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ПРАКТИЧНІ АСПЕКТИ ФОРМУВАННЯ СТРАТЕГІЇ ЗОВНІШНЬОЕКОНОМІЧНОЇ ДІЯЛЬНОСТІ

Анотація. У цій статті розглядаються основні концепції стратегії підприємства. Розкрито теоретичні основи стратегічного планування та планування зовнішньоекономічної діяльності на підприємстві. Дано характеристику діяльності агропромислового українсько-китайського підприємства. Охарактеризовано його діяльність та визначено основні напрями розвитку. Румунський ринок зовнішньоекономічної діяльності є виправданим. Пропонуються умови Інкотермс, за якими буде поставлятися продукція. Розраховано та обґрунтовано види та кількість продукції. Для реалізації цього проекту буде сформована спеціальна команда у складі начальника відділу зовнішньоекономічної діяльності, начальника виробничого відділу, менеджера з зовнішньоекономічної діяльності, логіста, юриста. Основними завданнями проектної групи є визначення ключових цілей, аналіз інформації, вибір оптимальних партнерів, ведення переговорів та укладання контрактів на постачання, моніторинг виконання контрактів, звітність про результати.

Ключові слова: стратегія, міжнародна економічна діяльність, експорт, імпорт, агропромисловість, вихід на зовнішній ринок.

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PRACTICAL ASPECTS OF FORMULATING A STRATEGY FOR INTERNATIONAL ECONOMIC ACTIVITY

Abstract. This article discusses the basic concepts regarding enterprise strategy. The theoretical principles of strategic planning and planning of foreign economic activity at an enterprise are revealed. The characteristics of the activities of an agro-industrial Ukrainian-Chinese enterprise are given. Its activities are characterized and the main directions of development are determined. The Romanian market for foreign economic activity is justified. Incoterms conditions under which products will be delivered are proposed. Types of products and quantities have been calculated and justified. To implement this project, a dedicated team, including the head of international economic activity, production department head, international economic activity manager, logistician, and lawyer, will be formed. The project group's main tasks include defining key goals, analyzing information, selecting optimal partners, negotiating and concluding supply contracts, monitoring contract fulfillment, and presenting results reports.

Keywords: strategy, international economic activity, export, import, agro-industry, entering the foreign market

Introduction. To achieve success and progress, many modern companies face the task of mastering and forming strategic thinking. In particular, international trade is a key element in the development of an enterprise, and its effectiveness is possible only if modern methods and principles of management are implemented. The implementation of international economic activity of the enterprise requires proper organization, where the definition of the appropriate strategy is a key component. The international market is diverse and extensive, creating new prospects for Ukrainian companies, but at the same time demanding a high level of management. The entry of enterprises into new segments of the market of goods and services abroad requires the development of a strategy to ensure the successful development of international economic activity. Improving the quality of management of international economic activities of companies will lead to an increase in the export potential of the country as a whole. The international economic activity of most enterprises in the pulp and paper industry is conscious, but often does not differ in permanent stability and logical organization, which can undermine their competitiveness at the international level. The key measure to solve these shortcomings should be the formation of a strategy for the development of international economic activity, which will allow enterprises in the paper and pulp industry to respond effectively to market fluctuations and make maximum use of available reserves to expand their niche in the market.

The question of the development of the enterprise's international economic activity and strategic planning was studied, in particular, based on the contribution of scientists such as I. Ansoff, J. Thompson, M. Mescon, M. Albert, F. Hedouri, M. I. Didkivskyi, Z. Ye. Shershnyova, M.S. Bilyk, T.I. Lepeiko, I.O. Blank, Z.O. Maniv, A.P. Nalyvaiko, M.G. Sayenko, etc.

Purpose of the article. The purpose of the study is to systematize theoretical and methodological principles and develop practical recommendations for developing a strategy for foreign economic activity of an agricultural enterprise.

Presentation basic material. The engagement in international business activities holds significant importance in the establishment, growth, and evolution of an enterprise. It stands as a pivotal facet of the enterprise's overall business strategy, driven by the widespread influence of globalization and the merging of numerous national economies into a unified global arena. The enterprise's international business activities encompass a broad spectrum of economic pursuits, including international production, scientific and technical collaborations, as well as the export and import of goods. Furthermore, it involves the production and facilitation of the enterprise's operations within the international market.

