue to encourage high-quality labor to invest in actual production, and enhance Ukraine's relative comparative advantage.

The impact of economic and trade imports between Ukraine and China on Ukraine's per capita income is relatively low. From the above data analysis, it can be seen that the import trade value between Ukraine and China affects Ukraine's per capita total income, but the impact on per capita income is not significant.

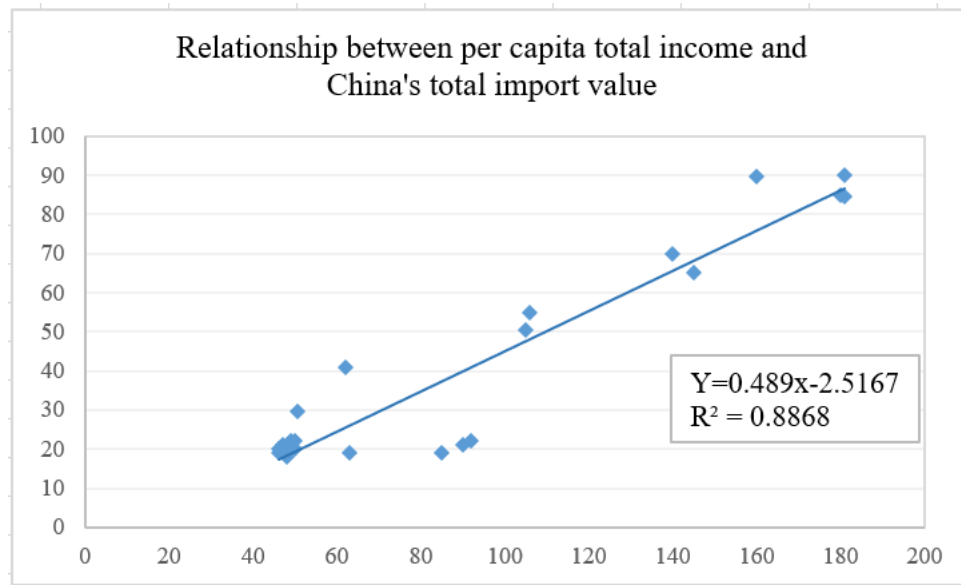


Figure 5 Relationship between per capita total income and
China's total import value

From the analysis chart, it can be seen that the R2 value is 0.893, which is lower than the measured value of 0.9, indicating that the relationship between Ukraine's total income and China's import value is not significant enough. It can be concluded that the import value of Ukraine and China only has a small impact on Ukraine's total income, assuming a very large impact. However, under certain conditions of labor costs and capital financing, the trade development level between Ukraine and China is in a relatively associative state, It is necessary to undergo changes in China's total trade value, which will drive changes in per capita total income. Therefore, under certain conditions of labor factors and capital, significant changes in per capita total income can only be achieved when China's import value is very large. Therefore, it can be concluded that the current import value between Ukraine and China is not large enough, and the low level of cooperation leads to a low overall per capita total income value in Ukraine. Through database analysis, it was found that Ukraine's trade policy is not coherent enough. Currently, the development of trade between Ukraine and China has become a relatively important trade for Ukraine. However, there are still several issues in the trade between Ukraine and China that affect the normal development of Ukraine China economy and trade. Especially the current trade policy in Ukraine is not coherent enough, the policy objectives are not clear enough, and the changes have multiple

impacts on the normal development of Ukraine China economic and trade. Due to the chaotic political situation in Ukraine since 2014, the governing body has mainly focused on dealing with political issues, neglecting adjustments to economic and trade policies, and lacking coordinated policies. Although Ukraine mostly implements multi tax measures for import tariffs, there are some categories of goods that are exempt from taxes. With the deterioration of Ukraine's domestic political situation and rapid economic changes, the new government continuously adjusts import taxes and charges tariffs on many categories of goods. Especially in the 2014 amendment to the tax law passed by the Ukrainian parliament, various tax contents were further refined, and the value-added tax remained unchanged at 20%. The lack of coherence in Ukraine's trade policies is also reflected in foreign investment policies. Foreign investors who come to Ukraine for investment generally enjoy certain tax exemptions. Although they have already enjoyed lower transfer rates in Ukrainian ports, due to the new government taking office, there has been a significant deficit in fiscal revenue. In order to make up for the fiscal deficit, shipping port construction fees are collected, and these costs are ultimately borne by foreign trade investors and traders, This also belongs to the disguised impact of trade policies on the development of trade between Ukraine and China.

The domestic economy of Ukraine has dragged down the economic and trade development between Ukraine and China. From the above analysis, it can be concluded that the economic and trade development between Ukraine and China is closely related to the domestic economic development of Ukraine. From the perspective of Ukraine's total income, the current level of economic development in Ukraine has not been high. Due to political factors, the national trade level is declining, reaching the highest point of significant decline for the first time in nearly five years. From the perspective of gross national income, the decline in the domestic economy is hindering the development of Ukraine China economic and trade. The specific analysis is as follows.