In essence, international business activities are not merely limited to traditional notions of import and export but extend to a comprehensive involvement in international business dynamics. This includes forging partnerships and collaborations with entities on a global scale, participating in joint ventures, and navigating the complexities of diverse international markets. The enterprise's success in international business activities is contingent upon its ability to adapt to varying economic landscapes, adhere to international regulations, and leverage opportunities for growth and innovation in the global marketplace.

As such, international business activities have become an integral component of a well-rounded business strategy, enabling enterprises to access new markets, tap into diverse consumer bases, and foster innovation through global partnerships. In the contemporary business landscape, enterprises that effectively navigate and capitalize on international business activities are better positioned to thrive in an interconnected and dynamic global economy [1].

This phenomenon is a result of the evolution of various global relations, including monetary, financial, and credit connections between states and other nations. The primary objective is to judiciously exploit the benefits of the international division of labor and utilize international economic relations to address national economic objectives and international policy goals.

The strategic planning of an enterprise's involvement in these global interactions plays a pivotal role in its successful entry and effective operation within international markets. It is widely recognized that the concept of strategy and its application in economic contexts originated from military principles. The term "strategy" itself finds its roots in the Greek word "strategia," which translates to "general" in English, signifying a military leader. Although the Greeks didn't use the exact term, their equivalent, "strategike episteme" (general's knowledge) or "strategon sophia" (general's wisdom), aligns with the modern understanding of strategy.

In ancient China, dating back to 480 to 221 B.C., the renowned work "The Art of Strategy" was already in existence. Sun Tzu's notable statement from this work emphasizes the pinnacle of military art: "The highest perfection consists in overcoming the enemy's resistance in battle. Therefore, the highest form of military art is to thwart the enemy's plans." Hence, over two millennia ago, the concept of "strategy" became an integral aspect of the collective worldview. Strategy imparts significance to what we now consider the norm of rational behavior, irrespective of whether it pertains to a state, an organization, or an individual [2].

One of the renowned Latin works on military strategy, authored by Frontius, is titled "Strategemata" in Greek. This work delineates a collection of "strategema" or "stratagems," essentially denoting "tricks of war." In ancient Athens, Roman historians also employed the term "strategy" to describe the territories under the command of military leaders and members of the War Council. This term retained a narrow, geographical connotation until 1799 when Count Guibert, a French military thinker, introduced the term "La Strategique" in a sense that aligns with its contemporary usage. Before Count Guibert and, similarly, prior to Igor Ansoff's work on Corporate Strategy in 1965, neither the military nor the business community had clearly articulated the strategic elements in their domains.

V. Dahl defines strategy as the doctrine governing the optimal deployment and utilization of all military forces and means. According to the definition by the

eminent military theorist von Clausewitz, "tactics teaches how to use armed forces in battles, and strategy - how to use the battles themselves to achieve military goals."

It's crucial to note that the concept of "strategy" is often simplistically understood as a feature of a long-term action plan. However, military theorists argue for a broader interpretation. Given the considerable uncertainty in the course of hostilities, stemming from the unpredictability of enemy actions, the need for an ideological "guide" directing armed forces toward specific goals and intentions became apparent. Unlike a rigid list of obligatory actions, strategy is viewed as a logic of conduct that can and should be modified based on the behavior of the opposing party. The Prussian General Helmut Moltke, for instance, characterized strategy as "an evolution of the original guiding idea in accordance with constantly changing circumstances." [3, p. 11].

Management researcher J. Thompson, from the United States, offers a more straightforward interpretation of effective strategy: "it is doing the right things in the right way and for the right purposes." He identifies the key indicators of an effective strategy as follows:

1. Adequacy of the strategy: This involves aligning the strategy with the needs of the environment, resources, and values of the organization, as well as its primary goal.
2. Feasibility of the strategy: This pertains to ensuring that the strategy is practical, considering the provision of resources, compliance with the requirements and interests of entities responsible for its implementation, and alignment with the current historical moment.
3. Acceptability of the strategy: This involves assessing whether the strategy aligns with strategic needs and social interests, offers an appropriate expected return, possesses a synergistic effect, and maintains an acceptable level of risk during implementation.

In essence, for a strategy to be deemed effective, it must be formulated in accordance with specific conditions, requirements, and criteria. Moreover, its

successful implementation necessitates the establishment of an appropriate institutional framework.

COFCO (中国粮油 食品有限公司), or China National Grain, Oil and Food Corporation) is the largest food producer in China, managed directly by the Chinese government. It has representative offices in more than 140 countries. COFCO has been operating in Ukraine since 2011, primarily as a grain trader. In recent years, this player has been in the top 10 and top 5 in Ukraine for rapeseed and wheat exports. As for corn, the most interesting Ukrainian crop for China, COFCO came in second place, selling about half of this crop for export. At the same time, this corporation is one of the largest employers in the Ukrainian countryside, and one of the largest investors in the Ukrainian agricultural infrastructure.

Founded in 1952, the company is one of the largest state-owned enterprises under the direct control of the State Council of the People's Republic of China. From 1952 to 1987, the company was the only importer and exporter of agricultural products operating under the direct control of the central government. In 2007, it employed over 60,000 employees in various locations in the PRC as well as abroad in countries such as the United States, United Kingdom, Japan, Australia and Canada.

COFCO, in addition to its food business, has grown into a diversified conglomerate spanning food processing, finance, warehousing, transportation, port facilities, hotels and real estate.

Unlike other industries, the working period in agriculture, during which raw materials undergo direct manipulation, does not align with the timeframe in which these raw materials transform into finished products. This discrepancy contributes to the seasonality of production. The production process is inherently unstable due to the impact of soil and climatic factors, posing challenges in aligning production volumes with market demands. Consequently, the financial condition of agricultural enterprises tends to be volatile.

Agricultural products exhibit a propensity for rapid deterioration, presenting difficulties in transportation. They necessitate specific conditions for harvesting, storage, processing, and sale. This dynamic leads to an increased interdependence of the industry with other branches of agriculture.

In order to successfully enter the Romanian market, it is important to conduct a detailed cultural analysis and pay attention to these aspects when developing a business and marketing strategy. It may also be helpful to engage local consultants or partners who have an understanding of the local culture and business environment. Cooperation with the European Union is one of the key areas of Ukraine's international economic activity, as exports to the EU countries account for about 50% of total Ukrainian exports [6]. It should be noted that on January 1, 2016, the Deep and Comprehensive Free Trade Agreement (DCFTA) between Ukraine and the European Union entered into force, which provides for the liberalization of trade in both goods and services, liberalization of capital flows and, to some extent, labor movement [6].

In view of the above, it is proposed that COFCO Agri Ukraine should supply goods to the market of one of the EU countries. Of all the possible markets, the Romanian market is the most suitable for supply.

In the face of Russia's withdrawal from the grain deal and continued shelling of Ukrainian ports, as well as threats of attack on any merchant ships sailing to Ukrainian Black Sea ports, exports across the Ukrainian land border to European ports may be the only way to get grain to the world market.

Under such conditions, Ukrainian producers will suffer even greater losses and damage, and may even abandon grain exports and even grain and oilseed crops altogether.

EU countries, in particular Poland and Romania, have become the leading importers of Ukrainian products, accounting for around 24% of Ukrainian exports in 2022-2023. In the regional context, the shares of all other regions of the world have decreased in favour of the European Union in 2022-2023. In 2021. The EU

was also Ukraine's largest partner, but its share was 41%. In 2022, the EU's share increased to 56% and reached 62% in the first five months of 2023. Outside the EU, the largest exports go to Turkey, China and India. Overall, between 2022 and 2023, Asia's share fell from 32% to 26%, the CIS from 13% to 4%, Africa from 9% to 4% and the Americas from 4% to 2%.

The Romanian cereal market is quite strong among European Union countries. This is especially true for maize: Romania ranks first in the EU in terms of maize production. Of the total EU maize area, 30% is in Romania. Interestingly, yields are the lowest among the main producers in the EU. However, the profitability of the crop is the highest - around 30%. In Poland, for example, it is 12%. Romania exports 7-7.5 million tonnes of maize annually. The main importers of Romanian maize are Spain, Italy, the Netherlands and countries in the Middle East. About half of Romania's exports go to the European Union (fig. 1 – 2).

Cristina Cionga, deputy director of the Association of Maize Producers APPR in Romania, assessed the Romanian processing industry as too weak. The speaker used statistics until 2021: for example, in 2019. Romania processed only 267,000 tonnes of maize, excluding feed production. However, these figures are likely to increase, as Romania already has something to boast about in the maize bioprocessing sector: in 2022, one of the largest maize starch plants in Europe came on stream.