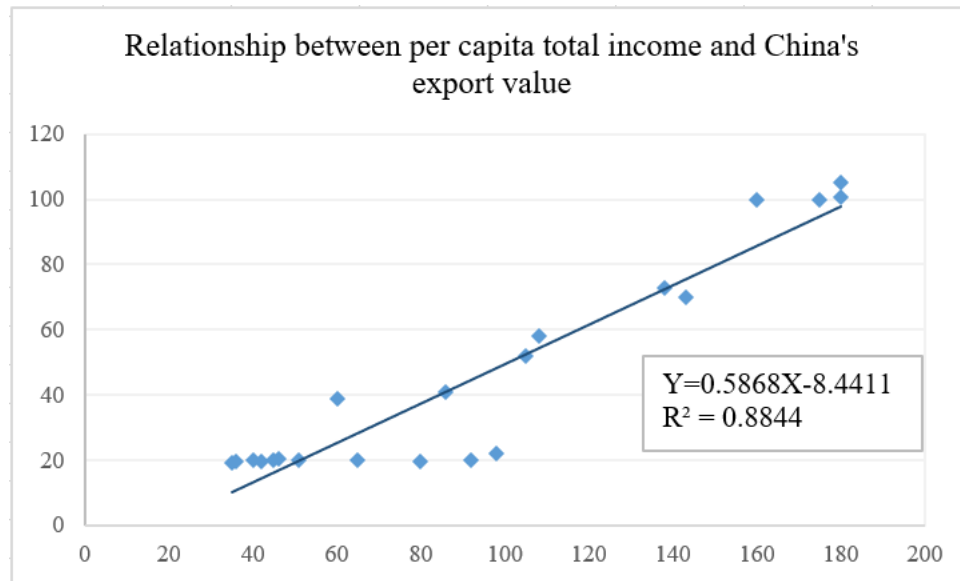


Figure 6 Relationship between per capita total income and China's export value

The calculation results show that the correlation coefficient between per capita total income and total exports in Ukraine is 0.909, and there is a linear positive correlation between the two. The correlation equation between the two is $y=0.5868x-8.4411$. The analysis results show that when the level of economic development is relatively high, the per capita total income value also increases. At the same time, it is found that the total export quota is also constantly increasing, which means that there is frequent foreign economic and trade exchanges with other regions, with a greater degree of openness, which is conducive to expanding the scale of foreign economic and trade. Therefore, Ukraine should continue to implement an opening-up policy, which has great potential in other areas besides trade and investment. Vigorously developing the national economy and improving the level of economic development is an inevitable choice to expand the scale of foreign trade, especially the scale of exports.

Analysis of the Current Situation of Military Industry Cooperation Projects.

On the basis of economic and trade development, Ukraine and China have reached cooperation intentions on many projects. Currently in a good cooperation process. This cooperation project is an effective model adopted by Ukraine and China to achieve common trade and economic benefits, and is of great significance for promoting trade development between Ukraine and China. The importance of military technology in the Ukraine China trade cooperation project is reflected in China's relatively late start in

military technology. As the largest developing country, China's demand for military equipment has gradually increased in recent years, while Ukraine inherits powerful military technology from the Soviet era. This is a favorable driving force for both sides to engage in trade cooperation. Therefore, Ukraine's military technology is a supplement that China's military industry may need. From the perspective of the significance of economic and trade cooperation between Ukraine and China. The cooperation in the military field of dual engines is of great significance to China in aviation production and shipbuilding. In the process of military technology cooperation between China and Ukraine, aircraft carrier technology has always played an important role as a link between the two countries. China hopes to gain experience in aircraft carrier manufacturing from Ukraine. Ukraine and China have also carried out dozens of aircraft carrier cooperation projects. According to relevant reports, Ukraine and China will carry out and cooperate in the field of advanced weapons in research and development, production, and other areas, achieving the goal of promoting the rapid development of military industry.

Analysis of the current situation of agricultural product trade cooperation projects. From the perspective of Ukraine's foreign trade development, in 2017, Ukraine's agricultural trade generated the highest revenue, with agricultural trade with China ranking first. The trade volume exceeded 1 billion US dollars, increasing to 1.3 billion US dollars, accounting for 10% of Ukraine's total agricultural exports. China has become the largest exporter of Ukrainian agricultural products. Due to the climate and environment in Ukraine being very suitable for the growth of agricultural products such as wheat, corn, and sugar beets, a large amount of crops are used for foreign trade. In terms of agricultural trade cooperation, Ukraine and China are relatively mature in sugar beet trade. China has established several huge sugar beet production bases, mainly funded by private investment. The sugar beet production bases employ mature local agricultural industry workers in Ukraine, including high-level agricultural technicians. The cooperation in agricultural research and technology has laid a solid foundation for friendly exchanges between Ukraine and China. At the same time, due to the relatively high level of agricultural technology in Ukraine, it has been attracting

China to seek imports, leading to a gradual increase in agricultural trade cooperation between Ukraine and China.

There are also many cooperative relationships in agricultural land leasing, which can enable more agricultural products to be produced in Ukraine, promote the development of Ukraine's agricultural economy, and also drive the development of China's labor force. The Ukrainian Modern Grain Storage Project is a key national introduction project jointly implemented by the Ukrainian Ministry of Finance, the Ukrainian State Food and Food Group, and the China Development Bank.

Analysis of the Current Situation of Trade Cooperation Projects in the Industrial Sector. In Ukrainian project cooperation, industrial cooperation is gradually entering the right track. China Machinery Equipment Engineering Co., Ltd. is the first enterprise to invest and cooperate with Ukraine. This company has established a very stable cooperative relationship with Ukraine in both railway and agricultural products. The railway cooperation project mainly focuses on the Ukrainian airport rail transit line project, while the agricultural products project involves the development of modern grain storage in Ukraine. The total investment of these two projects is as high as 3.5 billion US dollars. The railway project has been rated as a key project by the Ukrainian Ministry of Transport. The Ukrainian rail transit project requires mature technology from China to achieve the goal of optimizing the overall level of transportation in Ukraine.

In the cooperation of the automobile manufacturing industry, relevant automobile manufacturers from Ukraine and China are engaged in extensive and in-depth cooperation and exchanges. Among them, China's Great Wall Motor Co. has engaged in a series of negotiations with Kran Locomotive Group Co., Ltd., and has signed relevant sales agreements to implement the designated sales agreement of Great Wall Motors and promote the assembly and sales process of Chinese enterprises in Ukraine. This change has driven Chinese car brands to sell cars in Ukraine, while their sales share is gradually increasing in the Ukrainian car market. Among them, there are many Ukrainian companies that cooperate with Chinese automobiles, with the most representative being Ukrainian bus manufacturing companies, truck manufacturing

companies, and economic automobile manufacturing companies. Both sides have carried out automotive cooperation projects in multiple fields. At the project investment promotion meeting between both parties, the Ukrainian side has stated that it will strengthen investment attraction and management of foreign-funded enterprise reports, and strive to provide a good market environment and relaxed development space for foreign investors. Promote the internationalization development of the automotive industry.