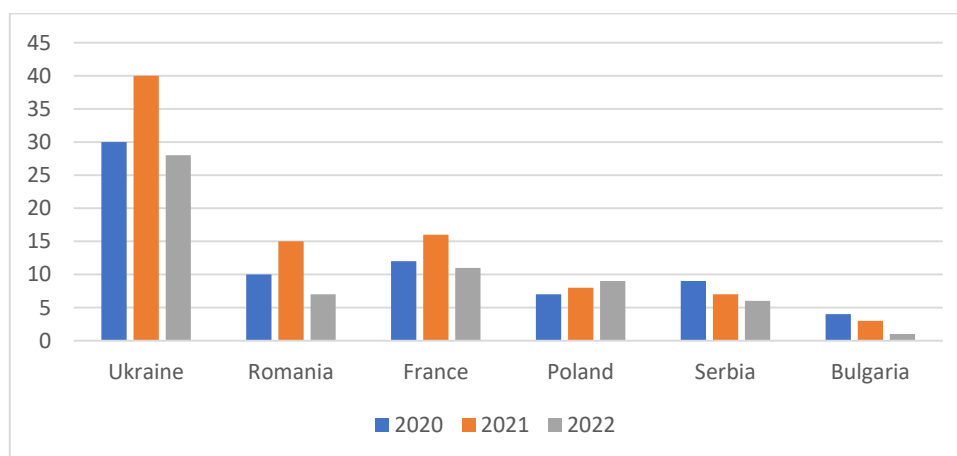


Fig. 1 - Corn harvest in mln tonnes

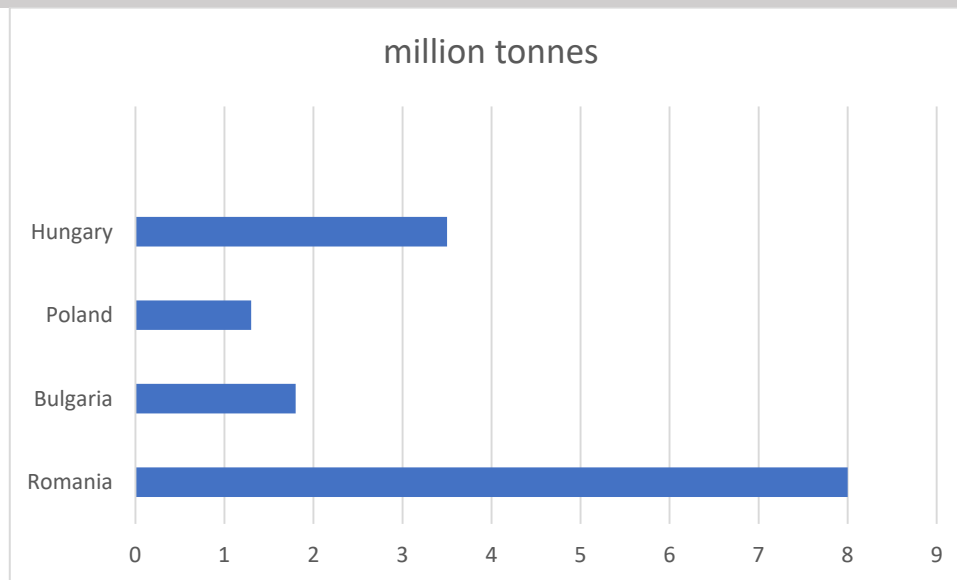


Fig. 2 - Corn exports million tonnes

The plant, which has the capacity to process 120,000 tonnes of maize per year, is owned by Turkish company Tosmur Group. This is the group's first such investment outside of Turkey and was made in one of Romania's maize-growing regions with good logistics near the port of Constanta. The plant is not yet operating at full capacity, but Romania's maize starch export statistics have increased significantly from 17,000 tonnes in 2021 to 56,000 tonnes in 2022.

Corn dominates the sowing structure (2.5 million hectares), accounting for about 45%. Wheat accounts for 28% of the area, while sunflower and soybeans each account for just over 8%. Rapeseed is one of the least popular crops in Romania, with 0.3% of the total area planted. Wheat production in Romania this season is estimated at 3.6 million tons, with domestic consumption of about 1.7 million tons. Wheat ending stocks in Romania are currently estimated at 800,000 tons (USDA) (fig. 3).

Rapeseed is becoming increasingly popular among Romanian farmers. The country grew little oilseed rape compared to other producers - around 1/10 of the total EU crop came from Romania. However, this year Romania has almost doubled its oilseed rape acreage: from 466,000 hectares in 2022 to over 700,000 hectares in 2023. The harvest is expected to reach 2 million tonnes. The main

impetus for the increase in planted area was high prices. Romanian oilseed rape will most likely compete with Ukrainian oilseed rape on markets in the Netherlands, Germany and Belgium.