At present, the number of cooperation projects between Ukraine and China is gradually increasing. However, due to the scarcity of ethnic resources in Ukraine, most of them are concentrated in industries such as military technology and agriculture, which have limited impact on the investment returns of a country. China is only interested in the industrial and agricultural fields of Ukraine. This has led to poor investment results and the inability to create greater space for Ukraine's industrial development. On the other hand, Ukraine faces certain financial difficulties in paying for technology and industrial costs. It should be said that in Ukraine China economic and trade cooperation, Ukraine and China each have their own advantages and disadvantages. Among the current cooperation projects between Ukraine and China, China's prominent investment projects in Ukraine include:

Industrial investment project: In April 2016, Hunan Xiangtan Hongxin Company invested 8 million US dollars. Ukraine has opened a new mine worth 10 million US dollars and obtained over 500 million tons of manganese mining rights. It has a certain supportive effect on the Ukrainian economy. It has been approved by the Chinese Ministry of Commerce.

Summary. This chapter mainly analyzes the current situation of economic and trade development between Ukraine and China. Firstly, it elaborates on the overall situation of Ukraine's import and export trade, and analyzes the current situation of economic and trade goods between Ukraine and China from two aspects: the classification of goods exported from Ukraine to China and the goods imported by Ukraine from China. At the same time, it introduces the current situation of economic and trade project cooperation between Ukraine and China, including the current situation of military

industry cooperation projects Three aspects: agricultural trade cooperation projects and industrial trade cooperation projects.

The development scale of trade between Ukraine and China is relatively small.

From China's foreign trade exports and Ukraine's share, we can see that from 2000 to 2002, China's foreign trade exports slightly increased, while Ukraine's share in China's foreign trade exports remained below 0.1%, which is extremely low. From 2003 to 2004, China's trade exports to Ukraine slightly increased, with Ukraine accounting for about 0.1% of China's foreign trade exports. Subsequently, China's foreign trade exports rapidly increased from 2005 onwards. Although China's exports to Ukraine have also increased, they have only remained at around 0.2%, and even dropped to around 0.1% in recent years. In 2017, China's foreign trade exports reached \$4086765 million, while China's exports to Ukraine in the same year were only \$5.64 billion, with Ukraine accounting for only 0.138% of China's foreign trade exports. From this, it can be seen that Ukraine's proportion in China's foreign trade exports is extremely low. Although the development scale between Ukraine and China is currently small, there is still a lot of room for development. China and Ukraine engage in trade cooperation, both of which have relative comparative advantages. Ukraine has advanced and complete development in military industry and agriculture, and possesses highly intelligent labor and production talents. China, on the other hand, has certain advantages in light industry, mechanical manufacturing, and electromechanical industry. Therefore, China can fully leverage its industrial advantages to vigorously develop the mechanical manufacturing and electromechanical industry. Ukraine should also develop agriculture, animal husbandry, and military industry in a balanced manner, encourage high-quality talents to join the production process, and enhance Ukraine's relative comparative advantage.

Table 4 China's Foreign Export Trade and Ukrainian Proportion of development tatus

Unit: 100 million US dollars

Year	China's foreign trade export volume	China's export volume to Ukraine	Ukraine's proportion
2000	2492	1.32	0.053%
2001	2661	1.96	0.074%

2002	3256	2.6	0.080%
2003	4382.28	5.19	0.118%
2004	5933.2	7.41	0.125%
2005	7619.5	18.1	0.238%
2006	9689.4	23.1	0.238%
2007	12177.8	33.08	0.272%
2008	14307.00	56.02	0.392%
2009	12016.1	27.34	0.228%
2010	15779.00	47	0.298%
2011	36420.6	62.68	0.172%
2012	38667.6	79.01	0.204%
2013	41603.1	79.03	0.190%
2014	43030.4	54.1	0.126%
2015	37769.23	50.32	0.133%
2016	36863.64	46.73	0.127%
2017	40867.65	56.4	0.138%
2018	41852.13	59.3	0.132%
2019	42212.62	52.53	0.142%
2020	43312.21	51.3	0.126%
2021	45214.23	49.2	0.123%
2022	40115.62	48.5%	0.121%

Data source: Collected and organized by the author

From Table 5, it can be seen that Ukraine's proportion in China's foreign export trade is very small. Since 2000 to 2017, the year with the largest proportion was 2008, with a quantity of 0.392%. Obviously, the total trade volume between Ukraine and China is very small. However, from the data in the table, it can be seen that since 2014, with the development of Ukraine China relations, trade between the two countries has tended to stabilize. Therefore, while Ukraine China relations are developing, economic trade between the two countries should be further expanded to bring benefits to the people of

both countries from an economic perspective.

Increased trade deficit between Ukraine and China. Regarding the changes in Ukraine's imports from China, research has found that this import amount has a relatively small impact on Ukraine's per capita total income, indicating a significant trade deficit between the two countries. Ukraine's position in the trade between the two countries is relatively low, which will have a negative impact on Ukraine's economic development and a corresponding decrease in per capita total income. In recent years, Ukraine's foreign trade has been on a downward trend, especially the demand for import trade has continued to decline, export trade has decreased slowly, and the foreign trade deficit is also gradually decreasing.

Ukraine's exports to China and imports from China have rapidly increased since 2005. However, the growth rate of its exports to China is clearly not as high as its imports to China. The trade deficit has shifted from a surplus to a deficit compared to before 2005. From the current situation, the increasing trade deficit with China has led to many Ukrainian imports being imbalanced, and the huge deficit will bring more uncertain factors to the Ukrainian economy. According to the data in Figure 4.1 and related calculations, the total amount of exports from Ukraine to China in 2017 was 1.994 billion US dollars, accounting for only 4.69% of Ukraine's total exports, while the trade volume imported from China was 5.715 billion US dollars, accounting for 10.03%. The trade deficit between Ukraine and China was 3.721 billion US dollars. Continuing economic and trade cooperation between Ukraine and China will expand the total trade deficit. From the above situation, it can be seen that the trade deficit has exceeded Ukraine's total exports to China, which means the trade deficit is very large, making it more difficult to balance the international balance of payments.

Unreasonable trade structure between Ukraine and China. For the analysis of trade structure, in 1995, American economist Balassa first proposed the Revealed Comparative Advantage (RCA) index, which can analyze the problems between the two countries in commodity trade and display the display comparative advantage of goods. Therefore, this article compares and analyzes the trade products between Ukraine and China through the display comparison index RCA, and the calculation

formula of RAC is shown in formulas 5-1.

$$RCA_{x_i}^j = (X_i^j / X_i) / (X_w^j / X_w) \quad (5-1)$$

In the formula: $RCA_{x_i}^j$ Refers to the display comparative advantage of j products in country i;

X_i^j : Refers to the total export value of j goods in country i;

X_i : Refers to the total export value of all goods in country i;

X_w^j : Refers to the total global export volume of J goods;

X_w : It refers to the total global commodity exports.

The index reflects the competitive position of country j's goods in world trade. If $RCA_{x_i}^j > 1$, This indicates that the total export value of J goods in country I is higher than the total export value of J goods in the world, indicating that country J's goods have a strong level of competitiveness in export trade; however $RCA_{x_i}^j < 1$, This indicates that the total export value of j goods in country i is lower than the total export value of j goods in the world, indicating that j goods in country i have a lower level of competitiveness in export trade. Through the analysis of the types of commodity trade between Ukraine and China in Chapter 3 of this article, representative bilateral trade products between Ukraine and China were selected as the main analysis objects. The specific content is shown in Table 5. Table 5 Main Product Classification of Bilateral Trade between Ukraine and China

Table 5 Main Product Classification of Ukrainian-Chinese Bilateral Trade

Customs classification	HS Code	Product name
05	25-27	Mineral products
03	15	vegetable oils and animal fats
02	06-14	Plant products
16	84-85	mechanical and electrical products
09	44-46	Wood and its products

15	72-83	Base metals and products
04	16-24	Food, beverages, tobacco
18	90-92	Optics, clocks, medical equipment
01	01-05	Live animals and animal products
10	47-49	Cellulose pulp, paper
07	39-40	Plastic, rubber
06	28-38	Chemical products
13	68-70	Ceramics, glass
11	50-63	Textiles and raw materials
20	94-96	Furniture, toys, miscellaneous products

Based on the main trade products of Ukraine and China shown in Table 5, the RCA index can be used to calculate the display advantage index of Ukraine and China's export products, as shown in Tables 6 and Table 7.

Table 6 Display Advantage Index of Ukrainian Export Products in 2015-2022

Category	2015	2016	2017	2018	2019	2020	2021	2022
05	44.18	64.12	50.34	54.61	46.82	55.64	60.34	64.61
03	18.79	17.24	10.34	8.78	8.16	9.54	6.23	6.87
02	0.05	0.06	0.64	0.48	0.14	0.47	0.06	0.25
16	9.87	9.38	9.11	9.58	11.25	12.57	10.68	9.29
09	43.59	53.19	63.88	66.04	63.59	52.12	32.69	28.76
15	0.25	0.26	0.33	0.62	0.97	1.82	2.49	2.48
04	0.03	0.02	0.02	0.01	0.01	0.02	0.03	0.03
18	9.01	10.58	11.74	9.68	1.78	2.96	2.76	2.84
01	1.47	1.28	1.89	1.62	1.65	2.68	1.68	0.94
10	7.24	3.89	2.46	0.68	1.82	0.61	0.72	0.56
07	0.02	0.04	0.03	0.03	0.03	0.02	0.02	0.02
06	13.78	1651	8.91	5.89	3.98	3.12	2.54	1.87
13	1.16	1.09	0.96	1.06	1.42	1.15	1.09	0.39
11	0.01	0.01	0.02	0.02	0.02	0.02	0.01	0.01

20 0.02 0.03 0.04 0.06 0.02 0.01 0.01 0.01

Source: Calculated based on data

Table 7 Display Advantage Index of China's Export Products in2015-2022

Category	2015	2016	2017	2018	2019	2020	2021	2022
05	5.17	5.14	5.09	4.08	4.09	5.11	5.12	6.08
03	3.18	2.69	2.45	2.09	2.13	1.96	1.86	1.95
02	5.65	5.64	5.51	4.39	5.38	5.33	6.31	6.29
16	56.89	60.14	76.14	64.86	54.84	67.67	68.75	69.71
09	3.20	3.23	3.14	3.10	2.08	3.04	3.05	3.03
15	34.26	35.19	45.14	44.14	36.15	40.14	45.13	47.11
04	0.73	0.81	0.74	0.64	0.71	0.68	0.69	0.77
18	0.84	0.82	0.77	0.45	0.17	0.15	0.14	0.14
01	1.97	1.91	1.85	1.63	1.69	1.63	1.75	1.72
10	3.44	3.41	3.41	4.06	3.81	3.54	3.55	3.61
07	1.48	1.49	1.50	1.47	1.59	1.61	1.63	1.61
06	0.42	0.41	0.40	0.37	0.29	0.25	0.30	0.47
13	0.54	0.55	0.54	0.42	0.43	0.36	0.31	0.35
11	1.61	1.70	1.71	1.89	2.02	1.96	1.91	1.99
20	0.24	0.28	0.29	0.33	0.38	0.36	0.35	0.39

Source: Calculated by the author based on data

Through the analysis of Tables 6 and 7, the following conclusions can be drawn:

(1) Ukraine's exports to China have the highest RCA index for category 05 commodities, but it suddenly declined in 2019 and then gradually increased; This is due to the global pandemic. The second ranked product in the RCA index is category 09, but it has shown a downward trend in the past three years; The third ranked RCA index is applicable to category 03 products. Mineral products, animal and plant fats, and other products have shown high competitiveness in the Chinese market, while textile products and raw materials, furniture, and toy products have lower competitiveness.

(2) For China's exports to Ukraine, the RCA index of the 16th category of goods is

relatively high, with a significant increase since 2019; The 15th category of products ranks second in the RCA index. Among them, electromechanical products, base metals, and products show high competition in the Ukrainian market. The competitiveness level of plant and mineral products is relatively low.

In addition, through the analysis of the data in the table, it can be seen that there is a significant difference in the RCA index of commodity trade between Ukraine and China. The products exported from Ukraine to China are mainly concentrated in primary products such as mineral and plant products, while the products imported from China are mainly processed products and electromechanical products. This indicates that although trade between the two countries has a certain degree of complementarity. However, through the analysis of the RCA index of trade goods between the two countries, it can be seen that there is a significant difference in the RCA index values, indicating that the trade structure between Ukraine and China is still not reasonable and the trade level is relatively low. In addition, Ukraine's exports to China and imports from China have shown strong performance in some aspects, which has had a significant impact on Ukraine's trade with China. Their trade volume accounts for a large proportion, and overall, the trade structure between Ukraine and China is relatively single.