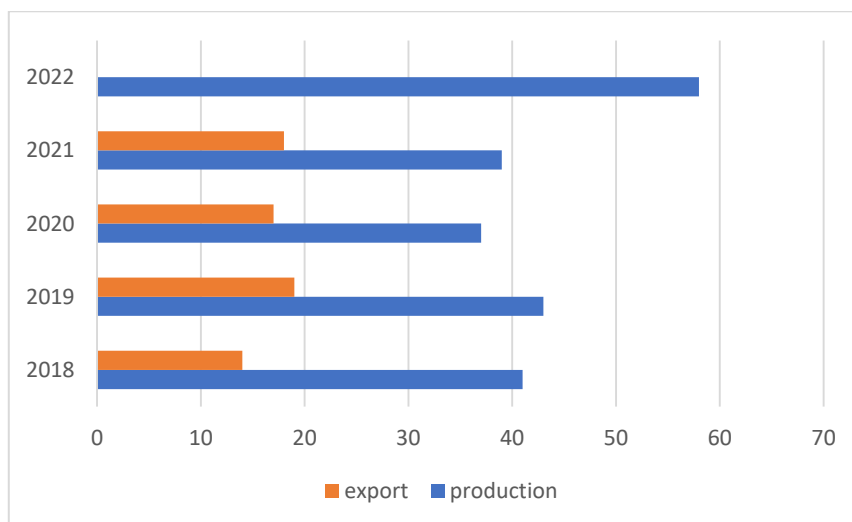


Fig. 3 - Wheat production and exports in Romania, thousand tons

Accordingly, the Romanian market was chosen for the following reasons: DCFTA between Ukraine and the EU; geographical location (Ukraine borders Romania); and the situation on the Romanian agricultural market, where import demand is increasing. Additionally, it is noteworthy that throughout 2022, Ukraine and Romania collaboratively addressed the challenge of enhancing logistics bottlenecks. In July of the preceding year, Romanian railway workers efficiently repaired the Giurgiulesti-Galac broad-gauge railway line, establishing a crucial link between the Odesa region and the Danube ports. This initiative successfully alleviated the risk of overloading agricultural products from a broader to a narrower track.

Furthermore, according to the roadmap, Romania's markets are among the top five so-called 'untapped markets'. In terms of non-tariff protection, Romania ranks 20th out of 165 countries. The amount of import duty as a percentage of all

taxes to the budgets of the different levels of the country is 0.1% (9th among 75 countries).

The compliance of COFCO Agri Ukraine products with international quality standards allows the export of goods to many countries, including Romania.

Key players in the Romanian agro-industrial complex market include companies such as "Alfred Toepfer," "Cargill," "Bunge," and several others. In total, there are approximately 18 agro-industrial companies operating in Romania.

Let's analyze the key factors of competitiveness in the market of agro-industrial products in Romania among the identified participants (see table 1).

Table 1.

Determination of the competitiveness of the enterprise

Competitive factors	Parameter weight	COFCO Agri Ukraine		Competitors					
				«Alfred Toepfer»		«Cargill»		«Bunge»	
				Pi	AiPi	Pi	AiPi	Pi	AiPi
Quality of goods	0,35	0,9	0,32	0,85	0,3	0,8	0,28	0,7	0,24
Price level	0,3	0,75	0,23	0,8	0,24	0,7	0,21	0,6	0,18
Uniqueness of goods	0,2	0,5	0,1	0,6	0,12	0,5	0,1	0,4	0,08
Assortment of goods	0,15	0,2	0,03	0,9	0,14	0,5	0,07	0,5	0,07
AiPi	1		0,68		0,8		0,66		0,57

In the analysis, each competitive factor is assigned a weight, and the performance of each company is evaluated on a scale from 0 to 1 (with 1 being the highest score). The AiPi (Overall Competitiveness) is then calculated based on the weighted average of these parameters.

Quality of Goods: COFCO Agri Ukraine scores the highest (0.9), indicating a strong performance in delivering high-quality goods compared to its competitors.

Price Level: COFCO Agri Ukraine again performs well (0.75) in offering competitive prices, with a score slightly below «Cargill».

Uniqueness of Goods: COFCO Agri Ukraine and «Bunge» share the highest score (0.5), suggesting a comparable level of uniqueness in their product offerings.

Assortment of Goods: COFCO Agri Ukraine scores the lowest (0.2) in this category, indicating a more limited assortment compared to competitors.