CHAPTER 3. THE INFLUENCING FACTORS AND DEVELOPMENT SUGGESTIONS OF FOREIGN BETWEEN UKRAINE AND CHINA

3.1 Factors Influencing the Economic and Trade Development Between Ukraine and China

Infrastructure influencing factors.

(1) The transportation facilities are relatively complete

Kiev, the capital of Ukraine, is the hub of the country's air, road, and railway transportation. Currently, the complete transportation system of road, railway, sea, inland river, air, and pipeline transportation within Ukraine has been completed, forming a complete transportation system.

Ukraine's transportation network inherits the transportation foundation of the former Soviet Union and countries in Eastern Europe, Northern Europe, Central Europe, Western Europe, and other regions. The total length of the road is 730000 kilometers, jointly managed by the Ukrainian Highway Administration and local governments. In addition, Ukraine has three international transportation corridors, with a total length of 240 kilometers.

(2) Lianggang is excellent

Ukraine has natural and excellent ports, including 18 commercial and 8 military ports. The good commercial and military ports in Kherson, Feodosia, Lenny, Odessa, Donetsk, Ilytsevs, Nikolayev, Izmal, and Mariubori provide favorable transportation conditions for the development of Ukraine's foreign trade.

Among numerous ports, Odessa Port is the largest commercial port along the Black Sea coast. More than 50% of the foreign trade goods of the former Soviet Union passed through this port. In 2016, Ukraine's water transport volume reached 11.1 million tons, an increase of 13.0%. From January to August 2017, Ukraine's water cargo transportation volume was 2.2 million tons, a year-on-year increase of 27.0%.

(3) Adequate power supply

As an energy powerhouse, Ukraine's electricity industry is relatively developed.

Ukraine's modern electricity generation is comparable to the average level of developed European countries, and many indicators even exceed those of developed European countries. From the data, Ukraine's annual power generation is guaranteed to be over 170 billion kilowatt hours. Meanwhile, Ukraine is still a nuclear power and one of the few countries in the world that can independently build nuclear power plants. In recent years, nuclear power generation accounts for nearly half of Ukraine's total power generation, and Ukraine's nuclear power level far exceeds the world average. Data shows that Ukraine's electricity is not only self-sufficient, but also has a certain scale of electricity exports every year. In 2016, Ukraine's electricity exports reached 420 million US dollars.

Financial Operation System Factors.

Since independence, Ukraine's financial system has always been characterized by small scale, incompleteness, and low efficiency. With the deepening of transformation, the importance of the financial industry is becoming increasingly prominent. Although the operating conditions of the banking industry have improved compared to Russia and some Eastern European countries, the role of Ukraine's financial industry in promoting the economy is relatively limited.

(1) Securities market

The Ukrainian stock market consists of 7 stock exchanges and 2 trading systems. In September 1996, Ukraine underwent currency reform, and the new currency "Gryffina" was born, promoting the rapid development of the Ukrainian securities market. Meanwhile, Ukraine's pension funds, mutual funds, and credit cooperatives account for a relatively small proportion in the financial system. The regulatory level of non bank financial institutions by the State Service Market Administration is not high. Compared to its neighboring countries in Eastern Europe, Ukraine's securities market is not perfect.

(2) Banking system

As of July 2017, Ukraine has a total of 178 registered banks, 184 operating banks, and 1394 branches. Among the 178 operating banks, there are 2 state-owned banks, 3 foreign-funded banks, 17 wholly foreign-owned banks, and the rest are private joint-stock banks. From January to June 2011, the total assets of Ukrainian banks amounted

to 1.81 trillion hryvnia, with a year-on-year increase of 840 million yuan. The total assets of credit business increased by 67% year-on-year at the end of June, with securities investment increasing by 8.9%.

(3) Foreign exchange trading

In 2005, the National Bank of Ukraine stipulated that Ukrainian companies must obtain a license from the National Bank of Ukraine to transfer assets to foreign affiliates, make cash investments overseas, purchase foreign securities, or open bank accounts in foreign banks. Trade between local companies and overseas companies must be paid in foreign exchange. To obtain a foreign exchange loan, you must register with the National Bank of Ukraine. Unless otherwise provided by law, Ukraine does not allow payment in foreign exchange. At the same time, in order to promote the smooth progress of international trade,

The National Bank of Ukraine has lifted the requirement that domestic exporters must convert 50% of their foreign exchange earnings into local currency. On May 27, 2008, the State Bank of Ukraine relaxed its control on the carrying of foreign exchange by Decree No. 148. Starting from July 27, 2008, natural persons carrying foreign exchange (entering the country) up to 10000 euros are not required to declare customs.

Technological system factors.

(1) A research system centered on military industry

Ukraine is a technological powerhouse in the Commonwealth of Independent States, second only to Russia. During the Soviet era, due to the needs of the Cold War, Ukraine's scientific research and production activities were mainly concentrated in the fields of aerospace and military industry. Ukraine has inherited some of the production and operation of space enterprises from the former Soviet Union. Currently, there are still hundreds of companies and dozens of research units engaged in space technology. Ukraine is one of the member countries of the International Space Station project, and there is a "Ukrainian cabin" on the International Space Station. In 1995, Ukraine, together with the United States, Russia, and Norway, established an internationally renowned "maritime launch" joint venture. The enterprise uses a commercial floating satellite launch platform to launch commercial satellites. In addition, Ukraine is also

involved in projects where Uganda has enormous scientific and technological potential in Earth communication satellites, Earth and marine resource satellites, space remote sensing, and small satellite applications.

(2) Large scientific research institutions

As of 2016, there have been no significant changes in the establishment of research institutions in Ukraine. Ukraine still has 1452 research institutions, including 372 colleges, 831 industrial systems, 175 higher education institutions, and 74 business communities. Research institutions in Kyrgyzstan account for one fourth of the total, Kharkiv Oblast accounts for about one sixth, Dnipropetrovsk Oblast accounts for about 7%, and the remaining 5% are distributed in Lviv and Odessa.

At present, more than 50% of research institutions in Ukraine undertake scientific research tasks. The number of research institutions capable of undertaking scientific research tasks decreases over time.

(3) High quality technology talents

Ukraine currently has 141000 scientific research personnel, including 73500 scientific researchers, 16000 technical personnel, and 26000 scientific service personnel. As the total number of researchers decreases, the number of experts with doctoral degrees is indeed on the rise.

The number of part-time technical personnel continues to increase. In 2017, the number of part-time researchers, teaching staff, and other professional and technical personnel participating in scientific research reached 74900. Among them, there are 84000 scientific researchers and 1.44 million PhDs and associate PhDs.

(4) Positive incentive measures

Since 2016, Ukraine has received 25 Ukrainian presidential awards each year, encouraging young scientists to actively contribute to the scientific development of Ukraine, totaling 10000 hryvnias. These bonuses are mainly used in the fields of natural sciences, technological research, and humanities. For young scholars who have made special contributions. The Ukrainian President has also established 60 "Genius Awards" to inspire talented young people to engage in scientific research.

Legal factors.

(1) Types of foreign investment

Foreign investment, subject to interest tax payment, can freely exchange foreign currency through a method recognized by the State Bank of Ukraine, guaranteed by a first tier bank, with currency exchange performance value, and the right to claim and execute this agreement in accordance with the laws or international trade customs of the country where the relevant investor is located. If the original investor or other investor reinvests, their movable, immovable, and related property represented in foreign currency stocks Bonds, other related securities, and corporate rights; The value determined based on the laws or international trade practices of the investor's country, as well as any intellectual property rights evaluated and evaluated within Ukraine, including copyright, invention rights, legal industrial design appearances within Ukraine, industrial models, product and service marks, technological originality, etc; The realization of management rights includes mining rights and the right to use natural resources as stipulated by laws or agreements, as well as the foreign exchange performance value approved in accordance with the laws or international trade practices of the investor's country.

(2) Realize foreign investment methods

Foreign investment can be achieved through the following methods: jointly establishing a portion of a company with Ukrainian legal and natural persons, or purchasing a portion of equity in an existing enterprise; Establishing wholly foreign-owned enterprises, foreign legal person branches, or acquiring all equity of existing enterprises; Directly acquire property, stocks, bonds, and other securities, purchase immovable or movable property not covered by Ukrainian law, including houses, apartments, premises, equipment, transportation, and other ownership entities; Independent purchase or participation of Ukrainian legal or natural persons in joint purchase of land and natural resource use rights in Ukraine; Purchase other property rights; Purchase the operating rights under the product distribution agreement; Methods not prohibited by other Ukrainian laws, including establishing legal entities based on conditions signed with Ukrainian commercial entities.

(3) Foreign investment entities

Foreign investment can invest in any project under Ukrainian law that does not prohibit investment activities.

(4) Regarding foreign investors

The relationship between investment laws in Ukraine and foreign investment laws in Ukraine is coordinated based on this law, other legal documents, and international conditions. If the international treaty provisions of Ukraine are inconsistent with Ukraine's legal provisions on foreign investment, the provisions of the international treaty shall be adopted.

(5) National guarantees for protecting foreign investment

The legal system for investment activities is the national system for foreign investors to establish investment and other business activities in Ukraine, except for Ukrainian laws and international treaty provisions to which Ukraine is a party. Preferential systems for investment and other business activities can be formulated for the implementation of foreign investment projects within the scope of national priority economic sector planning. From the perspective of maintaining national security, Ukrainian law can delineate certain territories and should restrict or prohibit the activities of foreign investors and foreign investment enterprises in that geographical area.

(6) National registration and supervision of foreign investment

Foreign investment countries have completed the registration of foreign investment in the Sevastopol port of the Crimean Autonomous Republic's government, state government, Kyiv municipality, and autonomous region, in accordance with the procedures prescribed by the Ukrainian Cabinet. Unregistered foreign investment shall not enjoy the benefits and guarantees stipulated in this Law.

Those who violate the prescribed registration procedures and refuse to register in a country may refuse to apply for national registration of foreign investment. Don't unreasonably refuse registration. For those who refuse to register for foreign investment, they must provide a written explanation of the reasons for the refusal. For those who refuse to register, they may file a lawsuit in accordance with the procedure.

(7) Foreign invested enterprises

The legal organization form of foreign-invested enterprises is established and active in accordance with the provisions of Ukrainian law.

The establishment documents of foreign-invested enterprises shall include information on the relevant legal organization provisions of Ukrainian law for enterprises, as well as information on the national attributes of the founders (participants) of foreign-invested enterprises.

(8) Tariffs

Foreign investors investing in Ukrainian real estate (excluding sales and personal consumption of goods) as statutory funds for foreign investment companies are exempt from tariffs. The customs shall use the ordinary receipts issued by the enterprise as the release certificate for imported property. Ordinary bills should include tariffs and late fees for imported materials within 30 days from the date of processing the customs declaration. During the above-mentioned deferred payment period, if the property is transferred to the enterprise's balance sheet and recorded separately by the local tax department on the bill, the bill shall be invalidated and exempt from import tariffs. The procedures for issuing, reviewing, and canceling bills are prescribed by the Ukrainian Cabinet. Within three years of foreign investment in the balance sheet of foreign-invested enterprises, if the foreign investor is a legal fund of the enterprise investing in stocks, real estate sales for certain reasons, including the suspension of activities of foreign-invested enterprises (returns on foreign investment), except for overseas exceptions, the enterprise shall pay import tariffs and customs quotes on the above-mentioned assets. The taxes shall be paid in Ukrainian currency at the official exchange rate determined by the State Bank of Ukraine at the time of sale of the property.

Political factors.

Politically, there is no fundamental conflict of interest between Ukraine and China, and there are no unresolved issues. The leaders of the two countries have met multiple times and reached consensus on some major issues that may endanger the relationship between the two countries.