Overall Competitiveness (AiPi): COFCO Agri Ukraine holds a strong overall competitiveness score (1), surpassing all competitors in the presented analysis.

In summary, COFCO Agri Ukraine demonstrates high competitiveness, particularly in the areas of quality and price, contributing to its strong overall competitiveness compared to the specified competitors. Therefore, the products of COFCO Agri Ukraine are competitive on the market of paper products in Romania.

CPT terms of delivery require that the seller ship the goods to its carrier, complete export customs clearance, and that the buyer handle import customs clearance. According to CPT rules, the seller is responsible for concluding a contract for carriage to the agreed destination, without unloading the goods from the vehicle. However, such conditions carry risks for the seller, since he takes on all organizational aspects. There is a possibility that the buyer will refuse the goods, which increases risks for the seller.

International commercial terms Incoterms also define the terms of delivery of CPT. However, they do not include the price of the goods, the method of payment, the timing of payment, the transfer of ownership of the goods or the consequences of breach of contract. These aspects should be clearly defined in the terms of the sales contract.

It is important to note that within the framework of the CPT terms, the terminal is an integral part of the trading scheme. The proposed terms of delivery (CPT) and terms of payment (50% advance payment, 50% open letter of credit) will contribute to an even distribution of risks and related costs between both partners. In addition, it will ensure the effective implementation of the terms of the contract. The division of responsibilities between the seller and the buyer according to the basic terms of supply (CPT) is presented on fig. 4.

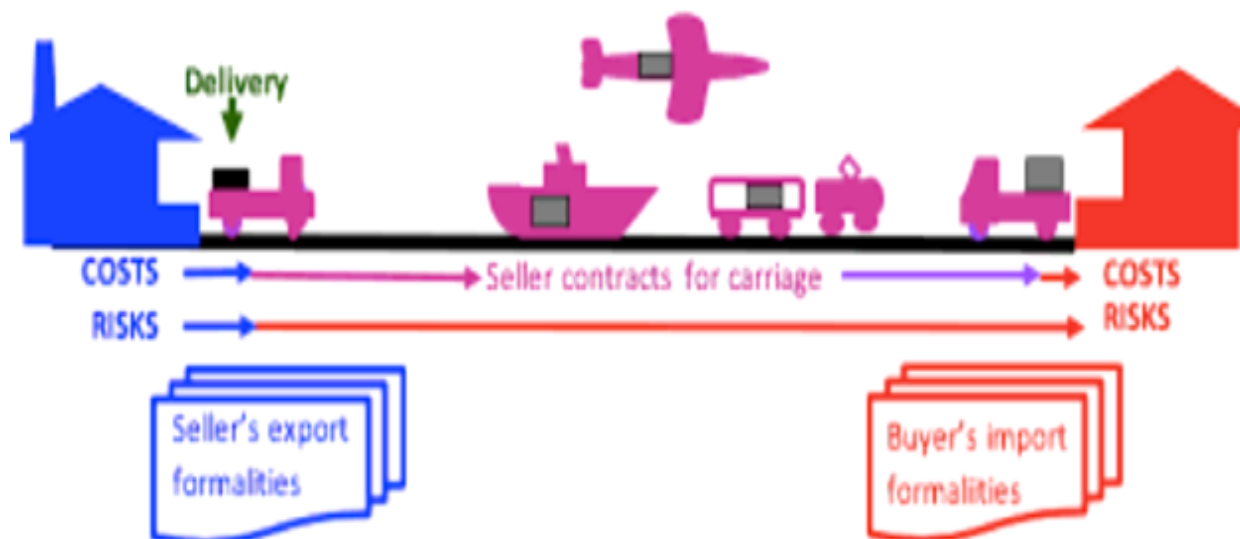


Fig. 4 - Distribution of responsibilities of the seller and the buyer in accordance with the CPT

The transportation will be conducted via road transport, chosen for its high maneuverability, cost-effectiveness in transportation, and suitability for the volume and weight of the products. Additionally, it is important to highlight that this mode of transportation is governed by the Convention on the Contract for the International Carriage of Goods by Road (CICGR).

These calculations indicate positive values for profit, economic efficiency, income tax, and net profit, suggesting a potential gain from the outlined financial activities.

Conclusions. In summary, COFCO Agri Ukraine seems to be taking a strategic and cautious approach to its international economic activities. The company recognizes potential challenges in the evolving global market but aims to leverage its strengths and opportunities for sustainable growth. Continuous monitoring and adaptability to changing market dynamics will be key for successful international expansion.

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