China treats Ukraine equally and treats each other with sincerity. On December 4, 1994, the Chinese government officially issued a statement on providing security guarantees

to Ukraine. The Ukrainian parliament, president, government and other political forces hold a positive attitude towards the deepening development of Ukraine China relations. Ukraine believes that China is a strategic partner with economic potential. At present, Ukraine is in a period of economic transformation and has a strong interest in China's economic reform path and achievements. Especially, China's successful experience in attracting foreign investment and establishing economic zones has reference significance for Ukraine, which is undergoing transformation. Ukraine is making efforts to learn from China's reform experience, so that the Ukrainian economy can soon embark on a normal path of development. The reason why Ukraine China relations can make significant progress in the short term is because both sides recognize that developing friendly relations between the two countries is in the fundamental interests of both countries.

In China's view, Ukraine is an important border area between Eastern and Western countries. It is sandwiched between Russia and Nordic countries and holds a pivotal position in geopolitics. Both Ukraine and China are actively engaged in peaceful diplomacy. They have many common languages in international politics and can become true international partners. Developing relations with Ukraine is to maintain peace and stability in Europe and the surrounding CIS region. In Ukraine's view, China is the world's largest developing country and one of the five permanent members of the United Nations Security Council. The Ukrainian side also believes that China is a bridge for the Ukrainian side to enter Asia, especially after the return of Hong Kong, China's international status and economic strength have further strengthened. Meanwhile, China is also an important trading partner of Ukraine. In the trade between the two countries, Ukraine has always had a huge surplus. In 1997 alone, Ukraine's surplus reached \$1 billion. In short, both countries believe that there are no political or economic obstacles to developing friendly relations between the two countries, only political and economic advantages.

Root causes of economic and trade issues between Ukraine and China.

(1) Insufficient utilization of comparative advantages in economic and trade cooperation between Ukraine and China

In the economic and trade cooperation between Ukraine and China, there is a problem of low level of economic and trade integration between Ukraine and China. The main reason is that utilizing comparative advantages to develop economy and trade is not enough. We will continue to expand the potential of bilateral cooperation and fully utilize comparative advantages to develop trade. The economic and trade development between Ukraine and China has a certain degree of complementarity. In international trade between two countries, one country's advantageous industries are superior to the development of the other country's industries, especially in terms of labor productivity, indicating that the two countries have comparative advantages. In a weak industry, it is necessary to increase the production of products with smaller advantages in the industry and instead focus on developing products with greater advantages. Ukraine is not only a military power, but also an agricultural power. It has abundant agricultural resources and the world's largest black land resources. It is known as the granary of Europe. China is a populous country with a high demand for food. The main products imported by China from Ukraine do not include agricultural products. Because Ukraine still has some problems in the agricultural field, its technological level is at least 40 years behind that of advanced countries. Currently, only 20% of Ukraine's arable land is cultivated using technological means. Due to the backwardness of technology, the yield loss rate of crops has reached 30%, and the unit cost is several times higher than that of developed agricultural countries. For example, Ukraine currently has 13% of the entire working age population engaged in agriculture, which is 2-4 times that of the United States and Western Europe. These problems have affected China and Ukraine's trade in agricultural products and also hindered the development of trade.

(2) The development and transformation of the Ukrainian economy have constrained the development of economic and trade relations between Ukraine and China

Among the changes in import values between Ukraine and China mentioned above, the study found that there is relatively little information on Ukraine's per capita total income, indicating that there is a significant trade deficit between Ukraine and China, which leads to Ukraine's trade being at a lower level, which is not conducive to Ukraine's

economic development and leads to a decrease in per capita total income. Ukraine's foreign trade has been continuously declining in recent years, especially with the weakening demand for import trade and a slower decrease in export trade, resulting in a gradual reduction in the foreign trade deficit. According to relevant data, the total export volume of Ukraine to China in 2022 was 2.372 billion US dollars, accounting for 4.28% of Ukraine's total exports. The import volume from China was 5.4 billion US dollars, accounting for 10%. The trade deficit between Ukraine and China was 2.636 billion US dollars. Ukraine's continued trade and economic cooperation with China may increase the total trade deficit. From the above data, it can be seen that the trade deficit has reached the total amount of Ukraine's exports to China, which means that the trade deficit is very large and there is great pressure to balance the international balance of payments.

3.2 Suggestions for Promoting Economic and Trade Development between Ukraine and China

Optimizing the Trade Structure between Ukraine and China, Reasonably Utilizing Comparative Advantage Trade.

At present, the commodity structure of trade between Ukraine and China is not reasonable enough. In the development of Ukraine China economy and trade, it is still based on the advantages of natural resource trade. The development of new economic and trade needs is slow, especially the development level of service trade is not high, which limits the development of Ukraine China economy and trade. Due to the high demand for natural resources in Ukraine, the promotion effect of natural resource trade products on the overall economy of Ukraine is limited. Therefore, Ukraine should support the optimization of the trade structure between Ukraine and China, break free from the development of natural resource based economic and trade. A correct understanding of economic and trade development can also enable more Ukrainian advantageous industries to cooperate with China, expand Ukraine's foreign trade status, reduce trade deficits, and promote the development of Ukraine's industrial economy and trade. After the disintegration of the Soviet Union, Ukraine continuously developed

the technology left behind by the Soviet Union, promoting continuous innovation and progress in military industry and energy technology industry. This has also led to an imbalance in Ukraine's domestic industrial structure. The energy intensive industry, which serves as the foundation of Ukraine's economy, is an important pillar, but Ukraine has limited energy reserves, less than 20%, requiring 80% of imports from abroad. Among them, energy imported from Russia is the main source, leading to the existence of national energy security risks. The heavy industry and high energy consuming industries that still exist in the industrial structure have always held a high position in industrial output. As a result, the development of Ukraine's light industry has lagged behind, with the output value of light industry being significantly lower than that of heavy industry. For example, some daily necessities and household appliances need to be imported from abroad. These indicate that Ukraine's industrial structure is in an unreasonable state, and simplification is more severe. However, economic and trade development with China can perfectly solve this problem. At present, China's industrial structure adjustment is very good, and the development of various industries is relatively balanced. On the one hand, economic and trade cooperation with China can gradually draw on the successful experience of China's industrial structure transformation. In terms of light industry technology trade, China can be introduced to promote the development of Ukraine's weak industries and optimize Ukraine's domestic industrial structure.

Promoting Marketization and Liberalization of Trade between Ukraine and China.

The rapid development of Ukraine's domestic trade market is mainly due to Ukraine's accession to the WTO in 2008, which attracted a large number of foreign trade to enter the Ukrainian market, created strong conditions, and achieved the reform of mature domestic trade system policies. In addition, in promoting trade market liberalization, Ukraine has implemented a strategy of continuously deepening good cooperation with EU countries and developing countries, which is of great significance for the construction of free trade zones. Therefore, in the economic and trade cooperation between Ukraine and China, this special policy plays an important role in promoting the economic and trade cooperation and development of both sides. Encourage more

Chinese companies to continuously invest in the Ukrainian market and increase Ukraine's fiscal revenue.

Firstly, continuing to promote trade liberalization also includes implementing flexible tax incentives for Ukraine and improving infrastructure investment. Ukraine continues to promote a relaxed trade environment, especially in military raw materials, agricultural production technology, and investment in China. In terms of providing more preferential measures and trade liberalization policies.

Secondly, actively promoting Ukraine's liberalized trade market can also consider establishing a free trade zone with China. With mature experience in trade liberalization between Ukraine and the Commonwealth of Independent States, establishing a free trade zone in Uzbekistan can fully activate the potential of Ukraine China's economic and trade development. In the full industry chain cooperation, China has made up for the disadvantages of Ukraine's industry in agricultural technology cooperation, military product cooperation, and the development of electromechanical industrialization.

Finally, the development of trade between Ukraine and China can also fully utilize Ukraine's geographical and linguistic advantages. From a geopolitical perspective, Ukraine is located in the CIS countries and the eastern core of the European Union. It is one of the countries not included in EU integration and the Commonwealth of Independent States. Due to its language advantage, this country has established very stable trade relations. The above advantages of Ukraine are exactly what China truly wants. China is willing to establish trade relations with more CIS countries and deepen trade relations with Eastern European countries. Within this center, Ukraine has gradually formed a logistics and distribution center for goods in the eastern European Union and CIS countries. Ukraine can fully utilize its trade advantage, establish more lasting trade market relations with China, implement trade liberalization development, and attract China and the European Union. The trade relations between the Eastern and Commonwealth of Independent States countries, as well as the trade relations centered around Ukraine, are very conducive to the development of Ukraine's foreign trade economy and promote its economic growth.

Increase support for funding and agricultural technology in Ukraine.

Nowadays, the development of Ukraine China economic and trade has become an important part of China's foreign trade development plan. From a Chinese perspective, China needs to meet its strong demand for Ukrainian military products, technology, and agricultural products through trade exchanges with Ukraine. Developing economic and trade cooperation with Ukraine and expanding Ukraine's trade and investment can enable China to obtain more raw materials, production materials, and military technology. Although the current political situation in Ukraine is not stable enough and has had a certain impact on the investment environment within Ukraine, there is still a lot of investment space. Moreover, the current economic situation in Ukraine is not good, and the preferential policies for foreign investment during the 2005 period have been restarted. Specifically, it involves preferential measures that benefit China's direct investment in Ukraine. Currently, in Ukrainian law, at least 10% of the registered capital of foreign-funded enterprises must come from foreign investment. In other words, foreign companies investing in industries within Ukraine only need to provide 10% of the funds to enjoy preferential measures for foreign investment. In the world tax system, foreign enterprises enjoy the same treatment as local enterprises. Although there are no significant preferential measures, they have already been given high treatment for foreign investment. Another issue is that Ukraine has more obvious policies to encourage industries, mainly involving Chinese investment in industries such as agricultural products, food processing, wood processing, machinery manufacturing, etc. These industries are the main industries that China invests in Ukraine. China can choose to increase its direct investment in these industries and deepen its investment cooperation with these areas.

In Ukraine China economic and trade relations, China should choose to increase financial investment in Ukraine while also increasing support for Ukraine's agricultural technology. On the one hand, Ukraine, as a major agricultural country, has great prospects for agricultural development. Increasing financial investment in Ukraine's agricultural technology has a great promoting effect on Ukraine's agricultural development and is also beneficial for China to import agricultural products from Ukraine's trade. On the other hand, Ukraine's introduction of Chinese agricultural

production technology will have a significant promoting effect on Ukraine's technological transformation and upgrading. In international trade relations, trade cooperation is mutual, and investing in a country's trade will increase the country's total trade volume at that time, achieving strong development in this area of trade. Ukraine receives agricultural technology support from China, which can improve the current relatively backward agricultural production methods, improve the level of backward production technology, achieve the upgrading and transformation of agricultural production technology, and improve the efficiency of agricultural production in Ukraine. In view of this, China needs to have a correct understanding of the return value brought by the export of agricultural technology to Ukraine. In economic and trade cooperation with Ukraine, it should focus on the export of agricultural technology, especially agricultural technology production technology and agricultural machinery processing technology, to change the situation of low agricultural production technology level in Ukraine, increase the production yield of Ukrainian agricultural products, and promote China's food imports. Beneficial for improving the situation of low production technology in Ukraine and forming advantages in the agricultural industry, both Ukraine and China will enjoy the fruits of agricultural industry development.

Introduce tariff measures targeting China's trade import preferences.

During the analysis of preferential tariffs on trade imports from Ukraine to China, first analyze the current Ukrainian tariff system and tariff measures against China. In the current national economic and trade management of Ukraine, a quota system and a licensing system are implemented for import and export trade products. From the perspective of Ukraine, Ukraine's foreign exchange reserves are seriously shrinking, and it is necessary to control the quantity of imported goods to ensure the balance of Ukraine's foreign exchange reserves. If its deficit exceeds 25% of Ukraine's foreign exchange reserves, and there is an imbalance in the supply and demand of some domestic products, especially agricultural products and daily necessities, import and export quotas and licensing systems will be implemented. Free trade zones, duty-free goods, imported military products, and raw materials and components used for production are exempt from value-added tax within the scope of partial exemption. For

imported consumer goods, the alcohol tax rate is 42%, tobacco tax rate is 31%, and machinery and vehicles tax rate is 27.8%. It is precisely because Ukraine implements a high tax policy, which suppresses the quantity of imported goods from China, and does not have enough benefits for economic and trade development with China. From the perspective of Ukraine, the relationship between total income and trade imports and exports can be analyzed. It can be seen that Ukraine needs to strengthen trade with China to improve its economy.

